



Sustainable Banking

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Responsible Financing Strategy

Through the Sustainable Banking pillar, Bank Mandiri is committed to leading Indonesia's transition towards a low-carbon economy by supporting responsible business practices, strengthening strategic collaborations, and promoting sustainable financing across various priority sectors.



Engagement with Stakeholders

Bank Mandiri is committed to being a strategic partner in supporting its customers' sustainability journeys. To realize this commitment, the Company has established a dedicated ESG Desk, tasked with aligning customer needs with sustainable products, financing, and other green financial solutions. Through the ESG Desk, business opportunities are actively identified and sustainable financing innovations developed, tailored to market dynamics. Customer engagement is carried out through the following initiatives:

- 1 Consultation and Advisory**
Acting as an advisor on ESG Financing to assist customers in transitioning to more environmentally friendly business activities.
- 2 Provision of Sustainable Financial Products and Services**
Offering financial products such as green financing, social financing, transition financing, sustainable bonds, and ESG-based investment instruments.

- 3 Training and Capacity Building Programs**
Providing training and workshops to enhance customers' understanding and ability to implement sustainability principles.
- 4 Sustainability Research Reports**
Through Mandiri Institute, Bank Mandiri provides sustainability research reports accessible to customers, helping them understand and identify sectoral sustainability risks and business opportunities.

Bank Mandiri actively engages with high-emission sectors to encourage the transition towards sustainable business practices while also contributing to raising environmental awareness among stakeholders.



Active Engagement with Priority Sectors

Palm Oil
(Agriculture)

Oil and Gas

Mining

Energy

Livestock

Other Sectors
(Steel and Iron,
Fast Moving
Consumer Goods,
Construction, and
others)

Does the customer have an ESG framework and a transition plan?

YES 

1. Does the customer's ESG framework cover all their business lines and operations?
2. Is the customer's transition plan aligned with the Paris Agreement (global temperature target of 1.5°C)?
3. What challenges does the customer face in implementing their ESG framework or transition plan?
4. How can Bank Mandiri assist the customer in overcoming these challenges?
5. Has the customer identified risks and opportunities related to sustainability aspects?

NO 

1. What are the reasons the customer does not yet have an ESG framework or transition plan?
2. How can Bank Mandiri assist the customer in developing their ESG framework and transition plan?

Engagement Outcomes:

100% customer engagement through evaluation and ESRM* profiling.

Active engagement with priority sectors is carried out through various initiatives that support sustainability, including socialization related to sustainability practices in priority sector industries. These initiatives aim to support the development of sustainable industries and promote sustainability principles across various sectors.



Indonesian Sustainable Palm Oil (ISPO) Certification Socialization: Education and Assistance

Bank Mandiri conducted a hybrid ISPO certification socialization event on December 4, 2024, involving 98 participants from core companies and cooperative plasma debtor partners. A total of 44 participants attended in person at Mandiri University Wijaya Kusuma, while 54 joined virtually via an online platform. The session covered key topics, including the benefits, requirements, and procedures for certification, as well as financing facilities available to stakeholders. Through this initiative, Bank Mandiri reinforced its commitment to supporting sustainable finance, aiming to accelerate the ISPO certification process for cooperative plasma debtors. This effort is expected to contribute to fostering a more responsible and sustainable palm oil industry.



*Refer to page 134

Engagement with Policymakers

Bank Mandiri actively engages with policymakers and industry players to promote sustainability practices in Indonesia. This engagement is carried out through technical committees, forums, and individual meetings. Additionally, Bank Mandiri involves board-level management in climate risk strategies as part of a proactive approach integrated into its business strategy.

In terms of regulatory aspects, Bank Mandiri advances sustainability practices through the following initiatives:

1 Climate Risk Testing through Scenario Modeling or Sensitivity Analysis

Bank Mandiri has developed a climate risk stress test submitted to the Financial Services Authority (OJK) to identify the impact of climate risks on the bank's portfolio. Furthermore, Bank Mandiri provides feedback to regulators on climate risk testing in the banking sector, particularly regarding challenges, methods, and methodology development based on obtained data.

2 Support for Green Taxonomy

Bank Mandiri is a member of the Taskforce for developing Indonesia's Sustainable Finance Taxonomy (TKBI) and Green Taxonomy (THI) and is one of the banks participating in the first pilot project for THI. Bank Mandiri's role includes providing feedback to regulators on taxonomy and actively participating in focus group discussions (FGDs) with OJK, banking associations, and other industry players. Bank Mandiri has submitted quarterly reports on THI and TKBI to OJK.

3 Collaboration with Relevant Ministries

Bank Mandiri ensures that its initiatives align with national and state-owned enterprise (SOE) policies, including synergies in renewable energy projects, carbon trading mechanisms, industry incentive schemes, and the identification of required private investments through strategic collaboration.

Internal Capacity Building [GRI 404-2]

Through its ESG desk, Bank Mandiri develops sectoral expertise among Relationship Managers (RMs) and credit analysts to deepen their understanding of material environmental and social issues in key sectors. Relationship Managers actively communicate our sectoral credit policies and gather feedback from companies to strengthen these policies, ensuring alignment with regulations and global best practices.

Bank Mandiri provides training to Relationship Managers to enhance their understanding and ability to effectively identify ESG risks, ensuring risk management adheres to sustainability principles. This Credit risk management training covers topics such as Credit Policy Assessment (KPKD) 2024, FI Credit Risk Analysis, Sustainable Learning Product & Fraud Risk, Climate Risk Stress Testing: Quantifying the Impact of Climate Risk, and Environmental Risk for Banks, attended by 12,168 participants in 2024.

In terms of engagement, the Board of Directors and Board of Commissioners are actively involved in capacity-building efforts to establish internal expertise as the highest decision-makers, both in formulating sustainable business strategies and in ESG risk management policies. ESG training attended by the Board of Directors and Board of Commissioners in 2024 included:

[2-17]

Topic	Details	Number of Executive Management
Sustainability	Sustainability Live: Route to Net Zero, A Circular Economy, Climate Finance, Supply Chain Sustainability, and Renewable Energy	1
ESG Risk Management	Enterprise Risk Management to be Sustainable Bank	4
ESG Business Opportunities	The Role of Financial Institution to Support Indonesia towards Low Carbon Economy	8

Integration of ESG in Credit Risk Assessment

[FN-CB-410a.2]

As one of Indonesia's largest banks, Bank Mandiri is committed to mitigating negative impacts on the environment and society while fulfilling its strategic responsibility to promote sustainable economic growth. This approach aligns with our vision to create sustainable value for all stakeholders through the following initiatives:

1

Integration of ESG in Credit Risk Assessment

Bank Mandiri integrates Environmental, Social, and Governance (ESG) factors throughout the credit lifecycle, from the application process to monitoring. The framework is designed to conduct in-depth assessments of ESG risks. Additionally, Bank Mandiri has established a Sustainable Finance Framework and a Transition Finance Framework to identify financing and projects that comply with applicable regulations and global standards.

2

In-Depth Assessment for ESG-Intensive Industries

Bank Mandiri conducts comprehensive assessments for industries with high ESG intensity to ensure compliance with sustainability policies. This includes:

- **Policy Alignment**

Bank Mandiri adopts international standards such as the International Finance Corporation (IFC), integrating ESG criteria into the compliance checklist applied to customers.

- **Sector-Specific ESG Assessment**

ESG assessment systems are specifically designed for sectors with high exposure to environmental risks, such as energy, agriculture, oil, and gas. This process involves Enhanced Due Diligence (EDD) to ensure compliance.

- **Environmental Impact Identification**

Bank Mandiri calculates Scope 3 emissions originating from financing activities and analyzes the impact of physical and transition risks. Additionally, Bank Mandiri conducts comprehensive climate risk stress tests to identify the effects of climate change on its portfolio, focusing on both physical risks and transition risks. The results of these analyses form the basis for business units, risk management, and the Board of Directors in formulating business strategies oriented toward mitigating and adapting to climate change risks.

3

Debtor Monitoring and Engagement

ESG risks are monitored quarterly using analytical systems, such as the ALERT early warning system for wholesale segments and the Early Warning System (EWS) for retail segments. Account-owning business units and credit analysts actively engage in communicating agreed compliance requirements with debtors. This process is periodically reviewed based on predetermined timelines to ensure consistent oversight.

4

Governance and Oversight

The commitment to ESG is overseen by the Risk Management Committee, which includes senior management from the Risk, Business, and Compliance departments and is responsible for defining the Bank's business strategy. This governance structure ensures a transparent and accountable approach to financing that incorporates environmental, social, and climate-related risks.

5

Transparency and Reporting

Bank Mandiri is committed to transparency by disclosing data related to ESG financing in its annual sustainability report, in compliance with applicable regulations and best practice disclosure standards.

Environmental and Social Risk Management (ESRM)

Environmental and Social Risk Management (ESRM) is a risk management approach implemented by Bank Mandiri to evaluate the readiness of debtors in addressing the impacts of climate change while strengthening risk analysis and mitigation processes. ESRM applies to all of Bank Mandiri's credit services, including retail, treasury, corporate finance, and consumer finance segments.

A key component of ESRM is the Environmental Social Compliance Checklist (ESCC), a qualitative evaluation tool to ensure that debtors comply with environmental and social criteria in accordance with applicable regulations while supporting Bank Mandiri's business growth. Furthermore, Bank Mandiri enforces credit policies that incorporate ESG aspects, adhering to the principles of prudence and intensive monitoring.

Scope of management system to assess ESG risks in financing activities, utilizing both ESCC and credit policies, for wholesale debtors (financing above Rp25 billion), encompassing project finance and corporate finance. High-risk sectors for social and environmental impacts are required to undergo stricter due diligence processes, as outlined in sectoral policies. Non-compliance with these policies may result in loan rejection or conditional approval.

The evaluation outcomes from the ESCC serve as the basis for developing action plans for customers to address unmet environmental and social criteria and to formulate financing strategies aligned with the Net Zero Emission (NZE) Financing 2060 target or earlier. This process includes analyzing debtors' environmental and social risk profiles, which will serve as a key reference for Bank Mandiri's Decarbonization Plan in 2025. In this regard, the management, including the Board of Directors, proactively establishes business strategies aligned with the results of the ESG assessments.

Debtors are analyzed based on eight parameters defined by the International Finance Corporation (IFC). These globally recognized parameters guide Bank Mandiri in identifying and managing environmental and social risks while ensuring the implementation of sustainable business practices in project financing, including corporate finance schemes. This approach underscores Bank Mandiri's commitment to supporting sustainability and responsible development. The eight parameters are:



Physical Risks, Transition Risks, & Emission Calculations (Scope 1, 2, & 3)

This underscores the importance of assessing, managing, and monitoring environmental and social risks and impacts in every project. Project managers are required to develop effective environmental and social management systems to ensure sustainability. Bank Mandiri encourages companies to take preventive measures to address climate risks, including both physical risks and transitional risks, while conducting comprehensive emission calculations covering Scope 1, 2, and 3 from their business activities and operations. Additionally, publicly listed companies must transparently disclose the results of these calculations in their sustainability reports.



Human Rights

This stresses the importance of fair treatment of workers, encompassing non-discrimination, occupational health and safety, and freedom of association. It also prohibits forced labor and the exploitation of child labor. Bank Mandiri requires customers to establish policies that support the protection of human rights and ensure the fulfillment of fundamental labor rights in accordance with International Labor Organization (ILO) conventions. These policies must include respect for freedom of association, the implementation of Occupational Health and Safety (OHS) procedures, and mitigation measures against prohibited labor practices.



Resource Efficiency and Pollution Prevention

This focuses on the efficient use of natural resources, including water and energy use, as well as preventing environmental pollution through effective waste and emissions management. In the Environmental and Social Compliance Checklist (ESCC), Bank Mandiri encourages customers to adopt resource efficiency measures, such as energy and water conservation, tailored to the specific characteristics and needs of their respective sectors.



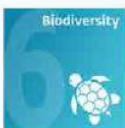
Community Health, Safety, and Security

This emphasizes the importance of identifying, preventing, and managing risks that may affect the health, safety, and security of communities surrounding the project. Additionally, it promotes the establishment of constructive relationships with local communities. Bank Mandiri encourages its customers to implement procedures or mitigation measures aimed at minimizing negative impacts on the health and safety of communities near the project.



Land Acquisition and Resettlement

Guidance is provided to ensure that land acquisition processes are conducted fairly, minimizing forced evictions. If evictions are unavoidable, the project must offer adequate compensation and ensure the restoration of livelihoods for affected communities. If a company's business activities require land acquisition, Bank Mandiri mandates that customers have land acquisition policies and/or procedures that comply with applicable laws and regulations. Additionally, Bank Mandiri encourages customers to monitor and evaluate the impacts of land acquisition and resettlement during and/or after project implementation.



Biodiversity Conservation and Sustainable Management of Living Natural Resources

This aims to protect biodiversity, preserve ecosystems, and ensure the sustainable management of biological resources, including within protected areas. Bank Mandiri integrates biodiversity considerations into its sustainable risk management policies, particularly for sectors such as forestry, mining, and agriculture. Bank Mandiri conducts assessments of customer activities to ensure alignment with responsible environmental practices and to avoid actions that negatively impact critical natural habitats. This parameter provides guidance to encourage companies to support biodiversity conservation. Bank Mandiri requires customers to possess approved Environmental Impact Analysis, Environmental Management and Monitoring Efforts, or Statement of Environmental Management documents from the relevant authorities. Additionally, if a company's business activities have the potential to impact biodiversity (including species listed under Convention on International Trade in Endangered Species of Wild Fauna and Flora/CITES), customers must have procedures and/or mitigation measures in place to minimize such impacts.



Indigenous Peoples

This aims to ensure respect for the rights, culture, and values of indigenous communities. Companies are required to obtain Free, Prior, and Informed Consent (FPIC) before initiating projects that could have significant impacts on indigenous peoples. Bank Mandiri encourages its customers to implement programs and/or initiatives that empower indigenous communities, enhance their well-being, and preserve the surrounding environment, which is an integral part of their lives. These initiatives must be carried out inclusively and based on constructive dialogue with indigenous communities.



Cultural Heritage

This aims to protect cultural heritage, both tangible (such as historic buildings, monuments, or archaeological sites) and intangible (such as traditions, customs, and local wisdom), from potential negative impacts caused by a project. Bank Mandiri is committed to refraining from financing companies located near cultural heritage sites, such as United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage sites or government-protected cultural reserves, unless the project is aimed at preservation. In such cases, companies are required to implement adequate procedures and/or mitigation measures to manage and minimize negative impacts on cultural heritage sites during project implementation.

At the initial stage of evaluating customers based on Environment and Social Risk Management (ESRM), Bank Mandiri conducts a mandatory assessment covering several key aspects: Physical Risks, Transition Risks, and Emission Calculations (Scope 1, 2, and 3); Working Conditions and Treatment of Labor; Land Acquisition and Resettlement; as well as Biodiversity Conservation and Sustainable Management of Biological Natural Resources, in compliance with applicable policies and regulations in Indonesia.

ESG Risk Management System

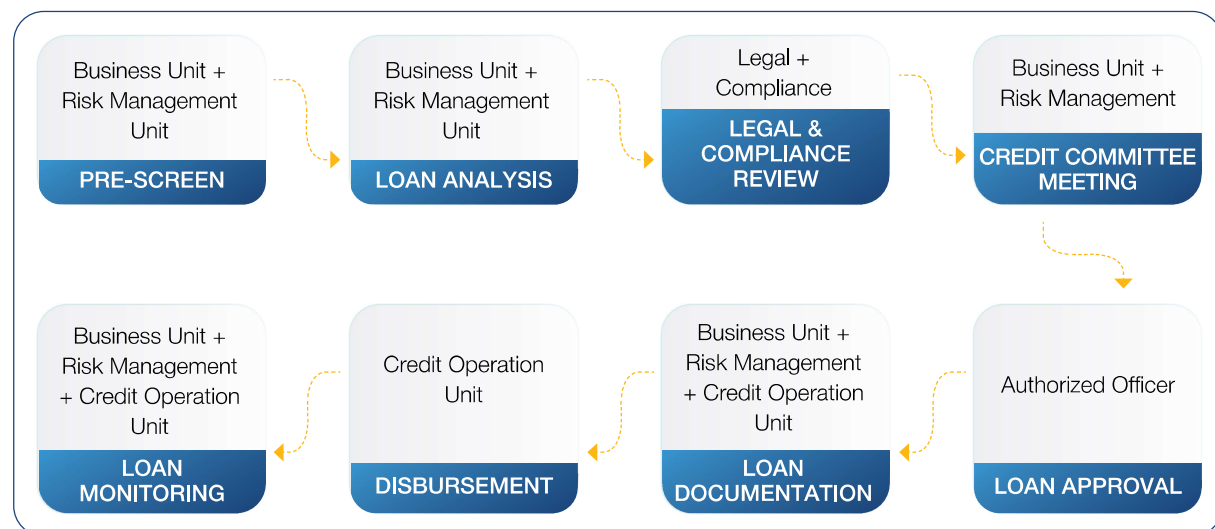
The ESG risk assessment in credit is conducted end-to-end at each stage of credit distribution and is integrated by the Business Unit, Credit Operation Unit, and Credit Risk Management Unit. Bank Mandiri sets the risk appetite that the Bank and the industry are willing to accept, aligning it with ESG aspects in the Bank's policy. The results of this determination are then outlined in the technical guidelines of the Industry Acceptance Criteria (IAC) through Internal Regulation No. B3.P1.T16.IAC.

Each Business Unit performs assessments based on the Loan Portfolio Guideline, which includes Industry Classification (IC), Industry Limit (IL), Industry Acceptance Criteria (IAC), and sectoral credit policies. The Business Unit then continues

the pre-approval process using credit risk tools, including the application of ESG aspects. For the retail segment, the assessment is carried out based on the Industry Acceptance Criteria (IAC) and through the credit risk scorecard, referring to the applicable risk acceptance criteria for each product.

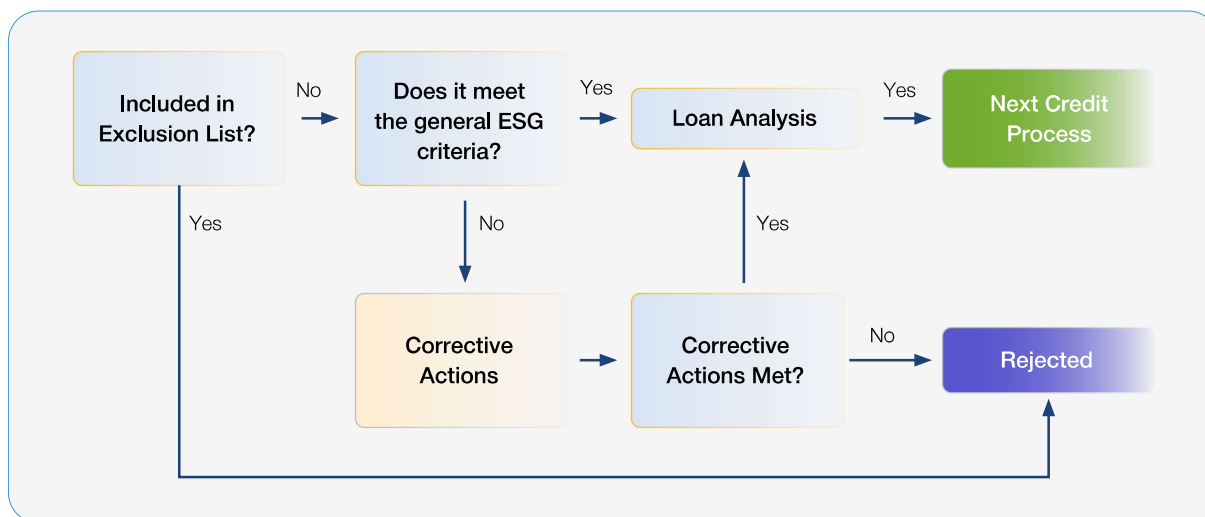
In the credit approval process, Bank Mandiri has implemented Environmental and Social Risk Management (ESRM) from the pre-selection (feasibility test), credit analysis, legal and compliance reviews, credit approval, to the monitoring process. The ESG risk management system in the credit process covers all credit services at Bank Mandiri (corporate finance and consumer finance).

Integration of ESG in Credit Approval Process



1. Pre-Screening

At the pre-screening stage, Bank Mandiri conducts a comprehensive feasibility test to identify the ESG aspects of potential customers. This process is carried out by the Business Unit and the Risk Management Unit to ensure that the prospective debtor meets all the established criteria, including name clearance (Know Your Customer/KYC and Anti-Money Laundering and Counter-Terrorism Financing /AML-CTF), as well as alignment with the prospective industry that considers ESG factors, before moving forward to the credit disbursement stage. The mechanism for the feasibility test on potential debtors is as follows:



2. Credit Analysis

At this stage, the Business Unit and the Risk Management Unit conduct a comprehensive credit analysis by reviewing various aspects. The analysis includes qualitative aspects, such as industry and market prospects, as well as the company's management quality. Additionally, legal and compliance documents, such as AMDAL, UKL, PROPER, OHS, and other environmental regulations, are reviewed to ensure compliance. Along with these documents, business prospects and marketing strategies are also the focus of analysis. From a quantitative perspective, the company's financial performance is evaluated. Risk assessment and mitigation, including ESG aspects, are also key components of this process.

3. Legal and Compliance Review

At this stage, Legal & Compliance provides legal opinions and solutions related to legal aspects, including ESG, in credit granting. This process includes a review of both internal and external regulations (laws and regulations).

4. Credit Committee Meeting

The credit approval process is carried out in the Credit Committee Meeting Forum, which consists of at least two members, each representing the Business Unit and the Risk Management Unit. The parties play a role in the decision-making process regarding credit approval.

5. Credit Approval

Credit approval is carried out by authorized officers in accordance with the credit limits set by Bank Mandiri's internal regulations. This authority is held by officers

with the titles of Vice President, Senior Vice President, and up to the Board of Directors level.

6. Credit Documentation

This stage involves the Business Unit, Risk Management Unit, and Credit Operations Unit. The Business Unit is responsible for ensuring the fulfillment of credit documentation requirements and the signing of the credit agreement. The Risk Management Unit reviews to ensure that the credit agreement is in accordance with the decisions made in the Credit Committee Meeting. Meanwhile, the Credit Operations Unit prepares the credit agreement, ensures the collateral and insurance binding, and reviews the fulfillment of credit conditions.

7. Credit Disbursement

The credit disbursement process is carried out by the Credit Operations Unit and includes several important steps: compliance review to ensure adherence to credit requirements, loan activation to enable the credit facility, and loan disbursement, which is the final step in releasing the funds to the debtor.

8. Credit Monitoring

Bank Mandiri consistently monitors the fulfillment of environmental and social aspects set in the credit terms as part of enhanced due diligence. This process is carried out by the Business Unit, Risk Management Unit, and Credit Operations Unit, with a focus on several key activities, including periodic calls and on-site visits, fulfillment of credit conditions, annual reviews, early warning systems (ALERT), stress tests and sensitivity analysis, as well as monitoring the maturity of documents.

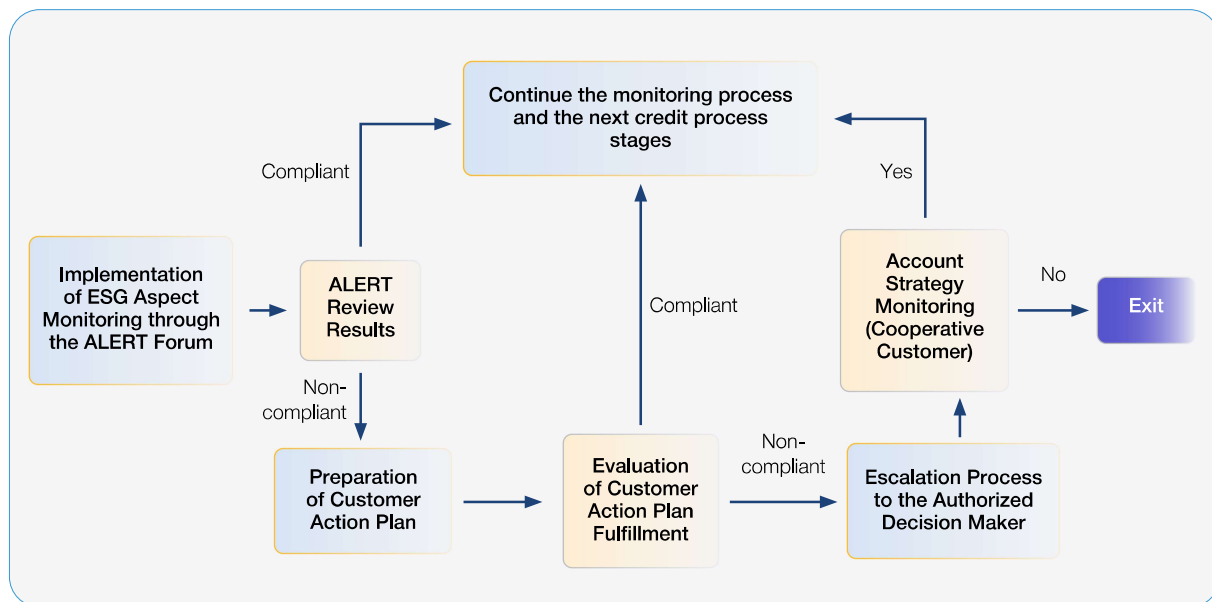
Bank Mandiri has an early warning system (Forum ALERT) that involves the Business Unit and Risk Management Unit. The ALERT Forum functions to identify and monitor risks that may affect credit quality, including risks related to Environmental, Social, and Governance (ESG) aspects, financial performance, and industry prospects. Additionally, this forum plays a role in evaluating the implementation of ESG by debtors, assessing business sustainability, and monitoring the mitigation steps for climate change impacts.

ESG due diligence triggers and risk escalation process clearly defined to ensure that all identified risks are addressed appropriately according to ESG principles. Bank Mandiri establishes thresholds, such as compliance with environmental certifications or social standards in accordance with applicable laws, as the main triggers for this due diligence. If the risk reaches these thresholds, Bank Mandiri requires debtors to have an action plan to meet the ESG aspects within a time frame suitable for the type of business. This action plan is periodically evaluated

to ensure the debtor's compliance with the established standards. If the ALERT Forum's review indicates that the debtor has not complied with ESG aspects despite undergoing the action plan development and evaluation process, further corrective actions may be taken to ensure ESG compliance. Additional feasibility tests are conducted if the debtor fails to meet the established financing criteria.

The escalation mechanism is applied in the ALERT Forum if there are findings of ESG-related risks that cannot be resolved at the technical level between the Business Unit and Risk Management Unit with the debtor. In such situations, the oversight function from the credit decision-making authority is required. This function is carried out by officers at the Senior Vice President level up to the Board of Directors to ensure appropriate mitigation steps and further decision-making. If ESG impacts are found to be severe during the due diligence process, escalation is made to the Board of Directors to CEO for decision-making.

Monitoring ESG Aspects in the ALERT Forum



As an example of extra due diligence on the triggers of ESG non-compliance in debtor performance, in evaluating the environmental performance of debtors, Bank Mandiri refers to the Corporate Performance Rating Program (PROPER) managed by the government, with a minimum rating of “Blue.” However, there are cases where debtors experience a decline in their PROPER rating, which is generally caused by business activities that have the potential to harm the environment, such as improper management of hazardous and toxic waste, as well as emissions exceeding the established threshold limits.

Upon this finding, Bank Mandiri escalates the issue to senior management, where the findings related to the PROPER decline are reported and discussed to determine the strategic actions that should be taken. Debtors are encouraged to improve their PROPER rating to at least “Blue” within the agreed timeframe, considering a tailored approach based on the conditions and needs of each case. Bank Mandiri provides guidance for drafting an action plan that includes concrete steps to address the causes of the PROPER decline. Subsequently, in senior management meetings, the debtor's improvement plan is discussed in detail, including the preparation of an action plan with measurable targets. These targets are then incorporated into the credit agreement.

Bank Mandiri regularly monitors the progress of the debtor's action plan and conducts evaluations to ensure that improvements are implemented according to the agreed schedule. This monitoring continues until the debtor has fully executed the action plan and met the necessary improvements.

Strengthening Governance and Oversight of ESG Risks at Bank Mandiri

Oversight of ESG risk management in financing activities at Bank Mandiri is led by the President Director. As a strategic step to strengthen governance and enhance oversight of the company's sustainability agenda, Bank Mandiri has established a Risk Monitoring Committee (KPR). KPR focuses on integrating Environmental, Social, and Governance (ESG) aspects into core business processes, including strengthening sector-based credit policies, implementing Environmental and Social Risk Management (ESRM), Climate Risk Stress Tests (CRST), and managing other ESG aspects. The committee is chaired by the President Commissioner, with members from the Board of Commissioners and the Board of Directors, bringing diverse backgrounds in business and risk management to ensure synergy of expertise and experience.

In addition to the KPR, Bank Mandiri also formed a Risk Management Committee (RMC) at the Director level, chaired by the Vice President Director. The RMC members include the Director of Risk Management, the Director of Finance & Strategy, the Director of Business, and several other members of the Board of Directors. This committee is responsible for monitoring risks, setting policies, and developing risk management strategies, including aspects related to ESG. The RMC holds quarterly meetings to discuss strategic topics related to risk management.

Bank Mandiri continues to strengthen its sustainability governance structure by separating the functions of the Credit Policy Committee (CPC) from the Risk Management Committee (RMC). The CPC is chaired by the President Director, with voting members comprising the Business Director, Operations Director, Risk Management Director, and SEVP Internal Audit. This committee is tasked with evaluating and overseeing the implementation of credit policies, providing recommendations to the Board of Directors regarding credit policy improvements, monitoring and assessing compliance with the Maximum Limit for Credit Provision (BMPK), and evaluating management limits. Policies that have been reviewed are subsequently

submitted to the Board of Commissioners for approval. As part of Good Corporate Governance practices, these credit policies are reviewed annually to ensure alignment with best practices and compliance with applicable laws and regulations.

Throughout 2024, the KPR, RMC, and CPC held regular meetings to discuss various strategic topics related to sustainability, including:

- Monitoring relevant international trends and policies to strengthen Bank Mandiri's sustainability strategy.
- Evaluating physical and transition risks related to climate, as well as enhancing ESG risk assessments to ensure business resilience.
- Refining reporting in accordance with international standards such as TCFD, SASB, and GRI to enhance transparency.
- Promoting business strategies that encourage the transition of customers through innovative green and sustainable financial solutions.
- Approving the underlying assets for the preparation of the Sustainability Bond Report, ESG Repo Report, and Green Bond Rupiah Report.
- Approving the Sustainable Finance Framework (SFF) and Transition Finance Framework (TFF).

The outcomes of discussions and recommendations from these committees are regularly communicated to the relevant Board of Directors and Board of Commissioners. This mechanism ensures accountability, transparency, and optimal integration in the strategic decision-making process.

With a comprehensive governance structure, Bank Mandiri affirms its commitment to making sustainability aspects, including climate risk and opportunity management, an integral part of its long-term business strategy. This step reflects Bank Mandiri's continuous efforts in supporting sustainable development and creating a positive impact for the environment, society, and stakeholders.

Credit Policy

In the Bank Mandiri Policy Architecture, Bank Mandiri is committed to conducting its business and operations by prioritizing the principles of sustainable development. Bank Mandiri consistently considers potential environmental harm as well as social and environmental risks in every decision-making process. Bank Mandiri's ESG credit policy encompasses several key criteria. In the environmental aspect, the criteria include environmental risk analysis, the project's impact on ecosystems, compliance with environmental regulations, and efforts in natural resource conservation and energy efficiency. This aligns with the Financial Services Authority (OJK) regulation on the Assessment of Commercial Bank Asset Quality, which requires debtors to ensure environmental sustainability in their business prospects.

From a social perspective, the criteria cover the welfare of local communities, human rights protection, compliance with labor standards, and the social impacts of operational activities. Regarding governance, the criteria focus on transparency, accountability, adherence to good governance principles, and compliance with applicable regulations.

General Environmental Criteria

Bank Mandiri requires prospective debtors to meet the following general environmental criteria:

- Have environmental management documents in accordance with the industrial sector and applicable regulations, including Environmental Impact Analysis (AMDAL)* documents for mandatory business/activity plans or Environmental Management Effort (UKL) and Environmental Monitoring Effort (UPL) documents.
- Provide the results of the Company Performance Rating Program in Environmental Management (PROPER) assessment, as required by applicable regulations.
- Hold relevant environmental management permits/certifications or meet other applicable environmental criteria in compliance with prevailing laws and regulations.

General Social Criteria

Bank Mandiri requires prospective debtors to meet the following general social criteria:

- Have internal policies on Environmental Management and Occupational Health and Safety (OHS) Management that are acceptable to the bank.
- Hold relevant environmental management permits/certifications or meet other applicable social criteria in accordance with prevailing laws and regulations.

General Governance Criteria

Bank Mandiri requires prospective debtors to meet the following general governance criteria:

- The composition of the Board of Directors (skills and experience) is a key consideration in credit analysis, including the directors' professional background. Changes to the Board of Directors typically require the Bank's approval and are stipulated in the credit covenant.
- In financial aspects, the Relationship Manager (RM) requests audited financial statements from customers. However, audited financial statements are not mandatory for retail customers. Public companies are required to prepare sustainability reports in accordance with the provisions of the Industry Acceptance Criteria (IAC).

* Referring to the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.38/MENLHK/SETJEN/KUM.1/7/2019 concerning Types of Business Plans and/or Activities Required to Have an Environmental Impact Analysis (AMDAL), which mandates debtors to comply with the conclusions and recommendations of AMDAL as required by the Ministry of Environment and Forestry (KLHK). ESG impacts considered in AMDAL include, but are not limited to: (1) forestry sector: avoiding disturbances to forest ecosystems, hydrology, biodiversity, pests, landscapes, and social conflicts; (2) agricultural sector: soil erosion, changes in water availability and quality due to land clearing, spread of pests, diseases, and weeds during operations, and changes in soil fertility due to the use of pesticides/herbicides.

Exclusion List

Bank Mandiri remains committed to not providing credit financing for business activities that may have negative impacts on the environment and society, as outlined in the following exclusion/negative list:

1. Environmental Aspects

- a. Illegal logging;
- b. Land clearing on peatland;
- c. Related to biodiversity: Business activities that disrupt protected areas, such as World Heritage Sites (UNESCO World Heritage Sites), wetlands meeting Ramsar Convention*** criteria, and areas with high biodiversity categorized as protected areas under IUCN Categories I and II, as well as in accordance with the Convention on Biological Diversity****.

2. Social Aspects

- a. Human rights violations as stipulated in labor laws and ILO Conventions**;
- b. Drug abuse;

3. Governance Aspects

- a. Other business activities that are not in compliance with applicable laws, including but not limited to: pornography, gambling, money laundering, corruption, collusion, and nepotism, as well as goods and services that violate prevailing legal regulations.

** Applicable labor regulations in accordance with ILO standards, namely: Law No. 21 of 2000 on Trade Unions; Law No. 13 of 2003 on Manpower as amended by Law No. 11 of 2020 on Job Creation; Law No. 2 of 2004 on Industrial Relations Dispute Settlement; as well as laws related to the ratification of ILO conventions.

*** The Ramsar Convention on Wetlands, ratified through Presidential Regulation No. 48 of 1991.

**** The Convention on Biological Diversity (CBD), ratified through Law No. 5 of 1994, with reference to the guidelines for the use of IUCN protected area categories under the CBD.

Credit Policy for Priority Sectors

The risk policy is outlined in the Industry Acceptance Criteria (IAC) document No. B3.P1.T16.IAC 2023. The policies related to each sector are reviewed periodically to align with business developments and are rigorously monitored or supervised, similar to formal credit policies. Credit policies related to ESG aspects are approved by senior management. To identify these priority sectors, Bank Mandiri refers to sectoral exposure and direct involvement of group credit, including examples of deep dive assessments for ESG intensive industries. The priority sectors include:



Agriculture

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a minimum PROPER rating of Blue and/or at least an AMDAL or UKL-UPL report approved by the Environmental Agency (BLH).
2. Having a Wastewater Treatment Facility (IPL) with a study that ensures the IPL is operational and that water quality parameters are within the specified limits.
3. Having a Sustainability Report for public companies.
4. Having a commitment to the No Deforestation, No Peat, and No Exploitation (NDPE) Policy, covering land clearance and development, conservation of High Conservation Value (HCV) and/or High Carbon Stock (HCS) areas, and peatland.
5. Having no new facilities allowed for development in peatland, whether for new or existing debtors.
6. Having a Wastewater Treatment Facility (IPL) with a study related to the availability of operational IPL and that water quality parameters are within the specified limits.
7. Having ISPO and/or RSPO certification, or at least proof of registration in the form of a receipt from the certification body, for the palm oil plantation subsector.
8. For palm oil plantations that do not yet have ISPO and/or RSPO certification, the following criteria apply:
 - a. Having a business ethics code, environmental policy, and labor policy (including Occupational Health and Safety).
 - b. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.
 - c. Having SOPs for fire prevention and management, fire-fighting equipment suitable for land conditions, fire monitoring towers, and a trained fire response team according to the standards of the Directorate General of Plantations (Ditjenbun).
 - d. Having plantation companies with land areas of 250 hectares or more facilitate the development of community plantations covering at least 20% of the area outside the IUP-B (Plantation Business Permit) or IUP (Plantation Permit) or as specified in the location permit.



Coal

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Not providing financing to new mining operations (exploration phase).
2. Having a minimum PROPER rating of Green and/or at least an AMDAL or UKL-UPL report (including reclamation and post-mining guarantees) approved by the Environmental Agency (BLH).
3. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the bank.
4. For financing mining operations as suppliers to coal-fired power plants (PLTU), the financing term must consider a coal phase-out strategy in line with the applicable PLN's RUPTL (Electricity Supply Business Plan).
5. If mining is conducted in forested areas, the mining company must have a Forest Area Borrowing Permit issued by the Ministry of Environment and Forestry.
6. Having provisions and/or certifications related to Occupational Health and Safety (OHS) in accordance with applicable regulations.



Energy

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a PROPER rating and/or at least an AMDAL or UKL-UPL report approved by the Environmental Agency (BLH).
2. For financing the development of new coal-fired power plants (PLTU) with PLN as the off taker, the financing term must consider the alignment with the coal phase-out strategy in accordance with the applicable PLN's RUPTL (Electricity Supply Business Plan).
3. For power plants that are already operational, having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.
4. For operational power plants, having a Code of Conduct, environmental policies (such as carbon emissions, coal ash, and water and waste management), and labor policies.
5. Having provisions and/or certifications related to Occupational Health and Safety (OHS) in accordance with applicable regulations.
6. Specifically for Hydroelectric Power Plants (PLTA), having a Feasibility Study that is prepared or reviewed by an independent consultant, including a Hydrological Study related to the adequacy of river water flow, to ensure that it does not disrupt the sustainability of the ecosystem (biodiversity and local communities' access to clean water).



Construction

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.
2. Having internal policies (Code of Conduct) related to the environment and labor.
3. Having internal policies and standard operating procedures (SOP) related to accident handling for toll road operators.
4. Having provisions and/or certifications related to Occupational Health and Safety (OHS) in accordance with applicable regulations.



Mining

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a minimum PROPER rating of Green and/or at least an AMDAL or UKL-UPL report (including reclamation and post-mining guarantees) approved by the Environmental Agency (BLH).
2. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.
3. The company applies good mining practices in accordance with applicable laws and regulations, including submitting the Work Plan and Budget (RKAB) for the relevant year approved by the Ministry of Energy and Mineral Resources (ESDM), and/or other required documents related to good mining practices.
4. Having internal policies (Code of Conduct) related to the environment and labor.
5. Having provisions and/or certifications related to Occupational Health and Safety (OHS) in accordance with applicable regulations.



Other Transport Equipment Industry (Shipyard)

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.
2. Having efforts to implement energy efficiency and emission reduction, supported by documents that are acceptable to the Bank.
3. For public companies, having a Sustainability Report is mandatory.
4. Having provisions and/or certifications related to Occupational Health and Safety (OHS) in accordance with applicable regulations.



Fast Moving Consumer Goods (FMCG)

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a minimum PROPER rating of Blue and/or at least an AMDAL or UKL-UPL report approved by the Environmental Agency (BLH).
2. Having a Code of Conduct, environmental policies (such as the use of chemicals, and water and waste management), and labor policies (including OHS).
3. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank, along with certification from the National Agency of Drug and Food Control (BPOM).
4. Having efforts to implement energy efficiency and emission reduction, supported by documents that are acceptable to the Bank.
5. For distributors, having provisions for packaging recycling or clear targets to reduce plastic waste with environmentally friendly materials.
6. For the bottled mineral water industry:
 - a. Having provisions for packaging recycling or clear targets to reduce plastic waste with environmentally friendly materials.
 - b. Using spring water in accordance with applicable laws and regulations, including maintaining water sources for sustainability and ensuring the availability of water for the surrounding environment.
7. Paying attention to labor aspects such as minimum wages and not employing workers under the legal age.



Oil and Gas

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.
2. Having efforts to implement energy efficiency and emission reduction, in accordance with regulatory requirements at the business location. For public companies, having a Sustainability Report or similar documents.
3. Having an AMDAL or UKL-UPL report approved by the Environmental Agency (BLH).
4. Oil and gas business activities must have documentation stating the fulfillment of all oil and gas safety requirements (for installations and equipment, workers, the general public, and the environment), with specific supporting documentation proven by a Supporting Business Certificate (SKUP).
5. Having policies/standards and procedures related to environmental management, and Occupational Health and Safety (OHS), in accordance with the applicable oil and gas regulatory authorities at the business location.



Timber

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having an AMDAL (Environmental Impact Assessment) in accordance with the requirements of the relevant authorities.
2. Fulfilling the forest management permit documents for industrial timber plantations, including the Timber Forest Product Utilization Business Permit (IUPHHK) and/or Non-Timber Forest Product Utilization Business Permit (IUPHHBK), along with the approved Business Work Plan (RKU) from the Ministry of Environment and Forestry.



Healthcare Services

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having internal policies on environmental management and Occupational Health and Safety (OHS) management that are acceptable to the Bank.
2. The hospital must have a Wastewater and Medical Waste Management Permit, as well as AMDAL/UKL/UPL documentation.



Pharmaceutical

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having internal policies on environmental management and Occupational Health and Safety (OHS) management that are acceptable to the Bank.
2. The pharmaceutical company must have a Wastewater and Medical Waste Management Permit, as well as AMDAL/UKL/UPL documentation.



Pulp and Paper

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having environmental management certification such as ISO 14001 and Occupational Health and Safety (OHS) management certification like ISO 45001, or other documents accepted by the Bank.
2. Having a minimum PROPER rating of Blue and/or at least an AMDAL or UKL-UPL report approved by the Environmental Agency (BLH).
3. For public companies, having a Sustainability Report is mandatory.
4. The company must have efforts in place to implement energy efficiency, emission reduction, and ensure adequate electricity and water supply.
5. The company must have a wastewater treatment facility (IPAL), waste treatment facility (IPL), Liquid Waste Disposal Permit (IPLC), and hazardous and toxic waste (B3) treatment facility, supported by documents that are acceptable to the Bank.
6. For the pulp and paper trade, the company must have efforts/statements/self-declarations to meet the following principles/commitments:
 - a. Selling products or services that aim to minimize environmental harm.
 - b. A more environmentally friendly, efficient, cost-effective, and energy-efficient distribution process.
 - c. Allocating a budget for environmentally friendly marketing.
 - d. Not overusing resources.
 - e. Having sustainability certifications such as Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), or other similar environmental sustainability certifications.



Metals

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Not providing financing to new mining operations (exploration phase).
2. Having a minimum PROPER rating of Green and/or at least an AMDAL or UKL-UPL report (including reclamation and post-mining guarantees) approved by the Environmental Agency (BLH).
3. The company applies Good Mining Practices in accordance with applicable laws and regulations.
4. Having Occupational Health and Safety (OHS) certification (such as OHSAS 18001 or other similar documents accepted by the Bank).
5. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.



Telecommunications

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having environmental management certification such as ISO 14001/ISO 45001 or other similar documents accepted by the Bank.
2. Having provisions and/or certifications related to Occupational Health and Safety (OHS) in accordance with applicable regulations.
3. Having efforts to implement energy efficiency and emission reduction, supported by documents that are acceptable to the Bank (if available).
4. For public companies, having a Sustainability Report is mandatory.
5. Having internal policies related to data privacy in accordance with applicable regulations, as well as having high-level systems and capabilities related to cybersecurity.



Transportation

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having environmental management certification such as ISO 14001/ISO 45001, as well as Occupational Health and Safety (OHS) management certification like ISO 45001 or other similar documents accepted by the Bank.
2. Having efforts to implement energy efficiency and emission reduction, supported by documents that are acceptable to the Bank.
3. For public companies, having a Sustainability Report is mandatory.



Hotel, Restaurant & Accommodation

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a PROPER rating and/or at least an approved AMDAL/UKL-UPL/SPPL report from the Environmental Agency (BLH).
2. Having environmental management certifications such as ISO 14001/ISO 45001 or other equivalent documents accepted by the bank.
3. Having compliance with applicable Occupational Health and Safety (OHS) regulations and/or relevant certifications.
4. Having efforts to improve energy efficiency and reduce emissions, supported by documents acceptable to the bank.



Fertilizers & Pesticides

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a PROPER rating and/or at least an approved AMDAL/UKL-UPL/SPPL report from the Environmental Agency (BLH).
2. Having environmental management certifications such as ISO 14001/ISO 45001 or other equivalent documents accepted by the bank.
3. Having compliance with applicable Occupational Health and Safety (OHS) regulations and/or relevant certifications.
4. Having a sustainable CSR program with measurable impact, supported by documents acceptable to the bank (for the group or its subsidiaries).
5. Having efforts to improve energy efficiency and reduce emissions, supported by documents acceptable to the bank.
6. Having technical approval documents for hazardous waste (B3) management and/or a legally licensed agreement for hazardous waste (B3) processing.
7. Having an Industrial Wastewater Discharge Permit (IPLC) or Technical Approval for compliance with wastewater quality standards, along with SOPs for the operation and maintenance of the wastewater treatment plant (IPAL).
8. For publicly listed companies, having a sustainability report.



Cement

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a PROPER rating and/or at least an approved AMDAL/UKL-UPL/SPPL report from the Environmental Agency (BLH) (for cement plants).
2. Having environmental management certifications such as ISO 14001/ISO 45001 or other equivalent documents accepted by the bank.
3. Having compliance with applicable Occupational Health and Safety (OHS) regulations and/or relevant certifications.
4. Having efforts to improve energy efficiency and reduce emissions, supported by documents acceptable to the bank.
5. Having technical approval documents for hazardous waste (B3) management and/or a legally licensed agreement for hazardous waste (B3) processing (for cement plants).
6. Having an Industrial Wastewater Discharge Permit (IPLC) or Technical Approval for compliance with wastewater quality standards, along with SOPs for the operation and maintenance of the wastewater treatment plant (IPAL) (for cement plants).
7. For publicly listed companies, having a sustainability report.



Automotive

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a PROPER rating and/or at least an approved AMDAL/UKL-UPL/SPPL report from the Environmental Agency (BLH).
2. Having environmental management certifications such as ISO 14001/ISO 45001 or other equivalent documents accepted by the bank.
3. Having compliance with applicable Occupational Health and Safety (OHS) regulations and/or relevant certifications.
4. Having efforts to improve energy efficiency and reduce emissions, supported by documents acceptable to the bank.
5. For the automotive industry, having an Industrial Wastewater Discharge Permit (IPLC) or Technical Approval for compliance with wastewater quality standards, along with SOPs for the operation and maintenance of the wastewater treatment plant (IPAL).
6. For the automotive industry, having technical approval documents for hazardous waste (B3) management and/or a legally licensed agreement for hazardous waste (B3) processing.
7. For publicly listed companies, having a sustainability report.



Chemical

Bank Mandiri has established binding credit policies for customers in this sector with the following provisions:

1. Having a PROPER rating and/or at least an approved AMDAL/UKL-UPL/SPPL report from the Environmental Agency (BLH).
2. Having environmental management certifications such as ISO 14001/ISO 45001 or other equivalent documents accepted by the bank.
3. Having compliance with applicable Occupational Health and Safety (OHS) regulations and/or relevant certifications.
4. Having efforts to improve energy efficiency and reduce emissions, supported by documents acceptable to the bank.
5. Having an Industrial Wastewater Discharge Permit (IPLC) or Technical Approval for compliance with wastewater quality standards, along with SOPs for the operation and maintenance of the wastewater treatment plant (IPAL).
6. Having technical approval documents for hazardous waste (B3) management and/or a legally licensed agreement for hazardous waste (B3) processing.
7. For publicly listed companies, having a sustainability report.



Sectors Sensitive to ESG Aspects

For other sectors such as manufacturing, Bank Mandiri has established binding credit policies requiring customers in this sector to comply with applicable regulations and standards related to Environmental, Social, and Governance (ESG) aspects. This includes fulfilling environmental management certification such as ISO 14001 and Occupational Health and Safety (OHS) certification like ISO 45001 or other similar standards. For debtors who are unable to meet the established requirements, there is a monitoring mechanism and the development of an action plan aimed at improving ESG aspects.

Bank Mandiri is actively engaged with customers in priority sectors to ensure full integration of sustainability strategies. Through regular dialogues, we assist customers in developing sustainability action plans, which include carbon emission reduction and adaptation to global ESG standards.

Sustainable Financing Framework

In 2024, Bank Mandiri issued the Sustainable Finance Framework as part of its strategy to guide stakeholders—including regulators, customers, investors, and internal parties—in the classification, monitoring, and reporting of sustainable finance. Bank Mandiri's commitment is realized through the mobilization of capital for projects focused on environmental sustainability and social well-being. This framework enables the issuance of sustainable financial instruments, such as Green, Social, and Sustainability Bonds, as well as instruments linked to sustainability.

In developing this framework, Bank Mandiri is committed to contributing to the achievement of the Sustainable Development Goals and aligns with the following standards and principles, but not limited to:

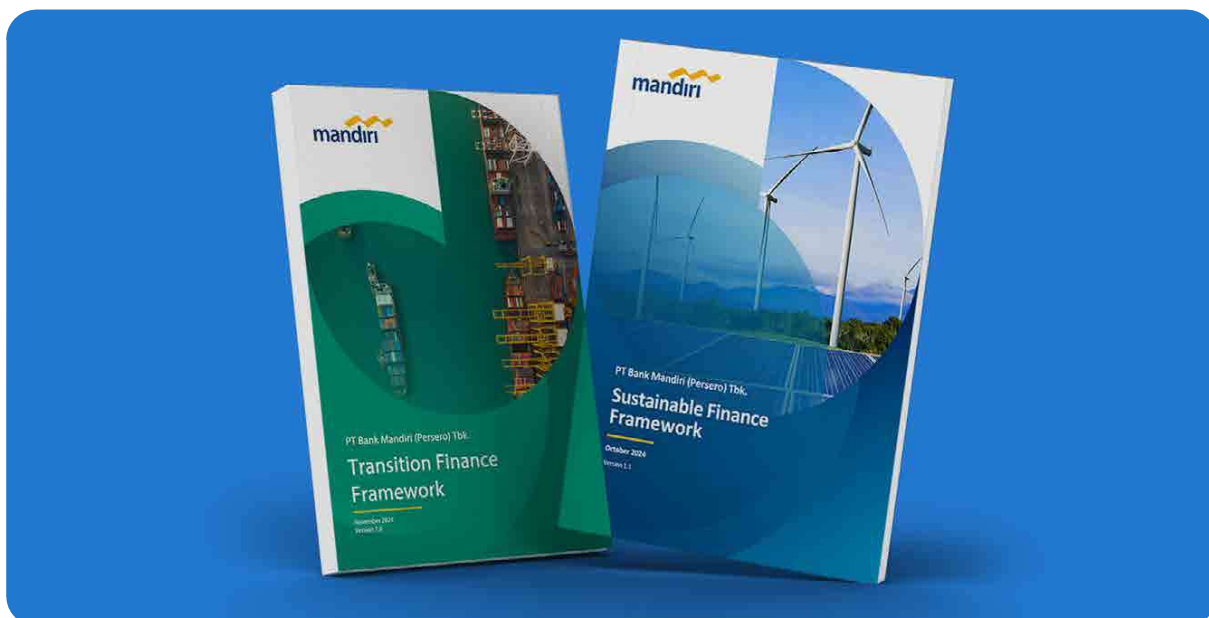
- Green Bond Principles (2021), Social Bond Principles (2023), Sustainability Bond Principles (2021), and Sustainability-Linked Bond Principles (2023) managed by the International Capital Markets Association (ICMA)
- Green Loan Principles (2023), Social Loan Principles (2023), and Sustainability-Linked Loan Principles (2023) managed by the Loan Market Association (LMA)
- Climate Bonds Taxonomy (2021) managed by the Climate Bonds Initiative (CBI)
- European Union Taxonomy (2021 and 2022) managed by the European Commission
- ASEAN Green Bond Standards (2018), Social Bond Standards (2018), Sustainability Bond Standards (2018), Sustainability-Linked Bond Standards (2023), and the ASEAN Sustainable Finance Taxonomy Version 2 (2023) managed by the ASEAN Capital Markets Forum

- POJK No. 51/2017 and POJK No. 18/2023 regulated by the Financial Services Authority (OJK)
- Indonesian Sustainable Finance Taxonomy (2024) managed by the Financial Services Authority (OJK)

This framework includes several key elements, including the use of proceeds, the evaluation and selection process for proposals, management of proceeds, reporting, and external review. The framework is dynamic, applicable to transactions submitted after its issuance, and will be updated in line with the development of sustainability standards and principles.

Bank Mandiri has obtained a Second Party Opinion (SPO) from the renowned independent institution S&P Global Ratings to ensure that the Bank's Sustainable Finance Framework aligns with international sustainability standards and principles. This SPO affirms Bank Mandiri's commitment to implementing responsible sustainable finance practices and supporting the achievement of ESG goals, as well as conducting an annual review of the implementation of the Sustainable Finance Framework.

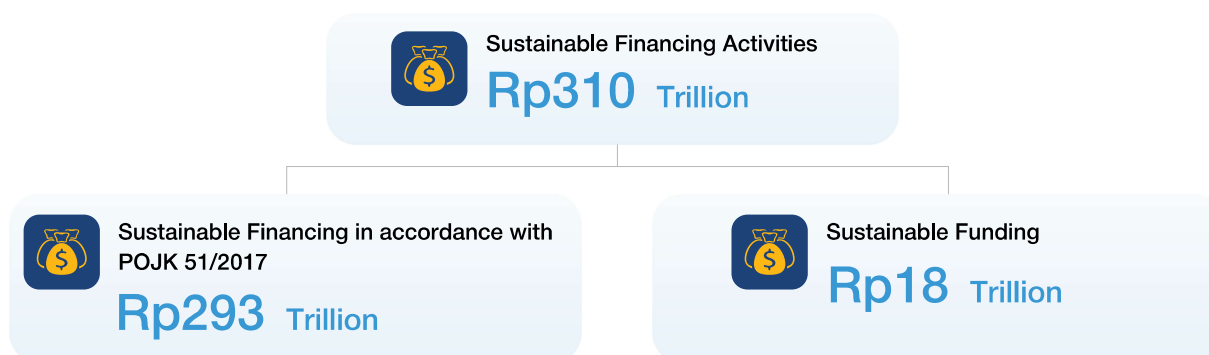
Furthermore, Bank Mandiri has issued a Transition Finance Framework to support the transition process towards a low-carbon economy, taking into account the socio-economic context of Indonesia. Transition finance is essential to bridging the gap by mobilizing capital to drive climate solutions, support emissions reduction, and facilitate industries in a gradual and structured manner toward environmentally friendly practices to achieve a low-carbon economy.



Development of Sustainable Products and Services

Bank Mandiri continues to develop ESG-related products and integrates ESG analysis with fundamental analysis. The Bank has taken a proactive approach in integrating and aligning ESG aspects to evaluate exposure risks and their management, as well as to access opportunities related to sustainability. Furthermore, Bank Mandiri is actively investing in and developing data and ESG integration solutions. In 2024, Bank Mandiri expanded the use of ESG data and analytical tools to other internally managed equity strategies.

Bank Mandiri is committed to implementing sustainable finance by providing comprehensive support for sustainable economic growth derived from the alignment of the economic, social, and environmental aspects. This commitment is realized through the Sustainable Banking pillar, in the form of sustainable financing and sustainable funding.



Sustainable Financing

Sustainable financing refers to the credit provided by Bank Mandiri to support business activities aimed at enhancing environmental preservation and social well-being. In line with POJK No. 51/2017, financing for sustainable activities is a key focus in the development of the Bank's sustainability portfolio, including the Sustainable Business Activity Categories (KKUB). Based on the Sustainable Finance Framework, Bank Mandiri classifies sustainable activities into three main categories:



This classification serves as the foundation for the Bank in developing Sustainable Financing, ensuring that it meets its primary objective, which is to support business activities aimed at enhancing environmental preservation and social well-being.

The total allocation for Sustainable Business Activity Categories amounted to **Rp293 trillion**, or **22.3%** of the total loan* in 2024.

Green Activities

Rp149 trillion, or **11.4%** of the total loan*.

*bank only

Social Activities

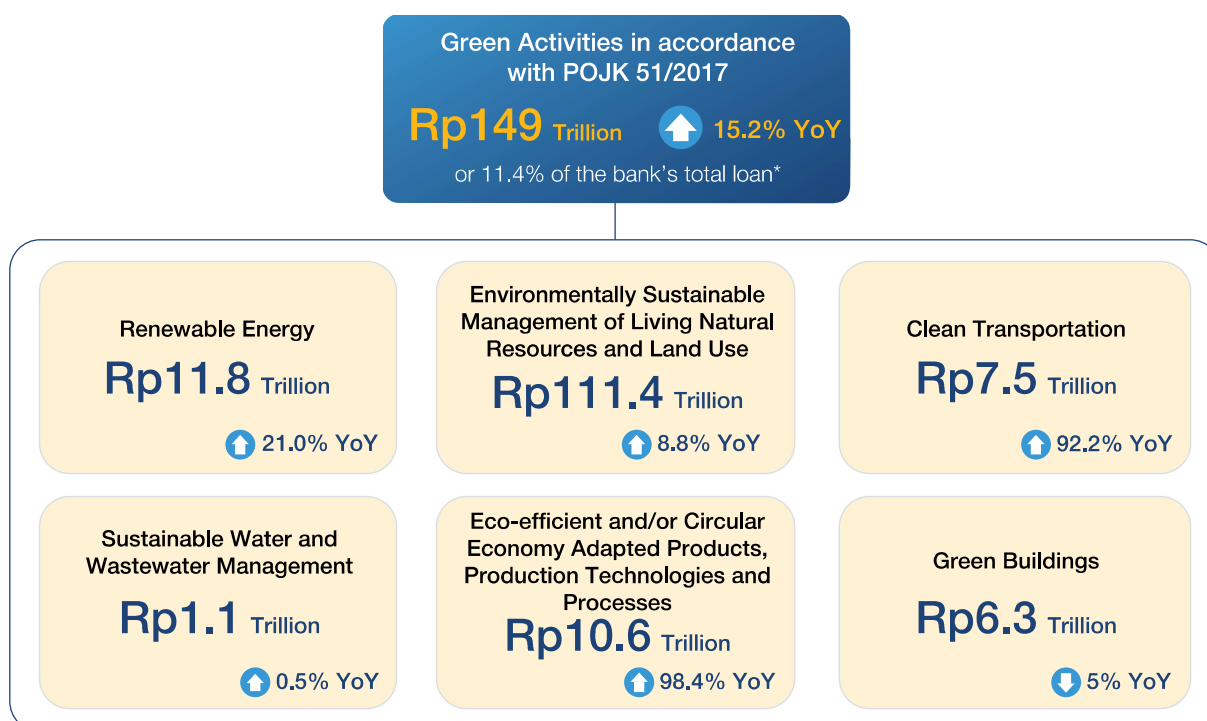
Rp144 trillion, or **11.0%** of the total loan*.

Sustainable Financing Portfolio

Green Portfolio Category

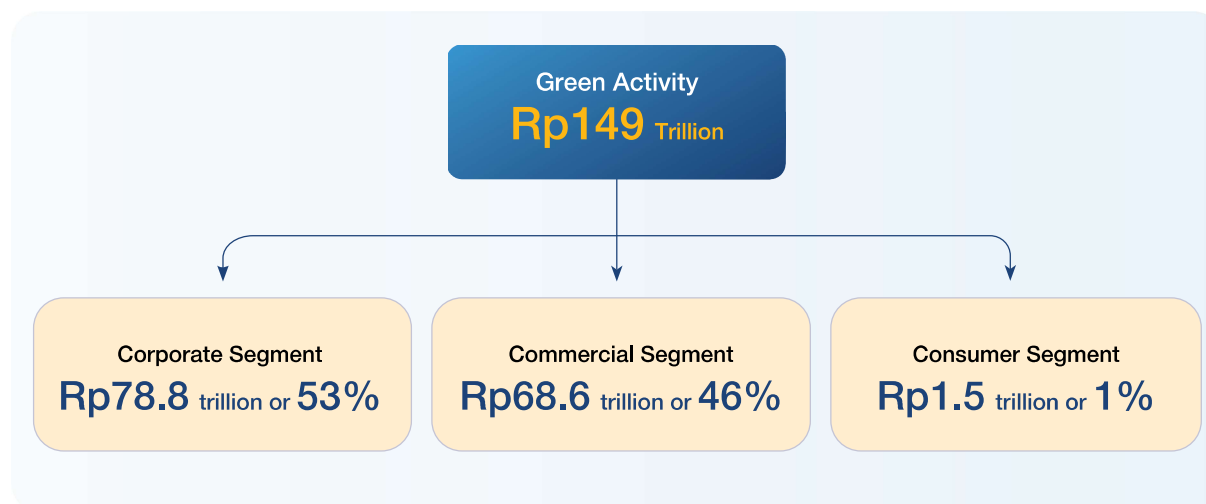
Financing for activities must align with the Sustainable Business Activity Categories (KKUB) as per POJK 51/2017, such as renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, as well as terrestrial and aquatic biodiversity. Additionally, activities supporting clean transportation, sustainable water and waste management, climate change adaptation, environmentally friendly production, green buildings, and other sustainable activities are also eligible for sustainable financing. Revenue generated by sustainable products (such as Sustainability-Linked Loan) and Green Portfolio was approximately 7.4% of total revenue contribution (bank only).

In 2024, financing for green activities (KUBL) is as follows:



*bank only

Green Activity Financing by Segment



Bank Mandiri's green portfolio in 2024 grew by 15.2% compared to 2023, solidifying its position as a market leader with a market share of over 35% of 4 big banks. The financing was primarily allocated to the environmentally sustainable management of living natural resources and land use, renewable energy, eco-efficient and/or circular economy adapted products, production technologies and processes, and clean transportation.



Business Case:

Bank Mandiri Strengthens its Sustainable Portfolio

Bank Mandiri consistently strengthens its sustainable loan portfolio to support the transition to a green economy. One strategic initiative is its role as Lead Arranger in supporting PT PLN's transition to renewable energy through the provision of a green loan facility. At the 28th Conference of the Parties (COP), Bank Mandiri, together with PT Pupuk Indonesia, signed a memorandum of understanding to provide a Sustainability-Linked Loan facility and/or sustainable financing schemes. This facility is designed to support investments in the Soda Ash projects in Gresik and Bontang, renewable energy development, and the sustainable management of natural resources.

Additionally, the Bank has demonstrated its commitment to inclusive development by providing a social loan facility to PT Adira Dinamika Multifinance Tbk (ADMF). This financing aims to promote more equitable, inclusive, and sustainability-oriented development.

Renewable Energy

Poso Hydroelectric Power Plant (PLTA)

The Poso Hydroelectric Power Plant has been operational since 2012 with a capacity of 3 x 65 MW, as well as an extension in Phase 1 (4 x 30 MW) and Phase 2 (4 x 50 MW). These three plants are designed to operate as Peaker plants with a total capacity of 515 MW, functioning during peak load hours from 5:00 PM to 10:00 PM, with a specific available energy of 1,669 GWh per year. Poso Hydroelectric Power Plant contributes about 10.69% of the total new and renewable energy (EBT) for the South Sulawesi electricity system. This environmentally friendly power plant is connected to the 275 kV transmission line to South Sulawesi and the 150 kV line from the plant to Palu City, Central Sulawesi.

Merangin Hydroelectric Power Plant (PLTA)

The Merangin Hydroelectric Power Plant utilizes the flow of the Merangin River, sourced from Lake Kerinci, and is planned to operate as a Peaker plant with a total capacity of 350 MW. The plant will operate during peak load hours, between 6:00 PM and 11:00 PM, with a specific available energy capacity of 1,280 GWh per year.

Lahat Microhydroelectric Power Plant (PLTMH)

The Lahat Microhydroelectric Power Plant, with a capacity of 9.9 MW, has been commercially operational since November 28, 2015, and its Power Purchase Agreement (PPA) will last until November 27, 2035. Based on feasibility study data during construction, the plant utilizes the flow of the Endikat River, with a watershed area of 284.32 km², a river length of 41 km, and an average annual rainfall of 222.17 mm. The average water discharge is 13,217 m³/s with a net elevation of 89.21 m. From these calculations, the installed capacity is 10 MW.

Deli Serdang Biomass Power Plant (PLTBm)

The Deli Serdang Biomass Power Plant, with a capacity of 1 x 9.9 MW, is located in Tanjung Selamat Village, North Sumatra, and uses biomass from rubber wood resulting from replanting rubber plantations. The operation of this biomass plant is expected to reduce the use of Diesel Power Plants (PLTD) in North Sumatra, which will save around 17,000 kiloliters of fuel per year for PLTD. Additionally, compared to PLTD, this biomass power plant can save approximately Rp98 billion per year.

Bangka Biogas Power Plant (PLTBg)

PT Bangka Biogas Synergy (BBS) operates a 2.2 MW Biogas Power Plant (PLTBg) in Bangka Regency. This PLTBg utilizes palm oil mill effluent (POME) as an energy source, which is processed into biogas to generate electricity.

Solar Panel Manufacturing

Bank Mandiri finances the integrated manufacturing industry for solar modules and solar cells. This industry aims to support the development of renewable energy in Indonesia. The factory, located in Central Java, uses advanced technology, namely Tunnel Oxide Passivated Contact (TOPCon), which is capable of achieving an efficiency of up to 23.2%.

Clean Transportation



- **Jabodetabek Light Rail Transit (LRT)**

Bank Mandiri provided a syndicated loan to KAI to finance the LRT project in 2017. The Jabodetabek LRT, which is currently under construction, is one of the first rapid transit systems in Indonesia that integrates the capital city of Jakarta with surrounding areas, including Depok, Bogor, and Bekasi.

Sustainable Management of Biodiversity and Land Use

As one of the largest lenders in the palm oil sector in Indonesia, Bank Mandiri is committed to managing the environmental and social risks associated with this industry through the implementation of sustainable agricultural practices. Bank Mandiri is determined to lead efforts towards fair sustainability in the palm oil industry for a better future, including promoting various environmental initiatives. This commitment is reflected in our support for palm oil debtors to obtain ISPO/RSPO certification, as shown in the table below:

Number of ISPO and/or RSPO certified debtors (in number of debtors)

Description	2024		2023		2022	
	Certified	On Progress	Certified	On Progress	On Progress	On Progress
Corporate	56	7	66	11	68	11
Commercial	155	111	241	60	189	52
Total	211	118	307	71	257	63

Loan outstanding of ISPO and/or RSPO certified (In Million Rupiah)

Description	2024		2023		2022	
	Certified	On Progress	Certified	On Progress	Certified	On Progress
Corporate	54,645	874	48,141	8,820	47,869	2,733
Commercial	35,021	19,646	49,168	4,461	41,878	4,916
Total	89,666	20,520	97,309	13,281	89,747	7,649

Social Portfolio Category

Eligible social activities under this framework are projects that align with applicable standards and principles, focusing on basic infrastructure, access to essential services, affordable housing, job creation, food security, and socio-economic improvements for targeted groups or regions. Examples of targeted groups and regions include, but are not limited to:

1. Communities living below the poverty line
2. Populations and/or communities that are marginalized and/or excluded
3. Vulnerable groups, including those affected by natural disasters
4. Unemployed individuals
5. People with disabilities
6. Migrants and/or refugees
7. The under-educated
8. Communities with limited access to quality goods and services.

MSME Credit

Bank Mandiri has a strong policy to support the growth and strengthening of the MSME sector, recognizing its crucial role in Indonesia's economy. Through this policy, the Bank provides access to capital and financial services aimed at increasing the contribution of MSMEs to job creation and poverty alleviation.

The MSME credit provided by Bank Mandiri is also part of financing for social activities. By offering capital access to MSMEs, the Bank not only supports business growth but also directly contributes to improving the well-being of society. In 2024, Bank Mandiri disbursed Rp134 trillion in MSME credit to 1.3 million debtors, growing by approximately 6.3% compared to the previous year. The non-performing loan (NPL) ratio remained manageable at 1.4%. Bank Mandiri maintains its focus on selective growth, targeting the ecosystem value chain. Additionally, the Bank provides Working Capital Loans, Investment Loans, Micro Business Loans (KUM), and participates in the People's Business Credit (KUR) program for MSME empowerment.

Micro, Small, and Medium Enterprise Activities

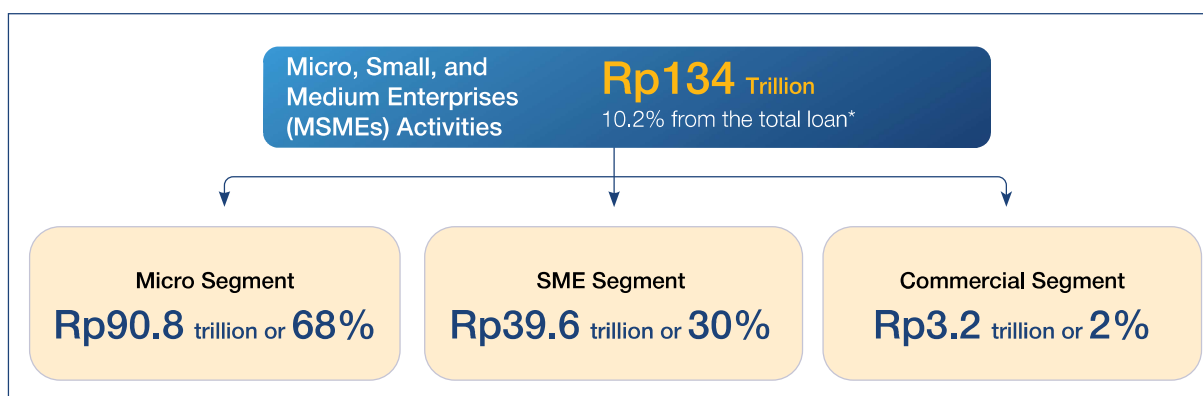
Rp134 trillion
or 10.2% of the total loan*.

Financing of Micro, Small, and Medium Enterprise Activities by Sector

Sector	Total
Palm Oil and CPO	Rp23.3 trillion
Retail Trade in Food, Beverages, and Tobacco	Rp18.7 trillion
Hotels, Restaurants, and Accommodation	Rp11.1 trillion
Retail Trade in Household Equipment	Rp9.2 trillion
Agriculture	Rp5.5 trillion
Non-Financial Business Services	Rp3.8 trillion
Social Services and Institutions	Rp5.7 trillion
Land Transportation Services	Rp4.4 trillion
Livestock and Animal Feed	Rp4.0 trillion
Retail Trade of Agricultural and Forestry Products	Rp4.1 trillion
Others	Rp43.8 trillion

*bank only

Financing of Micro, Small, and Medium Enterprise Activities by Segment



Sustainable Financing Products

The Bank has taken significant steps in supporting Indonesia's transition to a low-carbon economy by providing various sustainable products, including Sustainability-Linked Loans and Corporate-in-Transition financing. These products are specifically targeted at customers in high-carbon-intensity sectors, such as the cement, livestock, and palm oil industries, through the following financial solutions:

Sustainability-Linked Loan (SLL)

A Sustainability-Linked Loan (SLL) aims to support customers in improving their sustainability profile over the term of the loan, without requiring the allocation of financing for specific sustainable projects or activities. This financing is based on aligning loan terms with sustainability goals that have been set, which are measured through key performance indicators (KPIs) and evaluated based on sustainability performance targets (SPTs).

By utilizing KPIs, this financing not only supports projects focused on sustainability but also provides incentives for debtors to achieve the agreed-upon ESG targets. This approach reflects a close collaboration between the lender and the debtor in promoting more sustainable business practices and transition projects towards a low-carbon economy.

Examples of KPIs in SLL by Sector:

Palm Oil

Increase % RSPO certification for land and palm oil mills.

Cement

Reduction of net CO₂ emissions intensity (Scope 1).

Livestock

- Maintain annual Somatic Cell Count levels.
- Reduction in greenhouse gas (GHG) emissions.

Petrochemicals

- Improvement in ESG Rating
- Reduction in greenhouse gas (GHG) emissions intensity (Scope 1 and 2)

Pricing Incentive: 1- 7.5 Basis Points



Corporate-in-Transition Financing

Corporate-in-Transition Financing is a type of financing applied at the client entity level, aimed at supporting clients in transitioning or aligning their business and/or operations with pathways that are consistent with the goals of the Paris Agreement or Nationally Determined Contributions (NDC) targets. Compliance with these goals is measured through strategies and targets that have been approved by Bank Mandiri. Clients are eligible for this financing if they demonstrate a clear climate transition strategy with measurable targets, and have evidence of implementing this transition strategy and targets in the past 12 months (for example, divesting from carbon-intensive assets, diversifying from carbon-intensive activities, or decarbonizing by reducing overall emissions intensity).

Example of Targets in Corporate-in-Transition Financing:

Mining

Reducing the proportion of total revenue from thermal coal projects.

Sustainable Client Financing

Sustainable Client Financing is a type of financing applied at the client entity level, aimed at supporting businesses that promote environmental sustainability or are moving towards a sustainable economy, in alignment with the qualifying activity criteria within this framework, as well as applicable regulations or international best practices. Clients are eligible for this financing if their core business, or 90% or more of their revenue, comes from activities that meet the qualifying activity criteria under this framework.

Green Loan

Bank Mandiri actively contributes to accelerating the transition to a low-carbon economy by providing banking solutions that support environmentally friendly business practices for its customers. One of the facilities provided is the Green Loan, specifically designed to fund projects and initiatives with a positive environmental impact. This financing follows the Green Loan Principles issued by the Loan Market Association (LMA).

As a commitment to sustainability, in 2022, Bank Mandiri took a significant step by providing a Green Loan facility for the electric vehicle (EV) battery components industry in Hong Kong. As the Mandated Lead Arranger, Bank Mandiri played a crucial role in organizing a Green Loan syndication worth a total of USD300 million. The facility supports the lithium battery industry, including research, development,

processing, production, and sales of cathode precursor materials, as well as materials for new energy recycling in the new materials and energy sector.

In 2024, as part of its commitment to sustainability, Bank Mandiri took strategic steps by providing loan facilities for the electricity and transportation sectors. For the electricity sector, Bank Mandiri acted as ESG Coordinator, offering a Green Loan of Rp3.5 trillion to support the energy transition program. Meanwhile, for the transportation sector, Bank Mandiri provided a Green Loan of USD226 million to support the distribution of electric vehicles, including the development of charging infrastructure, vehicle procurement, and providing financing to facilitate customer access.

Green Mortgage

Bank Mandiri continues to encourage retail customer participation in green financing through the Green Mortgage product. This product is designed to support the purchase of properties in residential areas that have obtained green building certification from recognized institutions. As part of this initiative, Bank Mandiri has partnered with NavaPark BSD City, South Tangerang, a project that has achieved the Greenship Platinum certification from the Green Building Council Indonesia (GBCI). Through Green Mortgage, customers can benefit from incentives such as lower interest rates and reduced down payments, providing added value to customers while supporting sustainable development. The total disbursement of Green Mortgages in 2024 amounted to Rp587 billion.

Sustainable Funding

As a pioneer in the "First Movers on Sustainable Banking" initiative, Bank Mandiri proactively strengthens the sustainable funding structure through the issuance of green bonds, sustainability bonds, and innovations such as ESG Repo transactions. Since 2021, Bank Mandiri has not only successfully raised sustainable funds but also expanded its financing portfolio that supports the transition to a low-carbon economy, solidifying its role as a key player in the sustainable finance ecosystem.

Sustainability Bond & ESG Repo Framework

Bank Mandiri's Sustainability Bond & ESG Repo Framework aligns with the four main pillars of the Sustainability Bond Guidelines issued by The International Capital Market Association (ICMA 2021). These pillars include:

1. Use of Proceeds

The funds raised are used for environmentally and socially responsible projects that meet sustainability criteria.

2. Project Evaluation and Selection

The process of selecting underlying assets involves the Business Unit and the Sustainable Finance Working Group, with approval from the Risk Management

Committee (RMC).

3. Fund Management

The funds are managed through tracking and monitoring mechanisms to ensure proper allocation of the funds.

4. Reporting

Bank Mandiri issues Allocation Reports and Environmental Impact Reports, which are verified by a second party opinion (SPO) to ensure transparency and accuracy.

Green Bond Framework

Bank Mandiri's Green Bond Framework, which supports the issuance of Green Bond Rupiah, is in line with POJK No. 60/2017 and includes the following four main pillars:

1. Use of Proceeds

The funds raised from the issuance of environmentally focused debt or green bonds are used for projects that meet eligibility criteria within the green category.

2. Project Evaluation and Selection

The selection process for underlying assets involves the Business Unit and the Sustainable Finance Working Group, with approval from the Risk Management Committee (RMC).

3. Fund Management

Funds raised from green bond issuance are managed through tracking and monitoring mechanisms to ensure that the funds are used appropriately.

4. Reporting

Bank Mandiri issues Allocation Reports and Environmental Impact Reports, which are verified by environmental experts to ensure transparency and compliance with applicable environmental criteria.

Bank Mandiri established the Sustainable Public Offering (PUB) program for the issuance of Sustainable Green Bonds I, valued at Rp10 trillion. In 2023, the Bank issued the first tranche of Sustainable Green Bonds amounting to Rp5 trillion. All allocations from the green bond issuance are verified by a Second Party Opinion (SPO) from SDGs Hub UI.

Sustainability Bond

In 2021, Bank Mandiri successfully raised USD300 million through the inaugural issuance of its Sustainability Bond. The funds were used to finance or refinance environmentally and socially responsible projects, in line with the criteria outlined in the Bank's Sustainability Bond Framework. During the offering process, the bond received demand exceeding USD2.5 billion, which is 8.3 times the target fundraising amount, indicating a significant oversubscription.

The Sustainability Bond Framework has been aligned with international market standards, such as the Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles from the International Capital Market Association (ICMA). Additionally, the framework is also in compliance with the Sustainability Bond, Green Bond, and Social Bond standards set by ASEAN. To enhance transparency and credibility, this framework has received a second party opinion (SPO) from Sustainalytics, and its allocations are reviewed annually.

As part of its reporting obligations regarding the use of funds and their environmental and social impacts, Bank Mandiri regularly publishes an annual Sustainability Bond Report. This report provides detailed information on the use of funds and their impacts. For more information, you can access the report via the following link: <https://bankmandiri.co.id/en/web/ir/sustainability-bond>.

ESG Repo

In 2022, Bank Mandiri successfully executed an ESG Repo transaction worth USD500 million with two counterparties. This transaction marked a significant milestone, as it was the first ESG Repo transaction in Indonesia and one of the first in Southeast Asia. The funds raised from this transaction were used to finance or refinance assets related to environmental, social, and governance (ESG) factors, thereby supporting broader sustainability efforts in the banking and financing sectors.

Involvement in Green Bonds

Mandiri Group is actively identifying clients who wish to integrate sustainability into their financial strategies, helping them develop ESG-based financing frameworks, such as the use of proceeds or sustainability-linked frameworks. Each framework created in collaboration with clients is reviewed by a reputable second party opinion.

In 2024, Mandiri Group, through Mandiri Sekuritas, actively served as a trusted advisor to clients in designing green bond and sustainability bond structures. This service includes assistance in identifying projects that meet sustainability criteria, ensuring alignment with international standards such as the Green Bond Principles and Green Loan Principles issued by the International Capital Market Association (ICMA) and the Loan Market Association (LMA), as well as providing guidance on reporting and transparency. With this approach, Mandiri Sekuritas supports clients in accessing sustainable financing while meeting investors' expectations for responsible investments.

In 2024, Mandiri Sekuritas became one of the Joint Lead Underwriters for the issuance of Social Bonds by PT Pegadaian worth Rp252 billion and PT Sarana Multigriya Finansial (Persero) worth Rp5.64 trillion, as well as Green Bonds by PT Oki Pulp & Paper worth Rp7.59 trillion. All of these issuances have undergone an independent verification process. Additionally, Mandiri Sekuritas has provided advisory services to several companies in the financial services, real estate, agriculture, energy, and pulp & paper sectors.

Sustainable Investment

Sustainable Investing Approach

As part of the Bank Mandiri ecosystem, **Mandiri Investment Management (MMI)** plays a crucial role in applying Environmental, Social, and Governance (ESG) principles across all its investment activities. MMI supports the Bank's commitment to creating sustainable value by integrating ESG factors into the investment portfolio and decision-making processes, ensuring outcomes aligned with long-term growth and a positive impact on society.

The investing process uses both quantitative and qualitative methods to assess the ESG factors of each company. This analysis covers a wide range of aspects, considering not only the sustainability of the company but also leveraging data to detect potential alpha in the future. As a benchmark, this approach is based on the Financial Times Stock

Exchange (FTSE) ESG Index, which is designed to assess the comprehensive ESG performance of issuers.

The ESG aspects contribute 10% of the total 30% weight in the Value Sustainability component, alongside factors such as company lifecycle, scalability, regulatory risks, and management quality. This assessment complements other key components, including Value Creation (50%) and Financial Power (20%).

In conducting ESG profiling, Bank Mandiri has developed an internal checklist designed to ensure that ESG assessments are carried out in a measurable, consistent, and relevant manner, in line with a company's characteristics.



Measurement Metrics



Environment

- Total GHG emissions per sales
- To what extent do the company's products/services impact the environment?
- Does the company have short, medium, and long-term plans for environmentally friendly development?
- Does the company have plans to measure and reduce its carbon footprint/greenhouse gas emissions?
- Does the company have plans for transitioning to renewable energy?

Weight: **33.33%**

Social

- Employee diversity: % of female employees
- % of expenditures for the community compared to pre-tax profit
- Do the company's products/services meet the social needs of the community?
- Does the company track and evaluate social indicators, such as gender equality, employee retention, and workplace safety?
- Does the company support local communities through empowerment programs?
- Does the company emphasize community engagement and empowerment?

Weight: **33.33%**

Governance

- Does the company have a proper, clear, and transparent governance structure?
- Does the company ensure the accuracy and integrity of its financial reports?
- Does the company maintain the independence and effectiveness of the Board of Directors?
- Does the company protect the rights of shareholders?

Weight: **33.33%**

As part of Bank Mandiri's commitment to sustainability principles, **Mandiri Capital** has established Environmental and Social criteria for every investment made. These criteria

not only refer to local standards but also comply with international guidelines to ensure a positive impact on the environment and society.

Environment

Referring to the Indonesian Sustainable Finance Taxonomy (TKBI) set by the OJK. Several environmental parameters used in the assessment include:

- Climate Change Mitigation
- Climate Change Adaptation
- Protection of Healthy Ecosystems and Biodiversity
- Resource Resilience through Circular Economy



Social

Referring to the United Nations Development Programme (UNDP) Impact Measurement Management Framework, the social aspect parameters include:

- Protection and respect for human rights
- Employment, including decent work, prevention of forced labor, protection of women and child workers, and human resource development
- Impact on communities living near the investment companies, including job creation, efforts in poverty alleviation, and economic growth.



Sustainable Investment Products

Bank Mandiri, through the digital platform Livin' by Mandiri, actively promotes sustainable investment options to increase retail customer participation in supporting the sustainability agenda.

Green Sukuk and Green Bonds

Bank Mandiri proactively introduces retail investment products aligned with ESG principles, such as the Indonesia Green Sukuk offering and green bonds issued by the Government of the Republic of Indonesia, based on The Republic of Indonesia Green Bond and Green Sukuk Framework.



Green Sukuk

Rp3.1
trillion



Green Bond

Rp5
trillion

ESG Mutual Funds

In 2023, Bank Mandiri launched ESG Mutual Funds. These products are specifically designed for the retail market and mark an important milestone in sustainable finance. The addition of these ESG-based investment products demonstrates the Bank's commitment to leading the low-carbon economy in Indonesia. As demand for sustainable investments rises, these products aim to meet customer needs while encouraging responsible investment practices.



ESG Mutual Funds

Rp3,54
trillion

ESG Mutual Fund Portfolio

Batavia Global ESG Sharia Equity USD, is invested in issuers that focus on ESG or have high ESG scores.

Mandiri FTSE Indonesia ESG Index Mutual Fund

The Mandiri FTSE Indonesia ESG Index Mutual Fund is the first mutual fund in Indonesia that uses the FTSE Indonesia ESG benchmark index, featuring stocks that have undergone an ESG rating process by FTSE Russell.

Bank Mandiri not only issues sustainable fundraising products and serves as an advisor but is also actively investing in green bonds and sustainability bonds. In 2024, the Bank allocated Rp419 billion for investment in green bonds. For 2025, Bank Mandiri has targeted the allocation of green and sustainability bonds to reach approximately 0.2% of the total investments in securities it holds, with an allocation of Rp5 trillion for phase 2. However, the achievement of this target will depend on liquidity needs and the financial management strategies implemented by the Company.