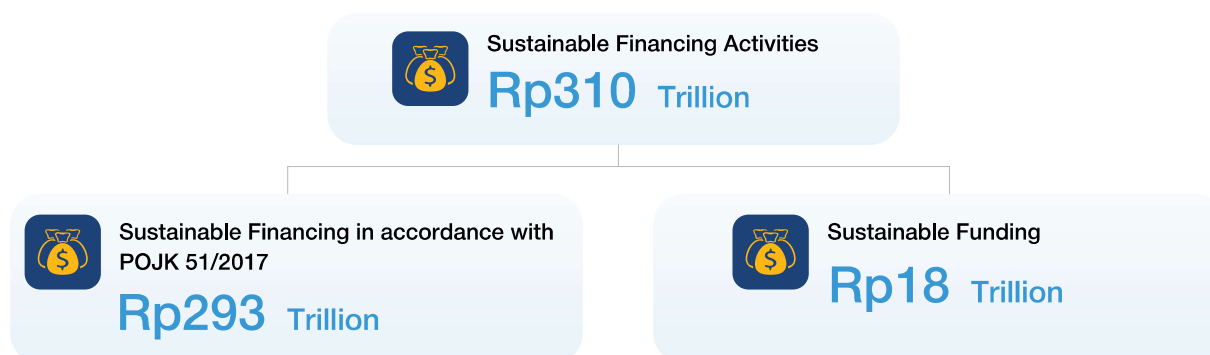


Development of Sustainable Products and Services

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

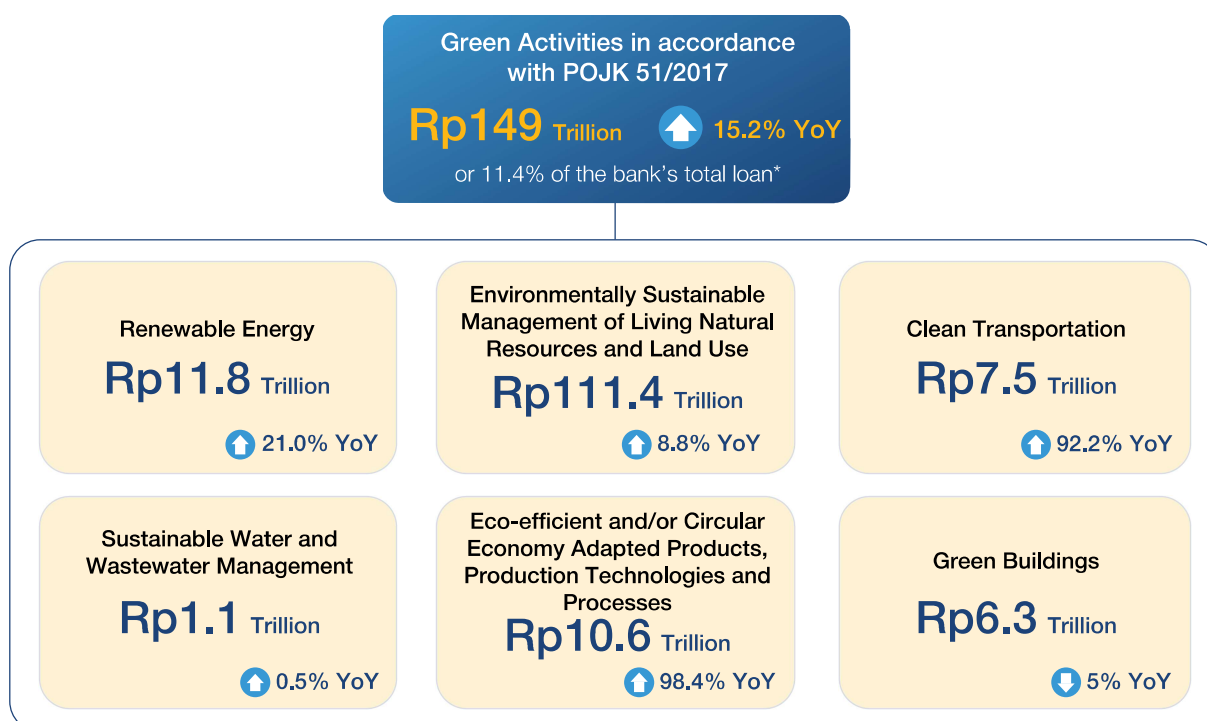
Rp144 trillion, or **11.0%** of the total loan*.

Sustainable Financing Portfolio

Green Portfolio Category

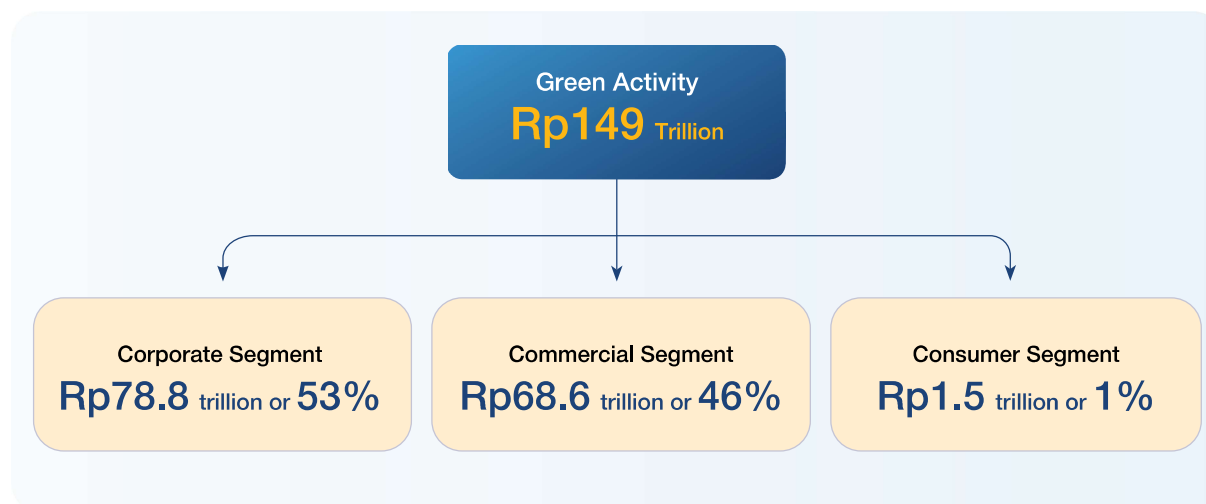
Financing for activities must align with the Sustainable Business Activity Categories (KKUB) as per POJK 51/2017, such as renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, as well as terrestrial and 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

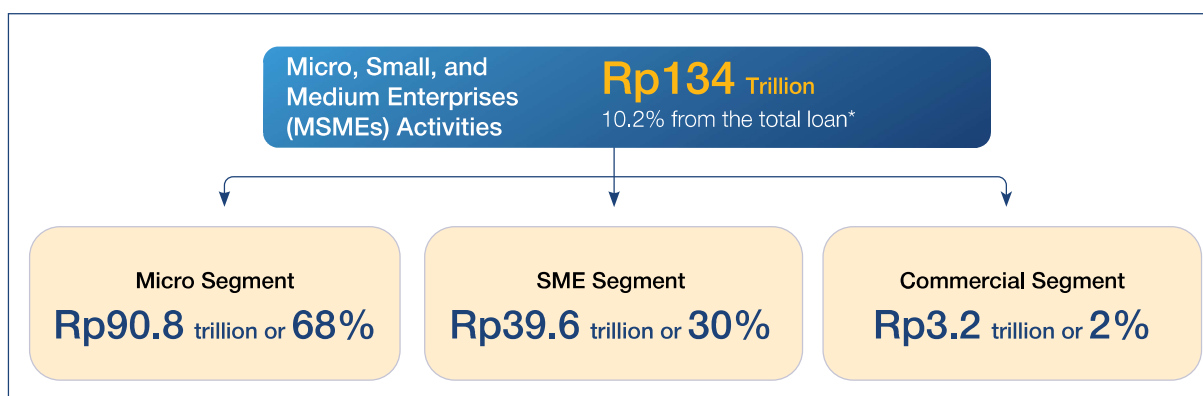
Rp134 trillion
or 10.2% of the total loan*.

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.