

Sustainability Bond Report

January 2024



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01 | Introduction

The global pursuit of commitments in achieving Net Zero Emissions (NZE) and Sustainable Development Goals (SDGs) relies significantly on the financial sector's involvement. As Indonesia's largest bank and corporate lender, PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") acknowledges its pivotal role in trailblazing sustainable finance and generating positive environmental and social impacts.

Bank Mandiri has devised a transformative business plan with the vision of becoming the "Sustainability Champion for a Better Future" by implementing its Sustainable Finance Action Plan or Rencana Aksi Keuangan Berkelanjutan ("RAKB"). This vision is manifested through three core commitments: "Lead Indonesia's Transition to Low Carbon Economy," "Net Zero Emission (NZE) in Operations by 2030", and "Catalyzing Multiple Growth for Social Impact to Achieve SDGs."

To address upcoming challenges and uncertainties, Bank Mandiri is proactively responding with a continual acceleration of innovations in products and services, reaffirming its commitment to prioritizing Environmental, Social, and Governance (ESG) principles through digital transformation. This comprehensive transformation encompasses policies, strategies, and day-to-day operations, advocating for environmental conservation by broadening financial services to previously marginalized social, geographical, and economically underserved segments and various carbon neutral initiatives. Moreover, Bank Mandiri pledges to enhance access to banking and financial services for underserved populations, facilitating socioeconomic advancement and empowerment for unbanked or non-bankable communities and individuals through digitalization. All these initiatives are also reinforced by Bank Mandiri's internal capabilities development and the integration of a green business mindset as a fundamental corporate value.

As a follow-up to its RAKB and sustainability commitments, Bank Mandiri successfully issued its inaugural Sustainability Bond in April 2021. This issuance is a part of the Sustainable Banking pillar implementation to develop ESG-related products. With this issuance, Bank Mandiri has shown its commitment to supporting the government's program in developing a sustainable economy, participating actively in the Financial Services Authority's (Otoritas Jasa Keuangan) roadmap of sustainable finance, and striving for the 17 Sustainable Development Goals (SDGs).

02 | Summary of Bank Mandiri’s Sustainability Bond Framework & Issuance

Sustainability Bond Framework

In advance of the Sustainability Bond Issuance in April 2021, Bank Mandiri has developed the Sustainability Bond Framework (the “framework”) and engaged Sustainalytics to provide a Second Party Opinion (SPO). Bank Mandiri has aligned the framework with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), and ASEAN Sustainability Bond Standards 2018 (ASEAN SUS). Below is the summary of the framework:

Use of Proceeds

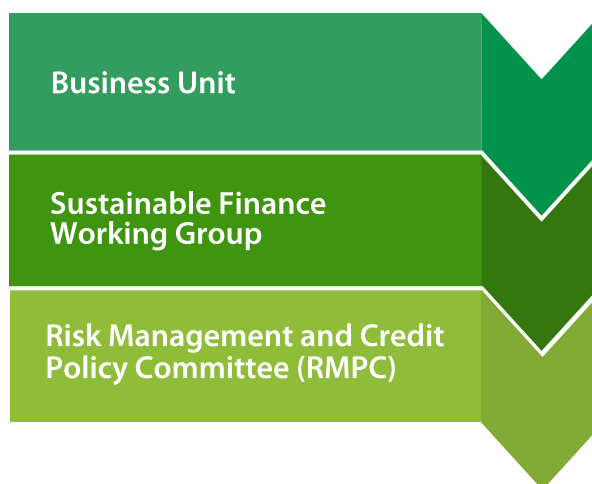
Green Eligible Sectors

- Sustainable Water & Wastewater Management
- Energy efficiency
- Green building
- Renewable energy
- Clean transportation
- Eco-efficient adapted products
- Climate change adaptation

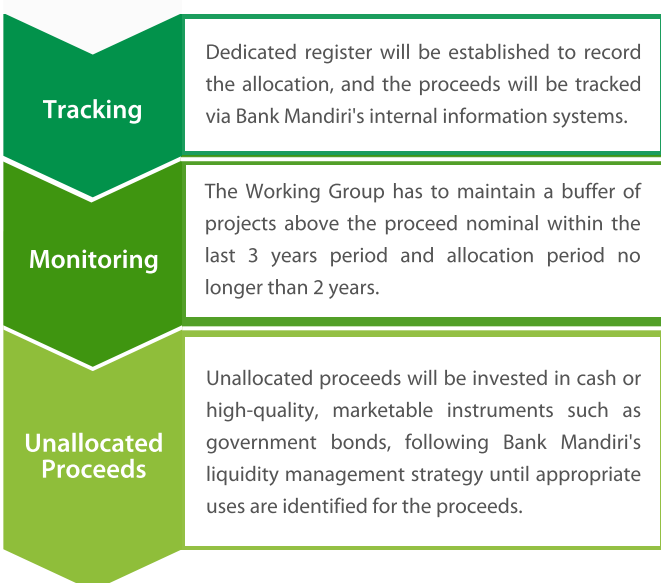
Social Eligible Sectors

- Healthcare
- Education
- Gender equality
- Decent work and economic growth
- Industry, innovation, and infrastructure
- Reduced inequalities
- Sustainable cities and communities

Project Evaluation and Selection



Management of Proceeds



Reporting

Allocation Reporting

Bank Mandiri will publish an allocation report annually until proceeds are fully allocated or should material changes be required to past allocation reports. This allocation reports will provide the following detail:

- Amount of eligible assets by project category; and
- The remaining balance of un-allocated proceeds at the end of the reporting period

Impact Reporting

Where relevant and possible, Bank Mandiri will report on the environmental and/or social impacts of the eligible assets financed from any Green, Social, and/or Sustainability Bond issued.

The Issuance

On April 19, 2021, Bank Mandiri issued its first US dollar sustainability notes with a size of US\$300 million and a maturity of 5 years. This transaction was marked as the inaugural issuance in sustainability format from Bank Mandiri and the third drawdown of its existing US\$2 billion Euro Medium Term Note (EMTN) Programme.

The transaction also gives several milestones for Bank Mandiri, as follows:

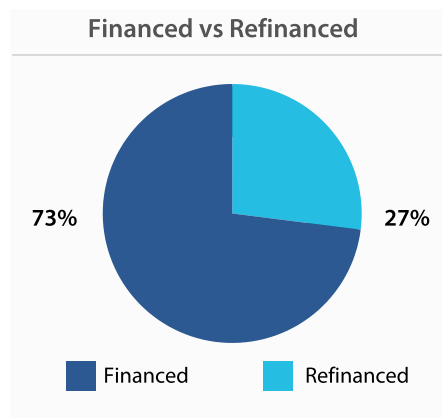
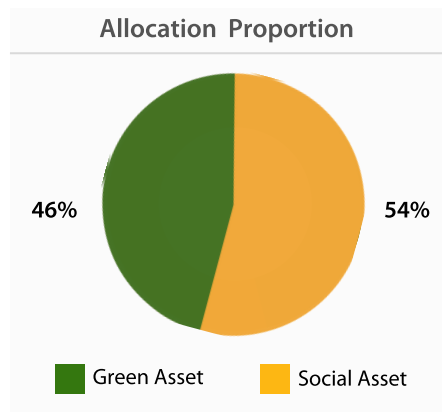
- The first Green, Social, and Sustainability (GSS) Bond issuance from Indonesia's banking sector year-to-date (YTD) 2021
- The largest oversubscription rate amongst all issuances from Indonesia YTD 2021 and in history for Bank Mandiri at more than 8.3x (final order book).
- The lowest coupon/yield ever issued by Bank Mandiri and within the banking sector in Indonesia.

Deal Summary	
Issue size	US\$300 million
Tenor	5-Year Bullet
Maturity date	19 April 2026
Settlement date	19 April 2021
Coupon	2.00% semi annual
Use of proceed	To finance or refinance, in whole or in part, Eligible Sustainability Bond Projects in accordance with specific prescribed eligibility criteria as described under the Bank's sustainability framework
Listing	Singapore Exchange (SGX-ST)
Final orderbook	US\$2.50 billion
Oversubscription rate	8.3x

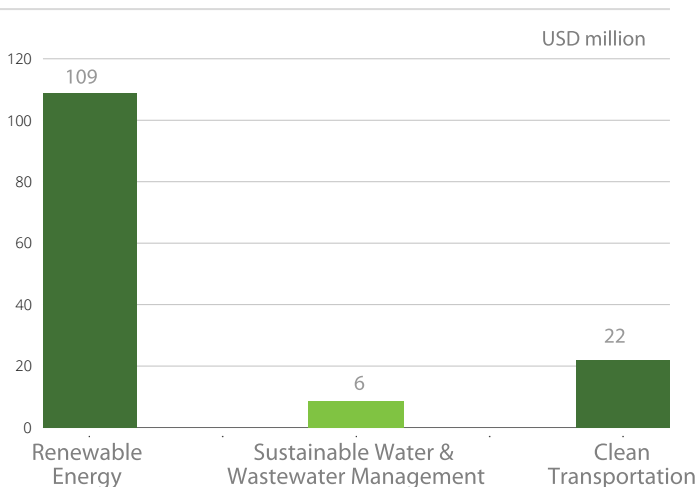
03 | Allocation Report

As of 31 October 2023, Bank Mandiri has fully allocated the proceeds of Bank Mandiri Sustainability Bond 2021. The allocation details are as follows:

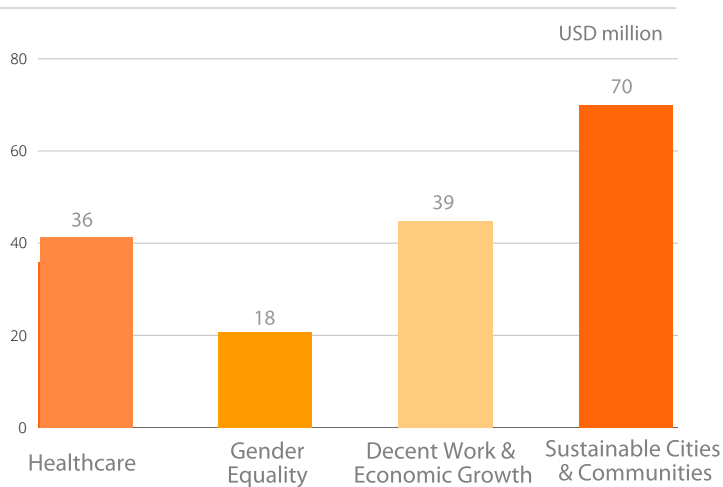
Eligible Category	Financed/ Refinanced (Year of Disbursement)	Amount Allocated in USD million (eq. in IDR billion)	Allocation of Proceeds
Renewable Energy	Refinanced and Financed (2020, 2021, 2022, and 2023)	109 (eq. 1,727)	36%
Sustainable Water & Wastewater Management	Financed (2021)	6 (eq. 100)	2%
Clean Transportation	Financed (2022 and 2023)	22 (eq. 357)	8%
Healthcare	Refinanced and Financed (2019, 2020, 2021, and 2023)	36 (eq. 566)	12%
Gender Equality	Financed (2022 and 2023)	18 (eq. 283)	6%
Decent Work & Economic Growth	Financed (2022 and 2023)	39 (eq. 627)	13%
Sustainable Cities & Communities	Financed (2022 and 2023)	70 (eq. 1,106)	23%
Total		300 (eq. 4,766)	100%



Green Category



Social Category





The allocation for the green category is 46% or equivalent to USD137 million. The projects in the green category fall into three of the seven eligible sectors.

The allocation for the social category is 54% or equivalent to USD163 million. The projects in the social category fall into four of the seven eligible sectors.




04 | Impact Report

The estimated environmental and social impact for Eligible Categories according to the Sustainability Bond Framework and impact metrics based on the standard of the International Capital Market Association are shown in the tables below:


Green Categories

Eligible Categories	Alignment to SDGs	% of Eligible Assets	Type of Projects	Brief Description & Impact Indicators ¹
Renewable Energy	 	36%	Hydro Power Plant Project #1	Generation of energy from water power as renewable source: <ul style="list-style-type: none"> Installed capacity: 10 MW Annual renewable energy generation from power plant: 115,130 MWh Potential annual GHG emissions reduced from power plant: approx. 109,374 tonnes CO₂-eq per year Potential homes to be served from power plant: approx. 27,083 homes
			Hydro Power Plant Project #2	Generation of energy from water power as renewable source: <ul style="list-style-type: none"> Installed capacity: 21 MW Annual renewable energy generation from power plant: 65,215 MWh Potential annual GHG emissions reduced from power plant: approx. 61,302 tonnes CO₂-eq per year Potential homes to be served from power plant: approx. 15,341 homes
			Hydro Power Plant Project #3	Generation of energy from water power as renewable source: <ul style="list-style-type: none"> Installed capacity: 3 x 6 MW (18 MW) Annual renewable energy generation from power plant: 125,000 MWh Potential annual GHG emissions reduced from power plant: approx. 100,625 tonnes CO₂-eq per year Potential homes to be served from power plant: approx. 29,405 homes
			Hydro Power Plant Project #4	Generation of energy from water power as renewable source: <ul style="list-style-type: none"> Installed capacity: 6 MW Annual renewable energy generation from power plant: 40,834 MWh Potential annual GHG emissions reduced from power plant: approx. 19,478 tonnes CO₂-eq per year Potential homes to be served from power plant: approx. 9,606 homes

¹ For details on assumptions to calculate impact indicators, see Appendix I

			<p>Hydro Power Plant Project #5</p>	<p>Generation of energy from water power as renewable source:</p> <ul style="list-style-type: none"> • Installed capacity: 3 x 3.33 MW (9.9 MW) • Annual renewable energy generation from power plant: 51,617 MWh • Potential annual GHG emissions reduced from power plant: approx. 48,520 tonnes CO₂-eq per year • Potential homes to be served from power plant: approx. 12,142 homes
			<p>Geothermal Power Plant Project #1</p>	<p>Generation of energy from geothermal as renewable source:</p> <ul style="list-style-type: none"> • Installed capacity: 2 x 55 MW (110 MW) • Annual renewable energy generation from power plant: 247,558 MWh • Potential annual GHG emissions reduced from power plant: approx. 199,804 tonnes CO₂-eq per year • Potential homes to be served from power plant: approx. 56,779 homes
			<p>Solar Power Plant Project #1</p>	<p>Generation of energy from solar power as renewable source:</p> <ul style="list-style-type: none"> • Installed capacity: 600 MW
<p>Sustainable Water & Wastewater Management</p>	 	<p>2%</p>	<p>Sewerage Piping System</p>	<p>Sewerage piping system to transport domestic wastewater to treatment facilities:</p> <ul style="list-style-type: none"> • The annual amount of wastewater transported to be treated: 2,774,000 m³ (7,600 m³/day) • The number of sewer house connections: 10,000 house connections • The potential number of people served: approx. 51,000 people
<p>Clean Transportation</p>		<p>8%</p>	<p>Electric Buses Financing</p>	<p>Financing the procurement of electric buses as part of public mass transportation system to support the Government of Indonesia's goal of reducing GHG emissions by accelerating the Battery Electric Vehicle (BEV) implementation in Indonesia:</p> <ul style="list-style-type: none"> • The number of clean vehicles deployed: 27 vehicles • The passenger capacity of clean vehicles: 1,620 passengers/day • Potential annual GHG emissions reduced from electric buses operation: approx. 149,077 tonnes CO₂-eq per year
			<p>Electric Rail Train Carriage Financing</p>	<p>Financing the procurement of electric rail train carriage as part of public mass transportation system in Indonesia:</p> <ul style="list-style-type: none"> • The number of passengers served: 611,784 passengers/day • The average passengers distance traveled: 34.2 km/passenger • Potential annual GHG emissions reduced from electric rail train operation: approx. 96,690 tonnes CO₂-eq per year

Social Categories

Eligible Categories	Alignment to SDGs	% of Eligible Assets	Type of Projects	Brief Description & Impact Indicators ¹
Healthcare		12%	Build and Upgrade Hospitals	<p>Financing for building/upgrading hospitals in Indonesia to provide facilities and improve healthcare services:</p> <ul style="list-style-type: none"> The number of hospitals built: 16 hospitals The number of beds available: 2,268 beds The potential number of residents benefiting from healthcare: approx. 1,620,000 residents
Gender Equality		6%	Women-owned Ultra-microfinancing	<p>Financing to women micro-businesses in rural areas:</p> <ul style="list-style-type: none"> The number of loans to women-owned micro businesses: 112,992 loans Estimated number of people employed from the financed micro-businesses: approx. 225,984 people
Decent Work & Economic Growth		13%	Micro, Small, and Medium Enterprise (MSME) Financing – Kredit Usaha Rakyat (KUR) in Agriculture Sector	<p>Financing program for micro, small, and medium businesses in the agriculture sector with aims to encourage economic growth and employment:</p> <ul style="list-style-type: none"> The number MSMEs financed: 7,829 businesses Estimated number of people employed from the financed SMEs or micro-businesses: approx. 39,145 people
Sustainable Cities & Communities		23%	Affordable Housing Financing	<p>Subsidized housing financing for low-income communities:</p> <ul style="list-style-type: none"> The number of supported affordable housing units financed: 11,084 units The number of individuals/families benefiting from subsidized housing: approx. 33,252 people

¹ For details on assumptions to calculate impact indicators, see Appendix I

05 | Conclusion

Bank Mandiri realizes the importance of integrating sustainability values into the Bank's vision and mission. By implementing Environmental, Social, and Governance values in business activities, Bank Mandiri aspires to contribute to sustainable economic growth to achieve the 17 Sustainable Development Goals (SDGs).

As one of the first movers in sustainable finance in Indonesia, Bank Mandiri continues to develop and promote sustainable finance practices, including efforts to help achieve a low-carbon economy. This commitment is shown through Bank Mandiri's support for clients, especially those who engaged in carbon-intensive sectors, by providing financial solutions that encourage clients to decarbonize and transform their operations into a more responsible, environmentally positive business, with less carbon footprints.

In comparison to Bank Mandiri's Sustainability Bond Report 2023, the social category assets composition in the 2024 Report increases from 51% to 54% due to the expansion in social projects. It is aligned with Bank Mandiri's commitment in catalyzing multiple social impacts to achieve the SDGs through ensuring the availability of access, products and financial services in accordance with the needs and capabilities of the community, especially the underserved community such as low economic community (micro), the lower middle class (unbanked and underbanked), low and irregular-income groups.

As part of our commitment to contribute more to sustainable economic growth and to provide the accountability of Sustainability Bonds issued, Bank Mandiri will continuously improve the tracking and monitoring mechanisms to ensure the use of proceeds' transparency and the annual report's credibility. Lastly, to assure the credibility of its Sustainability Bond Report, Bank Mandiri appointed Sustainalytics to provide an independent external review.

Appendix I

Impact Reporting Key Assumptions

The reported results are based on the assumptions from publicly available sources. Key assumptions for impact calculation are indicated in the table below.

Green Categories

Eligible Categories	Type of Projects	Data Assumption
Renewable Energy	Renewable Power Plant	<ul style="list-style-type: none"> Average household size in Indonesia as of 2019: 3.9 people (BPS-Statistics Indonesia) Electricity consumption per capita as of 2020: 1.09 MWh/capita (BPS- Statistics Indonesia) CO₂ emission factor of Sumatera interconnection system: 0.805 tCO₂e/MWh CO₂ emission factor for hydro power plant: 0 tCO₂e/MWh (Alimuddin, et al. 2019. <i>Analysis of CO₂ Emissions from Geothermal Power Plant Ulubelu and Its Contribution to Development of Electricity Generators in Lampung Province</i>. Journal of Natural Resources and Environmental Management, 9(2), 287-304) CO₂ emission factor of Sulawesi selatan Coal Power Plant 0.95 tCO₂e/MWh CO₂ emission factor of Sumatera Utara & Selatan Coal Power Plant 0.94 tCO₂e/MWh CO₂ emission factor for hydro power plant: 0 tCO₂e/MWh (Kementrian ESDM. 2019. Faktor Emisi Sistem Ketenagalistrikan)
Sustainable Water & Wastewater Management	Sewerage Piping System	<p>Approximation for domestic wastewater discharge:</p> <ul style="list-style-type: none"> In metropolitan city (> 1,000,000 population): ±152 L/person/day In big-sized city (500,000 – 1,000,000 population): ±136 L/person/day In mid-sized city (100,000 – 500,000 population): ±120 L/person/day (Indonesian National Standard for Clean Water, 2000)
Clean Transportation	Electric Buses Financing	<ul style="list-style-type: none"> According to Pusat Penelitian dan Pengembangan Jalan dan Perkeretaapian (Pusjaka)'s study in 2022, the switching from fossil fuel vehicles to electric buses can reduce Transjakarta emissions by 149,077 tonnes CO₂-eq per year. (Transport Policy Agency - Ministry of Transportation Republic of Indonesia, "Internal Combustion Engine Phase Out Scheme to Battery Electric Vehicle", 2023)
	Electric Rail Train Carriage Financing	<ul style="list-style-type: none"> CO₂ emission factor for rail transport in Jakarta: 0.778 kgCO₂e/passenger CO₂ emission factor for electric rail train in Jakarta: 0.345 kgCO₂e/passenger (Rianawati, Elisabeth; Husnul Alberdi; Aisha Sallsabilla; Maya Larasati;Nadiya Pranindita; Rizkiana S Hamdani. 2022. <i>Transformasi transportasi Jakarta: Mengkaji ulang target emisi nol sektor transportasi tahun 2050</i>. Jakarta: Greenpeace Indonesia dan Resilience Development Initiative)

Social Categories

Eligible Categories	Type of Projects	Data Assumption
Healthcare	Build and Upgrade Hospitals	<ul style="list-style-type: none"> Bed ratio per 1,000 residents in Indonesia: 1.4 (Ministry of Health Indonesia, 2020)
Gender Equality	Women-owned Microfinancing	<ul style="list-style-type: none"> The number of people estimated to work in micro-enterprise: 2 people A micro-enterprise is defined as a small business employing 1-9 employees (United Nations Department of Economic and Social Affairs-Report on MSMEs and the Sustainable Development Goals)
Decent Work & Economic Growth	Micro, Small, and Medium Enterprise (MSME) Financing – Kredit Usaha Rakyat (KUR) in Agriculture Sector	<ul style="list-style-type: none"> The number of people estimated to work in a farm: 5 people A micro-enterprise is defined as a small business employing 1-9 employees (United Nations Department of Economic and Social Affairs-Report on MSMEs and the Sustainable Development Goals)
Sustainable Cities & Communities	Affordable Housing Financing	<ul style="list-style-type: none"> Average household size in Indonesia as of 2019: 3.9 people (BPS-Statistics Indonesia)

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