

PT Bank Mandiri (Persero) Tbk.

Type of Engagement: Annual Review

Date: 30 December 2024

Engagement Team:

Akshay Chandrakapure, akshay.chandrakapure@morningstar.com

Tomya Sardana Tomya.Sardana@morningstar.com

Anjansingh Bist, anjansingh.bist@morningstar.com

Introduction

In April 2021, PT Bank Mandiri (Persero) Tbk. (“Bank Mandiri”, or the “Bank”) issued a sustainability bond (the “2021 Sustainability Bond”) and raised USD 300 million to finance and refinance projects related to environmental and social benefits. In December 2024, Bank Mandiri engaged Sustainalytics to review the projects financed with proceeds from the 2021 Sustainability Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether Bank Mandiri complied with the reporting commitments in the Bank Mandiri Sustainability Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in March 2021.² This is Sustainalytics’ fourth annual review of the allocation and reporting of the instruments issued under the Framework, following previous reviews in April 2022, May 2023 and January 2024.^{3,4,5}

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Bank Mandiri’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Report on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<ul style="list-style-type: none"> • Generation of energy from renewable sources. The criteria for renewable energy sources include wind, solar, small scale mini-hydro, biomass (forestry and agricultural residue) and geothermal; • Manufacture components of renewable energy technology; • Transmission and distribution projects when connecting to defined renewable energy assets. 	<ul style="list-style-type: none"> • Installed capacity in MW • Expected annual generation in MWh • Estimated annual Greenhouse Gas (GHG) emissions avoided • Number of households benefitting from affordable and clean energy • Transmission lines miles
Sustainable Water & Wastewater Management	<ul style="list-style-type: none"> • Installation or upgrade of infrastructure for clean and/or drinking water; 	<ul style="list-style-type: none"> • Annual amount of wastewater transported for treatment

¹ Bank Mandiri, “Bank Mandiri Sustainability Framework”, (2021), at:

<https://www.bankmandiri.co.id/documents/38265486/0/Sustainability+Framework+-+Sustainability+Bond+Bank+Mandiri+2021+%281%29.pdf>

² Sustainalytics, “Second-Party Opinion, Bank Mandiri”, (2021), at:

<https://www.bankmandiri.co.id/documents/38265486/0/Bank+Mandiri+Sustainability+Bond+Framework+-+Second+Party+Opinion.pdf>

³ Sustainalytics, “Annual Review, Bank Mandiri.”, (2024), at:

<https://www.bankmandiri.co.id/documents/38265486/271063758/Bank+Mandiri+Sustainability+Bond+Report+2024+-+Annual+Review.pdf>

⁴ Sustainalytics, “Annual Review, Bank Mandiri.”, (2023), at:

https://www.bankmandiri.co.id/documents/38265486/0/Bank_Mandiri_Sustainability_Bond_Report_2023_Second_Party_Opinion.pdf

⁵ Sustainalytics, “Annual Review, Bank Mandiri.”, (2022), at:

<https://www.bankmandiri.co.id/documents/38265486/0/Bank+Mandiri+Sustainability+Bond+Report+2022+-+Second+Party+Opinion.pdf>

	<ul style="list-style-type: none"> Water recycling or wastewater treatment facilities; Flooding mitigation system. 	<ul style="list-style-type: none"> Number of sewer house connections Potential number of people/houses served
Clean Transportation	<ul style="list-style-type: none"> Public mass transportation system that contributes to reducing the circulation of cars and reducing harmful emissions (including electric rail, and non-motorized multi modal transportation); Electric vehicle (including spare parts) manufacturers; Infrastructure for clean energy vehicles. 	<ul style="list-style-type: none"> Number of clean vehicles deployed Number of passengers per day served Estimated annual GHG emissions reduction
Healthcare	<ul style="list-style-type: none"> Hospitals; Medical equipment and related technologies. 	<ul style="list-style-type: none"> Number of hospital and other healthcare facilities built/upgraded Number of beds Number of residents benefitting from healthcare
Gender Equality	<ul style="list-style-type: none"> Socioeconomic advancement and empowerment for both genders. 	<ul style="list-style-type: none"> Number of loans to women-owned micro-businesses Number of people employed from the financed microbusinesses
Decent Work and Economic Growth	<ul style="list-style-type: none"> Employment generation through SME financing and micro financing; Access to banking and financial services in underserved populations; Financial literacy. 	<ul style="list-style-type: none"> Number of SMEs financed Estimation of the number of employees of the financed SMEs
Sustainable Cities and Communities	<ul style="list-style-type: none"> Affordable housing or housing loans for low-income communities. 	<ul style="list-style-type: none"> Number of passengers Estimated GHG emissions reduced or avoided Length of low carbon tracks built Number of electric, hybrid or low emissions vehicles provided Number of supported affordable housing units financed

Issuer's Responsibility

Bank Mandiri is responsible for providing accurate information and documentation of the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the 2021 Sustainable Bond. The work undertaken as part of this engagement included collection of documentation from Bank Mandiri and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Bank Mandiri. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Bank Mandiri.

Sustainalytics made all efforts to ensure the highest quality and rigour during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Bank Mandiri has disclosed to Sustainalytics that the proceeds from the 2021 Sustainability Bond were fully allocated as of October 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Bank Mandiri reported on at least one KPI per use of proceeds category.	None

⁶ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation of Proceeds from the Eligible Projects

Use of Proceeds Category	Project Description	Amount Allocated (USD million)
Renewable Energy	Hydro Power Plants	109.00
Sustainable Water & Wastewater Management	Drinking Water Supply Systems	13.00
Clean Transportation	Electric Buses Financing	20.00
	Electric Rail Train Carriage Financing	
Healthcare	Build and Upgrade Hospitals	29.00
Decent Work & Economic Growth	Micro, Small, and Medium Enterprise (MSME) Financing – Kredit Usaha Rakyat (KUR) in Agriculture Sector	20.00
Sustainable Cities & Communities	Affordable Housing Financing	109.00
Total Amount Allocated		300.00
Total Proceeds Unallocated		0.00
Total Net Proceeds Raised		300.00

Appendix 2: Reported Impact

Table 4: Reported Impact for the Eligible Projects

Use of Proceeds Category	Project Type	Impact Reported
Renewable Energy	Hydro Power Plant (RE1)	<ul style="list-style-type: none"> Annual renewable energy produced: 115,130 MWh Installed capacity: 10 MW Annual avoided greenhouse gas (GHG) emissions: 109,374 tCO₂e Number of potential homes to be served: 27,083
	Hydro Power Plant (RE2)	<ul style="list-style-type: none"> Annual renewable energy produced: 65,215 MWh Installed capacity: 21 MW Annual avoided greenhouse gas (GHG) emissions: 61,302 tCO₂e Number of potential homes to be served: 15,341
	Hydro Power Plant (RE3)	<ul style="list-style-type: none"> Annual renewable energy produced: 125,000 MWh Installed capacity: 18 MW Annual avoided greenhouse gas (GHG) emissions: 100,625 tCO₂e Number of potential homes to be served: 29,405
	Hydro Power Plant (RE4)	<ul style="list-style-type: none"> Annual renewable energy produced: 40,834 MWh Installed capacity: 6 MW Annual avoided greenhouse gas (GHG) emissions: 19,478 tCO₂e Number of potential homes to be served: 9,606
	Hydro Power Plant (RE5)	<ul style="list-style-type: none"> Annual renewable energy produced: 51,617 MWh Installed capacity: 9.9 MW Annual avoided greenhouse gas (GHG) emissions: 48,520 tCO₂e Number of potential homes to be served: 12,142
	Hydro Power Plant (RE6)	<ul style="list-style-type: none"> Annual renewable energy produced: 45,952 MWh Installed capacity: 11.25 MW Annual avoided greenhouse gas (GHG) emissions: 32,626 tCO₂e Number of potential homes to be served: 10,810
Sustainable Water & Wastewater Management	Drinking Water Supply System (SW1)	<ul style="list-style-type: none"> The annual amount of clean water distributed: 11,037,600 m³ (30,240 m³ per day) The annual amount of clean water usage per person: 200 m³ The potential number of people served: 55,176 people The potential number of houses served: 14,148 houses

	Drinking Water Supply System (SW2)	<ul style="list-style-type: none"> The annual amount of clean water distributed: 6,937,920 m³ (19,008 m³ per day) The annual amount of clean water usage per person: 392.4 m³ The potential number of people served: 17,682 people The potential number of houses served: 4,534 houses
Clean Transportation	Electric Buses Financing (CT1)	<ul style="list-style-type: none"> Number of clean vehicles deployed: 27 Passenger capacity: 1,620 passengers per day Annual GHG emissions reduced: 149,077 tCO₂e.
	Electric Rail Train Carriage Financing (CT2)	<ul style="list-style-type: none"> Number of passengers served: 611,784 passengers per day Average passengers distance travelled: 34.2 km per passenger Annual GHG emissions reduced: 96,690 tCO₂e
Healthcare	Build and Upgrade Hospitals (HC1)	<ul style="list-style-type: none"> Number of hospitals built: 12 Number of beds available: 1,613 Potential number of residents benefiting from healthcare: 1,152,142
Decent Work & Economic Growth	Micro, Small, and Medium Enterprise (MSME) Financing- Kredit Usaha Rakyat (KUR) in Agriculture Sector (DW1)	<ul style="list-style-type: none"> Number MSMEs financed: 1,499 businesses Number of people employed from the financed SMEs or micro-businesses: 7,495
Sustainable Cities & Communities	Affordable Housing Financing (SC1)	<ul style="list-style-type: none"> Number of supported affordable housing units financed: 16,439 Number of individuals/families benefiting from subsidized housing: 49,317

Disclaimer

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein (the “Information”) are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided “as is” and reflects Sustainalytics’ opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers’ names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

