



# ESG Governance

Bank Mandiri’s sustainability vision “Becoming Indonesia’s Sustainability Champion for a Better Future”, operates through 3 (three) strategic pillars and a range of supporting initiatives, all aligned with the Sustainable Development Goals (SDGs). To ensure their effectiveness, Bank Mandiri has built a strong sustainability governance foundation that focuses on strengthening sustainability governance, enhancing capacity building, and improving disclosures in line with best

practices. These efforts aim to ensure that the Bank internalizes sustainability principles across all aspects of its operations and decision-making.

To further strengthen ESG governance, Bank Mandiri has established a sustainability governance structure that involves all policy setting bodies, decision makers, oversight functions, and implementers of the ESG strategy.

## ESG Governance Structure [GRI 2-9, 2-12, 2-13, 2-24]

### Sustainability Governance Structure



**Board of Commissioners/ Relevant Board of Commissioners Committees**



**Board of Directors/Relevant Board of Directors Committees**



**ESG Working Group**

1. ESG Coordinator Unit
2. ESG Contributor Unit
  - Business Units
  - Risk Management Unit
  - Supporting Units
  - Regional Offices I to XII

The duties and responsibilities within the sustainability governance structure of Bank Mandiri include, among others, the following:



### Roles and Responsibilities of the Board of Commissioners

Monitor and evaluate the Company's compliance with the Articles of Association, regulatory authorities' provisions, and regulations related to risk management.



### Roles and Responsibilities of the Board of Directors

Establish strategies and ensure the implementation of the Company's ESG initiatives.



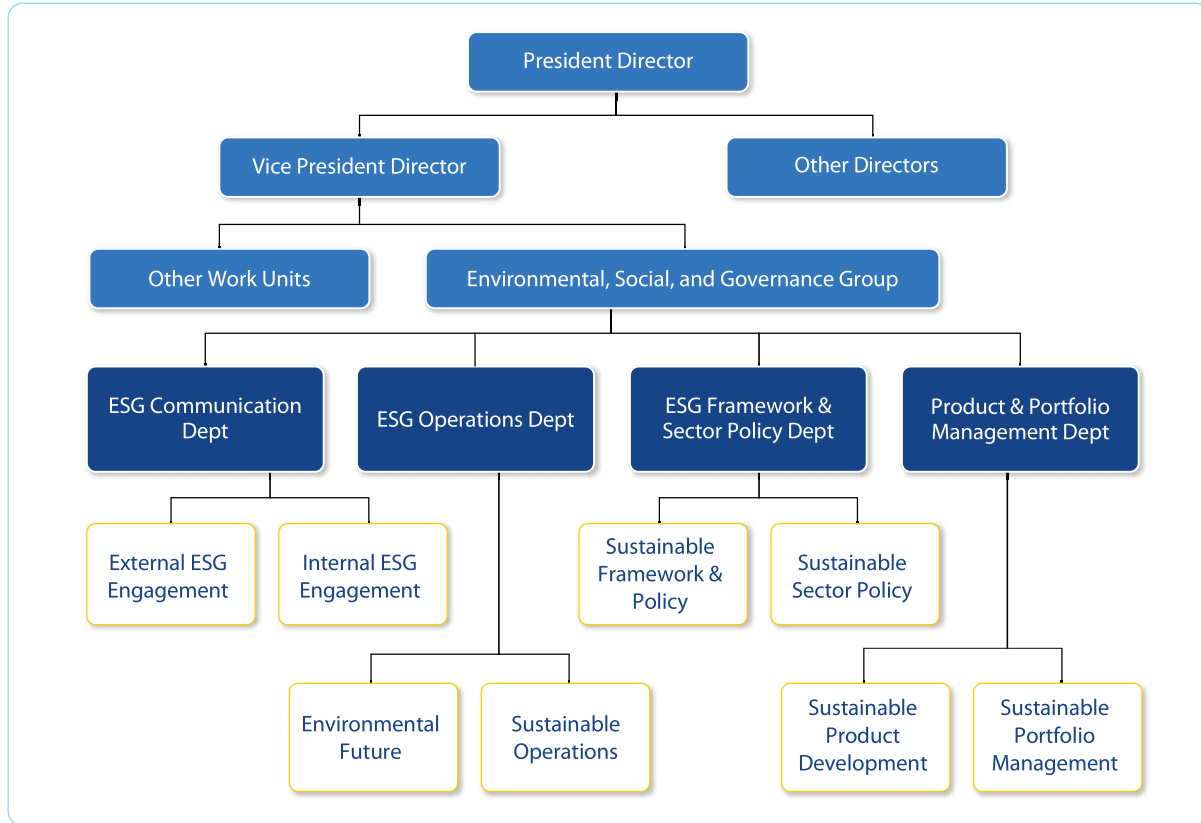
### Roles and Responsibilities of the ESG Coordinator Unit [GRI 2-12, 2-13, 2-14]

1. Collaborate with ESG Contributor Unit in preparing the RAKB report and the Sustainability Report annually in accordance with prevailing regulations.
2. Work jointly with ESG Contributor Unit in developing ESG frameworks and policies aligned with best practices and national regulations.
3. Coordinate the development of frameworks, vision, commitments, strategies, and initiatives to integrate ESG aspects into all of the Bank's business and operational activities.
4. Monitor the progress and realization of RAKB initiatives and report them to management and stakeholders.
5. Perform the function of aligning and integrating Sustainable Finance initiatives and ESG aspects on a bankwide basis across financing/investment and operational activities.
6. Evaluate prospective debtor proposals to ensure compliance with sustainable financing requirements and alignment with applicable taxonomies and regulations.
7. Collect and manage data for the calculation of Scope 1, Scope 2, and Scope 3 carbon emissions.
8. Conduct assessments on the implementation needs of carbon neutrality initiatives to achieve Net Zero Emissions (NZE).
9. Execute the purchase and retirement of Carbon Units and/or Renewable Energy Certificates (REC) through trading mechanisms.
10. Monitor the sustainable financing portfolio in accordance with prevailing regulations.



## ESG Unit Structure [GRI 2-9, 2-12, 2-13, 2-24]

ESG Unit Structure



The ESG Unit of Bank Mandiri was established to ensure the consistent integration of sustainability principles into the Company's strategy, policies, business processes, and communications. Structurally, the ESG Unit operates under the coordination of the Company's management and collaborates across business units to strengthen governance, accelerate the implementation of environmental and social agendas, and maintain the quality of ESG performance disclosures in accordance with applicable standards.

## ESG Unit Responsibilities [GRI 2-12, 2-13, 2-14] [GRI G4 FS12]

### ESG Communication Department

1. Prepare ESG disclosures.
2. Formulate strategies to enhance the Company's ESG rating.
3. Promote stakeholder engagement through various internal and external activities and publications.

### ESG Framework and Sector Policy Department

1. Develop frameworks and policies related to ESG.
2. Integrate ESG aspects into business processes and internal policies.
3. Develop sustainable financing schemes, including client advisory and engagement.

### ESG Operations Department

1. Develop the management framework and strategies for reducing operational greenhouse gas (GHG) emissions.
2. Develop and monitor the implementation of the Sustainable Finance Action Plan.

### Product and Portfolio Management Department

1. Formulate strategies and monitor the Sustainable Portfolio.
2. Develop various sustainable financial products and/or services.
3. Develop transition strategies to reduce financed emissions in alignment with the National Net Zero Emissions (NZE) target.
4. Conduct policy advocacy on sustainable finance taxonomy and climate risk management.

## ESG Governance Oversight and Evaluation [GRI 2-16]

Bank Mandiri ensures that the management of ESG policies is carried out effectively and remains aligned with stakeholder expectations, applicable regulations, as well as banking practices and global initiatives. In general, The Board of Directors establishes sustainability policies, strategies, and targets, and manages the associated social, economic, environmental, and climate impacts. Meanwhile, the Board of Commissioners performs an oversight function over the

ESG strategies and implementation. In addition, Bank Mandiri approved the ESG Guiding Principles through the Decision of the Risk Management and Credit Policy Committee (RMPC) No. RMPC/051/2023 dated December 13, 2023. The ESG Guiding Principles serve as a strategic document that provides direction and guidance for Bank Mandiri in integrating LST aspects into all internal policies related to the Bank's business and operational activities.

### Oversight by the Board of Commissioners

The Board of Commissioners performs an oversight of ESG matters, including climate change-related issues, by reviewing reports on sustainable financial performance, the implementation of the sustainability framework, and the achievement of the SDGs. The ESG Unit subsequently submits performance reports, including periodic updates on ESG performance.

### Oversight by the Board of Directors

At the executive level, the Board of Directors establishes the implementation of ESG management, including climate change-related risks, through the Risk Management Committee. This Committee plays a key role in reviewing, developing, and aligning the achievement of sustainable finance initiatives with current ESG issues and stakeholder expectations.

The management of sustainability impacts is delegated to the ESG Group, which operates under the supervision of the Vice President Director. This ESG Group consists of 32 members

responsible for formulating strategies and overseeing the implementation of ESG aspects across all functions of Bank Mandiri. The outputs of the ESG Group are reported to the RMC and KPR for review and may subsequently be submitted to the Board of Directors as necessary.

The Board of Directors also oversees the implementation of integrity and ethics through the Internal Control System to ensure a corporate culture that upholds ethics and risk management across all levels of the organization.



### 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.