

ESG Risk Management

Environmental and social risks, including climate change issues, are part of reputation and legal risks. Therefore, Bank Mandiri evaluates and mitigates these risks through the Reputation Risk Management Framework and relevant policies. In its implementation, Bank Mandiri adopts the four eyes principle to ensure transparency and accuracy in decision-making related to ESG risks.

In the risk management function, the Risk Management Unit is responsible for providing independent oversight on the measurement, monitoring, and management of environmental risks. This unit operates directly under the Director of Risk Management. Collaboration is carried out with ESG teams, Business Units, and functional groups to ensure environmental and social risks are integrated into Bank Mandiri's ESG strategy. This process also aims to

ensure the latest industry standards related to environmental accountability are applied in banking services, stakeholder relations, and the management of operational facilities.

The implementation of ESG risk management at Bank Mandiri is monitored by the Board of Commissioners and the Board of Directors through the following mechanisms:

1. Risk Management Committee (RMC)

RMC holds regular meetings to monitor targets and performance related to ESG aspects. RMC is responsible for the development of policies, strategies, and the integrated ESG risk management framework.

2. Risk Monitoring Committee (KPR)

KPR evaluates the effectiveness of risk management and ensures the implementation of ESG governance.

Sustainable Finance

As part of its sustainable finance strategy, Bank Mandiri integrates sustainable finance principles into all business processes. The primary focus of the action plan includes the development of a sustainable finance portfolio, enhancement of human resource capacities, and organizational structure adjustments, emphasizing environmental, social, and governance (ESG) aspects.

Responsibilities in Sustainable Finance [OJK E.1]

As part of its commitment to sustainable finance, Bank Mandiri has developed the 2025–2029 Sustainable Finance Action Plan (SFAP), which serves as a strategic roadmap in achieving sustainability targets. This SFAP document was submitted to the Financial Services Authority (OJK) in November 2023. The Board of Directors is responsible for establishing and implementing the SFAP related to climate change and SDG targets, while the Vice President Director coordinates ESG management across all directorates.

Bank Mandiri has established the ESG Group as a dedicated unit, as stipulated by the Board of Directors' decree, to manage sustainable finance in accordance with POJK-51/2017. The ESG Group, led by the Vice President Director, oversees the implementation of ESG and is responsible for managing frameworks, regulatory alignment, sustainable portfolio management, operational strategies, communication, and reporting. In relation to the G-SIB score, Bank Mandiri is not listed as a Global Systemically Important Bank (G-SIB). [FN-CB-550a.1.]

Opportunities and Challenges in Sustainable Finance [OJK E.5]

The demands from the global community at large and governments in general in managing ESG issues have driven a business trend that is more environmentally friendly and inclusive, particularly in efforts to achieve a low-carbon economy and Net Zero Emissions (NZE) targets. ESG issues not only present new risks and challenges but also open up various business opportunities.

The implementation of sustainable finance initiatives is a long-term journey that involves various challenges. For this reason, Bank Mandiri continuously identifies and evaluates risks while setting mitigation steps to overcome obstacles effectively.