



Climate Change Strategy [GRI 201-2]

As part of its commitment to mitigating the impacts of climate change, Bank Mandiri aligned its actions with the Paris Agreement and Indonesia's Second Nationally Determined Contribution (SNDC). Bank Mandiri seeks to reduce carbon emissions and support the global goal of limiting temperature rise to 1.5°C, including by committing to achieve Net Zero Emissions (NZE) in Operations by 2030 and NZE in Financing by 2060 or sooner.

Bank Mandiri's climate change strategy is anchored in three main approaches, namely strengthening the commitment and implementation of sustainability strategies in responding to climate change, providing financing to support customers' transition toward NZE and promoting GHG emission reduction initiatives through carbon offsets by participating in carbon markets or climate change mitigation activities.

Bank Mandiri conducts comprehensive materiality assessments of climate change-related business risks. This process includes scenario modelling and sensitivity analysis to understand the potential impacts of climate change on business performance and resilience. In conducting scenario modelling and sensitivity

analysis, Bank Mandiri refers to the Network for Greening the Financial System (NGFS) framework.

At the operating unit level, the Company has established commitments that incorporate ESG-related indicators, including the performance of climate change strategies through the reduction of Scope 1 and 2 greenhouse gas (GHG) emissions, with the ESG Group serving as the control tower. Further information on GHG emissions is presented in the Metrics and Targets subsection.

Bank Mandiri has conducted a comprehensive climate resilience assessment to ensure that the Company's strategy and business model are capable of addressing climate-related changes, developments, and uncertainties. This assessment was carried out by taking into account the identified climate-related risks and opportunities.

Bank Mandiri classifies the impacts of climate-related risks and opportunities into short-term (≤ 1 year), medium-term (2–5 years), and long-term (more than 5 years) time horizons.

Transition Risks

The identification of climate transition risks is conducted comprehensively across Bank Mandiri's business activities, taking into account the following relevant quantitative and qualitative factors:

Category	Risk Factor	Potential Financial Impact	Impact Level	Timeframe		
				Short	Medium	Long
Scope: Policy & Regulatory Changes, Technological Changes, Market Sentiment Changes						
1 Credit Risk	Credit risk related to the climate transition, which may increase the potential for debtor defaults, particularly among debtors in high-emission sectors due to rising compliance costs and declining demand from buyers.	An increase in NPLs and the need for higher loan loss provisions (CKPN), as well as a decline in interest income due to the deterioration in the quality of the loan portfolio.	High	✓	✓	✓
2 Market Risk	Market risk arising from the climate transition, which may trigger changes in monetary policy (interest rates) and exchange rate volatility, thereby affecting the value of the Bank's financial assets.	Potential mark-to-market losses on the Bank's asset portfolio (e.g., securities) due to repricing resulting from changes in interest rates and/or exchange rates.	High	✓	✓	