

**PT. Bank Mandiri Tbk.
Investor Release
August 2019**

Moving Toward a Sustainable Bank

More commitment toward ESG related policies. Bank Mandiri as one of the biggest corporations in Indonesia puts sustainable growth as our utmost priority when formulating our strategies and policies. As a financial institution that covers almost every aspect of Indonesian financial needs, we believe that our long term outlook will be greatly dependent on the overall well-being of the societies. Hence, we from time to time have put greater consideration for ESG in our daily business activities. We benchmark our ESG practices with international guidelines, such as Equator Principle, TCFD (Task Force on Climate-Related Financial Disclosures), and PRI (Principles for Responsible Investment) and adapt it with local regulation.

Support from our shareholders. As a publicly listed company, we receive a lot of constructive feedback regarding sustainable business practices from our public shareholders, especially those with global footprint. From them, our senior management team is learning global best practices and gradually incorporating ESG related policies in Bank Mandiri. In addition to the public shareholders, we are glad that our majority shareholder, Government of Indonesia, is also very supportive in our ESG initiatives. There is a strong alignment regarding the ESG implementation between our minority shareholders and the majority shareholders. In July 2018, Financial Service Authority issued POJK No. 51/2017 concerning of Sustainable Finance for Financial Service Institutions, Issuers and Public Company. In line with the enactment of the regulations, Bank Mandiri has established Sustainable Financial Action Plan (SFAP).

Bank Mandiri Sustainability Framework



Sustainable banking. Bank Mandiri has identified four priority sectors in implementing SFAP within the next five years for corporate segment, namely Palm Oil & CPO, Construction Infrastructure Services, Energy & Water, and Food and Beverages Industry. The implementation of ESG in priority sectors will be performed gradually with considering how significant the impact is to our stakeholders. Bank Mandiri develops ESG related units to implement and monitor Sustainable Finance action in day-to-day business, to ensure our environmental and social risk framework and sector policy are embedded into our banking activities.

Sustainable operation. In addition to lending activities, Bank Mandiri also takes steps for sustainable practices through our operations. We apply the concept of green building that is environmentally friendly to save limited natural resources, such as paper, fuel, water and electricity. The efforts to save electricity are also carried out for example by, reducing the use of AC through low temperature OTTV (Overall Thermal Transfer Value) glass, turning off the lights during lunch break, replacing lights into LEDs, and installing timers. Meanwhile, to save fossil fuel, Bank Mandiri reduces physical meeting, and replaces it into teleconference. Bank Mandiri has a policy to reduce the use of office operational cars and provides four shuttle cars and bicycle parking lots. In addition, we also utilized recycled water for our building maintenance.

For employees, Bank Mandiri continuously strives to improve the competence of our employees through training and education, including providing scholarship for top talent (overseas postgraduate program). Bank Mandiri has committed to become a company that give equal opportunity in various aspects including development, compensation, and 360 Performance Evaluation Process. We constantly increase employee engagement through the application of Bank Mandiri’s new cultural program to create a super happy and super productive work environment. As the result of our efforts, we got third party recognition, namely “Rank 11 in the World’s Best Employers 2018” by Forbes Magazine.



Corporate Social Responsibility. Bank Mandiri constantly contributes to community through our Corporate Social Responsibility (CSR) programs. Bank Mandiri has supported community around the company’s operations through activities such as providing disaster relief, educational assistance, health assistance, public facilities, places of worship, and assistance for environmental conservation. One of our projects related to social and environmental conservation is Muara Gembong project in Bekasi, where we converted and utilized land to be fresh water farming, which brought great impact to the farmers. In the first harvest in late July 2018, farmers could get 4-5 tons per hectare. It was much higher compared to the result before the social forestry program was implemented, which was 50-100 kg per hectare.

Toward a better nation. Beyond the sustainability framework on three key areas above, Bank Mandiri is also striving to build the nation. We are proactively advising and helping government in several initiatives related to financial inclusion, such as on subsidized micro loan and on branchless banking. Utilizing our extensive distribution network across Indonesia archipelago, we are helping Government to channel subsidized micro loan to help small entrepreneurs getting access to bank loan, preventing them from being trapped by heavy financial burden if they have to deal with loan shark. So far, we have been channeling Rp60.6 of these loans since 2015 to eligible small entrepreneurs. Through financial inclusion, Bank Mandiri seeks to gradually reduce barriers for the unbankable community to get access to financial institutions; one of our programs is the Branchless Banking Agent. As per June 2019, we have had 89,074 Branchless Banking Agents consisting of 65,493 individuals and 23,591 legal entities, and positively contribute to account acquisitions of 20,023 saving accounts.