

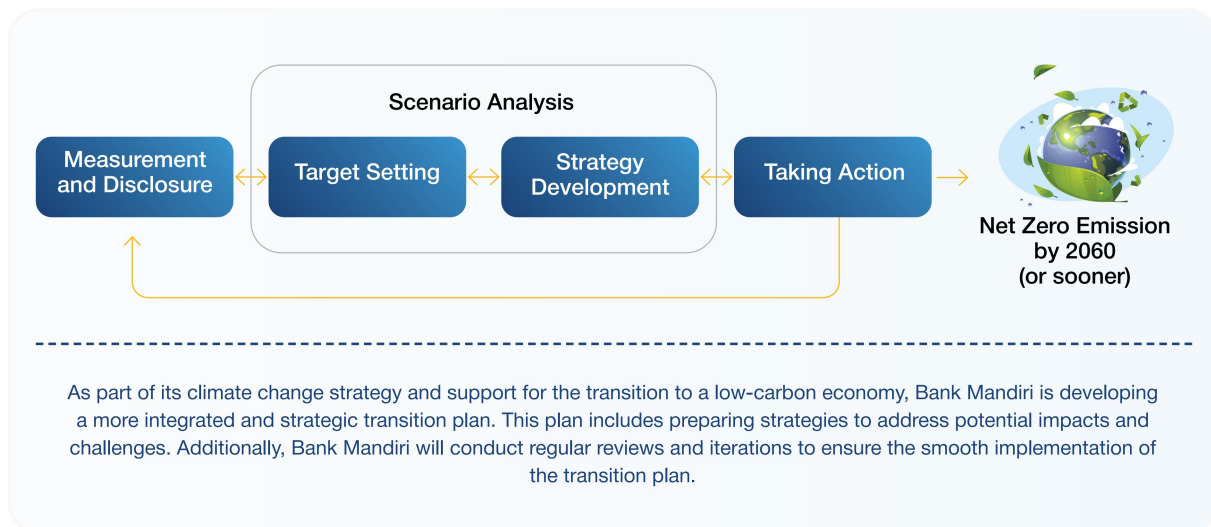
Climate Change Strategy

As part of its commitment to mitigating climate change, Bank Mandiri supports the Paris Agreement and Indonesia's Enhanced Nationally Determined Contribution (ENDC). Bank Mandiri is determined to reduce carbon emissions and contribute to the goal of limiting average global temperature increases to 1.5°C, with a target of achieving net zero emissions (NZE) in operations by 2030.

Bank Mandiri's climate change strategy encompasses three key approaches: reducing greenhouse gas (GHG) emissions from its operations, providing financing to support customers in transitioning to NZE, and promoting carbon absorption activities such as forest and land restoration and conservation. Bank Mandiri conducts a comprehensive materiality assessment of group-wide

business risks associated with climate change, including scenario modelling or sensitivity analysis change across its operations. As part of these efforts, Bank Mandiri implements scenario modelling or sensitivity analysis based on the Network for Greening the Financial System (NGFS).

Bank Mandiri conducted a comprehensive climate resilience assessment to ensure that its strategies and business models can adapt to climate-related changes, developments, and uncertainties. This assessment considers the risks and opportunities associated with climate change. By using climate-related scenario analysis tailored to the Company's characteristics and conditions, Bank Mandiri evaluates its climate resilience and adjusts its strategic measures accordingly based on the findings.



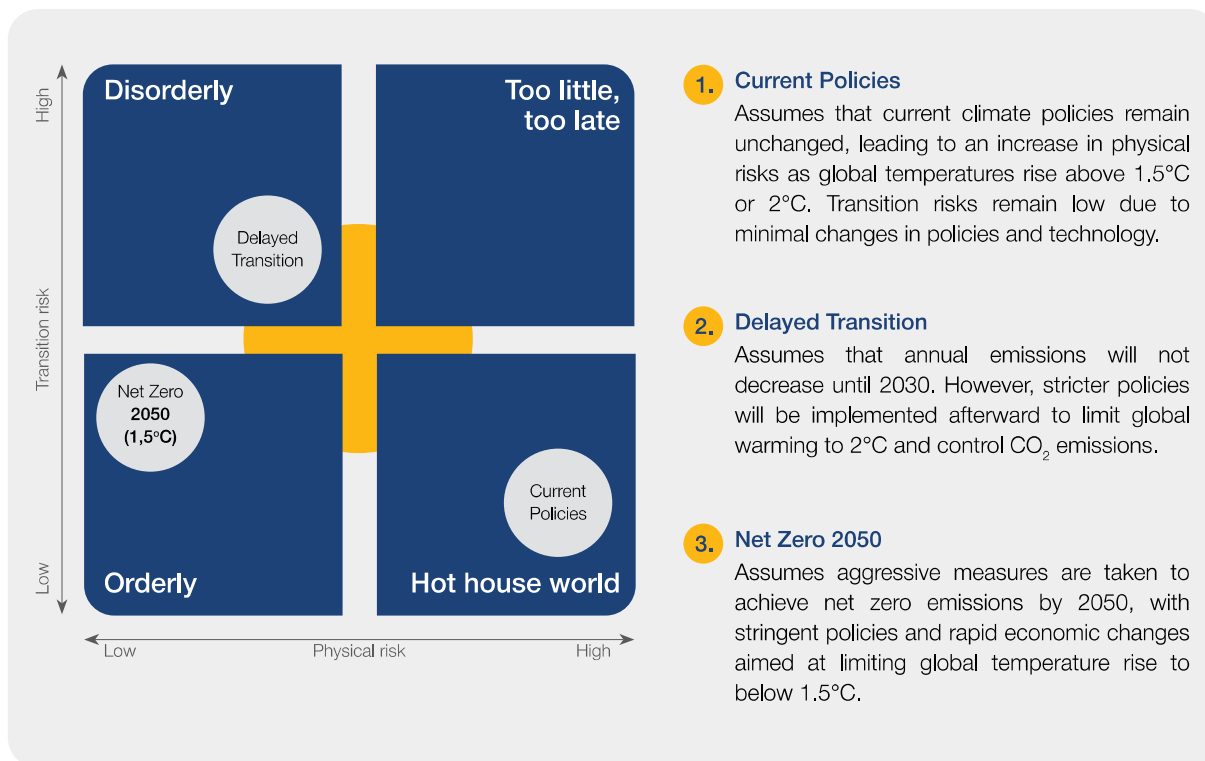
Climate Risk Stress Testing

Collaboration with policymakers, specifically Indonesia's Financial Services Authority (OJK), is a key driver of Bank Mandiri's climate strategy. As a member of the Task Force on Climate-Related Financial Risk, Bank Mandiri participates in the Pilot Project on Climate Risk Management & Scenario Analysis.

The CRST analysis of Bank Mandiri in the 2024 OJK Pilot Project on Climate Risk Management & Scenario Analysis (CRMS) covers 54.09% of the portfolio, in compliance with

OJK regulations, which require KBMI 3 and 4 banks to conduct CRST 2024 Pilot Project calculations covering at least 50% of the total portfolio based on priority sectors. The analysis incorporates flood and forest fire scenarios to assess physical risks and utilizes climate scenarios developed by the Network for Greening the Financial System (NGFS) to evaluate transition risks, including Current Policies, Delayed Transition, and Net Zero 2050 scenarios.

NGFS Climate Scenarios

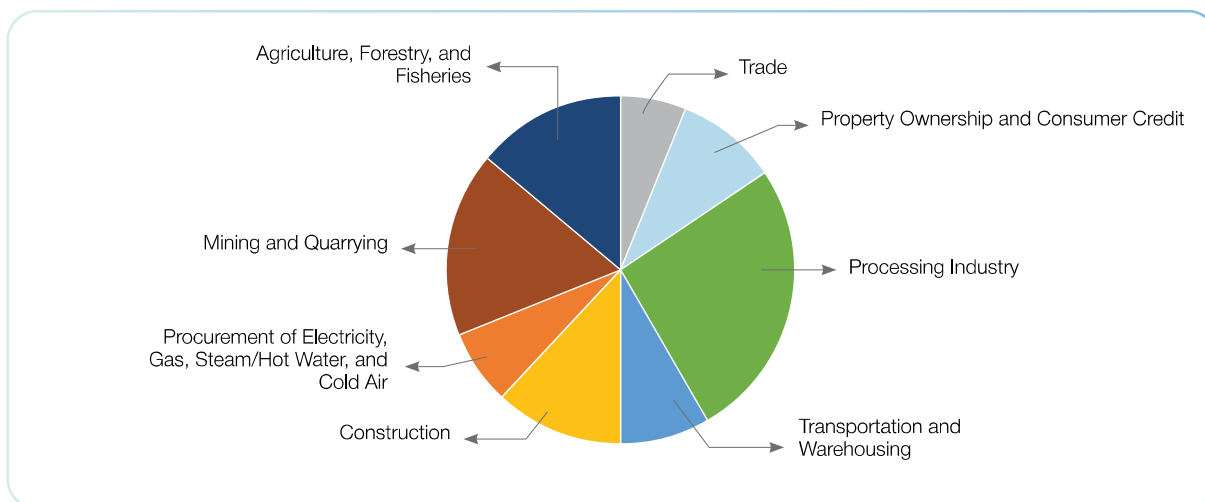


Bank Mandiri has conducted climate scenario analysis covering eight sectors, representing 54.09% of its total financing portfolio. These sectors include (1) Agriculture, Forestry, and Fisheries; (2) Procurement of Electricity, Gas, Steam/Hot Water, and Cold Air; (3) Mining and Quarrying; (4) Construction; (5) Transportation and Warehousing; (6)

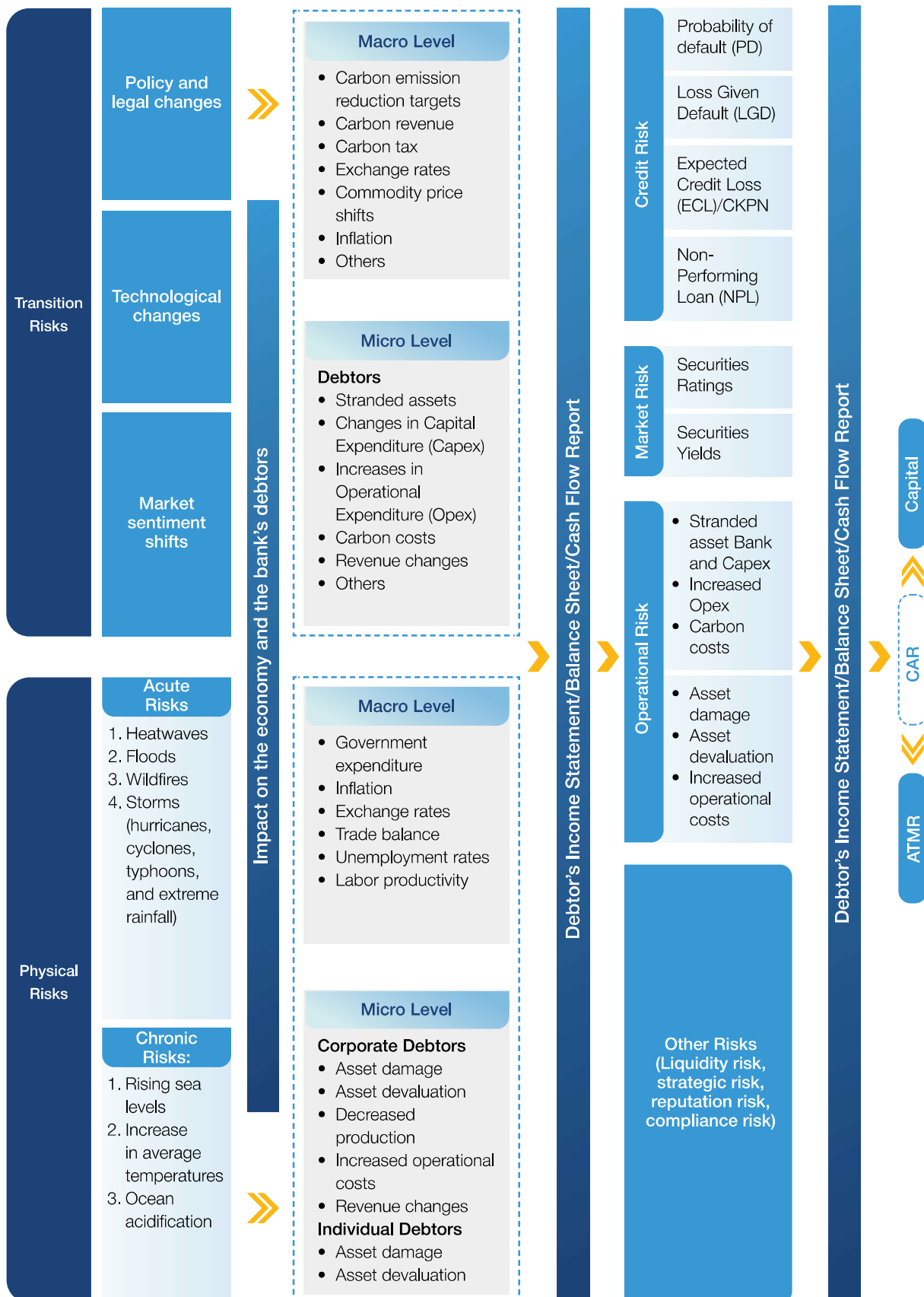
Processing Industry; (7) Property Ownership and Consumer Credit; and (8) Trade.

The details of the sectoral share distribution can be seen in the following diagram:

CRST Portfolio Overview



Overview of transmission for climate-related financial risks on bank financial performance:



Physical Risk Scenario Analysis

In accordance with the 2024 CRMS guidelines issued by OJK, Bank Mandiri has analyzed physical risks and projected the impact of damages caused by floods and forest fires on its asset portfolio. Bank Mandiri utilized the Representative Concentration Pathway (RCP) 8.5 scenario to evaluate the effects of climate change on its assets and operations. RCP 8.5 reflects a high-emission scenario without significant mitigation efforts, where emissions continue to rise, leading to rapid global warming and significant risks to ecosystems and infrastructure. This scenario projects a temperature increase of up to 4.2°C by the end of the century, with a range between 3.7°C and 5.0°C.

Bank Mandiri has also identified the transmission impacts of physical risks, such as floods and forest fires, on credit and operational risks. The analysis process began with

collecting location data and mapping risk categories, encompassing information such as cities, provinces, postal codes, asset values, and net annual revenue. Data from the 2023 National Disaster Management Authority (BNPB), obtained through OJK, was used to categorize flood and forest fire risks at the district/city level into high, medium, and low classifications. Additionally, insights from Moody's Climate on Demand were leveraged as the basis for climate risk modeling. The RCP 8.5 scenario projections were also applied to evaluate the impact of high greenhouse gas emissions, supporting the assessment of future physical risks. Operational loss calculations focused on facilities classified under high-risk categories. For facilities with negative revenues, losses were capped at zero, and asset value losses for leased assets were also assumed to be zero.

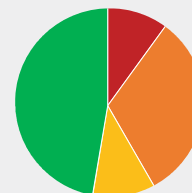
Flood Scenario

Based on the assessment results, Bank Mandiri has identified the proportion of flood risks faced by each company activity using the hazard scores generated by Moody's Climate on Demand.

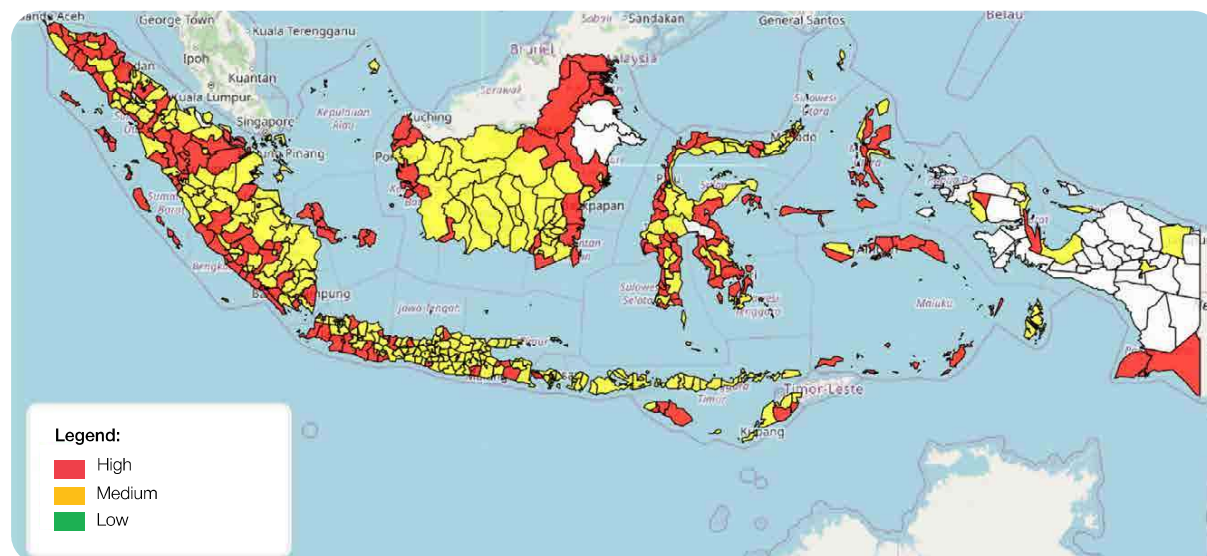
The identification results for the Flood scenario indicate the risk distribution for Office Buildings (including Branch Offices, Functional Offices, Head Office, Regional Offices, and Sub-Branch Offices) as follows: 10% in the Red Flag category, 32% in the High-Risk category, 11% in the Medium-Risk category, and 47% in the Low-Risk category.

Risk Distribution of Bank Mandiri Office Buildings in the Flood Scenario

■ Red Flag
■ High
■ Medium
■ Low



The flood risk index map below refers to the 2023 Indonesian Disaster Risk Index (IRBI):

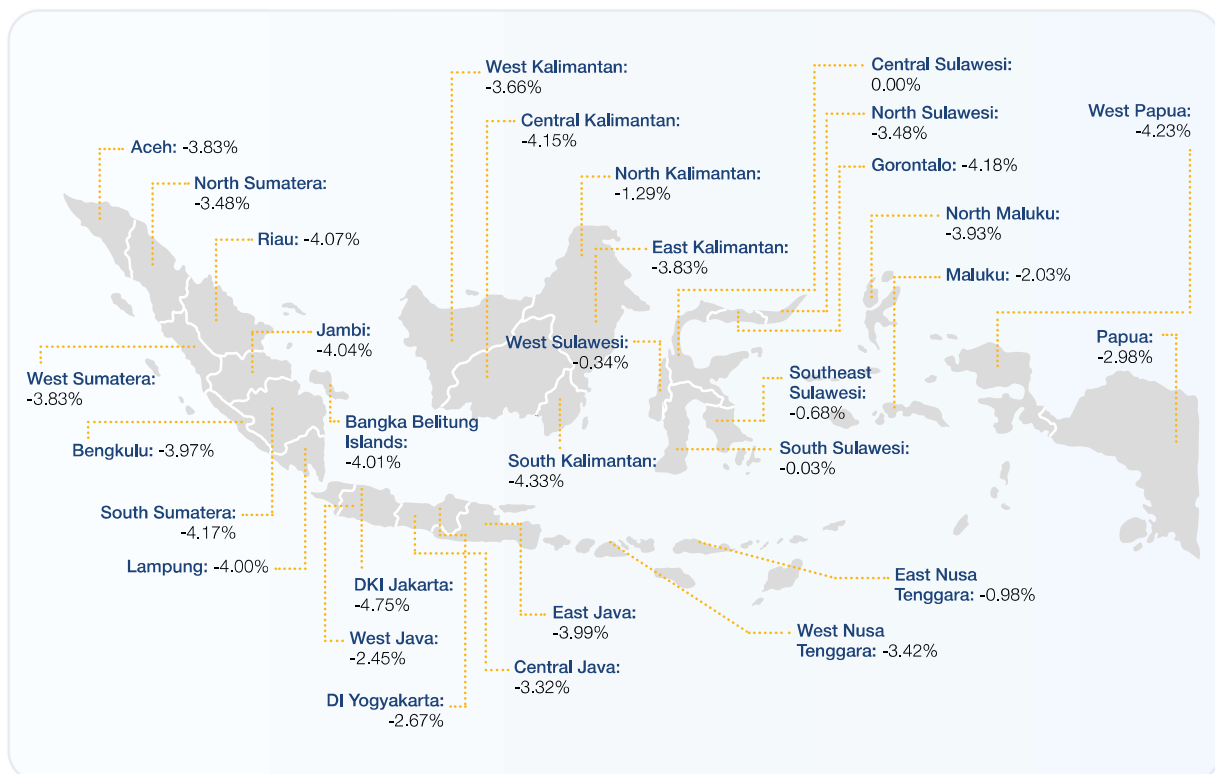


No	Regency/City	Risk Class
1	Bandung Barat, West Java	High Risk (Flood Prone)
2	Cirebon, West Java	High Risk (Flood Prone)
3	Luwu, South Sulawesi	Medium Risk (Flood Alert)
4	Garut, West Java	Medium Risk (Flood Alert)
5	Lembata, East Nusa Tenggara	Low Risk (Flood Safe)
6	East Flores, East Nusa Tenggara	Low Risk (Flood Safe)
And so on.		

Bank Mandiri also conducted a scenario analysis for the physical risk scenario to predict the extent of damage that floods could potentially inflict on our retail mortgage portfolio. We applied the OJK climate scalar, which can impact the Loss Given Default (LGD) value and collateral valuation.

Furthermore, Bank Mandiri has calculated changes in collateral value due to flood risks in each province. The results are presented as averages through the following distribution map:

Percentage Change in Collateral Value Due to Flood Risk by Province in 2024

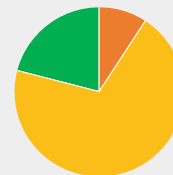


Forest and Land Fire Scenario

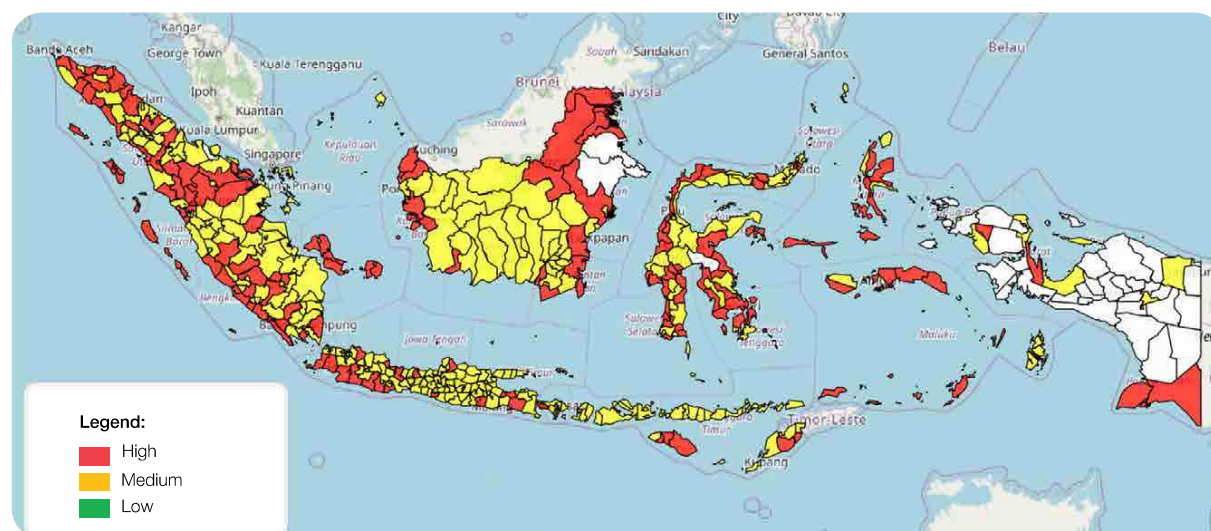
Based on the hazard scores generated by Moody's Climate on Demand, the identification results for the Forest Fire Scenario indicate the following risk distribution for Office Buildings (including Branch Offices, Functional Offices, Head Offices, Regional Offices, and Sub-Branch Offices) as follows: 9% in the High-Risk category, 70% in the Medium-Risk category, and 21% in the Low-Risk category. Notably, there is no risk exposure categorized as Red Flag.

Risk Distribution of Bank Mandiri Office Buildings in the Forest Fire Scenario

High
Medium
Low



The forest and land fire risk index map below refers to the 2023 Indonesian Disaster Risk Index (IRBI):

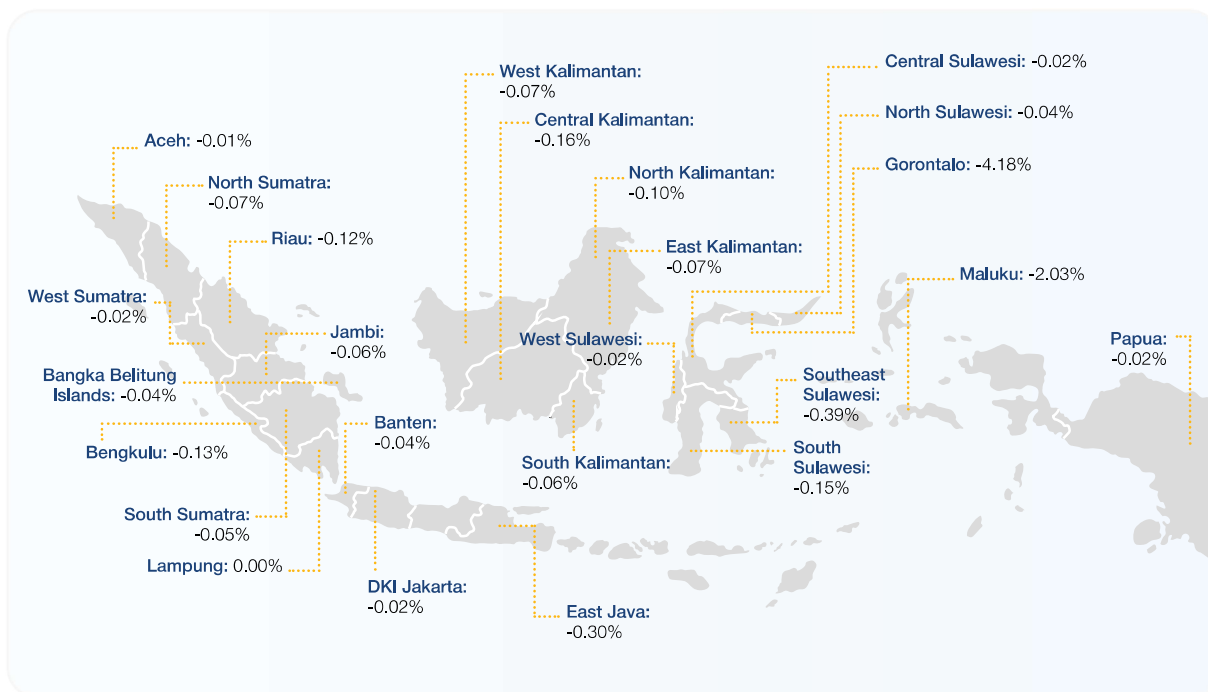


No	Regency/City	Risk Class
1	Nganjuk, East Java	High Risk (Forest Fire Prone)
2	Cimahi, West Java	Medium Risk (Forest Fire Prone)
3	Jayapura, Papua	Low Risk (Forest Fire Prone)
And so on.		

Bank Mandiri also conducted a scenario analysis for the physical risk scenario to predict the extent of damage that forest fires could inflict on our non-retail mortgage portfolio. We applied the OJK climate scalar, which can impact the Loss Given Default (LGD) value and collateral valuation.

Furthermore, Bank Mandiri has calculated changes in collateral value due to forest and land fire risks in each province. The results are presented as averages through the following distribution map:

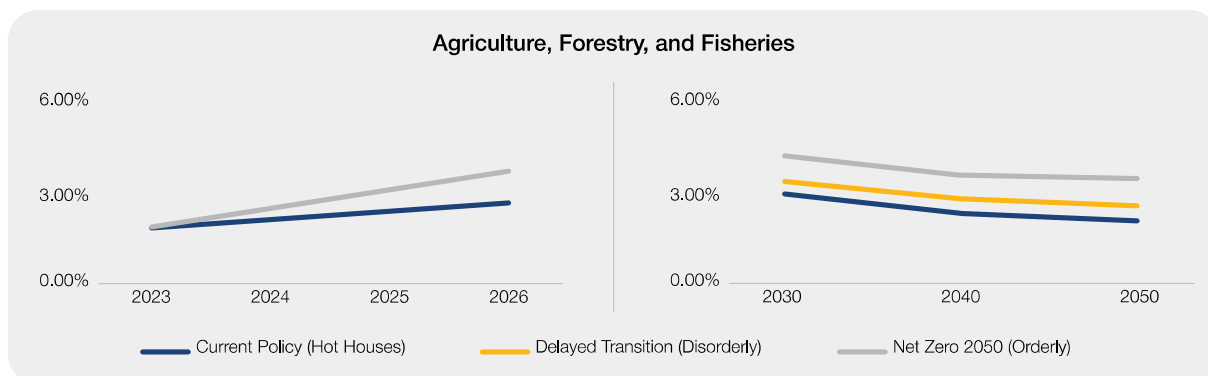
Percentage Change in Collateral Value Due to Forest Fire Risks by Province in 2024



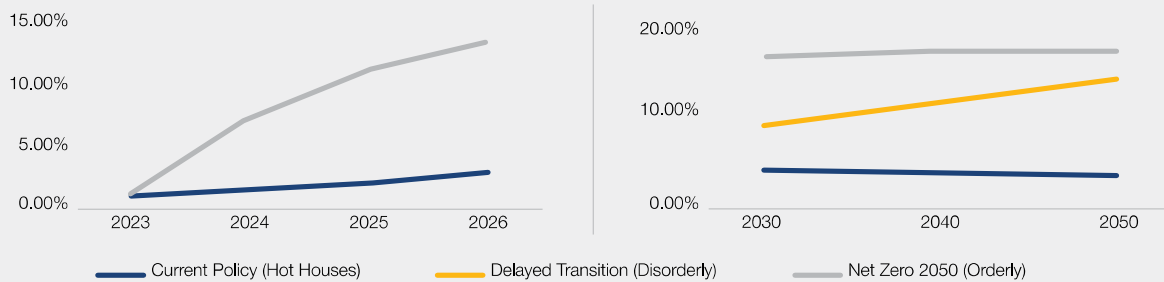
Scenario Analysis of Transition Risk

In the context of transition risks, companies face challenges and opportunities arising from carbon taxes, changes in energy prices, shifts in the energy mix, and the adoption of green technologies. To assess these transition risks, Bank Mandiri applies the Global Change Assessment Model (GCAM) and utilizes the carbon price scenarios from GCAM 6.0 NGFS.

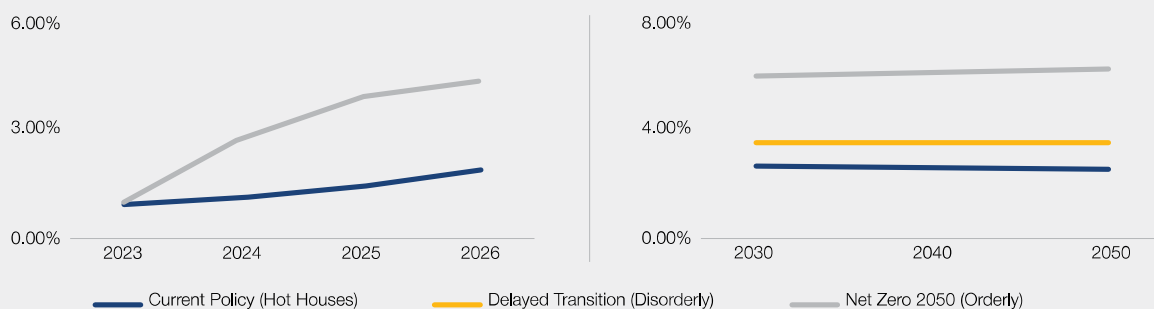
Summary of Climate-Adjusted Probability of Default (PD) Results



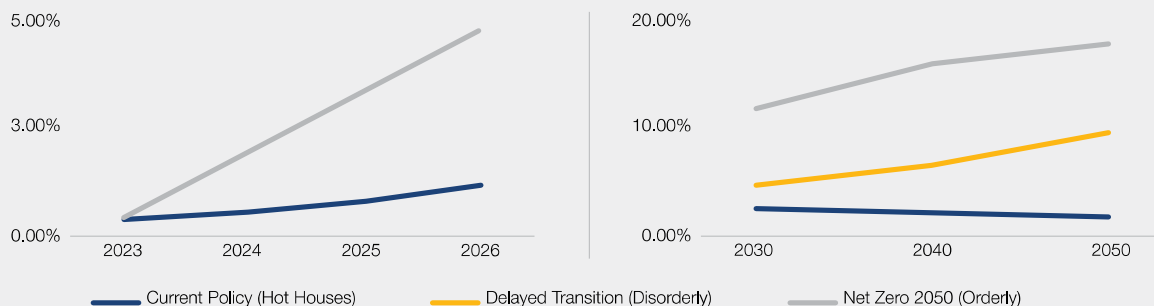
Construction



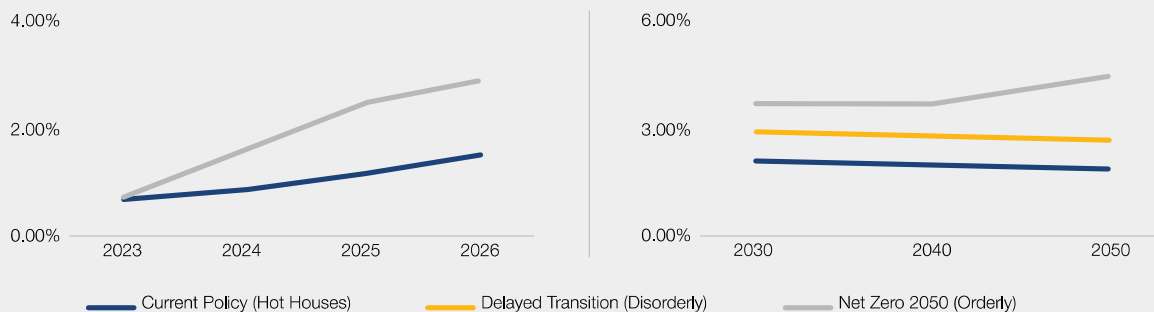
Processing Industry

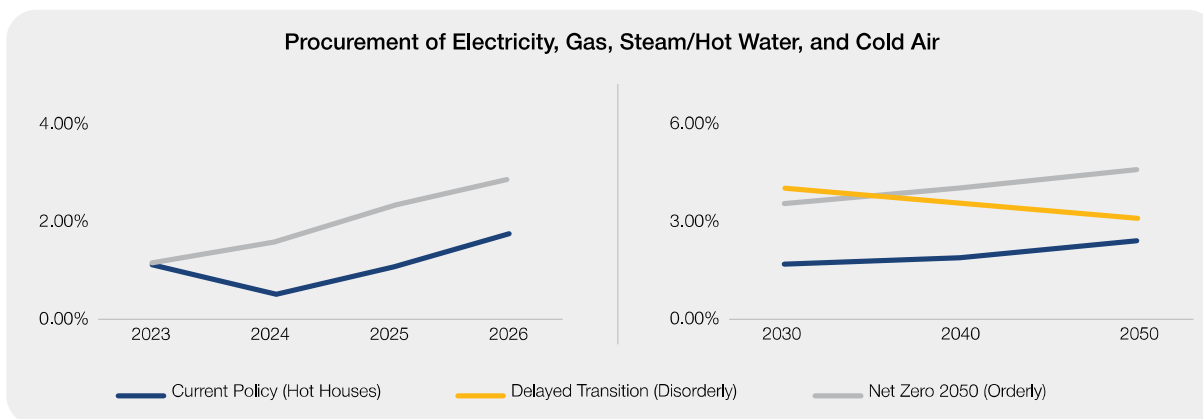


Mining and Quarrying



Transportation and Warehousing





CRST Results

The assessment results of the 2024 CRST Pilot Project indicate an increase in the Non-Performing Loan (NPL) ratio, particularly under the Net Zero 2050 (NZE) scenario. Simulations of physical and transition risks on the portfolio show that Bank Mandiri may face an increase in the NPL ratio, where in the 2025–2026 period, under the Current Policy scenario, the NPL ratio is projected to reach 1.2%.

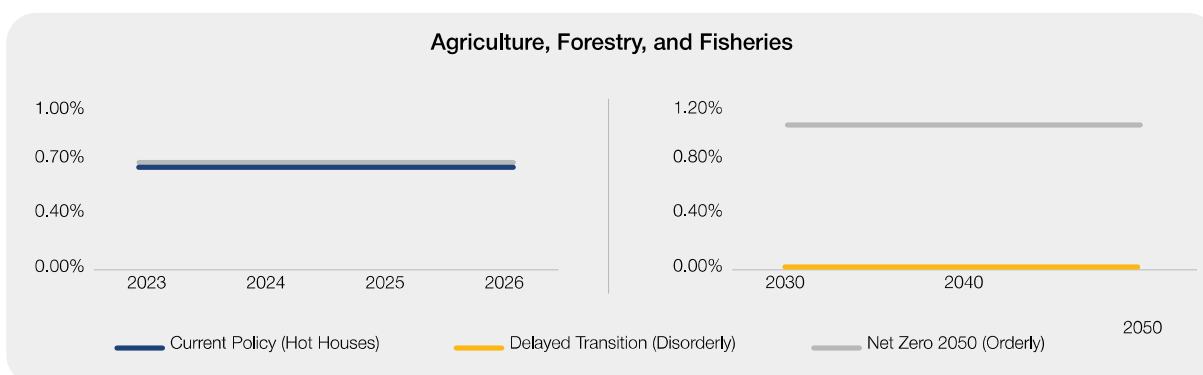
Additionally, the electricity procurement sector is a primary focus, aligned with Indonesia's international commitments to reduce emissions and transition to renewable energy. Strategies implemented in this sector reveal higher transition risks in the initial period, particularly under the Current Policy scenario. However, in the long term through 2050, transition risks are projected to increase under the NZE 2050 scenario, reflecting challenges and opportunities in managing a sustainable portfolio.

Despite the potential increase in NPL, Bank Mandiri remains capable of maintaining its capital adequacy ratio above the regulatory threshold both in the short and long term.

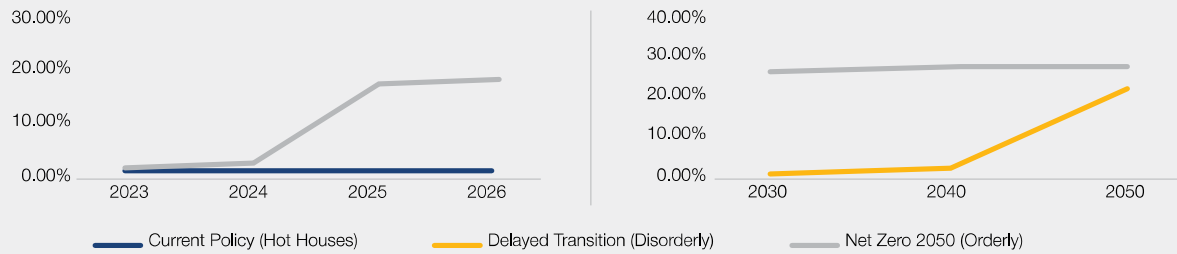
Bank Mandiri is committed to gradually transitioning its loan portfolio with a sustainable approach to support the bank's business interests and the Indonesian economy as a whole. As a state-owned enterprise (SOE), Bank Mandiri has a government mandate to support the national economy, which aligns with the transition plan toward a low-carbon economy. Based on the results of the Pilot Project Climate Risk Stress Test, we are currently developing a more comprehensive transition plan.

One of the main approaches we are considering involves collaborating with key customers particularly those in high-carbon-emission sectors, to understand their transition plans and help optimize these strategies to reduce emissions and manage transition risks. Bank Mandiri collaborates closely with key customers on ESG and sustainability issues, and we plan to further strengthen and expand these efforts by leveraging insights from the Pilot Project Climate Risk Stress Test results.

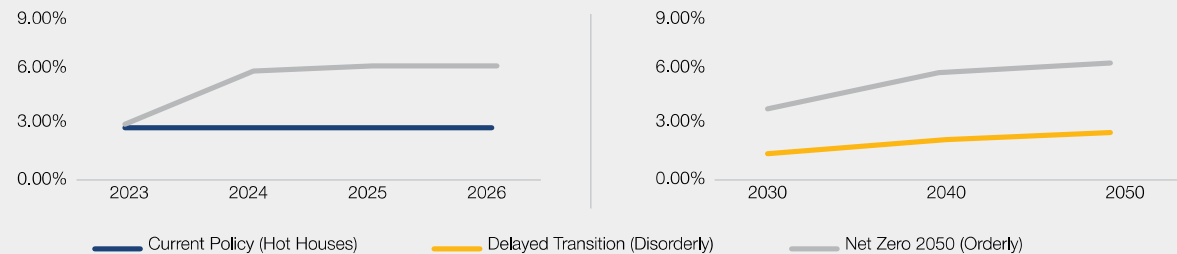
Summary of Climate-Adjusted Non-Performing Loan (NPL) Results



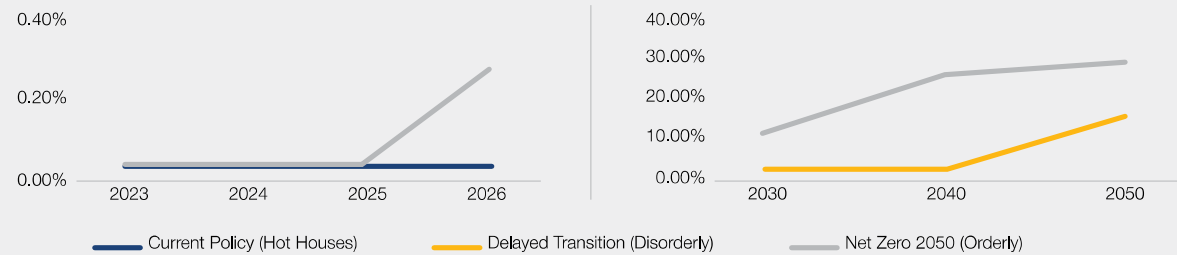
Construction



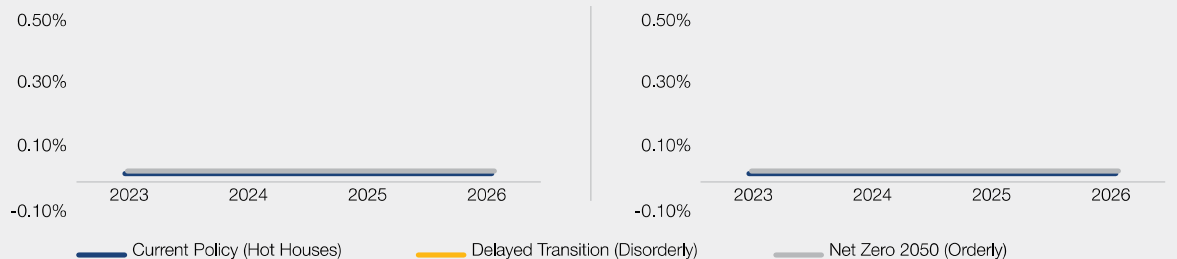
Processing Industry



Mining and Quarrying



Transportation and Warehousing



Procurement of Electricity, Gas, Steam/Hot Water, and Cold Air

