



2021

ANNUAL SUSTAINABILITY BOND REPORT

Introduction – BRI's commitment to sustainable banking

PT Bank Rakyat Indonesia (Persero), Tbk., ("**Bank BRI**" or "**BRI**"), the largest bank in Indonesia is committed to support Indonesian economy, especially in the aspect of sustainable banking.

In accordance with Indonesia's medium-term plan of Sustainable Finance Roadmap 2015 - 2019¹, BRI was one of eight Indonesian banks known as the 'First Movers on Sustainable Banking' group², committed to implement sustainable financing as part of global environmental goals. In 2018, BRI was involved in establishing the Indonesian Sustainable Finance Initiative ("**IKBI – Inisiatif Keuangan Berkelanjutan Indonesia**")³ to promote and implement inclusive sustainable finance practices. As the chairman of IKBI, BRI strives to promote strategic programs, share knowledge among the community and build partnerships, as well as be a key initiator of early projects in developing applicable green business models.

BRI continuously strengthens the implementation of sustainable finance ("**SF**") principles to accelerate sustainable growth through closer alignment between economic, social and environmental interests. In enhancing financial products and services under the SF principles, BRI expands range of digital banking services to reach more unbanked customers from all walks of life, improving financial literacy and inclusion.

*BRI is committed to support United Nations Sustainable Development Goals ("**SDG**") through sustainable finance action plan.*



BRI's COMMITMENT TO SUSTAINABLE FINANCE⁽⁴⁾

- Implementing prudential principle in carrying out business functions and operations.
- Managing efficient and environmentally friendly operations.
- Consistent in applying loan financing policies in environmentally friendly business sectors and certified management of environmental impact analysis.
- Supporting the development of priority economic sectors, namely sectors with high multiplier effects to economic growth such as energy, agriculture, processing industries, infrastructure, as well as micro, small and medium enterprises (MSMEs).
- Developing employee competency in understanding social and environmental policies and procedures.
- Providing financial access support for all communities including those who are disadvantaged and live in remote areas.
- Participating in joint efforts to improve people's welfare and encourage their participation in environmental preservation.

1. <https://unepinquiry.org/wp-content/uploads/2015/10/Roadmap-OJK-2015-2019.pdf>

2. <https://www.ojk.go.id/en/berita-dan-kegiatan/siaran-pers/Pages/Press-Release-OJK-Launches-Bali-Center-for-Sustainable-Finance-to-Support-Sustainable-Development-Program.aspx>

3. <http://ikbi.org/about-us/>

4. <https://bri.co.id/documents/20123/56786/BRI%20-%20SR%20-%202019%20-%2020INGGRIS%20-%20lowres.pdf>

Bank BRI's Sustainability Bond – Transaction highlights

First Sustainability Bond in South-East Asia in RegS format

Issuer	PT Bank Rakyat Indonesia (Persero), Tbk.
Issue Date	21 March 2019
Tenor	5 years
Size	USD 500 million
Issuer Rating	Baa2 (Moody's) / BBB- (Fitch)
Coupon	3.95%
External Review	Second Party Opinion from Sustainalytics

Bank BRI Inaugural Sustainability Bond – Key Highlights



Supporting Indonesia's "First Movers on Sustainable Banking" initiative, in accordance with BRI's Sustainable Finance (SF) Principles

BRI is part of the "First Movers on Sustainable Banking" and Chairman of Indonesian Sustainable Finance Initiative Forum (IKBI)



Sustainability Bond Framework evaluated by Second Opinion Provider

BRI has obtained a Second Party Opinion from Sustainalytics on its Sustainability Bond Framework with conclusion that the use of proceeds are credible and impactful



Alignment with International and ASEAN Sustainability Bond Standards

BRI's Sustainability Bond Framework is aligned with the ICMA Green Bond Principles 2018, the ICMA Social Bond Principles 2018 and the ICMA Sustainability Bond Guidelines 2018, as well as ASEAN Green Bond, Social Bond and Sustainability Bond Standards 2018



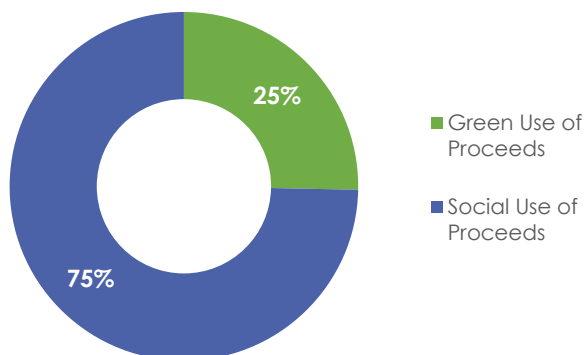
Alignment with UN's Sustainable Development Goals ("SDGs")

BRI's Sustainability Bond Framework covers a broad range of UN SDGs, showcasing BRI's commitment to facilitate the transition to sustainable development in Indonesia across various areas

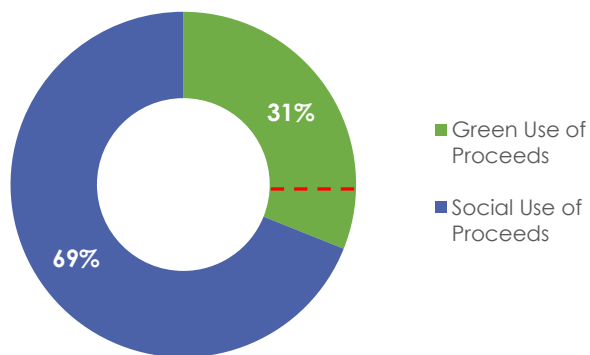
Proceed Allocation

As of 31th December 2021, the proceeds of BRI Sustainability Bond were fully allocated. Allocation information by type of project and sector are:

By Project Type 2020



By Project Type 2021



Eligible Category	Loan Product	US\$ Mio 2020	2021 Disbursement				
			US\$ Mio	Account	Avg. Ticket Size (in US\$)	%Allocation	Rp Bio
Green Project	Green Project	127	155	3	51,766,437	31.06%	2,213
Employment generation	Kupedes	100	92	41,277	2,229	18.40%	1,311
Socioeconomic advancement and empowerment (Micro KUR Loans)	KUR	64	59	52,390	1,128	11.82%	842
Affordable Housing	KPRS	3	2	309	7,910	0.49%	35
Employment generation, Socioeconomic advancement & empowerment, and prevent unemployment (Nation Economic Recovery on Pandemic Situation)	Micro (Micro Loan)	142	131	311,868	421	26.27%	1,872
	KMK Tangguh (SME Loan)	65	60	5,400	11,080	11.97%	853
Total		500	500	411,247		100%	7,126

The increase in the composition of the Green project in 2021 was due to the withdrawal of loan facility of the Greater Jakarta Light Rail Transit (LRT) project.

As part of BRI's effort to support and provide access to financial products and services for MSMEs in Indonesia, BRI has disbursed several types of Micro Loans such as Kupedes, KUR Micro, and also Subsidize Mortgage Loan (KPR Subsidi).

Kupedes is a commercial loan product for micro businesses, provide a bigger loan up to IDR250 million (USD17,605 equ.)

KUR Micro is a collaboration loan between BRI and Government to support the development of non-bankable micro businesses with max. loan size of IDR25 million (USD1,760 equ.) with a subsidized, (Borrowers only pay 6% p.a).

KPRS ("KPR Subsidi") is an affordable house ownership mortgage loan designed to low-income society by utilizing government pool of banking liquidity.

BRI has several projects to help businesses affected by the Covid-19 pandemic such as KUR Super Micro and KMK Tangguh. "KUR Super Micro" is a micro loan with subsidized interest rate by Government (Borrowers only pay 6% p.a) and has maximum loan size of IDR10 million (USD710 equ.)

BRI also has "KMK Tangguh", a government guaranteed working capital loans with maximum loan size of IDR10 billion (USD710,000 equ.) and low interest rate of min. 9.95% per year so that it can help the continuity of our borrowers' businesses in SME segment.

*Kurs USD/IDRused = Rp14.253,-, as of 31 Des 2021.

Proceed Allocation

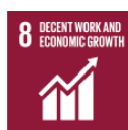
Key Sustainable Development Goals identified in the BRI Sustainability Bond Framework⁽¹⁾

Key Aspects of the Eligible Categories financed as of end of reporting period



Employment Generation (Kupedes loans)

- ✓ IDR1,3 trillion (USD92 million equ.) has been allocated to Kupedes loans, which the maximum lending facilities is up to IDR250 million (USD17,605 equ.).
- ✓ These Kupedes loans have empowered and created jobs in more than 40,000 Indonesian Micro Enterprise in a various regions in Indonesia.



Socioeconomic advancement and prevent unemployment (Nasional Economic Recovery on Pandemic Situation) (Micro KUR, Super Micro KUR, KMK Tangguh loans)

- ✓ BRI has provided financing for start-up micro entrepreneurs that have never received commercial loans (new businesses) through the disbursement of Micro KUR. Micro KUR is a loan with low interest rates which is a collaboration between Bank BRI and the government in an effort to provide access to bank funding for micro enterprises. Loan ceiling of IDR25 million (USD1,760 equ).
- ✓ IDR840 Billion (USD59 million equ.) has been allocated for financing and/or refinancing Bank BRI's Micro KUR loans, to over 50,000 Micro contributing job creations.
- ✓ BRI has provided financing for ultra micro segment (businesses with financing need of below IDR10 million) through Super Micro KUR, loans with low interest rate which is a collaboration between Bank BRI and the Government, which is also part of the National Economic Recovery Program during the Pandemic.
- ✓ IDR1,872 Billion (USD131 million equ.) has been allocated to finance Bank BRI's KUR Super Micro loans to more than 310,000 Micro businesses to maintain business sustainability due to the Covid-19 pandemic.
- ✓ BRI has provided financing, which is very suitable for Small and Medium Enterprises during the Pandemic through the disbursement of KMK Tangguh. Loan ceiling of IDR10 billion (USD710,000 equ.)
- ✓ IDR853 Billion (USD60 million equ.) has been allocated to finance Bank BRI's KMK Tangguh loans to more than 5,400 SME businesses to maintain business sustainability due to the Covid-19 pandemic.



Affordable Housing

- ✓ IDR35 billion (USD2.4 million equ.) has been allocated to mortgage, especially to distribute government's subsidized home loans.
- ✓ These loans helps in providing access of affordable houses to more than 300 people.



Clean transportation

- ✓ IDR1,800 billion (USD126 million equ.) has been allocated to three clean transportation projects based in Jakarta:
- ✓ A light rail transportation (LRT) infrastructure project based in Jakarta. The line is estimated to be 45km long, and the project is currently under construction. It is expected to carry a range of passenger flow of 150,000-300,000 per day in the first 5 years.
- ✓ Investment in airport electric train with a 36 km route with an expected average passenger flow of 4,000 people per-day.
- ✓ Investment in electric train for commuters with an estimated 70km route and average passenger flow of 30,000 people per-day.

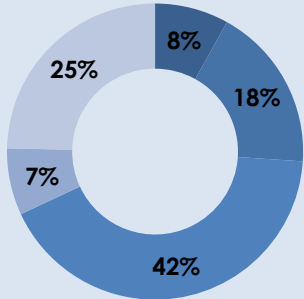
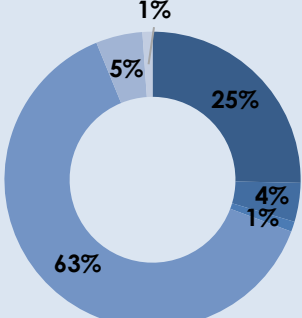
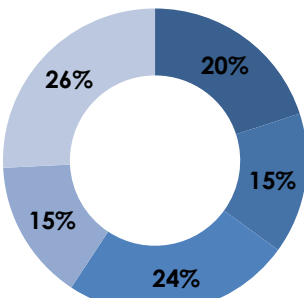
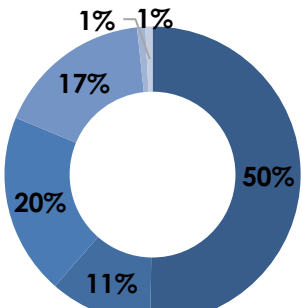
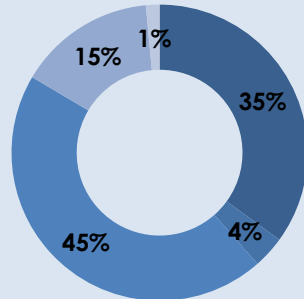


Green Buildings

- ✓ IDR413 billion (USD29 million equ.) has been allocated to Investment in a green building project based in Jakarta with "Platinum" level of the GREENSHIP label by Green Building Council Indonesia.

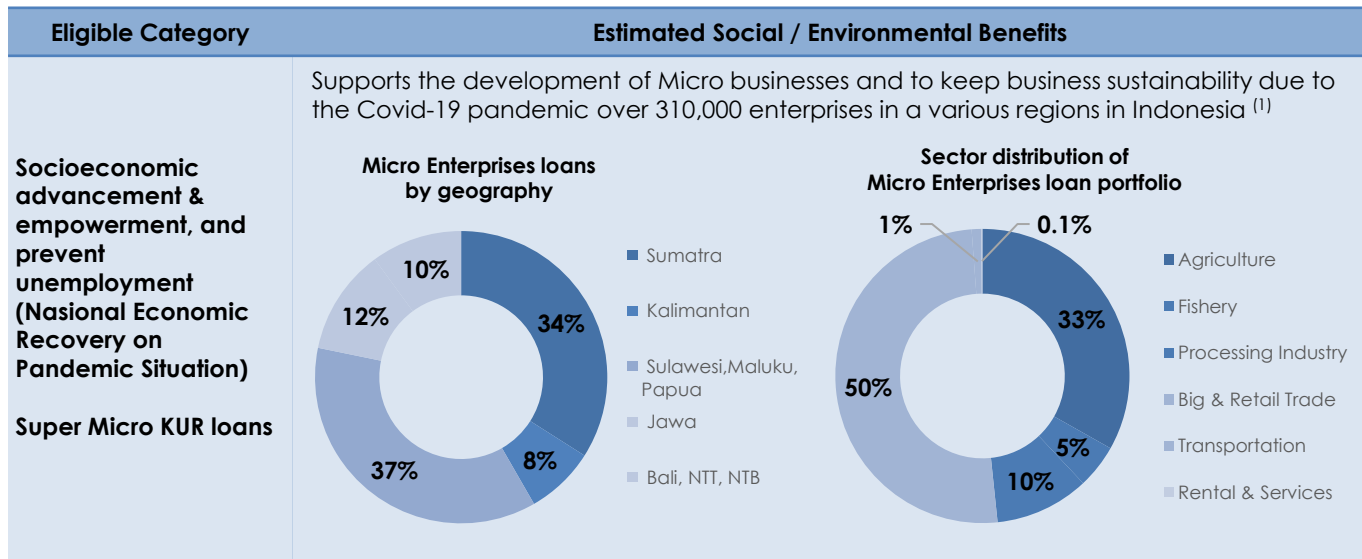
Sustainable Impact

According to BRI's Sustainability Bond Framework, the estimated social and environmental impact for Eligible Categories financed are explained below:

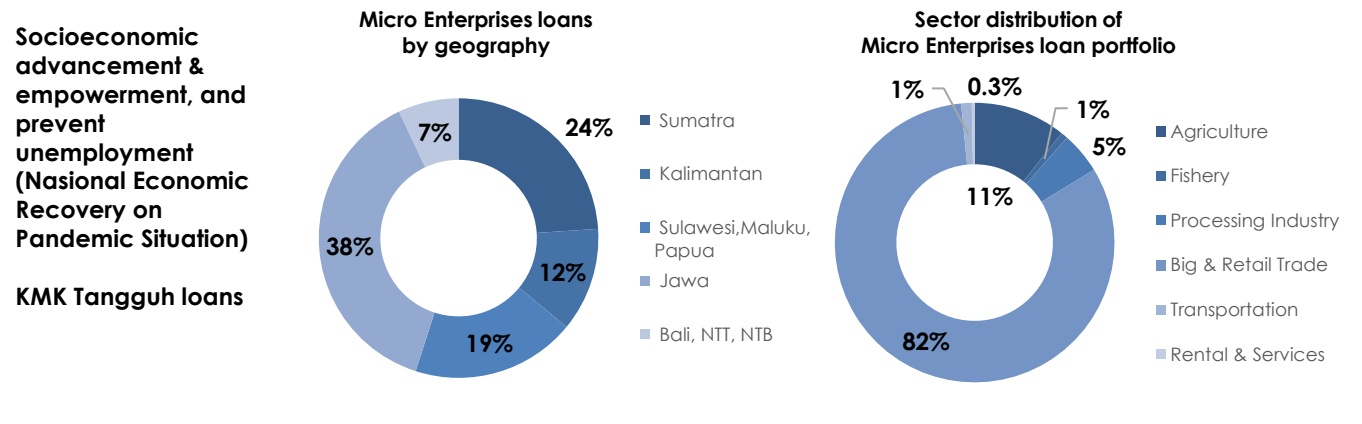
Eligible Category	Estimated Social / Environmental Benefits
Employment Generation (Kupedes loans)	<p>Supports the development of Micro businesses, estimated to create more than 40,000 jobs in a various regions in Indonesia ⁽¹⁾</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="349 376 649 763"> <p>Micro Enterprises loans by geography</p>  <ul style="list-style-type: none"> ■ Sumatra ■ Kalimantan ■ Sulawesi, Maluku, Papua ■ Jawa ■ Bali, NTT, NTB </div> <div data-bbox="871 376 1363 763"> <p>Sector distribution of Micro Enterprises loan portfolio</p>  <ul style="list-style-type: none"> ■ Agriculture ■ Fishery ■ Processing Industry ■ Big & Retail Trade ■ Transportation ■ Rental & Services </div> </div>
Socioeconomic advancement and empowerment (Micro KUR loans)	<p>Supports the development of non-bankable micro businesses that as a bridge to get access to commercial loans and estimated to create more than 50,000 jobs in a various regions of Indonesia⁽¹⁾</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="349 898 649 1284"> <p>Micro Enterprises loans by geography</p>  <ul style="list-style-type: none"> ■ Sumatra ■ Kalimantan ■ Sulawesi, Maluku, Papua ■ Jawa ■ Bali, NTT, NTB </div> <div data-bbox="871 898 1363 1284"> <p>Sector distribution of Micro Enterprises loan portfolio</p>  <ul style="list-style-type: none"> ■ Agriculture ■ Fishery ■ Processing Industry ■ Big & Retail Trade ■ Transportation ■ Services </div> </div>
Affordable Housing	<p>Support more than 300 low-income people to have affordable house with subsidized housing programs in a various regions of Indonesia.</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="349 1420 649 1806"> <p>Affordable Housing loans financed by geography</p>  <ul style="list-style-type: none"> ■ Sumatra ■ Kalimantan ■ Sulawesi, Maluku, Papua ■ Jawa ■ Bali, NTT, NTB </div> </div>

(1) Assuming one debtor to employ at least 1 additional employee. Bank BRI confirms all of these MSME loans financed are new loans as the time of disbursement.

Sustainable Impact



Supports the development of SME businesses and to keep business sustainability recover due to the Covid-19 pandemic over 5,400 enterprises in a various regions in Indonesia ⁽¹⁾



(1) Assuming one debtor to employ at least 1 additional employee. Bank BRI confirms all of these MSME loans financed are new loans as the time of disbursement.

Impact Reporting

According to BRI's Sustainability Bond Framework, the estimated environmental impact for Eligible Categories financed are explained below:

Eligible Category	Estimated Social / Environmental Benefits
Green Transportation	<ul style="list-style-type: none"> Supports 3 rail projects with a total of 45 km and an expected 84.5 million passengers carried per year An estimated 8,590 tons of CO₂ avoided or reduced per year attributable to this BRI Sustainability Bond⁽¹⁾
Green Buildings	<ul style="list-style-type: none"> A new building with "Platinum" level of the GREENSHIP by the Green Building Council Indonesia

Project Examples



Greater Jakarta light rail transit (LRT)

A light metro system currently under construction connecting Bogor, Depok and Bekasi in West Java to Jakarta. The first Jabodebek LRT train had been placed at Harjamukti Station, Cibubur. The 45-km line financed by this Sustainability bond is a part of the Greater Jakarta LRT network.

The project was announced by the government in 2015, aims to alleviate road traffic congestion in the city and now there are 25 trains parked along service line I.

It is consisted of three LRT lines with total investment cost of IDR23.8 trillion.

Electric Airport Train

Airport Electric Train (Soekarno-Hatta Airport) is an electric power-based railway project with a capacity of 272 seats with 124 trips / day (capacity of 33,728 passengers / day). This train covers a distance of 36.3 km in one trip. With this project, it is expected to reduce the number of fuel-based vehicle from and to Soekarno Hatta airport. Bank BRI supports up to US \$ 9 billion for this project.



(1) The amount of CO₂ avoided or reduced is calculated following the index for railway sector in the Railway Handbook 2017 published by the International Energy Agency and the International Union of Railways, link: https://uic.org/IMG/pdf/handbook_jea-uic_2017_web3.pdf, and EIB CO₂ evaluation method

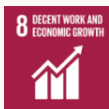
Summary of Bank BRI Sustainability Bond Framework

Use of Proceeds

Social Project Categories

Environmental Project Categories

Access to essential services



Public healthcare centers, public schools and vocational training centers

Affordable basic infrastructure



Public clean drinking water infrastructure and sewers system, sanitation infrastructure, and public electricity infrastructure to increase access to electricity

Renewable energy



Generation or transmission renewable energy activities, including offshore and onshore wind, solar, tidal, hydropower (≤ 25 MW) and geothermal (< 100 g CO₂/kWh) projects

Green buildings



New construction or renovation of buildings that: (i) have or expected to earn: LEED (Platinum or Gold), BREEAM (Outstanding, Excellent); (ii) Improves energy efficiency of manufacturing facilities by more than 15%

Affordable housing



Development of affordable houses or housing loans for low-income communities⁽¹⁾

Employment generation



Financing MSMEs categorized in line with Indonesian government 's definition of MSMEs

Pollution prevention and control



Reduction of air emissions, greenhouse gas control, waste prevention, or waste management, which include re-use and recycling

Environmentally sustainable management of living natural resources and land use



Environmentally sustainable agriculture, animal husbandry, fishery, aquaculture or forestry

Socioeconomic advancement and empowerment



For underbanked or non-bankable communities and individuals based (i) products with interest rates below than minimum commercial local lending rate or (ii) "Kredit Usaha Rakyat" (KUR)⁽²⁾

Clean transportation



Building or operating electrified or hybrid transport, urban metro, rail, and non-motorised, multimodal transportation (such as bicycle lanes and walking routes), or the construction of infrastructure to support mass transportation

Sustainable water and waste water management



Infrastructure that improve water quality, efficiency or conservation, including the installation or upgrade of infrastructure for clean and/or drinking water, water recycling or wastewater treatment facilities, infrastructure and flooding mitigation systems

(1) Definition of low-income population under Decision of the Minister of Public Works and Public Housing of the Republic of Indonesia Number 552 / KPTS / M / 2016

(2) KUR Loans as defined under Regulation of the Coordinating Minister for Economic Affairs as Chair of the Financing Policy Committee for Micro, Small and Medium Enterprises No 11/2017

Summary of Bank BRI Sustainability Bond Framework

Project Evaluation and Selection

- 1 Relevant business units are responsible for nominating projects according to the eligibility criteria of BRI's Sustainability Bond Framework
- 2 Nominated projects will be vetted against the exclusionary criteria listed in the Framework⁽¹⁾
- 3 Relevant divisions will review and approve nominated assets considering factors including:
 - alignment with the Framework
 - environmental and social impacts
 - Bank BRI's prudent risk management policies

Enterprise Risk & Portfolio Management Division

Asset and Liabilities Management Division

Treasury Business Division

- 4 Relevant business units will identify and categorize these projects in line with the Framework

Reporting

BRI is committed to provide sustainability bond reporting on annual basis, until proceeds are fully allocated and on a timely basis in case of material changes of projects.

Reporting will be made publicly available via Bank BRI's website, sustainability reports and newsletters.

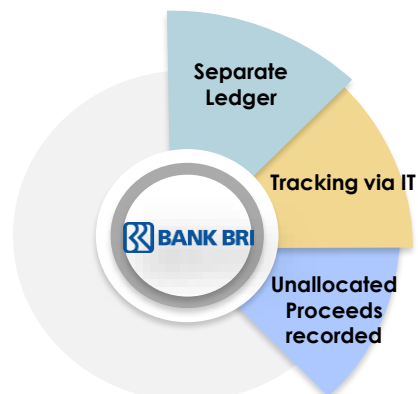
Allocation Reporting

- Proceed allocation will be categorized by project;
- Amount of unallocated proceeds will be reported;
- Project examples, if applicable

Impact Reporting

- Selected impact indicators⁽²⁾

Management of Proceeds



BRI will establish an independent register to facilitate monitoring and reporting for bond(s) issued pursuant to the Framework.

BRI will track and monitor its sustainability bond proceeds through its internal information systems.

If any, BRI will place any unallocated sustainability bond proceeds at its own discretion into cash or high-quality marketable instruments such as government bonds, in accordance with its liquidity management strategy.

External Review

Extract from the Sustainalytics Second Party Opinion on BRI's Sustainability Bond Framework⁽³⁾

"BRI's Sustainability Bond Framework is **credible and impactful**, and aligns with the Green Bond Principles 2018, the Social Bond Principles 2018, the Sustainability Bond Guidelines 2018 and ASEAN Sustainability Bond Standards 2018"

⁽¹⁾ Please refer to the Framework for the full list of "Activities Ineligible Under the Framework": http://www.ir-bri.com/other_reports.html

⁽²⁾ Please refer to the Framework for a full list of potential impact indicators: http://www.ir-bri.com/other_reports.html

⁽³⁾ Source: <https://ir-bri.com/misc/SR/BRI-Sustainability-Framework-Second-Party-Opinion.pdf>



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