

Corporate Social Responsibility Related to the Environment



COMMITMENT AND POLICY

Bank Mandiri has set some policies concerning the environment, both in terms of financial products/ services development and environmental conservation. In terms of products and services, the Company has set some policies, including:

1. Bank Mandiri Crediting Policy (KPB) that prohibits financing of businesses or projects that endanger the environment. Concerning this issues, Bank Mandiri sets a Standard Crediting Procedure (SPK) that arranges, among others:
 - a. Requirement for potential borrowers to submit an Environmental Impact Analysis (AMDAL) for compulsory business plan or Environmental Management Effort (UKL) - Environmental Monitoring Effort (UPL), in accordance with applicable regulations of law.
 - b. Requirement for potential borrowers to submit the result of Assessment Program for Company Performance Rank in Environmental Management (PROPER) issued by the Ministry of the Environment.
 - c. Prohibition of issuing credit for businesses posing threat to the environment, including sites of cultural heritage, and protected flora and fauna, and the likes.
2. On the other hand, the policy of Bank Mandiri in terms of environmental management and conservation is realized by providing appeals, announcements, and regulations to minimize the Company's operational impact on the environment. Bank Mandiri always strives for efficient operational efficiency in all of its Working Units that encompass the Group, Regional Offices, and Branches.



IMPORTANT AND IMPORTANT ENVIRONMENTAL RISKS AND RISKS

As a corporation engaged in banking, Bank Mandiri has identified the main risks faced, especially if lending is given to institutions that have environmental problems. Therefore, Bank Mandiri has a Green Banking policy related to the lending process, which is set out in Bank Mandiri's internal policies.

ACTIVITY PLAN

Bank Mandiri as one of 8 (eight) Banks included in Indonesia First Movers on Sustainable Banking, has a passion to become a pioneer of sustainable banking. Concrete steps taken by Bank Mandiri are implementing RAKB 2019 - 2023 which is routinely reported to the Risk Management Policy & Committee (RPMC) and preparing a Bank Sustainability Action Plan 2020-2020 in accordance with POJK No. 51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies.

The preparation and implementation of the RKAB is a concrete action by Bank Mandiri in implementing sustainable finance by developing risk management practices that support sustainable finance. Bank Mandiri has consistently implemented credit financing policies in environmentally friendly business sectors where this has been regulated in Bank Mandiri's internal regulations such as:

- a. Bank Mandiri Credit Policy (KPBM) which prohibits financing for businesses or projects that endanger the environment.
- b. Credit Procedure Standard (SPK) which among others regulates:
 - Obligations of prospective borrowers submit Environmental Impact Analysis (AMDAL) in financing to businesses / industries that are required or Environmental Management and Monitoring Efforts (UPL) in accordance with applicable laws and regulations.
 - Obligations of prospective debtors to submit the results of an assessment of the Company Performance Rating Program in Environmental Management (PROPER) issued by the Ministry of Environment, especially for companies that have an important impact on the environment; has a very large amount of environmental pollution or damage; potential to pollute or damage the environment; registered on the capital market both at home and abroad; export oriented.
 - Industry Acceptance Criteria (IAC) Palm Oil which has been updated in several aspects such as not being allowed to distribute Peatland financing, both new and existing debtors of Bank Mandiri; Land area for planted at least 3,000 Ha; preferably HGU land status; Have a Plantation Business Permit; Have an ISPO certificate or at least proof of ISPO registration; Have a SOP for Prevention and Handling of Land Fires, have standard fire handling equipment in accordance with the criteria of the land and have a special fire prevention team that is trained according to the Directorate General of Forestry standards; and Plantation companies with an area of 250 hectares or more are required to facilitate the development of community gardens around a minimum of 20% of the total area of IUP-B or IUP or as stated in the location permit.

Bank Mandiri has also formulated the Sustainability Banking Principles, which are all principles of managing Bank Mandiri activities in aspects of Customer, Business Strategy, Banking Operations, Risk Management, Human Capital and Community Development. In one aspect of Risk Management it is stated that the Bank considers and mitigates all risks including the Environmental and Social risks in business activities.

Other than implementing this strategy, Bank Mandiri also carries out corporate social responsibility activities related to the environment with the following costs:

Activity Category	Implementation Cost (IDR)			
	2019	2018	2017	2016
Environmental / Nature Conservation	300.003.500	-	240.090.250	411.375.000

Bank Mandiri targets that Bank Mandiri's lending activities will always adhere to applicable internal regulations and will always try to avoid giving credit to projects or businesses that are clearly endangering the environment. Bank Mandiri will also ensure that 100% of debtors meet the AMDAL requirements and obtain the BLUE / GREEN / GOLD PROPER rating.

Bank Mandiri also targets energy saving and emission reduction activities with the Green Office Program. This program is a tangible form of contribution in environmental management around the head office in supporting the management of environmentally friendly offices. In its implementation, the office management along with all workers try to implement various saving programs such as saving paper, saving electricity, and saving water through socialization and advice. The program can provide tangible benefits such as reducing operational costs, increasing efficiency, and also improving the image of Bank Mandiri. Activities and activities in support of the creation of a Green Office are carried out through the use of environmentally friendly materials and more efficient use of energy.

LIVING ENVIRONMENTAL PROGRAM ACTIVITIES

The manifestation of Bank Mandiri's support for environmental preservation is reflected in each of Bank Mandiri's activities both at the Head Office and its business activities, among others as follows.

Green Banking

Credit Process

For each credit proposal, either for corporate or commercial sector, discussion of Environmental Impact Analysis (AMDAL) is included as one of the conditions.

In allocating its credits, Bank Mandiri prioritizes environmentally friendly organizations such as those in renewable energy, environmentally friendly transportation, energy efficiency, and those implementing sustainability concept.

- Debtors from the palm oil industry are required to have Indonesian Sustainable Palm Oil (ISPO) certification.
- Debtors from big palm oil industry must also have AMDAL and PROPER;
- Percentage of companies with green and blue PROPER policies of the total amount of allocated credit

The distribution of loans in the plantation industry sector with the largest portion of palm oil commodities in 2019 is presented in the following table:

No.	Comoditi	Number of Debtors	Loans Limit (IDR Billion)	Outstanding Principal Value (IDR Billion)
Corporate dan Retail-SME				
1	Palm oil	707	123.822	91.526
2	Rubber	103	4.850	3.677
3	Cane	60	3.018	2.299
4	Tea	8	419	364
5	Coffee	21	6.185	3.673
6	Other Agro Commodities	96	1.632	993
Total		995	139.927	102.533



Some of Bank Mandiri's loan distribution activities in the plantation industry sector are focused on financing the Corporate and Commercial Segments as follows:

- **Corporate Segments**
Throughout 2019, the portfolio managed by the Corporate segment reached IDR329.76 trillion, with the largest loans distribution being extended to the oil palm plantation industry sector and its derivatives that have passed ISPO certification. This standard is part of a policy made by the Ministry of Agriculture that aims to increase the competitiveness of Indonesian palm oil in the world market, and to participate in order to fulfill the President's commitment to reduce greenhouse gases, and pay attention to environmental issues.
- **Commercial Segments**
During 2019, the Commercial segment managed a portfolio of IDR151.42 trillion, with the largest loans distribution to the palm oil and CPO sectors. The provision of loans is aimed at encouraging the development of an environmentally sound national palm oil and CPO industry through close monitoring of business practices so as not to damage the environment.

When the Corporate, Commercial and Retail-SME segments are combined, the total loans distribution to the plantation industry reaches IDR139,927 billion, still greater than the total retail-micro plantation industry loans distribution with a total loan limit of IDR7,271 billion and a total outstanding principal value IDR 5,020 billion.

As a form of applying the concept of sustainable finance in loans distribution, as well as in preserving the environment, Bank Mandiri has channeled financing to sectors related to environmentally friendly energy, including:

1. Bank Mandiri has disbursed financing to the 515 Megawatt Poso Hydroelectric Power Plant project by PT Poso Energy, the Merangin 350 Megawatt Hydroelectric Development Project by PT Kerinci Merangin Hidro and other hydropower projects.
2. Bank Mandiri has also channeled funding for the Flood Control Infrastructure Development Project and the Umbulan Regional SPAM Project by PT Adhi Karya (Persero).
3. In addition, Bank Mandiri also distributed financing to the Minihidro Power Plant (PLTM) projects, including the Cikaso PLTM project, Silau 2 PLTM, Lebak Baran PLTM, Lebak Tundun PLTM and Segara PLTM by the Salim Group.

Digital Banking

Since the initiation of the use of digital banking in Bank Mandiri's banking activities, Bank Mandiri has made paper savings in customer transactions at the Branch Office. Paper savings are also enhanced through e-billing. Further explanation of Bank Mandiri's digital banking products and services has been explained in the Management Analysis and Discussion section of the Company's Performance in this annual report.

Activities to Save Energy and Water

Bank Mandiri uses energy in the form of electricity and petrol fuel to support its daily operations. The electricity is supplied by PT PLN (Limited Liability Company). And as an alternative source of electricity whenever there is blackout, as not to disrupt operation and services, the Company also provides generator sets. Other than generator set, petrol fuel is also used for the Company's operational vehicles. The types of the petrol fuel used include premium, pertalite, pertamax, pertamax plus, diesel oil, and dex.

Bank Mandiri realizes that both electricity and fuel are non-renewable energy sources and that their availability

is limited, Bank Mandiri takes necessary measures to save their use. In order to save electricity, Bank Mandiri applies the green building concept that is environmentally friendly. The concept is applied by the Company when developing the Mandiri University Complex which was planned to have 15 towers with expected electricity saving of 20%. In the Wijaya Kusuma (WK) area, where Mandiri University is located, a 1.8 hectare artificial lake that serves as a water reservoir was constructed. This will serve as the main water source to be processed into clean water for the buildings around the area, including Mandiri University. In the WK area, the land not allocated for buildings is around 78% of the area, from a total of approximately 20 hectares. So the land allocated for buildings is only about 22%. The open spaces are for a park, green open spaces, an artificial lake, perimeter drainage, pavement, water catchment area, and many more. Therefore, this WK area has already employed the environmentally friendly concept.

Throughout 2019, Bank Mandiri has initiated saving of electricity by replacing ordinary bulbs with LED lights. Air conditioners have also been replaced with environmentally friendly ones. Use of electricity has also been reduced in all working units at Bank Mandiri Offices by turning off lights during lunch breaks and in public area during the day. Electricity saving is also implemented by adding more glass panels in Mandiri Headquarter building. During daylight, electricity during office operational hours can optimize the energy obtained from the sun.

Meanwhile, in order to save the use of fuel, the Company has implemented policies such as reducing the number of physical meetings across offices, including with those with regional offices, and conduct teleconferences instead. The Company also implements the policy of less use of operational cars and replace them with four shuttle buses instead.

In addition to paper and fuel, Bank Mandiri also uses water resources in activities. The Company uses water resources from PDAM (the Regional Drinking Water Company). This water is used for cooling tower, the canteens, the restrooms, the mosque, to water the plants, and many more. Due to limited clean water sources and it costs a lot of money to process raw water to drinking water, Bank Mandiri implements the policy to save water. Other than posting signs of proper use of water, the Company also regularly checks water installation as to ensure proper maintenance and fixing due to leakage or any other damages.

Another measure to reduce the use of clean water is by proving a water recycling facility at the Headquarter. This recycled water can be used for many purposes, including watering the plant. Bank Mandiri also dedicated 30% of the area it possesses, or equal to 13,000 m² from a total of 39,000 m² for a green open area. Other than being used as a water recycling facility, the open area also serves as biopores to catch rain water. As of December 31, 2018, there are 100 biopore holes and it is targeted to continue to grow to become 120 holes in 2019.

As Bank Mandiri uses water supplied by PDAM, instead of ground water, there has never been any complaint from the local community concerning the use of water sources in and around the Headquarter in yearly reports.

Activities to Manage The Environment and The Resulting Waste

In waste water management activities, Bank Mandiri uses recycle water produced from waste water management in the form of sewage treatment plants so as to save on environmental management costs. Because Bank Mandiri uses water sourced from PDAMs and not ground water, during the reporting year, there were no complaints from the public regarding the disruption of the springs in the vicinity of the Head Office location.

In addition to environmental management, Bank Mandiri's operations produce solid waste in the form of waste from office activities, and liquid waste from office waste water. One of the efforts to reduce solid waste is by using energy saving lamps (LED). By using LED lights, the lifespan of the use of the lamp becomes longer, so that the lamp waste becomes decreased. Furthermore, in order not to cause environmental problems, Bank Mandiri provides sufficient trash bins. The collected waste will be disposed of at the Final Disposal Site (TPA) by third parties in collaboration with Bank Mandiri. The waste in the green open area in the form of fallen leaves is used as organic fertilizer. In addition to fertilizing the land, this effort also saves the cost of purchasing fertilizer.

Paper Saving Activity

Daily operations such as office administrations of printing documents and transactions with clients require the use of paper, which is almost inevitable. And as paper is made of pulp from trees, Bank Mandiri attempts to reduce its usage.



Measures taken for this include development of paperless administration and digital banking by making use of available information technology such as emails and mobile applications. Saving is also implemented by not printing non-essential documents, checking for mistakes in documents prior to printing, as to avoid re-printing, printing on both sides, and using used paper for printing of internal administration requirements.

ENVIRONMENTAL CONSERVATION

SOCIAL FORESTRY PROJECT OF MUARA GEMBONG

Starting in 2018, Bank Mandiri has always been support the implementation of the Social Forestry program in optimizing the estuary of the Gembong with acting as a bank channeling People's Business Credit (KUR) for fish farmers. In addition to revitalizing land ponds covering 830 hectares, Bank Mandiri also supports mangrove conservation monitoring program on land planted by several types of plants mangroves, including types of mangroves, fires, pidada, atep, and jeruju. Around the Mangrove conservation location there are some rare animal habitats, including Javan Lutung habitat, Long-tailed macaques, and migratory birds.

SYNERGY CONSERVATION OF BADAK

Rhino is one of the protected animals in Indonesia but with increasing population human and increasing land requirements for shelter causes more narrowness rhino habitat and its increasingly threatened existence. Consider that one of the tasks of BUMN is to participate in nature conservation, then it is appropriate the direction of the Ministry of BUMN, in 2019 the Bank Mandiri synergizes with several BUMNs and companies World Wildlife Fund (WWF) Indonesia and the Foundation Badak Indonesia (YABI) in the form of CSR programs protection and restoration of rhino species, good rhino Javanese and Sumatran rhinos from extinction.

SOCIAL RESPONSIBILITY CHANNEL FOR SOCIAL RESPONSIBILITY RELATED TO ENVIRONMENT

Realizing the environment-related corporate social responsibility, both for products/services development and environmental conservation, Bank Mandiri provides ease of access for members of the community to give feedback or complaints by sending email to our Customer Care at mandiricare@bankmandiri.co.id.

QUANTITATIVE IMPACT OF ACTIVITIES ACTIVITIES OF SOCIAL RESPONSIBILITY FOR LIFE

QUANTITATIVE IMPACT OF GREEN BANKING ACTIVITIES

Implementation of green banking concept in credit disbursement was a form of Bank Mandiri support in maintaining environmental conservation, which resulted in the following impact:

- All (100%) debtors had fulfilled AMDAL requirements with 47,3% of them obtained the predicate of BLUE/GREEN/GOLD PROPER. This will surely result in positive impact for the environment in Indonesia due to the increase of PROPER predicate by various companies.
- Out of the total 57 palm oil companies that became debtors of Bank Mandiri, 44 companies were already/currently in the process of certifying Indonesian Sustainable Palm Oil (ISPO) and 22 companies already had Roundtable Sustainable Palm Oil (RSPO) certification. The certificate indicates the role of the company in environmental conservation. It is expected that as more companies acquire the certificate, environmental conservation shall increase

QUANTITATIVE IMPACT OF ENERGY AND WATER SAVINGS

Throughout 2019, Bank Mandiri has done electricity use savings of 1,842,760 KWh compared to the previous year. Austerity electricity is also sought by reducing radiation sunlight coming into the building with using the Overall Thermal Transfer Value glass (OTTV) is low so that it can reduce usage electricity for air conditioning as well as by doing programs lights out every rest hour throughout Bank Mandiri office.

Electricity Consumption Table

Electricity Consumption Table (KWh)			
Description	2019	2018	2017
Electricity	29.114.400	30.957.160	33.581.522

As for the volume of water use, there was an increase of 29,457 m³ or 9.36%. This is in line with the increase in the number of employees and the increase in Bank Mandiri operational offices. However, the portion of water use from water recycle has increased by 3.64% in 2019. The increase indicates that Bank Mandiri prioritizes the use of water sourced from water recycle in its activities and activities and has been able to reduce waste water leftover.

Water Volume and Source Table

Water Consumption Table (m ³)			
Description	2019	2018	2017
Water volume from the PDAM	239.691	213.897	210.556
Water volume from a water recycle	104.372	100.709	72.554
Total Water Consumption Volume	344.063	314.606	283.110

The results of energy and water saving activities, have also impacted transportation costs and electricity, water and gas costs.

Table of Types and Amount of Electronic Waste

(in million rupiah)		
Quantitative Impact	2019	2018
Transportation Cost	499.454	441.454
Electricity, Water, and Gas Cost	562.274	537.431
Total Assets	1.318.246.335	1.202.252.094
Ratio of Transportation Cost to Total Assets	1:0,0003790422	1:0,0003671892
Ratio of Electricity, Water, and Gas Cost to Total Assets	1:0,0004265318	1:0,0004470202

Based on the table above, it appears that when compared to the total assets of Bank Mandiri, there is a decrease in the ratio of Transportation Costs and Costs for Electricity, Water, and Gas. This indicates that the efforts to save energy, water and fuel that have been implemented by Bank Mandiri have been quite successful.

IMPACT OF ENVIRONMENTAL AND WASTE MANAGEMENT ACTIVITIES PRODUCED

As stated earlier, several environmental and waste management activities have had a positive impact. Waste water management in the form of a self-managed sewage treatment plant has reduced the share of water use by the PDAM so that Bank Mandiri can make savings in the cost of using water reaching IDR 2,000 / m³.

IMPACT OF ENVIRONMENTAL PRESERVATION

In the Social Forestry Program in Muara Gembong, Bank Mandiri supports a monitoring program of mangrove conservation on the land, which is planted by several types of mangrove plants, including mangrove, fires, pidada, atep, and jeruju. Around the Mangrove conservation site there are several rare animal habitats, including Javan Lutung habitat, Long-tailed macaques and migratory birds. The Social Forestry Program in Muara Gembong collaborates with the Ministry of Environment and Forestry (KLHK) and the Ministry of Maritime Affairs and Fisheries (KKP).

Similarly, in the Rhinoceros Conservation Synergy Program, Bank Mandiri played a role in programs in the form of protection and recovery of rhino species, both Javan and Sumatran rhinos from extinction.

Environmental Certification

In spite of all the savings, business activities of Bank Mandiri brought positive impact for the environment only indirectly. Thus, up to 2019, the Company had no environment-related certification.

ACHIEVEMENTS OF CSR INITIATIVES

Bank Mandiri's commitment to environmental preservation has led Bank Mandiri to increase stakeholders' trust. With the participation of Bank Mandiri in Government and Ministry of SOEs programs related to environmental preservation, the community benefits from economic benefits in the Social Forestry program in Muara Gembong through the provision of KUR and the development and assistance of farm farmers. While the indirect benefits obtained by the community are the preservation of mangrove forests through the Social Forestry program in Muara Gembong, biodiversity can be maintained and the surrounding community is protected from sea water abrasion.

