



Responsibilities for Oversight and Evaluation of ESG Governance



ESG Group

Monitor and periodic report of the implementation of ESG, including the execution of sustainable finance initiatives carried out by the ESG Group and ESG Contributor Work Units, as well as other sustainability issues related to climate management in support of the achievement of the SDGs.



RMC/Board of Directors

Guidance is provided to the ESG Group and ESG Contributor Unit to conduct reviews, develop initiatives, and align the achievement of sustainable finance initiatives with current ESG issues and stakeholder expectations.



Board of Directors

1. Quarterly reports to the Board of Commissioners through the Risk Monitoring Committee on the achievement of sustainable finance initiatives, sustainability commitments and frameworks, as well as other sustainability matters related to climate management and the achievement of the SDGs.
2. Regularly present achievements, plans, and sustainable finance initiatives to investors, the media, and regulators through analyst meetings, public exposés, the GMS, the sustainability landing page, website, and prudential meetings.

ESG Risk Management [OJK E.3]

Bank Mandiri classifies environmental and social risks, including climate change, data privacy, and data security issues, as reputational and legal risks. Accordingly, Bank Mandiri assesses and mitigates these risks through the Reputational Risk Management Framework and related policies. In its implementation, Bank Mandiri applies the four eyes principle to ensure transparency and accuracy in decision-making related to ESG risks.

The Risk Management Unit is responsible for providing independent oversight of the measurement, monitoring, and control of environmental risks, under the direct leadership of the Director of Risk Management. This Unit collaborates with the ESG team, Business Units, and functional groups to ensure that environmental and social risks are integrated into Bank Mandiri’s ESG strategy. This process aims to ensure that current industry standards on environmental responsibility are applied across banking services, stakeholder engagement, and the management of operational facilities.

The Board of Commissioners and oversees the implementation of ESG risk management, including climate change, data privacy, and data security issues, through the Risk Monitoring Committee and the Risk Management Committee, as outlined below.

1**Risk Monitoring Committee**

This Committee assists the Board of Commissioners by providing advice to the Board of Directors to obtain reasonable assurance that the Bank's risk management implementation continues to meet adequate procedural and methodological standards. This ensures that the Bank's business activities remain controlled within acceptable risk limits and are conducted in a prudent and profitable manner.

Members, Roles, and Responsibilities of the Risk Monitoring Committee**Members**

1. The Risk Monitoring Committee consists of at least 3 (three) members, comprising Independent Commissioners and Independent Parties who are not Commissioners.
2. The composition of the Risk Monitoring Committee includes at least 1 (one) Independent Commissioner serving as Chairperson and member, with experience in finance, risk management, and/or business, as well as one Independent Non-Commissioner Party with expertise in risk management.

Roles and Responsibilities

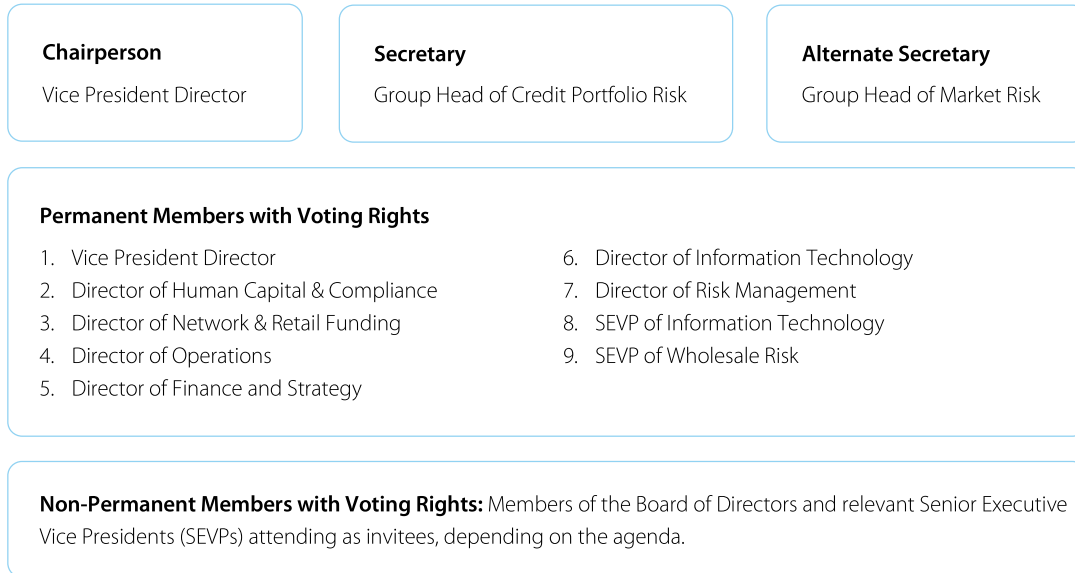
1. Monitor and evaluate risk management policies, including their implementation and compliance with applicable regulations.
2. Review risk profile reports, bank soundness reports, and other risk-related reports.
3. Provide recommendations to enhance the effectiveness of risk management.
4. Hold regular meetings with relevant work units.
5. Report the results of oversight activities periodically to the Board of Commissioners.
6. Prepare and periodically review the working guidelines.



2 Risk Management Committee (RMC)

The RMC assists the Board of Directors by confirming the adequacy of risk identification, measurement, and monitoring, as well as by proposing risk management policies and strategies for approval by the Board of Directors. The RMC holds regular meetings to monitor ESG targets and performance.

Risk Management Committee Structure



Sustainable Finance [GRI G4 FS1]

Bank Mandiri integrates sustainable finance principles across all business processes. This action plan focuses on developing a sustainable financial portfolio and risk management with an emphasis on ESG aspects, improving human resource capacity,

data security and privacy, strategies towards operational NZE 2030, financial inclusion, and adjustments to organizational structure, governance, and disclosure.

Responsibility for Sustainable Finance [OJK E.1]

Bank Mandiri reaffirms its commitment to sustainable finance through the formulation of the Sustainable Finance Action Plan (SFAP) for the period 2025 – 2029, which strategically outlines programs to achieve sustainability targets. Bank Mandiri submitted the SFAP document to the Financial Services Authority in November 2024. To ensure optimal implementation, the Board of Directors holds full responsibility for the establishment and execution of the SFAP, particularly in relation to climate change and the SDGs. Meanwhile, the Vice President Director coordinates the overall management of ESG across all directorates.

Furthermore, Bank Mandiri established the ESG Group as a dedicated unit pursuant to a Board of Directors' Decree to manage sustainable finance in accordance with POJK 51/2017. The ESG Group operates under the supervision of the Vice President Director and serves as the primary overseer of ESG implementation. This unit is responsible for managing the sustainability framework, ensuring regulatory alignment, overseeing the sustainable portfolio, formulating operational strategies, and handling communication and reporting. With regard to the G-SIB score, Bank Mandiri is not currently classified as a Global Systemically Important Bank. [FN-CB-550a.1]

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

Growing expectations from the global community and government regarding the management of ESG issues have driven a shift toward more environmentally friendly and inclusive business practices, particularly in efforts to achieve a low-carbon economy and the Net Zero Emission (NZE) target. While ESG issues introduce new risks and challenges, they also create significant positive business opportunities.

Recognizing that the implementation of sustainable finance initiatives is a long-term journey with inherent challenges, Bank Mandiri identifies and evaluates potential issues and proactively establishes mitigation measures to address these challenges.



Challenges in the Implementation of Sustainable Finance

1 Uneven internal understanding and capabilities related to sustainable finance

Bank Mandiri enhances employee awareness and capabilities through various initiatives, including training programs, workshops, and comparative studies to best practices.

2 Limited understanding of ESG aspects among customers and business partners

Bank Mandiri conducts outreach and socialization initiatives, including workshops involving customers, ESG experts, and relevant stakeholders, to promote the adoption of ESG aspects across priority sectors.

3 Readiness of systems and processes to support the integration of sustainable finance into the Bank's business activities

This includes the development of monitoring and reporting systems related to the Sustainable Business Activity Categories (KKUB) and the Indonesian Sustainable Finance Taxonomy (TKBI), including systems for calculating, recording, and reporting emissions, both operational greenhouse gas (GHG) emissions and emissions from financing activities.

4 Technological disruption, particularly digitalization, has increased cyber and IT risks

Bank Mandiri strengthens various mechanisms to mitigate cyber and IT-related risks.

5 Evolving sustainable finance regulations

To ensure effective implementation, Bank Mandiri develops standards and technical guidelines in response to new and emerging regulations.

6 Policies, stimulus measures, and incentives from various government institutions are required to encourage financial institutions

These efforts aim to support business actors in implementing sustainable finance.

Bank Mandiri demonstrates a strong commitment not only by identifying and mitigating risks related to ESG issues, but also by actively capitalizing on emerging opportunities through a wide range of sustainable finance initiatives. In order to optimize these opportunities, Bank Mandiri has undertaken several strategic actions, including:



1. Building ESG expertise

To accelerate the development of a low carbon business ecosystem, Bank Mandiri builds ESG expertise through various training programs, certifications, and workshops involving industry experts, customers, banking peers, regulators, and relevant institutions.



2. Developing sustainable financial products and services (GRI G4.F54)

Bank Mandiri develops a wide range of sustainable financial products and services across both funding and financing activities, supporting customers in sectors with higher ESG risks in their transition toward more responsible and environmentally friendly business practices. By providing sustainable finance instruments, Bank Mandiri helps customers reduce carbon emissions and supports the transition of supply chains toward a low-carbon ecosystem.



3. Promoting digitalization

Bank Mandiri promotes digitalization through the launch of various digital products, including Livin' by Mandiri for the retail segment and Kopra by Mandiri for the wholesale segment.



4. Enhancing community empowerment and financial inclusion

Bank Mandiri enhances community empowerment and financial inclusion through financing to the MSME segment and Mandiri Agents.



5. Collaborating with regulators and relevant institutions

Bank Mandiri collaborates with regulators and related institutions to support government programs addressing climate change issues and the achievement of the SDGs.