

Second-Party Opinion

Bank BRI Sustainability Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Bank BRI Sustainability Bond Framework is credible and impactful, and aligns with the Green Bond Principles 2018, the Social Bond Principles 2018 and the Sustainability Bond Guidelines 2018 and ASEAN Sustainability Bond Standards 2018. This assessment is based on the following:



USE OF PROCEEDS The six green and five social eligible categories for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles and ASEAN Green Sustainability Standards. Sustainalytics considers that the eligible green and social projects and lending activities can contribute to decreasing Indonesia’s environmental footprint and support socioeconomic empowerment of vulnerable communities. In addition, Sustainalytics views that the eligible projects will advance various UN Sustainable Development Goals.



PROJECT EVALUATION / SELECTION Bank BRI has a two-step project evaluation and selection process in which candidates eligible for green and social projects are selected by BRI’s business units based on the established eligibility and exclusionary criteria. Final assets and/or projects are then reviewed and approved by BRI Bank’s Enterprise Risk & Portfolio Management Division, the Asset and Liabilities Management Division and the Treasury Business Division. This process is aligned with market practice.



MANAGEMENT OF PROCEEDS Bank BRI is committed to monitoring its sustainability bond proceeds through its internal information systems. Pending full allocation, the unallocated proceeds will be held in cash or high-quality marketable instruments such as government bonds in accordance with the company’s liquidity management strategy. This process is in line with market practice.



REPORTING Bank BRI committed to disclose allocation and impact reporting on an annual basis using various channels such as its sustainability report, company website and newsletter. Allocation reporting will include distribution of disbursements by the eligibility category, while impact reporting will include relevant quantifiable metrics where feasible. The scope and granularity of BRI’s reporting is in line with market practices,

Evaluation date	5 March, 2019
Issuer Location	Jakarta, Indonesia

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices.....	9

For inquires, contact the Sustainable Finance Solutions project team:

Lili Hocke (Amsterdam)
 Project Manager
 lili.hocke@sustainalytics.com
 (+31) 20 205 00 40

Mihai Cojocaru (Timisoara)
 Project Lead
 mihai.cojocaru@sustainalytics.com
 (+31) 20 888 7292

Begum Gursoy (Timisoara)
 Project Support
 begum.gursoy@sustainalytics.com
 (+40) 35 60 89 978

Nicholas Gandolfo (Singapore)
 Client Relations
 susfinance.apac@sustainalytics.com
 +852 3008 2391

Introduction

PT Bank Rakyat Indonesia Persero Tbk (“Bank BRI”, or “the Bank”) is a state-owned bank offering a wide range of financial products to retail and business customers, including communities in remote areas. Bank BRI was founded in 1895 and is headquartered in Jakarta, Indonesia.

Bank BRI has developed the Bank BRI Sustainability Bond Framework (the “Framework”) under which it is planning to issue sustainability bonds and use the proceeds to finance, or refinance, in whole or in part, existing and future projects and expenditures that will provide positive environmental and social impacts and which support the Bank’s strategy. The Framework defines Green and Social Eligible Categories in the following areas:

Social Eligible Categories

1. Affordable basic infrastructure
2. Access to essential services
3. Affordable housing
4. Employment generation
5. Socioeconomic advancement and empowerment

Green Eligible Categories

1. Renewable energy
2. Green buildings
3. Pollution prevention and control
4. Environmentally sustainable management of living natural resources and land use
5. Clean transportation
6. Sustainable water and waste water management

Bank BRI engaged Sustainalytics to review Bank BRI’s Sustainability Bond Framework dated January 2019 and provide a second-party opinion on the alignment of the framework with Sustainability Bond Guidelines 2018 (“SBG”)¹ and the ASEAN Sustainability Bond Standards 2018 (the “ASBS”)². This Framework has been published in a separate document.³

As part of this engagement, Sustainalytics held conversations with various members of Bank BRI’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Bank BRI’s sustainability bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of Bank BRI’s Sustainability Framework and should be read in conjunction with that Framework.

¹ The Sustainability Bond Guidelines are administered by the Internal Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

² ASEAN Sustainability Bond Standards 2018 administered by the ASEAN Capital Markets Forum <http://www.theacmf.org/ACMF/upload/SUSTAINABILITYBONDACMF.pdf>

³ The Framework will be made available on the Bank BRI’s website: www.bri.co.id

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on Bank BRI Sustainability Bond Framework

Summary

Sustainalytics is of the opinion that the Bank BRI Sustainability Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018, Social Bond Principles 2018 and the Sustainability Bond Guidelines 2018. Sustainalytics highlights the following elements of Bank BRI's Sustainability Bond Framework:

- Use of Proceeds:
 - The six green and five social categories for the eligible use of proceeds are aligned with those recognized as impactful by the Green Bond Principles 2018, the Social Bond Principles 2018, the Sustainability Bond Guidelines 2018 and ASEAN Sustainability Bond Standards (see Appendix 1 and 5).
 - Bank BRI is committed to use the net bond proceeds for projects with a maximum look-back period of three years, in the case of refinancing.
 - Sustainalytics views BRI Bank's MSMEs and KUR (Kredit Usaha Rakyat) financing to be impactful, given that KUR is part of the government poverty reduction programme that aims to increase access to financing for micro, small and medium enterprises (MSMEs) to encourage economic growth and employment.⁴ In addition, Sustainalytics views positively Bank BRI's alignment with the Indonesian government definition for MSMEs.⁵ Both programmes are part of BRI Bank's core business.
 - Bank BRI uses credible third-party certification for its green building eligibility criteria such as BREEAM (Excellent or above), LEED (Gold or above), or equivalent Green Building Council Indonesia standard. Sustainalytics has conducted an evaluation of the certifications and views the properties meeting such certification standards as having a positive impact (see Appendix 2 for additional details on the certification schemes).
 - Bank BRI confirmed that it will allocate bond and loan proceeds to finance and/or refinance activities certified under the EU Organic label, EU Ecolabel, USDA Organic, ASC, MSC, Rainforest Alliance, UTZ or Fairtrade (assessment of external certification schemes explained in Appendix 3 and 4). Sustainalytics recognizes that these certifications differ in their standards, application and scale of impact. However, Sustainalytics considers the expansion of activities and projects certified under these standards in Indonesia to advance sustainable practices in the country. Sustainalytics views positively BRI Bank's confirmation to exclude ASC certified activities which have been certified with a variance to the standard.
 - Sustainalytics recognizes that the GBP, SBP and SBG prefer project-based lending and financing, and that there is, in general, less transparency with non-project-based lending. While the Framework includes project-based lending, it also considers the inclusion of non-project-based lending activities and expenditures for MSMEs. Sustainalytics considers lending to the eligible categories as socially impactful in the Indonesian local context. For further information refer to Section 3: Impact of Use of Proceeds.
- Project Evaluation and Selection:
 - Aligned with market practice, Bank BRI has a two-step project evaluation and selection process. First, candidates for eligible green and social projects are selected by BRI's business units based on the established eligibility and exclusionary criteria. Second, final assets and/or projects are approved by BRI Bank's Enterprise Risk & Portfolio Management Division, the Asset and Liabilities Management Division and Treasury Business Division to ensure compliance with the bank's Sustainability Bond Framework.
- Management of Proceeds:

⁴ Asia-Pacific Economic Cooperation, accessed March 2019: <https://www.we-apec.com/directory/kredit-usaha-rakyat> ; <http://kur.ekon.go.id/upload/doc/permenko-11-tahun-2017-publish.pdf>

⁵ Indonesian government definition on MSMEs available at: <http://eng.kppu.go.id/newkppu/wp-content/uploads/LAW-OF-THE-REPUBLIC-OF-INDONESIA-20-OF-2008.pdf>

Bank BRI Sustainability Bond Framework

- Bank BRI will establish an internal register under the company’s established information systems to record the allocations and monitor the use of ongoing proceeds.
- Pending full allocation of proceeds, the unallocated proceeds will be held in cash or high-quality marketable instruments such as government bonds in accordance with the company’s liquidity management strategy.
- Sustainalytics considers Bank BRI’s management of proceeds process to be aligned with market practice.
- Reporting:
 - Bank BRI committed to disclose allocation and impact reporting on an annual basis by using various channels such as annual reporting, sustainability reporting, company web-site and newsletters.
 - Bank BRI committed to make public an (i) allocation report comprising various transaction data such as the amount of total allocated proceeds, balance of unallocated proceeds, and progress evaluation. Where relevant and feasible, BRI confirmed to Sustainalytics its committed to disclose on an annual basis an (ii) impact report which will cover relevant impact metrics tailored to each environmental or social category such as: MW of power generated from renewable sources, tonnes or m³ of waste treated, the number of MSMEs financed or the number of MSMEs or individuals financed through the KUR program. Sustainalytics views the scope and granularity of BRI’s reporting to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018 and ASEAN Sustainability Bond Standards

Sustainalytics recognizes that the Bank BRI Sustainability Bond Framework is not exclusively project-based and that proceeds may be allocated to finance general-purpose lending to micro- small and medium (MSMEs) enterprises under the social category. While the SBP recognize employment generation through the potential effect of SME financing and microfinance as an impactful category, Sustainalytics also recognizes that (i) the GBP, SBP, SBG and ASBS favour project-based lending, and that (ii) in general, there is lesser transparency associated with reporting on non-project-based financing. However, Sustainalytics recognizes that general purpose financing is limited to MSMEs as defined by Indonesian law and thus considers the use of proceeds as contributing to employment generation. (Please see Section 3 for more information on the impact)

Section 2: Sustainability Strategy of the Issuer

Contribution of Framework to Issuer’s sustainability strategy and targets

Sustainalytics is of the opinion that Bank BRI articulates a strong commitment towards a comprehensive approach to sustainability, including responsible lending, and demonstrates a robust governance structure supporting these commitments. Although Bank BRI has not set quantifiable targets for sustainable financing, the company has demonstrated its commitment to promote sustainable economic growth in its Sustainability Report 2017 through the following efforts:

- In accordance with the BRI Bank’s Sustainable Finance (SF) principles, Bank BRI stated its target to act as “First Movers on Sustainable Banking” by the Financial Services Authority. To achieve its target, Bank BRI established commitments such as (i) having policies and implementing them consistently in the form of granting credit to environmentally-friendly business sectors with environmental impact analysis management certification, (ii) not granting credit financing to business that damage the environment, (iii) managing efficient, hospitable, and environmentally sound company operations and (iv) participating in community development, education, training, and empowerment to create a clean environment, such as tree-planting, preservation, and environmental conservation.⁶
- Bank BRI committed to implement Sustainable Finance (SF) principles to its business model by integrating environmental, social, and good governance aspects to its operational activities, including a roadmap covering responsible investment, sustainable business strategies and practices, social and environmental risk management, amongst others.⁷

⁶ Bank BRI Sustainability Report 2017, pg.6

⁷ Bank BRI Sustainability Report 2017, pg.9

- Bank BRI established several initiatives regarding the implementation of the BRI Bank's General Policies of Sustainability in 2017 which are building employee capacity, composing strategies and implementing green projects. In order to achieve its initiatives, BRI organized a green banking and sustainability report training, green banking workshops and constructed green buildings for the BRI Pekanbaru Regional Office building and the BRI Tower Gatot Subroto.⁸
- Bank BRI engaged in the Fisherman's Capital Outlet (Gemonel) project with the "Ministry of Maritime Affairs and Fisheries" to encourage sustainable fishery and increase the access of capital among fishermen by various Microfinance products.⁹
- Bank BRI implemented the Indonesia Sejahtera Program which assists micro enterprises with card provisions, distribution of basic commodities, renovation of old houses and inadequate houses, and orphan relief.¹⁰

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the proceeds from Bank BRI's Sustainability Bond Framework will be directed towards eligible green and social projects that are recognized as impactful under current market standards, Sustainalytics recognizes that the projects have potential negative environmental and social risks, including potential negative effects on ecosystems and biodiversity from large scale infrastructure projects and land use changes as well as health and safety risks for workers. Moreover, social projects may create some risk of increasing inequality if not targeted at a particular population. Sustainalytics is of the opinion that Bank BRI is well positioned to mitigate related environmental and social risks through executing the following measures:

- In line with the company's Sustainable Finance principles, Bank BRI performs an assessment of environmental and social risks for potential customers or debtors. According to Bank BRI's established business sector assessment, all businesses whose activities pose potential negative environmental impacts are required to conduct an environmental impact assessment. Specifically, each business type and/or activity with environmental impact must be equipped with licensing in accordance with prevailing laws including, UKL-UPL (Indonesia's environmental management and monitoring program), AMDAL documents (Indonesia's environmental impact assessment), studies/documents on the quality/criteria regarding the environmental impact, environmental licenses and/or water disposal study documents.¹¹
- Bank BRI conducts regular monitoring encouraging that all loan recipients are implementing BRI's Sustainable Finance principles. The key instruments of Sustainable Finance tracking and disclosure are environmental and social company reports.¹²

Based on the above-mentioned systems and processes, Sustainalytics is of the opinion that BRI is well positioned to mitigate environmental and social risks associated with its project financing and lending activities.

⁸ Bank BRI Sustainability Report 2017, pg.7

⁹ Bank BRI Sustainability Report 2017, pg.56

¹⁰ <http://banggaberindonesia.com/kategori-30.html>

¹¹ Bank BRI Sustainability Report 2017, pg.49

¹² Bank BRI Sustainability Report 2017, pg.50

Section 3: Impact of Use of Proceeds

All six green and five social use of proceeds categories are recognized as impactful under the GBP, SBP and SBG. Sustainalytics has focused on four below where the impact is specifically relevant in the Indonesian context.

Relevance of Renewable Energy for Indonesia's Energy Mix

Indonesia's energy consumption has been rapidly increasing by an average of 4.2% per year since the early 2000s, being driven by a growing economy, rising middle class, and spread of urbanization.¹³ Currently, over 80% of the energy mix in Indonesia is being produced from fossil fuels, and it is expected that coal usage will double from 2017 to 2025.¹⁴ Within its National Energy Policy, Indonesia has set a target of achieving 23% of its total energy consumption from renewable sources by 2025, with bioenergy having a share of 10%, hydro 3%, geothermal 7% and others 3%.¹⁵ In order to meet its goals, the Indonesian government has launched the New and Renewable Energy (NRE) Development and Utilization Strategy in Indonesia, which outlines the path towards improving national electricity supply through the development of geothermal, hydro, solar, and bioenergy plants.¹⁶

Given this context, Sustainalytics considers that BRI's financing of renewable energy generation will have a positive impact that will not only support the transition to a sustainable economy but will also help Indonesia in achieving its climate change related goals.

Importance of Pollution Prevention and Control for Indonesia's Waste Goals

According to a study conducted by the Indonesian Ministry of Environment and Forestry in 2015, Indonesia's capital, Jakarta, generates 175,000 tons of waste every day,¹⁷ with a 3.2 million tons of plastic waste annually country wide, making the country one of the world's largest plastic waste producers.¹⁸ Moreover, around 1.3 million tons of this plastic ends up in rivers and oceans because of improper waste management strategies, making Indonesia the world's second largest marine plastic polluter as well.¹⁹ The Indonesian government set out national targets to tackle waste pollution and implemented a 30% reduction target along with processes to manage at least 70% of the country's waste; both targets are expected to be achieved by 2025. However, due to governmental inefficiencies in enforcing these targets, Sustainalytics views private investments as a significant complement, which might play an important role in for Indonesia's approach to waste management.

As such, Sustainalytics favourably views BRI's investments in pollution prevention and control projects due to their positive outcomes for the environment and for their support in achieving Indonesia's waste targets.

Affordable Basic Infrastructure in the Indonesian Context

Urban areas from Indonesia still suffer from poor access to safe water and sanitation despite positive economic growth in recent years.²⁰ In 2010, although access to improved sanitation in Indonesian cities reached 73%, around 14% of urban dwellers habitually did not access indoor sanitation facilities.²¹ In order to mitigate these issues, BAPPENAS (Indonesian National Development Planning Agency) has embarked on a series of policies aimed at improving the water supply and sanitation sectors, such as centralizing sewage systems, increasing the expenditure on sanitation, and constructing decentralized wastewater treatment plants.²²

¹³ Indonesia renewable energy target is in jeopardy due to lacking investment; Fabby Tumiwa; accessed January 2019; <http://iesr.or.id/wp-content/uploads/Indonesia-Renewable-Energy-Target-Is-In-Jeopardy-Due-to-Lacking-of-Investment.pdf>

¹⁴ Indonesian National Energy Policy; accessed January 2019; <http://ccap.org/assets/Ida-Finahari-Indonesia-Renewable-Energy-.pdf>

¹⁵ Indonesia Struggles to Meet Renewable Energy Target; published November 29, 2018; <https://www.voanews.com/a/indonesia-struggles-to-meet-renewable-energy-target/4679578.html>

¹⁶ Indonesian National Energy Policy; accessed January 2019; <http://ccap.org/assets/Ida-Finahari-Indonesia-Renewable-Energy-.pdf>

¹⁷ <http://waste4change.com/everything-you-need-to-know-about-clean-from-waste-indonesia-2025/>

¹⁸ Clean-up events shed light on Indonesia's waste crisis; published February 28, 2019; <https://www.thejakartapost.com/life/2018/02/28/clean-up-events-shed-light-on-indonesias-waste-crisis.html>

¹⁹ Clean-up events shed light on Indonesia's waste crisis; published February 28, 2019; <https://www.thejakartapost.com/life/2018/02/28/clean-up-events-shed-light-on-indonesias-waste-crisis.html>

²⁰ Indonesia—Urban Water, Sanitation, and Hygiene (IUWASH, IUWASH PLUS); <https://www.dai.com/our-work/projects/indonesia-urban-water-sanitation-and-hygiene-iuwash>

²¹ East Asia Pacific Region Urban Sanitation Review. Indonesia Country Study; accessed January 2019; http://www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/indonesia_sanitation_report.pdf

²² East Asia Pacific Region Urban Sanitation Review. Indonesia Country Study; accessed January 2019; http://www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/indonesia_sanitation_report.pdf

Bank BRI Sustainability Bond Framework

Alongside access to sanitation and clean water, access to electricity also poses a challenge to Indonesia, especially in rural areas. One of the aims of the Indonesian government is to achieve near-universal access to electricity by 2020, as in 2014 the national coverage of electrification was at 84%.²³

In this context, Sustainalytics views BRI's financing of infrastructure aimed at improving access to basic infrastructure, such as sewer and sanitation systems and public electricity infrastructure, to be beneficial for underserved and vulnerable populations in Indonesia.

Socio-economic Advancement and Empowerment for Underserved Groups in Indonesia

For emerging economies, SMEs represent a vital part of the economy, contributing up to 60% of total employment and up to 40% of national income (GDP).²⁴ In Indonesia, SMEs play an important role in economic growth and social inclusion. Based on data from the Ministry of Co-operatives and SMEs, Indonesian SMEs account for nearly 97% of domestic employment and for 56% of total business investment, and most programmes for SMEs are aimed at self-employed and micro-enterprises.²⁵ The largest programme for SMEs is Kredit Usaha Rakyat (People's Business Credit), a government-backed loan guarantee with low interest rates²⁶ that provides support for micro enterprises.²⁷ However, the Enterprise Survey from the World Bank showed that SMEs still perceive access to finance as the most significant obstacle which hinders their development.²⁸ In this context, Sustainalytics is of the view that BRI's financing of SMEs would support the growth of a sustainable economy in Indonesia, providing further development opportunities for local business. Additionally, BRI plans on providing loans for nonbankable citizens who do not own a bank account and are paid in cash. Almost 49% of adults in Indonesia owned a bank account in 2017, more than double compared to 20% in 2011,²⁹ thus significantly improving their integration into the local and global financial system. However, Indonesia's overall financial inclusion is still lower than the global average of 69% of adults in possession of a bank account.³⁰ Given the high number of people without a bank account, Sustainalytics is of the opinion that BRI's offering of loans towards nonbankable citizens from Indonesia can improve socio-economic empowerment for underprivileged populations.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Pollution prevention and control	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Clean transportation	11. Sustainable cities/communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Green buildings	11. Sustainable cities/communities	11.B By 2020, substantially increase the number of cities and human settlements adopting and

²³ Achieving Universal Electricity Access in Indonesia; accessed January 2019; <https://www.adb.org/sites/default/files/publication/182314/achieving-electricity-access-ino.pdf>

²⁴ Demystifying small and medium enterprises' (SMEs) performance in emerging and developing economies; <https://www.sciencedirect.com/science/article/pii/S2214845018300280>

²⁵ SME and Entrepreneurship Policy in Indonesia 2018; accessed January 2019; https://read.oecd-ilibrary.org/employment/sme-and-entrepreneurship-policy-in-indonesia-2018_9789264306264-en#page2

²⁶ SME and Entrepreneurship Policy in Indonesia 2018; accessed January 2019; https://read.oecd-ilibrary.org/employment/sme-and-entrepreneurship-policy-in-indonesia-2018_9789264306264-en#page2

²⁷ Indonesia; accessed January 2019; http://www.ilo.org/dyn/ilossi/ssmain.viewScheme?p_lang=en&p_geoaid=360&p_scheme_id=3157

²⁸ What are the biggest obstacles to growth of SMEs in developing countries? – An empirical evidence from an enterprise survey; <https://www.sciencedirect.com/science/article/pii/S2214845016300539>

²⁹ Indonesia makes headway in curbing its unbanked population; published April 20, 2018; <https://asianbankingandfinance.net/retail-banking/news/indonesia-makes-headway-in-curbing-its-unbanked-population>

³⁰ Indonesia makes headway in curbing its unbanked population; published April 20, 2018; <https://asianbankingandfinance.net/retail-banking/news/indonesia-makes-headway-in-curbing-its-unbanked-population>

Bank BRI Sustainability Bond Framework

Affordable housing	11. Sustainable Cities and Communities	implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters. 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Environmentally sustainable management of natural resources and land use	12. Responsible consumption and production 15. Life on Land	12.2 By 2030, achieve the sustainable management and efficient use of natural resources 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Sustainable water and wastewater management	6. Clean water and sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
Access to essential services	8. Decent work and economic growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
Employment generation	1. End poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
Socioeconomic advancement and empowerment	10. Reduced inequality	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Affordable Basic Infrastructure	9. Industry, innovation and infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Conclusion

Bank BRI has developed the Bank BRI Sustainability Bond Framework which it will use to finance and/or refinance a broad range of products that deliver positive environmental and social outcomes. Sustainalytics considers that the Framework is aligned with the overall sustainability objectives of the bank and that the environmental and social use of proceeds categories will advance various UN Sustainable Development Goals in Indonesia.

Sustainalytics highlights the alignment of the definition for low income individuals and of MSMEs with the Indonesian government's definitions, ensuring that the social use of proceeds is credible with respect to targeting vulnerable populations and MSMEs.

Sustainalytics is of the opinion that BRI Bank is well positioned to issue sustainability bonds and that the Bank BRI Sustainability Bond Framework is robust, credible and in alignment with the four components of the Green Bond Principles 2018, the Social Bond Principles 2018, the Sustainability Bond Guidelines 2018, the Green Loan Principles 2018 and ASEAN Sustainability Bond Standards.

Appendices

Appendix 1: Alignment to the ASEAN Green Bond Standards

ASEAN Sustainability Bond Standards' Criteria	Alignment with ASEAN SBS	Sustainalytics' comments on alignment with the ASEAN Sustainability Bond Standards. ³¹
Eligibility	Yes	The ASBS requires that issuers must be located in or that the proceeds be directed to assets in an ASEAN country. As an Indonesian-based institution, PT Bank Rakyat Indonesia Persero Tbk (Bank BRI) qualifies.
Use of Proceeds	Yes	The ASBS offers specific clarification that fossil fuel power generation projects and social projects which pose a negative social impact related to alcohol, gambling, tobacco and weaponry are excluded; Bank BRI has an exclusion on assets involving fossil fuels, directly or indirectly, on manufacture of alcoholic beverages and tobacco, manufacture or trade in weapons, ammunition, and other goods used for military or paramilitary purposes as well as gambling, casinos and equivalent enterprises to the extent that such activities constitute the main business of the borrower/recipient in its Framework, BRI Bank defined a lookback period of three years for refinancing and commits to report on the portion of financing and refinancing.
Process for Project Evaluation and Selection	Yes	The ASBS specifies information that must be clearly communicated to investors before issuance regarding project selection. Within its framework, Bank BRI has described a two-step project evaluation and selection process in which candidates for eligible green and social projects are selected by BRI's business units based on the established eligibility and exclusionary criteria. Final approval is conducted by BRI Bank's Enterprise Risk & Portfolio Management Division, the Asset and Liabilities Management Division and Treasury Business Division to ensure compliance with the bank's Sustainability Bond Frameworks.
Management of Proceeds	Yes	The ASBS mandates that proceeds must be appropriately tracked and that temporary investments be disclosed. Within its framework, Bank BRI states that it will establish an internal register under the company's established information systems to record the allocations and monitor the use of ongoing proceeds. Pending full allocation of proceeds, the unallocated proceeds will be invested in short term cash and high-quality marketable instruments such as government bonds in accordance with the company's liquidity management strategy.
Reporting	Yes	The ASBS requires annual reporting on the allocation of funds and the expected impacts. Bank BRI states that it will provide an annual allocation report and impact report.
Annual Review	Yes	The ASBS encourages, but does not require, annual reviews. Bank BRI has communicated its intention for an annual review in its framework.

³¹ For detailed comments on alignment with ICMA SBG, please see Appendix 5.

Appendix 2 – Overview of Green Buildings Certification Schemes

	BREEAM	LEED	GREENSHIP
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	GREENSHIP is developed by Green Building Council Indonesia (GBC Indonesia) by considering the conditions, natural characters and regulations as well standards that apply in Indonesia. GREENSHIP is compiled by involving building sector actors who are experts in their fields. Greenship was launched in 2010.
Certification levels	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	Bronze Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.	The scope of environmental projects management includes the management of resources through operational plans, data clarity and early handling systems in the application of green buildings
Areas of Assessment: Environmental Performance of the Building	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	-Appropriate Site Development -Energy Efficiency & Conservation -Water Conservation -Materials & Resources Cycle -Air Quality & Leisure Air
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ³² and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-	Each criterion consists of several benchmarks and each benchmark has different values according to the level of difficulty and level of certification. Each category has credit criteria. There are several different types of Greenship Categories according to certification use of purpose. (e.g. New Building, Existing Building, Interior Space, Homes, Neighbourhood) 100% achievement based on the GREENSHIP assessment tool is

³² BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Bank BRI Sustainability Bond Framework

	BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	comprised of 77 inputs. This number is the basis for determining the percentage of achievement.
Performance display			
Accreditation	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor	LEED AP BD+C LEED AP O+M	GREENSHIP Associate GREENSHIP Professional
Qualitative considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognised internationally, and strong assurance of overall quality.	Recognised internationally, the standard has a clear focus on the material used. GREENSHIP is less stringent in comparison to LEED standards.

Appendix 3: Overview of Raw Material Sourcing Initiatives

	Rainforest Alliance	UTZ	FAIRTRADE	EU Organic	USDA Organic
Background	The Rainforest Alliance Seal is a global certification system for Agriculture, Forestry and Tourism. The Rainforest Alliance certification indicates compliance with the organization's standards for environmental, social and economic sustainability. Rainforest Alliance merged	The UTZ Label is a global certification system for coffee, cocoa, tea and hazelnuts. The UTZ certification incorporates environmental, social, farm management and farming practices considerations. UTZ merged with	The FAIRTRADE Mark is a global certification system that seeks to address power imbalances in trading relationships. Organizations certified to Fairtrade standards must meet general, trade, product and business	The EU Organic Farming is a European wide label organized under the European Commission's Council Regulation (EC) no 834/2007. The regulation covers the organic production and labelling of organic products including live or unprocessed agricultural projects, processed agricultural products for use of food, feed, and vegetative propagating material	The USDA Organic label is a US certification system overseen, administered and enforced by the National Organic Program of the United States Department of Agriculture. The US Organic label is regulated by the US Organic Foods Production Act of 1990 and involves input from the National Organic Standards Board (a Federal Advisory Committee made up of 15

Bank BRI Sustainability Bond Framework

	with UTZ in January 2018.	Rainforest Alliance in January 2018.	development requirements.	and seeds for cultivation.	members of the public) and the public.
Clear positive impact	Promoting sustainable practices in agriculture, forestry and tourism.	Promoting sustainable practices in Coffee, Cocoa Tea and Hazelnut farming and trading.	Promoting sustainable practices for agricultural products, consumer goods and gold.	Promotion of a sustainable management system that respects nature's systems, contributes to biological diversity, uses energy responsibly, respects high animal welfare standards.	Promoting sustainable farming practices that improve water quality, conserve energy, increase biodiversity and contribute to soil health.
Minimum standards	Rainforest alliance establishes a minimum threshold for impact through critical criteria, and requires farmers to go beyond by demonstrating improved sustainability on 14 continuous improvement criteria.	UTZ establishes a minimum threshold for impact through mandatory points and additional points, and requires farmers to go beyond by demonstrating compliance with an increasingly large proportion of both mandatory and additional points.	Fairtrade has a set of core requirements that must be met and development requirements that are intended to foster continuous improvement and which certified producers must make progress on.	The EU Organic Farming system prohibits the use of GMOs (minimum 95% GMO free), the use of ionizing radiation and sets core requirements for plant production, production rules for seaweed, livestock production rules, production rules for aquaculture animals.	The USDA Organic seal sets strict production and labeling requirements: <ul style="list-style-type: none"> • produced without genetic engineering, ionizing radiation or sewage sludge • produced using allowed substances based on a comprehensive list of authorized synthetic and non-synthetic substances overseen by a USDA NOP authorized agent
Scope of certification or programme	Rainforest alliance addresses key risks such as human rights, child labour, pesticide use and biodiversity use through its criteria.	UTZ addresses key risks such as human rights, child labour, pesticide use and biodiversity use through its criteria.	Fairtrade addresses key risks through its requirements, including child labour, forced labour and pesticide use.	The EU Organic Farming system addresses key risks such as substance use (e.g. pesticides, soluble fertilizers, soil conditioners or plant protection products), the maintenance and enhancement of soil life, natural soil fertility, soil stability and biodiversity, preventing and combating soil damage (compaction, erosion).	The USDA Organic system addresses key risks such as substance use through the regulation of synthetic and non-synthetic substances to preserve soil quality and in line with federal guidelines on animal raising practices, pest and weed control and the use of additives.
Verification of standards and risk mitigation	Certified entities undergo third party verification to ensure	Certified entities undergo third party	Certified entities undergo audits to	Certified entities undergo audits to ensure compliance with criteria and	The USDA seal has a twofold enforcement mechanism, one by Organic Certifiers and

	compliance with criteria and continuous improvement.	verification to ensure compliance with criteria and continuous improvement	ensure compliance with criteria and continuous improvement.	continuous improvement at least once a year, or more often based on a risk assessment.	one by the USDA Agricultural Marketing Services. The two bodies undergo audits to ensure compliance with criteria and continuous improvement at least once a year or unannounced.
Third party expertise and multi-stakeholder process	Standard setting is aligned with the ISEAL Standard Setting Code.	Standard setting is aligned with the ISEAL Standard Setting Code.	Standard setting is aligned with the ISEAL Standard Setting Code.	The EU Organic Farming is a government-based standard resulting from public consultations and third-party deliberations in line with the European Commission's typical legislative approach.	The USDA Organic seal is organized by the National Organic Program which develops the rules and regulations for the production, handling, labeling and enforcement of all USDA organic products. This process receives input from the national Organic Standards Board (a Federal Advisory Committee made of 15 members of the public) and the general public.
Performance Display					
Third-party verified	<ul style="list-style-type: none"> Africert Conservacion y Desarrollo Certified S.A. Imaflora IMO India CERES IBD Indocert NaturaCert Productos y Procesos Sostenables, A.C. NEPCon 	<ul style="list-style-type: none"> 60 UTZ approved certification bodies split by country and by relevant commodity (coffee, cocoa, tea, hazelnut, herbals, Rooibos) 	<ul style="list-style-type: none"> FLO-CERT GmbH. FLO-CERT is the largest certifier for Fairtrade, responsible for the certification of all producers and most traders. 	Every Member State must designate one or more private and/or public control authorities in charge for the organic production and labelling of organic products in the EU Member States.	80 certifying agents are USDA accredited and authorized to certify operations under the USDA organic standards. 48 of the 80 certifying authorities are US based and 32 are in foreign countries. Most certifying agents are directly accredited by the USDA National Organic Program, with an additional 21 members being officially authorized through recognition agreements between US and other governments.

Bank BRI Sustainability Bond Framework

<p>Qualitative considerations</p>	<p>Global recognition across 76 countries around the world. There are 763 Rainforest Alliance certified products and more than 1,354,057 people which have conducted training, certification and verification under the Rainforest Alliance standard. Rigorous on the enforcement of minimum standards and strong governance over the implementation of social and environmental mitigation processes.</p>	<p>Global recognition across 131 countries around the world. There are 987,000 UTZ Certified farmers in the UTZ programme with more than 368,000 workers on the UTZ certified farms in 41 producing countries and more than 3.4 million hectares of UTZ certified crops. The UTZ name or label is present on more than 15,000 products in 131 countries worldwide. Rigorous on the enforcement of minimum standards and strong governance over the implementation of social and environmental mitigation processes.</p>	<p>Global recognition across 74 countries present in the Fairtrade System. The system covers 1.4 million farmers and workers in 1,140 producer organizations. The Fairtrade certification scheme is less strict on the scope of the environmental and social requirements as it does not cover human rights issues and impact on biodiversity.</p>	<p>The EU Organic Farming system is widely recognized across all 28 Member States. Currently, 11.9% million hectares are currently certified under the system, with the whole organic area representing 6.2% of the total utilized agricultural area in the European Union.</p>	<p>Under the USDA Organic seal, the US federal legislation allows three levels of organic foods, namely: purely organic products made entirely with certified organic ingredient and labeled 100% organic, products with at least 95% organic ingredients. Both categories are allowed to be certified USDA Organic. A third category with at least 70% organic ingredients may be labeled as "made with organic ingredients", but cannot display the USDA Organic seal.</p>
--	--	---	--	---	--

Appendix 4: Overview of Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC)

	MSC ³³	ASC ³⁴
Background	MSC (Marine Stewardship Council) is a non-profit organization founded in 1996, that issues eco-label certifications for fisheries which are sustainable and well-managed.	The Aquaculture Stewardship Council (ASC) is an independent, international NGO that manages the ASC certification and labelling program for responsible aquaculture.
Certification levels	Certified	Certified
Areas of Assessment	<p>The MSC Fisheries Standard assesses Performance Indicators (PIs) from three principles:</p> <p>Principle 1 Sustainable target fish stocks:</p> <ul style="list-style-type: none"> • Outcome <ul style="list-style-type: none"> ○ Stock Status ○ Stock Rebuilding ○ Harvest Strategy (Management) ○ Harvest Strategy ○ Harvest Control Rules & Tools ○ Information/Monitoring ○ Assessment of Stock Status ○ Enhancement ○ Enhancement Outcome ○ Enhancement Management ○ Enhancement Information <p>Principle 2 Environmental impact of fishing</p> <ul style="list-style-type: none"> • Primary Species <ul style="list-style-type: none"> ○ Outcome ○ Management ○ Information ○ Secondary Species ○ Outcome ○ Management ○ Information ○ ETP Species ○ Outcome ○ Management ○ Information ○ Habitats ○ Outcome ○ Management ○ Information ○ Ecosystems ○ Outcome ○ Management ○ Information <p>Principles 3 Effective management</p> <ul style="list-style-type: none"> • Governance & policy <ul style="list-style-type: none"> ○ Legal and/or Customary Framework 	<p>ASC has different farm standards depending on the fish species (e.g. Abalone, Bivalve, Freshwater trout, Pangasius, Salmon, Seriola and Cobia, Shrimp, Tilapia), focusing on both the environmental and social impact of farming. Each type of farm standards has specific performance indicators (PIs). Some of the elements assessed by the ASC certification include:</p> <ul style="list-style-type: none"> ○ Biodiversity ○ Feed ○ Pollution ○ Diseases ○ Antibiotics ○ Social <p>ASC also works in partnership with MSC (Marine Stewardship Council) regarding the certification for seaweed farms. The ASC-MSC Seaweed Standard has five principles, each with specific performance indicators:</p> <ul style="list-style-type: none"> ○ Sustainable wild populations ○ Environmental impacts ○ Effective management ○ Social responsibility ○ Community relations and interactions

³³ <https://www.msc.org/standards-and-certification/fisheries-standard>

³⁴ <https://www.asc-aqua.org/what-we-do/our-standards/farm-standards/>

	<ul style="list-style-type: none"> ○ Consultation, Roles & Responsibilities ○ Long Term Objectives ○ Fishery Specific Management System ○ Fishery Specific Objectives ○ Decision Making Processes ○ Compliance & Enforcement ○ Monitoring & Management ○ Performance Evaluation <p>The Fisheries Certification Process (FCP) accompanies the Fisheries Standard, as it explains how the MSC Fisheries Standard should be interpreted during the assessment process.</p>	
Requirements	The applicant's fishery receives scores based on its performance in relevant Pls. If the applicant passes the assessments in all the three areas of the MSC Fisheries Standard, then it receives the MSC label.	The applicant's fishery receives scores based on its performance in relevant Pls. If the farm complies with the ASC requirements, then it receives the ASC label.
Performance display		
Accreditation	Conformity Assessment Bodies (CAB), independent from MSC and certified by the independent organization Accreditation Services International (ASI).	Conformity Assessment Bodies (CAB), independent from ASC and certified by the independent organization Accreditation Services International (ASI).
Qualitative considerations	MSC meets best practice requirements set by both ISEAL (International Social and Environmental Accreditation and Labelling) and UN FAO (United Nation's Food and Agriculture Organization).	ASC meets best practice requirements set by both ISEAL (International Social and Environmental Accreditation and Labelling) and UN FAO (United Nation's Food and Agriculture Organization).

Appendix 5: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Bank BRI
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Bank BRI Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs and SBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The six green and five social categories for the eligible use of proceeds are aligned with those recognized as impactful by the Green Bond Principles 2018, the Social Bond Principles 2018 and the Sustainability Bond Guidelines 2018. Although the bond is not exclusively project based, Sustainalytics considers the projects, assets and lending activities to have positive environmental and/or social impact and to advance multiple UN Sustainable Development Goals.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |

Bank BRI Sustainability Bond Framework

- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs
 Other (please specify):

If applicable please specify the social taxonomy, if other than SBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Aligned with market practice, Bank BRI has a two-step project evaluation and selection process. First, candidates for eligible green and social projects are selected by BRI's business units based on the established eligibility and exclusionary criteria. Second, final assets and/or projects are approved by BRI Bank's Enterprise Risk & Portfolio Management, the Assets and Liabilities Management Division and the Treasury Business Division to ensure compliance with the bank's Sustainability Bond Framework.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|---|--|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Bank BRI will establish an internal register under the company's established information systems to record the allocations and monitor the use of ongoing proceeds. Pending full allocation of proceeds, the unallocated proceeds will be invested in short term cash and high-quality marketable instruments such as government bonds in accordance with the company's liquidity management strategy. Sustainalytics considers Bank BRI's management of proceeds process to be aligned with market practices.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner

- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify)*:

Additional disclosure:

- Allocations to future investments only
- Allocation to individual disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Allocations to both existing and future investments
- Allocation to a portfolio of disbursements
- Other *(please specify)*:

4. REPORTING

Overall comment on section (if applicable):

Bank BRI committed to disclose allocation and impact reporting on an annual basis by using various channels such as annual reporting, sustainability reporting, company website and newsletter. Bank BRI committed to make public an (i) allocation report comprising various transaction data such as the amount of total allocated proceeds, the balance of unallocated proceeds and progress evaluation. Where relevant and feasible, BRI committed to disclose an (ii) impact report which will cover relevant impact metrics tailored for each environmental and social category such as: MW of power generated from renewable sources, tonnes or m³ of waste treated, the number of MSMEs financed or the number of MSMEs or individuals financed through the KUR program. While Sustainability views the scope and granularity of BRI's reporting to be in line with market practice, we recommend that BRI report in a consistent and timely manner on all metrics.

Use of proceeds reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other *(please specify)*:

Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other *(please specify)*:

Frequency:

- Annual
- Semi-annual
- Other (please specify):

Bank BRI Sustainability Bond Framework

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|---|--------------------------------------|
| <input type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): whenever feasible | |

Information reported (expected or ex-post):

- | | |
|--|---|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): kWh or power generated from renewable energy, MW of power generated from renewable energy, tonnes or cubic meters of waste treated, tonnes or cubic meters of waste recycled, tonnes or cubic meters of waste reused, the number of organic farms financed, the number of people using mass transportation, the number of houses using clean and/or drinking water, the number of locations (spot) of floods are reduced, energy consumption reduced, the number of eligible buildings that received third-party verified green building certifications, number of households which adopted electricity and water facilities, the number of people who can access medication at affordable prices via government's health insurance participants, number of low-income individuals which accessed and received a loan for affordable housing, the number of MSMEs financed, the amount of MSMEs loan disbursement, the number of MSMEs or individuals financed through the KUR programme, the amount of KUR loan disbursement. |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): annual report, company website, newsletter |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

http://www.ir-bri.com/sustainability_reports.html

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental and social sustainability or other aspects of the issuance of a Sustainability Bond, such as the establishment/review of an issuer's Sustainability Bond framework. "Second Party Opinions" may fall into this category.
- ii. Verification: An issuer can have its Sustainability Bond, associated Sustainability Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally and socially sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against an external green and social assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. Rating: An issuer can have its Sustainability Bond or associated Sustainability Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Sustainability Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Sustainability Bond frameworks / programmes.

Disclaimer

© Sustainalytics 2019. All rights reserved.

The intellectual property rights to this Second-Party Opinion (the “Opinion”) are vested exclusively in Sustainalytics. Unless otherwise expressly agreed in writing by Sustainalytics, no part of this Opinion may be reproduced, disseminated, comingled, used to create derivative works, furnished in any manner, made available to third parties or published, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies or recordings, nor publicly released without the “Green Bond Framework” in conjunction with which this Opinion has been developed.

The Opinion was drawn up with the aim to provide objective information on why the analyzed bond is considered sustainable and responsible, and is intended for investors in general, and not for a specific investor in particular. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date, nor assumes any responsibility for errors or omissions. Any reference to third party names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, nothing contained in this Opinion shall be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.

The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. Global Capital named Sustainalytics the "Most Impressive Second Party Opinion Provider in 2017". In 2018, the firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

For more information, visit www.sustainalytics.com

Or contact us info@sustainalytics.com

