



2020 ANNUAL SUSTAINABILITY BOND REPORT

PT BANK RAKYAT INDONESIA (PERSERO) Tbk.
30 DECEMBER 2020

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 Inaugural 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



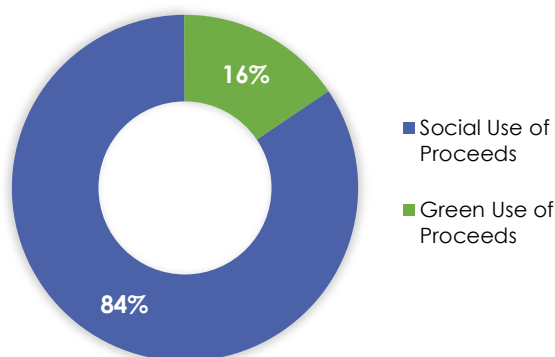
Alignment with UN's Sustainable Development Goals ("SDGs")

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

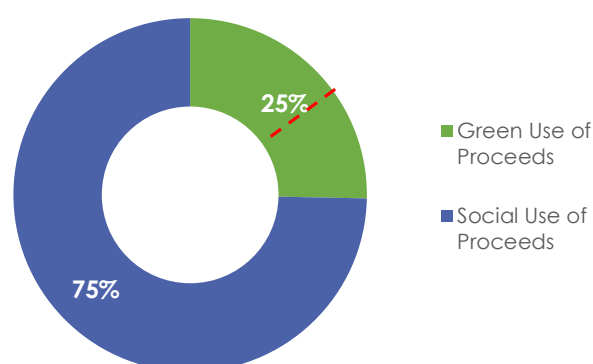
Proceed Allocation

As of 31th December 2020, the proceeds of the 2020 BRI Sustainability Bond were fully allocated. Allocation information by type of project and sector are:

By Project Type 2019



By Project Type 2020



Product	Eligible Category	2019 (US\$ Mio)	2020 (US\$ Mio)
Green Project	Green Project	78	127
Microfinance	Employment generation	207	100
KUR	Socioeconomic advancement and empowerment (Micro KUR loans)	212	64
KPRS	Affordable Housing	3	3
KUR Super Micro	Nasional Economy Recovery (Micro KUR loans)		142
KMK Tangguh	Nasional Economy Recovery (SME loans)		65
Total		500	500

Allocation	Eligible Category	Loan Product	% Allocation	Rp Bio	US\$ Mio	Account	Avg. Ticket size (in US\$)
Existing Accounts	Green Project	Green Project	25.32%	1,779	127	4	31,648,849
	Employment generation	Kupedes	19.94%	1,401	100	42,387	2,352
	Socioeconomic advancement and empowerment (Micro KUR loans)	KUR	12.78%	898	64	91,519	698
	Affordable Housing	KPRS	0.53%	37	3	314	8,436
Reallocation of funds (from loans that have been paid off)	Employment generation, Socioeconomic advancement & empowerment, and prevent unemployment (National Economic Recovery on Pandemic Situation)	Micro (Micro loan)	28.47%	2,000	142	254,020	560
		KMK Tangguh (SME Loan)	12.97%	911	65	3,268	19,841
Total			100%	7,025	500	391,512	

The increase in the composition of the Green project in 2020 is due to increased withdrawals from the Greater Jakarta Light Rail Transit (LRT) project.

In addition, BRI reallocated several accounts reported in the previous period as use of proceeds from the bond issuance fund but had already paid off. Reallocation is carried out to projects to assist the National Economic Recovery on Pandemic Covid -19 Situation.

BRI has several projects to help businesses affected by the Covid-19 pandemic. BRI has "KUR Super Micro", a government subsidized micro loans with maximum loan size of IDR10 million (USD710 equ.) and a low interest rate paid by the borrowers of only 6% per year.

In addition, BRI also has "KMK Tangguh", a government guaranteed working capital loans with maximum loan size of IDR10 billion and low interest rate of (USD710,000 equ.) and low interest rate of 9.5% per year so that it can help the continuity of our borrowers' businesses in SME segment.

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)

- ✓ IDR1,4 trillion (USD100 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)

- ✓ 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. KUR loan for start-up micro entrepreneurs that have never received a commercial loan (new business). Loan ceiling of IDR25 million (USD1,760 equ.)
- ✓ Super Micro KUR is a loan with low interest rates which is a collaboration between Bank BRI and the government for Nasional Economic Recovery on Pandemic Covid-19 Situation Program for Micro enterprises. Loan ceiling of IDR10 million (USD710 equ.)
- ✓ KMK Tangguh is a loan with low interest rates which is a collaboration between Bank BRI and the government for Nasional Economic Recovery on Pandemic Covid-19 Situation Program for SME enterprises. Loan ceiling of IDR10 billion (USD710,000 equ.)
- ✓ IDR898 Billion (USD64 million equ.) has been allocated for financing and/or refinancing Bank BRI's Micro KUR loans, to over 90,000 Micro contributing job creations.
- ✓ IDR2,000 Billion (USD142 million equ.) has been allocated to finance Bank BRI's KUR Super Micro loans to more than 250,000 Micro businesses to maintain business sustainability due to the Covid-19 pandemic.
- ✓ IDR911 Billion (USD65 million equ.) has been allocated to finance Bank BRI's KMK Tangguh loans to more than 3,000 SME businesses to maintain business sustainability due to the Covid-19 pandemic.



Affordable Housing

- ✓ IDR37 billion (USD2.6 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

- ✓ IDR1,335 billion (USD95 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 30 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.



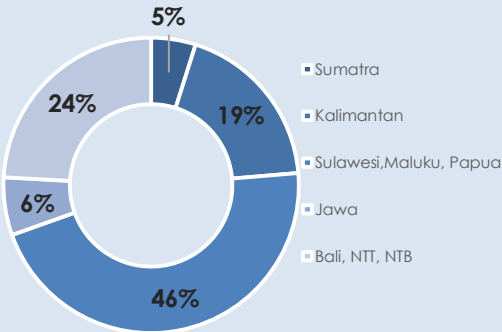
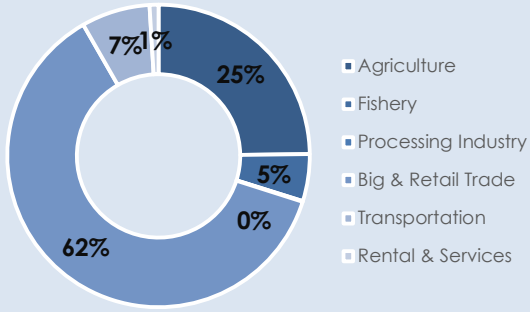
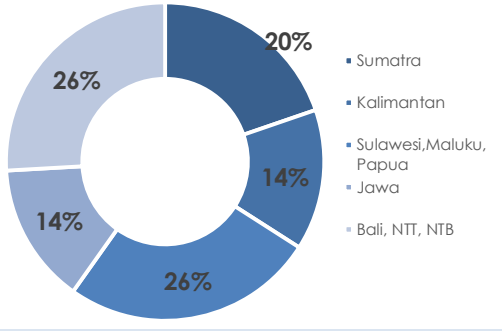
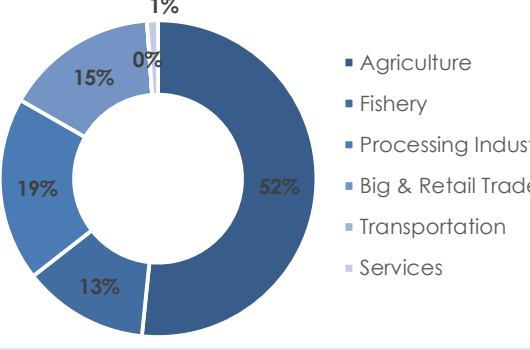
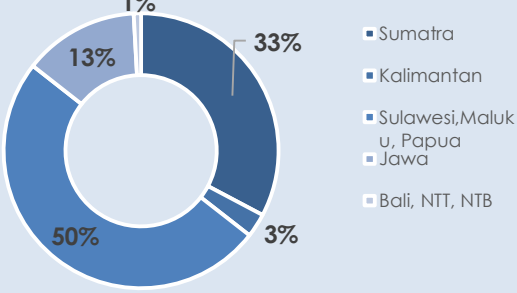
Green Buildings

- ✓ IDR443 billion (USD31 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:

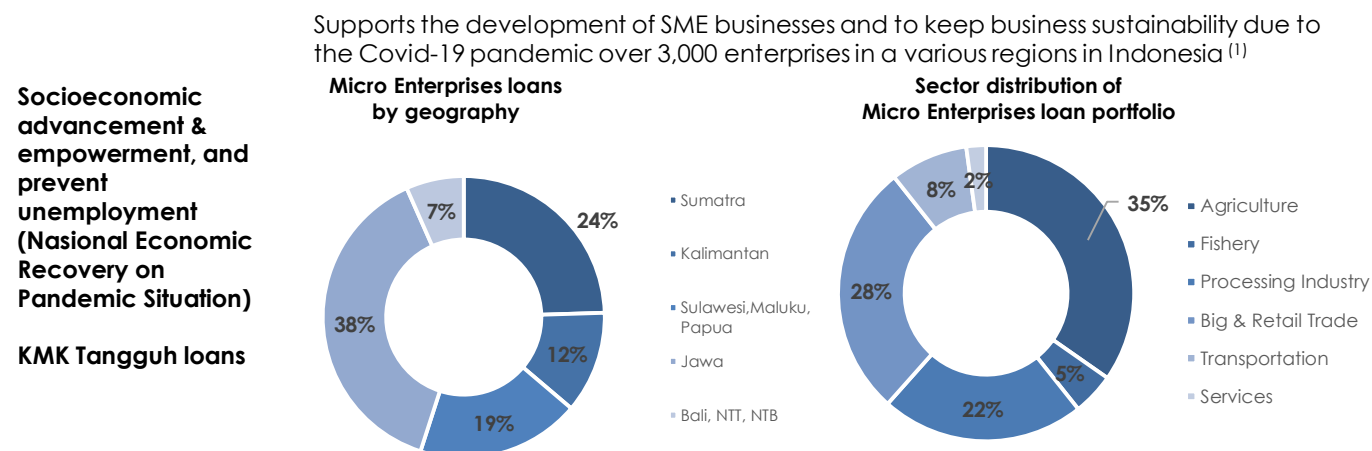
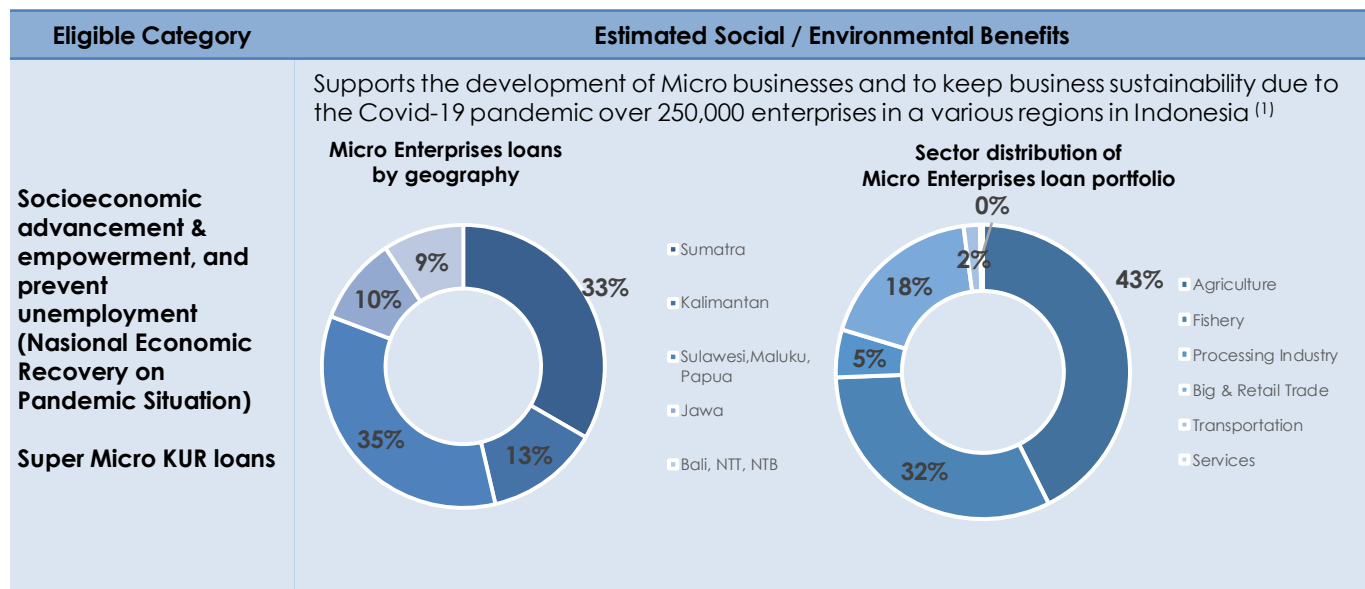
A. Existing Accounts

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> <div> Micro Enterprises loans by geography  <ul style="list-style-type: none"> Sumatra Kalimantan Sulawesi, Maluku, Papua Jawa Bali, NTT, NTB </div> <div> Sector distribution of Micro Enterprises loan portfolio  <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 90,000 jobs in a various regions of Indonesia⁽¹⁾</p> <div> <div> Micro Enterprises loans by geography  <ul style="list-style-type: none"> Sumatra Kalimantan Sulawesi, Maluku, Papua Jawa Bali, NTT, NTB </div> <div> Sector distribution of Micro Enterprises loan portfolio  <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> <p>Affordable Housing loans financed by geography</p>  <ul style="list-style-type: none"> Sumatra Kalimantan Sulawesi, Maluku, Papua Jawa Bali, NTT, NTB

(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

B. Reallocation of funds (from loans that have been paid off)



Project Examples

Snack Store Surviving The Pandemic through KUR Super Mikro

Mr. Saprudin is a micro-entrepreneur who sells snacks in the traditional market. He has been running his small kiosk for more than ten years, and with help from two salespeople, the business foundation looks strong. Suddenly Covid-19 hit hard and affecting all, especially micro and small businesses. Limits people's mobility to prevent the widespread of the Covid-19 has put pressure on economic activities. As Mr. Saprudin received the KUR Supermikro loan, he received many benefits, such as less burdening installment from subsidized interest. The loan supports his business to survive the pandemic and keep employing its two salespeople. It also helps to support the economy and welfare of small communities in Indonesia.



(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 145 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, expected to start operations by April 2021. 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 and aims to alleviate road traffic congestion in the city. 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

Access to essential services



Public healthcare centers, public schools and vocational training centers

Affordable basic infrastructure



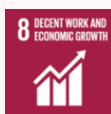
Public clean drinking water infrastructure and sewers system, sanitation infrastructure, and public electricity infrastructure to increase access to electricity

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

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⁾

Environmental Project Categories

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%

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

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.

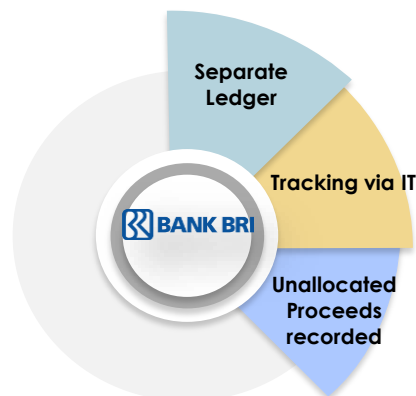
Allocation Reporting

- 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 Sustainability 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.irbri.com/other_reports.html

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

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



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