

ESG IMPLEMENTATION REPORT



Phase 1 sustainable
environmental bonds

Rp **5**
trillion



Bank Mandiri actively contributes to the achievement of Sustainable Finance goals by establishing a Public Offering Program of Shelf-Registration Green Bonds I of Rp10 trillion and issuing Green Bonds Phase I of Rp5 trillion. The issued bonds are divided into two series: A and B, with series A worth Rp1.95 trillion and a tenor of three years, and series B worth Rp3.05 trillion and a tenor of five years. The incoming offers totaled Rp18.7 trillion, or were oversubscribed 3.74 times.

ESG PRACTICES IN BANK MANDIRI

Bank Mandiri continues to be committed in supporting the implementation of Sustainable Finance with aspirations to become **“Indonesia’s Sustainability Champion for A Better Future”** which is supported by three main pillars including Sustainable Banking, Sustainable Operation, and Sustainability Beyond Banking. In fostering the achievement of these three pillars, Bank Mandiri has established eight initiatives that have different focuses.

Bank Mandiri is committed to implementing sustainable finance and sustainability principles in line with ESG aspects. Bank Mandiri believes that sustainable finance is needed to achieve a low-carbon and equitable economy where Bank Mandiri is present as a partner of the government and an agent of change, which has a positive impact on society. Sustainable finance is in line with the acceleration carried out by the Bank to achieve sustainable business growth. This is a form of Bank Mandiri's commitment to support the achievement of Sustainable Development Goals (SDGs) and the Enhanced Nationally Determined Contribution (ENDC) target towards Indonesia's Net Zero Emission (NZE) in 2060 or sooner.

VISI KEBERLANJUTAN BANK MANDIRI

Becoming Indonesia’s Sustainability Champion For A Better Future

KOMITMEN KEBERLANJUTAN BANK MANDIRI

- Lead Indonesia’s Transition to Low Carbon Economy
- Net Zero Emissions (NZE) Operation by 2030
- Catalyzing Multiple Growth for Social Impact to Achieve SDGs

ESG PRACTICES IN BANK MANDIRI

Bank Mandiri's journey to support the creation of a low-carbon Indonesian economy began five years ago, when Bank Mandiri submitted its Sustainable Finance Action Plan 2019-2023 to the Financial Services Authority (OJK).

Sustainable finance is the overall support of the financial services industry for sustainable growth resulting from the alignment of economic, social, and environmental interests. As a financial services institution, Bank Mandiri takes an active role in developing products and services which support financing activities to improve customers' environmental performance and improve social justice for businesses at the bottom of the pyramid and integrate Environmental, Social and Governance (ESG) aspects in the Bank's business processes and practices.

For Bank Mandiri, the value of sustainability is the foundation in conducting business and operations to ensure that the Bank is able to provide the best benefits for all stakeholders, positively contribute to the environment and society, as well as actively participate in creating a better future for the next generations.

Bank Mandiri's Sustainability Framework

Bank Mandiri has focused on sustainable finance initiatives over the past five years with the aim of increasing financing of environmentally sound business activities, capacity building, and developing management systems to manage sustainable finance including changes to the organization, risk management, systems and procedures as well as related documents needed for sustainable finance to perform effectively.

In the 2023 - 2027 period, Bank Mandiri's sustainable finance initiatives are managed with 14 initiatives in three main pillars, namely; (1) Sustainable Banking; (2) Sustainable Operation; (3) Sustainability Beyond Banking.

Bank Mandiri also obtained ESG-based funding with the issuance of Sustainability Bonds and other funding products. Bank Mandiri has had a sustainability framework since 2019 which is in line with the provisions of POJK No. 51/POJK.03/2017 and other international best practices.

The establishment of ESG Group is one of the important steps for Bank Mandiri in implementing sustainable finance, especially as a focal point for the implementation of sustainable finance at Bank Mandiri. ESG Group was previously a task force appointed by the Board of Directors since 2019 which is now transformed into a full-time permanent unit under the Vice President Director. ESG Group acts as the person in charge of sustainable finance at Bank Mandiri.

Details of sustainable finance achievements in the 2023 reporting period are outlined in more detail in the Sustainability Report.

JOURNEY TO BECOMING INDONESIA'S SUSTAINABILITY CHAMPION FOR A BETTER FUTURE

2023

- Commitment to foster NDC in Mandiri ESG Festival "Bank Mandiri has committed to achieving NZE (Net Zero Emission) in Operations by 2030, Financing by 2060 (or sooner) and empowering the Digipreneurship" at the Mandiri ESG Festival.
- Streamlining **RAKB 2024-2028** into **8 initiatives**
- The first National Bank to issue eco-friendly Bank cards (recycled prepaid and debit cards)
- As a pioneer in cardless credit card products
- As a pioneer of **Digital Carbon Tracking**
- Issuing **Green Bond Phase 1** (Rp5 trillion)
- Marketing ESG Mutual Funds
- Member of **PCAF (Partnership for Carbon Accounting Financials)**
- Participated in **Indonesia's Inaugural Carbon Exchange**

2022

- Setting **sustainability vision & commitment**
- **Improvement of 3 pillars** with 9 initiatives
 1. Sustainable Banking
 2. Sustainable Operation
 3. Sustainability Beyond Banking
- Establishing **ESG Group** as ESG implementation control tower
- **Nature Based Solution** through land conservation and restoration
- **Credit Policy** for Palm Oil & CPO, Energy, Coal, Mining and FMCG sectors
- First **ESG Repo transaction in Indonesia** of US\$500 million

2021

- Member of the National **Task Force on Sustainable Finance**
- Issued a **Sustainability Bond** of US\$300 million
- Operational **Carbon Emission Calculation**

2020

Alignment of RAKB & Disclosure Sustainability Report with SDGs, GRI SASB & MSCI

2019

Application of RAKB in 3 Pillars

1. Sustainable Banking
2. Sustainable Operation
3. Sustainable CSR & Financial Inclusion

A total of 14 initiatives

2018

- **First Movers of IKBI** (Indonesian Sustainable Finance Initiative)
- **Develop RAKB** (Sustainable Finance Action Plan) as per POJK 51/2017

ENVIRONMENTAL PILLARS

Bank Mandiri's commitment to prioritizing environmental balance in its operational activities is reflected in the "Net Zero Emission (NZE) in Operations by 2030" commitment. To ensure the achievement of this commitment, Bank Mandiri has developed strategies to conserve resources regulated by three approaches, namely: (1) Green Business Mindset (2) Measurement and Monitoring of Operational Carbon Emissions (3) implementing net-zero carbon initiatives such as Green Operations, which involve energy consumption efficiency and low-emission office equipment, as well as Carbon Offsetting in the form of Nature-Based Solutions (NBS) and carbon unit purchases.

ENVIRONMENTAL PILLAR PERFORMANCE

The first bank in Indonesia to launch **Digital Carbon Tracking**

The first bank in Indonesia to launch **an environmentally friendly card**

1

Green Building Certified Building

241

Smart Branch

727

Unit Solar Panel

136

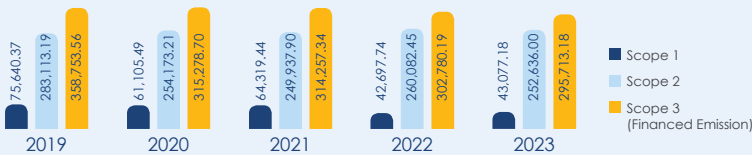
Operational Vehicles with Electric Vehicles (EV)

ENVIRONMENTAL PILLARS

GHG EMISSION MEASUREMENT

GHG Emissions Scope 1 and 2

Bank Mandiri has measured operational carbon emissions of scope 1 and 2, and made 2019 emissions as a baseline. For scope 3 emissions, Bank Mandiri has calculated emissions from financing (Financed Emission) according to the Partnership for Carbon Accounting Financials (PCAF).



Historical data on Bank Mandiri's scope 1&2 carbon emissions (tCO2e)

18%

Reduction in Scope-1 and 2 Emissions compared to 2019 baseline year

18.07 Million

Tons of CO2e Scope-3 emissions from financing

WASTE REDUCTION



REDUCE
REUSE
RECYCLE

- Bank Mandiri does not produce effluent. Wastewater is processed through sewage treatment
- The facility produces halal-labeled drinking water, as well as water used for cooling machines and watering plants

68%

Hazardous Waste



2023 1,520 Kg

2022 4,400 Kg

2021 4,800 Kg

WATER CONSUMPTION

- 2 Recycle Osmosis Building (Plaza Mandiri and Menara Mandiri)
- 15% Increase in recycled water consumption by 2023

Water Consumption:



2023 560,911 m³

2022 328,129 m³

2021 410,316 m³

ENVIRONMENTAL PILLARS

REDUCTION OF PAPER CONSUMPTION

46% Paper Savings

Avoid cutting down 23,000 trees by 2023*

*) Saving one ton of paper is equivalent to saving 20 trees (Source: goinggreentoday)

Eco-Friendly Policies and Practices

Eco-friendly policies and practices implemented throughout 2023 include::

1. Energy Reduction and Utilization of Renewable Energy Sources

Efforts to reduce energy consumption are carried out through a series of energy reduction and efficiency initiatives in banking operations. The Bank's largest energy use is electricity consumption and the use of fuel oil for transportation and backup electricity.

As such, the Bank took the initiative to replace air handling unit (AHU) equipment with more efficient ones, streamline the use of operational vehicles and provide electric & hibryd vehicles to save fuel consumption, use LED lights, turn off lights during break hours, and turn off certain elevators on holidays. Currently, 100% of LED lights have been used in 241 smart branches, while the total number of electric vehicles available until the end of 2023 was 136 units.

The Bank also took the initiative to increase the use of renewable energy sources by installing 727 units of solar panels in several of its green buildings.

The Bank managed to reduce electricity consumption by **0.6%** from the previous year, amid increasing operational intensity and increasing company scale, while energy **consumption intensity per employee decreased by 19.7%** compared to the base year from **52.40 Gjoules/Employee** in 2019 to **42.10 G Joules/Employee** in 2023.

ENVIRONMENTAL PILLARS

2. GHG Emission Management and Reduction

Bank Mandiri calculates Scope-1 Operational GHG emissions from fuel consumption from 4,083 operational vehicles, and Scope-2 GHG emissions from electricity consumption in 2,348 branch offices spread throughout Indonesia. To ensure the achievement of the "NZE in Operations by 2030" commitment, in 2023 Bank Mandiri became the first bank in Indonesia to launch Digital Carbon Tracking that measures and monitors all operational emissions that can be accessed by stakeholders on the Corporate Website.

This platform monitors the carbon footprint generated and emissions that have been successfully reduced from Bank Mandiri's central operations to the regional office level in phase I and branches in phase II. Emission recording on Digital Carbon Tracking is in accordance with the Greenhouse Gas (GHG) Protocol. In the reporting year, GHG emissions in 2023 were recorded at 295,713 tCO₂e, decreased by 63,040.38 tCO₂e from 2019 which amounted to 358,753 tCO₂e or decreased 18% compared to baseline.

2019 is the baseline for calculating operational emissions with pre-COVID-19 pandemic operational activities. During the pandemic period (2020 and 2021), Bank Mandiri did not operate fully due to social restrictions. Bank Mandiri's efforts to reduce operational emissions can also be seen in the reduction in GHG emission intensity per employee from 9.18 tCO₂e/employee in the baseline year (2019) to 7.59 tCO₂e/employee in 2023.

3. Construction and Development of Green Buildings

Bank Mandiri implements the development of Green Buildings in all office space facilities, by setting green building standards that are developed gradually, including: optimization of sunlight lighting, use of LED lights, use of inverter air conditioners, use of timers to save electricity, use of Water Recycle system with Reverse Osmosis, use of low OTTV (Overall Thermal Transfer Value) glass, and so forth.

Until the end of 2023, Bank Mandiri already has: **1 unit of Green Building certified, 4 Green Buildings and 241 Smart Branches.**

4. Carbon Offsetting

Bank Mandiri realizes that to balance the carbon emission footprint of operational activities, non-operational activities are needed that can compensate for operational emissions (carbon offsetting), among others, through the purchase of carbon units, NBS, and other mitigation actions. Carbon reduction by offsetting is the last option after all efforts to reduce, substitution, and efficiency have been made by Bank Mandiri. Given the relatively short timeframe to achieve "NZE in Operations by 2030", the Bank has initiated carbon offsetting initiatives through the purchase of carbon units and bolstered investment in Nature Based Solution (NBS) projects through land restoration and conservation.

ENVIRONMENTAL PILLARS

On 26 September 2023, Bank Mandiri participated in the Indonesian carbon exchange by purchasing 3,027 tCO₂ in the primary market or 10% of the total baseline operational emissions which in the future will be used for the Bank's needs through the carbon offsetting mechanism.

Bank Mandiri's participation is also a tangible form of support for the Government's strategic program on Primary Carbon Trading in Indonesia and increases the capability of employees to be able to play an active role in the Carbon Exchange in the future. In this historic momentum, Bank Mandiri is trusted by the Regulator, namely OJK as a socialization partner in the national seminar on carbon trading preparation in 5 main cities in Indonesia.

5. Waste Management

Waste management is carried out by applying the 3 R principles (Reduce, Reuse, Recycle), namely optimizing paperless and digitalization programs such as Livin' Super App, Kopra, and Branchless Banking and providing Reversed Vending Machine (RVM) as a means of exchanging PET bottle plastic waste to the machine and earning Livin' points on the Livin' App, to manage PET bottle plastic waste.

This initiative succeeded in reducing waste generation, such as **saving paper consumption by 46%** from the previous year, as well as reducing plastic waste generation.

Bank Mandiri collaborates with licensed and certified third parties to manage other B3 waste/waste as well as domestic waste.

6. Water Consumption Management

Several main Bank Mandiri office buildings already have water recycle for the water recycling process and ensure there is no pollution of water bodies around the office location. The Bank also uses a sewage treatment plant to manage effluent. This recycled water is then used for flushing toilets, plant maintenance, etc., so as to reduce the consumption of water supplied by third parties in these areas.

A comprehensive information of environmental impact reduction is detailed in the Sustainability Report of Bank Mandiri, which is published concurrently but in a separate publication.

ENVIRONMENTAL PILLARS

Green Financing Policies

Bank Mandiri also continually committed to not providing credit finances to business activities / enterprises with negative impacts to the environment (exclusion / negative list), below:

- a. Illegal logging;
- b. Clearing on peatlands;
- c. Human rights violations in accordance with the Manpower Law and ILO Convention;
- d. Drug abuse;
- e. Business activities that pose environmental hazards, including disrupting protected areas such as UNESCO World Heritage Sites, wetland sites as outlined in the Ramsar Convention criteria, and sites with high biodiversity and those classified as protected areas under IUCN Cat-1 & Cat-2 as defined by the Convention on Biological Diversity;
- f. Other business activities that are not in accordance with the provisions of applicable law which include, but are not limited to: Pornography; Gambling; Money laundering; Corruption, Collusion, and Nepotism Activities; and Other goods and services that are not in accordance with prevailing laws provisions.

Bank Mandiri is gradually integrating ESG aspects in the Bank's credit policy by requiring the fulfillment of minimum criteria such as positive and negative screening of prospective debtors' business activities. Integration is carried out on the Standard Credit Procedure which requires:

- a. Environmental management documents based on the industrial sector and the prevailing regulatory provisions, including environmental impact analysis (AMDAL) documents for required business plans/activities or Environmental Management Efforts (UKL) - Environmental Monitoring Efforts (UPL) documents;
- b. Results of the PROPER Assessment (Company Performance Rating Assessment Program in Environmental Management), in accordance with applicable regulations;
- c. Permits/Certifications of other related environmental management and other related environmental criteria in accordance with prevailing laws and regulations.

Bank Mandiri has developed and implemented a lending policy that integrates ESG aspects in it, as well as enacting sectoral lending policy as a binding provision for business activities that are considered to have high ESG risk.

In 2023, Bank Mandiri conducted periodic reviews of existing priority sectors to ensure alignment with business developments and added Environmental and Social aspects to 6 (six) new sectors, namely Pulp & Paper, Telecommunications, Transportation, Other Transportation Equipment Industry (Shipbuilding), Pharmaceuticals & Healthcare Services, and Oil & Gas (Migas), which are outlined in the Industry Acceptance Criteria (IAC).

ENVIRONMENTAL PILLARS

Bank Mandiri Industry Acceptance Criteria

Industrial Sector	ESG Aspect Criteria
Agriculture (Including the Palm Oil Sector)	In managing ESG risks in the agricultural sector, particularly Palm Oil & CPO plantations, Bank Mandiri requires ISPO and/or RSPO compliance or at least proof of ISPO and/or RSPO registration from the relevant certification agency. Bank Mandiri also pays attention to environmental and labor policies of debtors (including Occupational Health and Safety/OHS), procedures for preventing and handling land fires according to applicable standards, No Deforestation, No Peat, No Exploitation (NDPE) policies including policies related to land clearing, preservation of High Conservation Value (HCV) areas, and Waste Treatment Plants (IPL). Financing will not be provided to new companies that will clear new land.
Energy Sector	In managing ESG risks in the Energy and Energy Use sector, particularly the construction of new Steam Power Plants (PLTU), Bank Mandiri considers the financing period to be in line with the coal phase out strategy in accordance with the applicable PLN RUPTL and takes into account debtor policies related to the environment (carbon emissions, coal ash, water and waste management) and labor policies.
Coal Sector	In managing ESG risks in the coal sector, particularly suppliers of Steam Power Plants (PLTU), Bank Mandiri considers the financing period to be in line with the coal phase out strategy in accordance with the applicable PLN RUPTL.
Mining Sector	In managing ESG risks in the Mining sector, Bank Mandiri requires its debtors to implement Good Mining Practice in accordance with prevailing laws and regulations, by including the Work Plan & Cost Budget (RKAB) for the relevant year that has been approved by the Ministry of Energy and Mineral Resources, and/or other documents needed in connection with Good Mining Principles and has internal policies (code of conduct) related to Environment and Employment.
Sector Fast Moving Consumer Goods (FMCG)	In managing ESG risks in the Fast-Moving Consumer Goods (FMCG) sector, Bank Mandiri requires its debtors to have environmental policies (such as the use of chemicals and water & waste management) and have certification from the National Food and Drug Supervisory Agency (BPOM).
Oil and Gas Sector	In managing ESG risks in the Oil and Gas sector, particularly in the upstream oil and gas exploration sector, Bank Mandiri requires efforts to improve energy efficiency and reduce emissions, in accordance with regulatory requirements at the business locations. For public companies, a Sustainability Report or similar documents shall be published. Oil and Gas business activities must have documents confirming the fulfillment of all Oil and Gas Safety requirements (Installation and Equipment, Workers, General, and Environmental), particularly supporting activities proved by a Support Business Activity Certificate (SKUP).
Biodiversity-related Sectors	Provide industrial plantation forest management permit documents in the form of Business Permits for the Utilization of Timber Forest Products (IUPHHK) and/or Non-Timber (IUPHHBK), Business Work Plans (RKU) approved by the Ministry of Environment and Forestry. Prohibition to conduct business activities in areas declared to have high biodiversity including RAMSAR material land sites and IUCN Cat.1&2 sites.
Construction Sector	In managing ESG risks in the construction sector, Bank Mandiri requires debtors to have an internal policy (code of conduct) related to Environment and Employment. Have internal policies and standard procedures (SOPs) related to accident handling for toll road operators.
Other transportation equipment industry sectors (shipyards).	Bank Mandiri requires its debtors to make the efforts to carry out energy efficiency and emission reduction, as evidenced by documents that can be received by the Bank. For public companies, it is mandatory to have a sustainability report.
Health Services Sector.	Bank Mandiri requires its debtors to fulfill industrial plantation forest management permit documents in the form of Timber Forest Product Utilization Business License (IUPHHK) and/or Non-Timber (IUPHHBK), Business Work Plan (RKU) approved by the Ministry of Environment and Forestry. Have in place an internal policy regarding Environmental Management and K3 Management (Occupational Health and Safety) that is acceptable to the Bank.
Pharmaceutical Sector.	Bank Mandiri requires pharmaceutical producer debtors to own the environmental permits/certifications (suitable to the risk of hazards caused by their waste, in accordance with the provisions of the Ministry of Environment). Make the efforts to carry out energy efficiency and emission reduction, as evidenced by documents that can be accepted by the Bank.
Pulp & Paper Sector.	Bank Mandiri requires debtors to make the efforts to carry out energy efficiency and emission reduction, availability of electricity and adequate water sources. Have a Wastewater Treatment Plant (WWTP) / Waste Treatment Plant (IPL) / Liquid Waste Disposal Permit (IPLC) / and a Hazardous and Toxic Waste Treatment Plant (B3), evidenced by documents acceptable to the Bank.

ENVIRONMENTAL PILLARS

Industrial Sector	ESG Aspect Criteria
Telecommunication Sector.	Bank Mandiri requires debtors to make the efforts to carry out energy efficiency and emission reduction, as evidenced by documents that can be received by the Bank (if any). Have in place internal policies related to data privacy in accordance with applicable laws and regulations, and have high systems and capabilities related to cybersecurity.
Transport Sector.	Bank Mandiri requires debtors to make the efforts to carry out energy efficiency and emission reduction, as evidenced by documents that can be received by the Bank.
Metal Sector.	Bank Mandiri requires debtors to have a PROPER assessment of at least Blue and/or at least have an AMDAL or UKL-UPL report that has been approved by the Environment Agency (BLH). Have in place Environmental Management certification such as ISO 14001 / ISO 45001 or other similar documents that can be accepted by the Bank.
Sectors that are sensitive to ESG aspects.	Bank Mandiri establishes a binding credit policy for customers in this sector to pay attention to applicable regulations and standards related to ESG, including the fulfillment of environmental management certifications such as ISO 14001 and certifications related to occupational health safety such as ISO 45001 or other similar standards. For debtors who have not been able to meet the specified requirements, there is a mechanism for monitoring and preparing action plans to improve ESG aspects.

To enhance ESG aspects, the Bank implements a strict action plan and establishes a monitoring mechanism for debtors who have not been able to satisfy the specified criteria.

Prior to commencing the lending process to debtors, Bank Mandiri will, in practice, conduct an initial screening of ESG risks in line with its current policies. The Business Unit, Risk Unit, Legal & Compliance, Credit Operations, to the Credit Approver Officer execute this procedure. The lending flow of Bank Mandiri, taking into account ESG risks. is as follows.

ENVIRONMENTAL PILLARS

CREDIT APPROVAL PROCESS AT BANK MANDIRI

Establishing targeted customers by:

- Conducting due diligence on prospective debtors through Name Clearance (KYC and APU PPT).
- Meeting prospective industry criteria (Well Known, and not included in Bank Mandiri's exclusion list).
- Complying with the Industry Acceptance Criteria (IAC), taking into account the ESG aspects.

Conducting credit analysis by reviewing various aspects:

- Qualitative Aspects: Industry and market outlook, quality of company management.
- Legal and compliance documents (AMDAL/UKL, PROPER, OHS, and other environmental regulations), business prospects/strategies, and marketing strategies.
- Quantitative aspects such as financial performance.
- Risk assessment and risk mitigation, including the ESG aspect, are part of the credit granting process.

- Providing legal opinions and legal solutions related to legal aspects, including the ESG aspect, in credit granting.
- Reviewing the need for internal BMRI regulations and external (legislative regulations) in credit granting.

The credit approval process takes place during the "Credit Committee Meeting," consisting a minimum of 2 (two) individuals representing the Business Unit and the Risk Management Unit, responsible for making credit decisions.



Monitoring credit quality through:

- Periodic calls, on-site visits
- Fulfillment of credit requirements
- Annual review of credit facilities
- ALERT (Early Warning System)
- Stress tests and sensitivity analysis
- Monitoring loan documentary maturity dates

- Compliance review
- Loan Activation
- Loan Disbursement

- **Business Unit:** Fulfillment of credit document requirements and signing credit agreements.
- **Risk Management Unit:** Reviewing the suitability of credit agreement documents with the decisions of the credit committee meeting.
- **Credit Operations Unit:** Preparing credit agreements, collateral and insurance arrangements, and reviewing credit requirement compliance.

The officials authorized to make credit decisions are categorized according to credit limits within Bank Mandiri's internal regulations. This responsibility is held by the Vice President, Senior Vice President (SVP), and the BoardLevel to CEO level.

ENVIRONMENTAL PILLARS

As of December 2023, the disbursement value of Sustainable Financing according to the Sustainable Business Activities Category (KKUB) in POJK 51/2017 was as follows:

Sustainability Business Category Portfolio (Rp Billion)

NO	Sustainable Financing (In accordance with KKUB POJK 51/2017)	2023	2022	2021
1	Renewable Energy	9,727	6,149	4,281
2	Energy Efficiency	-	-	-
3	Pollution Prevention and Control	-	-	-
4	Sustainable Natural Resources Management and Land Use	102,413	92,956	88,537
5	Conservation of Land and Water Biodiversity	-	-	-
6	Eco-Friendly Transportation	3,926	3,107	2,028
7	Sustainable Water and Wastewater Management	1,171	867	1,214
8	Climate Change Adaptation	-	-	-
9	Products That Can Reduce Resource Use and Produce Less Pollution (Eco-Efficient)	5,354	3,307	-
10	Eco-Friendly Buildings that Meet Standards/Certifications	6,612	16	205
11	Other Environmentally Friendly Business Activities	8,776	5,067	5,255
12	Other Environmentally Friendly Business Activities	126,101	117,295	103,547
Total Sustainable Financing		264,080	228,764	205,067
% Share of Sustainable Financing		24.32%	24.53%	24.76%

ENVIRONMENTAL PILLARS

SUSTAINABLE FINANCING

Green Portfolio

Rp129.2 trillion

Sustainable Portfolio

Rp264.1 trillion

Social Portfolio

Rp134.8 trillion

SUSTAINABLE PRODUCTS

WHOLESALE



Green Loan

Rp3.5 trillion

Sustainability Linked Loan

Rp2.1 trillion

Corporate-in-transition Financing

Rp736 billion

RETAIL



Financing

Electricity Vehicle Loan Rp393 billion

Solar Panel Credit Rp0.61 billion



Investment

Green Bond Rp180 billion

Green Sukuk Rp3.407 billion

ESG Mutual Funds Rp17 billion

SUSTAINABLE FUNDING

Sustainability Bond

USD300 million

Green Bond Phase I

Rp5 trillion

ESG Repo

USD500 million

ENVIRONMENTAL PILLARS

Bank Mandiri's Sustainable Finance Products

Bank Mandiri also provides sustainable financial products, such as debt funding instruments known as sustainable/green/social bonds. Sustainable financing refers to the allocation of the proceeds from the issuance of these bonds towards the financing or refinancing of green projects, social development projects, or a combination of both.

Sustainable Products

1. Wholesale

1.1 Sustainability Linked Loan (SLL) & Corporate-in-Transition Financing

Bank Mandiri has also taken significant steps to promote Indonesia's transition towards a low-carbon economy by continuously striving to provide various sustainable products to support its customers, especially those in high carbon-intensive sectors, by offering financial solutions (such as Sustainability-Linked Loans, Green Loans, Corporate-in-Transition Financing) that can assist in decarbonization and transforming their operations into more responsible, environmentally friendly businesses with a smaller carbon footprint.

Bank Mandiri has established a special task force called the ESG Desk with the aim of aligning customer needs with sustainable products and financing and developing other forms of green finance. This is outlined in assignment document number CBG.CTS/5167/2023. Through the ESG Desk, Bank Mandiri continues to identify business potential and innovate in

sustainable financing according to market developments by encouraging customers to have an ESG Financing Framework, including providing advisory services related to ESG Financing to customers in transitioning towards environmentally friendly business activities.

As an initial step, Bank Mandiri has provided sustainable financing in the form of Sustainability-Linked Loans (SLL), which are loan instruments whose financial and/or structural characteristics can vary depending on whether the issuer can achieve predetermined sustainability/ESG goals. Bank Mandiri has provided SLL to several borrowers operating in high carbon-intensive sectors such as the cement industry, livestock farming, and palm oil.

Moreover, Bank Mandiri has disbursed Corporate-in-Transition Financing, in line with the Climate Transition Finance (ICMA CTF) from the International Capital Market Association. This Corporate-in-Transition Financing aims to support companies with high carbon emissions in their decarbonization efforts. This form of financing reflects a commitment to sustainability towards a low-carbon economy.

In the provision of Sustainability Linked Loans & Corporate-in-Transition Financing, the funding follows a KPI-based approach and refers to the debtor's ESG Framework. By using key performance indicators (KPIs), this funding not only supports sustainability-focused projects but also provides incentives for debtors to achieve established ESG goals. This approach reflects a collaborative spirit between lenders and debtors in promoting sustainable practices in business activities and transition projects.

ENVIRONMENTAL PILLARS

1.2. Green Loan

Bank Mandiri actively contributes to accelerating the achievement of a low-carbon economy by providing banking solutions that support eco-friendly business practices for debtors. One of the facilities provided is the Green Facility, which is specifically designed to finance projects and initiatives that have a positive impact on the environment. This funding follows the Green Loan Principles set by the Loan Market Association (LMA).

Bank Mandiri demonstrated its commitment in 2022 by taking significant steps to provide a Green Loan facility for the EV Battery Component Industry in Hong Kong. In its role as Mandated Lead Arrangers, Bank Mandiri played a central role in arranging the Green Loan syndication, totaling USD 300 million. This facility is aimed at the lithium battery industry, including research, development, processing, production, and sales of precursor materials for cathodes. Additionally, the funding covers materials for recycling in the context of new materials and energy.

2 Retail

Bank Mandiri demonstrates its commitment to supporting the attainment of carbon emission reduction targets by 2030 and Net Zero Emission financing 2060 in the Retail segment, alongside its Green Loan financing in the Wholesale segment. This is exemplified through the launch of a financing scheme for solar panel rooftop installation and a battery-based electric motor vehicle ownership loan program (KBLBB).

2.1. Battery-Based Electric Motor Vehicle Ownership Loans (KBLBB)

Bank Mandiri conducts automotive financing programs in collaboration with two of its subsidiaries, Mandiri Tunas Finance and Mandiri Utama Finance, as part of the ownership loan program of KBLBB. This financing program provides expedited

service in addition to competitive interest rates, easy application and payment procedures (both offline and online), and application requirements.

A special program was initiated since July 2022 by Mandiri Tunas Finance to provide benefits to Bank Mandiri Priority Customers and Private. The program offered financing facilities for new car vehicles with an interest rate of 2.25% for a 1-Year Tenor, a maximum LTV of 90%, and an administration fee of Rp1. The financing scheme applies to prepaid installments (ADDM), New Car Passenger Units, and Rates are applied to Priority Customers and Private Bank Mandiri.

2.2. Solar Panels

Bank Mandiri demonstrates its strong commitment to expediting the progress of New Renewable Energy (EBT) in Indonesia through the implementation of solar panel financing initiatives. Bank Mandiri, in collaboration with PT Energi Indonesia Berkarya (SUNterra) and other entities, provides an affordable and installment-free loan program that serves as a convenient and easy payment alternative for the installation of residential solar panels. Bank Mandiri credit cardholder customers can enjoy installments of up to 24 times with 0 percent interest through this program.

In collaboration with the National Energy Council (DEN) and PT LEN Agra Energy, Bank Mandiri also provides financing with credit card schemes or loans without collateral that are affordable and can be paid in installments for customers to install solar panels. Through the payroll scheme, consumers can apply for loans with a maximum limit of Rp1 billion with a lending period of up to 15 years. The lowest solar panel package price is 1 kWp worth Rp20 million and the highest package is 5 kWp with prices reaching Rp70 million (specifically for the Jabodetabek area).

ENVIRONMENTAL PILLARS

Going forward, Bank Mandiri will continue to develop various sustainable products targeting various business segments in line with best practices and customer needs.

Sustainable Funding

Bank Mandiri promotes the disbursement of sustainable funds and investments through the development of sustainable funding products, so as to support the growth of sustainable financing.

To support this commitment, Bank Mandiri issued a Sustainability Bond with a nominal value of US\$300 million on the Singapore Exchange (SGX) on 19 April 2021 with an interest rate of 2.00% per year and a tenor of 5 years. The funding is then used to finance or refinance green and social business activities.

The Sustainability Bond framework has been prepared referring to the Sustainability Bond Guidelines from the International Capital Market Association (ICMA) and in line with the Association of Southeast Asian Nation (ASEAN) Sustainability Bond Standards, Green Bond Standards, and Social Bond Standards.

The issuance of this sustainability bond received an overwhelmingly positive response, with demand orders exceeding US\$2.5 billion during the book

building process, resulting in oversubscription of more than 8.3 times the planned bond issuance amount. This demonstrates the appreciation and positive perception of foreign investors towards Bank Mandiri's work program and business prospects, especially regarding sustainable finance. The positive confidence of investors is also evident from the ratings given to these bonds by international rating agencies.

Furthermore, in February 2022, Bank Mandiri diversified its sustainable financing instruments, through wholesale funding by issuing the first ESG Repurchase Agreement (Repo) in Indonesia and one of the first movers in Southeast Asia. The Repurchase Agreement (Repo) transaction of US\$500 million is also used to finance or refinance green and social business activities with criteria referring to Bank Mandiri's Sustainability Bond Framework. Bank Mandiri's ESG Repo transaction is one of the strategic initiatives to strengthen the Bank's funding structure in supporting business expansion plans.

In June 2023, Bank Mandiri again demonstrated its commitment to foster the growth of funding for sustainability programs by executing the Bank Mandiri Green Bond phase I offering a total of Rp5 trillion, which also received enthusiastic reviews from investors.

ENVIRONMENTAL PILLARS

Bank Mandiri Green Bond Issuance Phase I Amounted to Rp5 trillion

In June 2023, Bank Mandiri successfully issued the first phase of green bonds worth Rp5 trillion. This issuance is part of the Shelf-Registration Green Bond Public Offering Plan I amounting to Rp10 trillion. The bonds will be issued in two series. Series A has a three-year tenure with a coupon rate of 5.80% per annum, while Series B has a five-year tenure with a coupon rate of 6.10% per annum. During the book building period from 23 May to 4 June 2023, the subscription for the first phase of green bonds reached Rp18.7 trillion, resulting in an oversubscription of 3.74 times.

After obtaining an effective date on 21 June 2023, Bank Mandiri's green bond Phase I 2023 entered the public offering period on 23-26 June 2023. The bond is listed on the Indonesia Stock Exchange on 4 July 2023. The funds collected from the proceeds of the Green Bond Public Offering will be allocated at least 70% to finance or refinance activities included in 11 categories of Green Business Activities (KUBL).

A comprehensive information of financing policies that have an environmental impact, as well as sustainable finance product is detailed in the Sustainability Report of Bank Mandiri, which is published concurrently but in a separate publication.

SOCIAL PILLARS



Bank Mandiri focuses its resources towards the advancement of Human Resources, Data Privacy and Security, Financial Inclusion, and Consumer Financial Protection within the Social Pillar.

SOCIAL PILLAR PERFORMANCE

TO OUR CUSTOMERS



86.79 Customer Satisfaction Score



100% Resolution Rate for Customer Complaints



Over **22** million users as of December 2023

Mandiri's super app¹ to grow retail customer base and at the same time ensuring its stickiness through constant release of features



63,390 users

Mandiri's enabler to acquire offline merchants, which started as complete point-of-sales platform with huge scalability



1st bank to integrate the services of four e-wallet market leaders into a single, all-inclusive banking app

SOCIAL PILLARS

FOR MANDIRIAN



38,965

Number of Employees (Mandirian)

GENDER DIVERSITY

BOD & BOC



> Manager Level



Total All Employee



5,339,236

Training hours

89.65%

employee order rate

FOR THE COMMUNITY

2.8 million

Bank Mandiri accounts successfully opened through Mandiri Agent

17,935

participants

of Indonesian Migrant Workers through Mandiri Sahabatku

PEOPLE'S BUSINESS CREDIT

Rp 62.3 trillion

consisting of 2.88 million borrowers

5.9+ million

beneficiaries of CSR and financial inclusion programs

12,522

farmers

in Pamarican and Kebumen received training from the Rice Milling Unit (RMU) Program

14,139

MSMEs

have received training through the Rumah BUMN program

SOCIAL PILLARS

A Culture of Sustainability for Mandirian

The implementation of sustainable finance begins with increasing Mandirian's capacity to master ESG topics relevant to Bank Mandiri's business, particularly to develop financial products and services as well as organizational adaptation to integrate ESG into banking systems and procedures.

The engagement of all Mandirian is pivotal to carry out these changes through the development of a culture of sustainability, which begins with building awareness of Mandirian to protect and preserve the environment in its daily activities. Sustainability culture programs include increasing technical capacity and ESG-related expertise for all levels of employees and work units, through training, workshops, webinars, and certification.

ESG Group acts as an ESG coordinator within Bank Mandiri, then bank-wide the Internal Culture Team forms ESG buddy in each unit who acts as the person in charge and bridges information related to ESG in their respective work areas. The sustainable finance

campaign is also carried out through information dissemination to Bank Mandiri's customers, partners and suppliers. In 2023, Bank Mandiri held two Internal Discussion Forums, attended by all Directors and Commissioners. Mandiri University Group has facilitated ESG Awareness Level-1 e-learning to all employees, including ODP programs, sectoral ESG workshops (nickel & property), and ESG awareness implementation.

As of 31 December 2023, Bank Mandiri was actively carried out socialization activities to support the achievement of ESG awareness in the Bank's internal environment. Socialization has been carried out to 34 work units and 12 regions, while the agenda discussed began with global and national commitments, regulatory regulations, and ESG implementation that has been implemented at Bank Mandiri in each aspect. Moreover, socialization is also aligned with the scope of work of related units to obtain support in achieving Net Zero Emission (NZE) 2030.

SOCIAL PILLARS

Activities That Support Sustainable Strategies

The following program is carried out to achieve Bank Mandiri's commitment towards Net Zero Emissions (NZE) Operations in 2030, which requires active participation and collaboration of all employees in carrying out daily operational activities, including in carrying out activities/events/meetings in conformity with the set guidelines.

NO MORE



Disposable Plastic/
Drinking Water in
Packaging (AMDK)



Leaving food and
drink



Using balloons
and confetti in the
implementation of
events

* Refer to Letter No. DCO/1268/2023 and Letter No. DCO/1269/2023 and Memorandum No. DCO/704/2023 Regarding the Appeal for ESG Program Implementation in order to Achieve Net Zero Emission (NZE) Operations 2030 and Guidelines for the Implementation of More Eco-Friendly Activities/ Events/ Meetings submitted to Subsidiaries, Regions, and each work unit.

SAY YES TO



Using a pitcher/tumbler to
consume drinking water



Sorting garbage before
disposal



Save water
consumption



Electronic distribution of
internal documents



Save electricity and
set the air conditioner
at 23-25C°



Using public
transportation

Development for Mandirian

In alignment with the Bank's Corporate Plan, Bank Mandiri implements the employee experience lifecycle concept to establish the Employer Value Proposition (EVP) and bolster the development of its best human resources. The following are Bank Mandiri's employee experience lifecycle aspects:

1. Organization Structure & Capacity – Organization Development

Support for organizational development encompasses activities such as position

evaluation and organizational structure design implementation, career development, and capacity planning to meet the needs of employees.

2. Recruitment – Human Resource Fulfillment

Support in the establishment of a reliable Human Capital fulfillment system, sourced both internally and externally, as well as the implementation of employee attraction strategies and program development:

SOCIAL PILLARS

- The MyDigital Academy Scholarship collaborates with Top 10 leading universities/ colleges in Indonesia, provides outstanding students who meet specific requirements the chance to be awarded scholarships from Bank Mandiri. This program also serves as an effective sourcing channel for Bank Mandiri to acquire the best talent.
- Campus hiring is carried out regularly with the target of graduates of various universities/ colleges with the aim of building relationships and win-win collaboration to acquire the best talent from campus.
- In collaboration with the Ministry of Education, Culture, Research and Technology of the Republic of Indonesia, the Ministry of SOEs, and the Indonesian Diaspora through an Internship program for students both in the final semester and those who have graduated.
- The MyDigital Academy competition for selected students from the best universities/ colleges in Indonesia. This program is also a form of employer branding activities, as well as talent scouting for Bank Mandiri to acquire the best talent.

3. Onboarding

An employee and new employee-friendly onboarding and personnel relations system. To facilitate the digitization of the onboarding system, the new onboarding process is engineered to enhance interactivity by employing gamification-based learning. This entails accessing ten learning topics online over a span of three months.

4. Learning & Development – Training and Development

Human capital capability development and training to support the fulfilment of business requirements. Each talent's technical and leadership proficiencies will be honed through the engage, expose, and educate mechanisms. To ascertain the preparedness of each potential successor, the Bank shall devise a specific Individual Development Plan (IDP) for that particular talent. To ensure that the development provided is consistent with talent profiling, the

development program is executed based on the assessment results.

Specific development programs planned for talents are the Leadership Development Program, Master Degree study abroad and domestic scholarship programs, sharing sessions by Top Executive Leaders Indonesia and Global. Another program is Mandiri Young Leaders (MYLead) which is Bank Mandiri's future leaders' development acceleration program with sourcing from internal young talents who have high potential to be developed as future leaders. Finally, the implementation of coaching and mentoring programs to improve leadership talent by professional coaches and mentors in their fields.

5. Performance – Individual Performance Management

Employee performance assessment and feedback system that is accountable and transparent.

6. Reward – Total Reward System

Competitive and accurate employee reward system.

7. Talent & Succession – Talent and Succession Management

The implementation of talent and succession management system comprises four main processes, as follows:

- Talent classification based on performance, Leadership Characteristics, Ability, Agility and Engagement.
- Talent Profiling based on track record, technical capability, leadership capability dan personality.
- Talent Development is carried out by preparing plans and carrying out talent development based on capability gaps.
- Strategic Talent Review that monitors development and prepares incumbent succession plans.

8. Retire & Exit – Employee Dismissal and Retirement

Employee termination system and pension plan.

Gender Equality

Bank Mandiri strives to take a role in social aspects, one of which is by implementing policies that are in line with the application of Environment, Social, Governance (ESG) principles, particularly in social aspects. In this aspect, initiatives that align with the implementation of the Respectful Workplace Policy (RWP) of 'Human Rights', which is how companies manage and respect Human Rights (HAM) in operational activities, accept and treat employees equally regardless of ethnic background, gender, religion, or ethnicity. This equality and diversity policy, among others, is implemented from the beginning of the recruitment process, and continued in the training and promotion system.

In terms of equality, Bank Mandiri opens the greatest opportunity for female employees to work. Bank Mandiri ensures that all employees have the same opportunity to occupy all existing positions along with all compensation and benefits.

This is reflected in the number of **female employees contributing as much as 52%** of the Company's total human resources. Meanwhile, female executives **at the level of Manager to SVP accounted for 46%**. It doesn't stop there; the ratio of salaries and facilities of male and female employees is equivalent to 1: 1 as it is based on performance.

Moreover, Bank Mandiri also continues to support female employees through the Srikandi Mandiri initiative. Various activities that support the initiative include women's leadership sessions, mentoring programs for women, and others.

As of the end of 2023, Bank Mandiri manages 38.940 personnel (52.32% female and 47.68% male), up 2% from 38,176 personnel in the previous year. Of this number, 35.17% of female occupy the top-level management, namely Assistant Vice President to Director.

Bank Mandiri Employee according to Employment Status and Gender

Information	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Permanent Workers	16,601	17,762	16,630	18,017	16,670	18,105
Contract Workers	1,721	2,416	1,478	1,701	1,288	1,447
Trainee	244	196	214	136	182	148
Total	18,566	20,374	18,322	19,854	18,140	19,700

Employee Turnover

The turnover rate of Bank Mandiri employees in 2023 was 5.26% with total incoming employees of 2,797 personnel and total outgoing employees of 2,048 personnel. This number is higher than previous year figure of 4.84%. Bank Mandiri carries out various efforts to increase employee retention, one of which is by increasing employee engagement, creating a super happy and super productive work environment, and building a comfortable work environment.

SOCIAL PILLARS

Employee Training and Development

In addition to getting benefits, Bank Mandiri employees also receive education and training to develop employee potential and compensation. In 2023, the number of training participants was 790,101 participants with the number of employees receiving training of 39,517 employees consisting of 18,894 male employees and 20,623 female employees. The total number of employee training

hours throughout 2023 was 5,339,236 training hours with the average training hours per employee of 135.1 hours/employee or equivalent to 16.9 days/employee.

Comprehensive information on Bank Mandiri's human resource development is detailed in the Human Resources sub-chapter in this Annual Report.

Financial Inclusion

Bank Mandiri actively participates in financial inclusion efforts by expanding and facilitating access to financial services for the public. Convenient access to financial services can reduce economic inequality and foster the post-pandemic economic recovery process. The targets of Bank Mandiri's financial inclusion are:

1. Low economic society (micro).
2. Secondary society (unbanked and underbanked).
3. Groups with low and irregular incomes.
4. People living in remote areas.
5. People with disabilities.
6. Workers who do not have legal identity documents.
7. Rural and peripheral communities.
8. Areas with limited formal financial networks due to geographical constraints, diffuse populations, and low financial literacy.

In order to open access to banking services as much as possible, as well as participate in overcoming social issues, Bank Mandiri participates in the Financial Inclusion program by providing banking services for MSME entrepreneurs to micro entrepreneurs.

SOCIAL PILLARS

ACCESS TO MSME LOANS

Micro, Small and Medium Enterprises (MSMEs) are vital business communities in Indonesia. MSMEs constitute the largest proportion and user of direct labor in the economy. As the backbone of the economy, the Government fosters MSMEs to innovate to elevate to a higher level and play a greater role in improving the community's economy.

Bank Mandiri's support to MSMEs by providing access and capital is a portfolio development that has a positive social impact as it improves living standards, job opportunities, and poverty alleviation. **Bank Mandiri has 1.2 million MSME debtors who benefited from MSME loans of Rp126.1 trillion, grew 7.5%** from the previous year. This achievement was also followed by the ratio of non-performing loans (NPL) in the MSME segment which was maintained at the level of 1.34%. This MSME loan portfolio reached 24.3% of the Bank's total loan portfolio.

To deepen market share, Bank Mandiri provides special offers for MSMEs related to Bank Mandiri's wholesale customers or ecosystem financing. Bank Mandiri customers who are multinational companies, large companies, to State-Owned Enterprises are the center of this ecosystem. MSMEs that are included in the ecosystem can attain more competitive interest rates than the applicable Micro Business Loan Interest Rate Program (KUM).

MSME loans are provided through Working Capital Loans and Investment Loans, Bank Mandiri also provides Micro Business Loans (KUM) and participates in Government programs by providing People's Business Loans (KUR) in the micro banking segment.

In 2023, Bank Mandiri expanded access to financial services for MSME business practitioners in the fisheries sector by collaborating with fisheries start-up PT Rantai Pasok Teknologi (FishLog). This collaboration allows Fishlog partners in the fishing industry sector, both bankable and unreachable by conventional banks, to have adequate business scale.

Digitalization is one of the main issues that must be addressed by MSME communities. Bank Indonesia (BI) stated that during the pandemic, the number of e-commerce transactions almost doubled from 80 million transactions in 2019 to 140 million transactions in August 2022. This indicates that adaptation to e-commerce transactions based on digital technology is imperative for MSME communities in line with the opening of huge market opportunities (Bank Indonesia, 2022).

SOCIAL PILLARS

Bank Mandiri has released the Livin' Merchant by Mandiri application to open wider access to finance for micro-class productive businesses. Livin' Merchant is a cashier application aka point on sale (POS) that will digitize payment transactions at MSME merchants; to ensure that they can directly accept QRIS transaction payments from various banks and e-wallets. Currently, the Livin' Merchant application can be enjoyed without fees, free of transaction fees, and MSME communities can disburse funds on the same day up to three times a day.

Bank Mandiri's digital distribution network innovation consists of Livin' App, with **21 million registered users**, Livin' Merchant with around 1.4 million registered merchants, KOPRA platform which is currently used by more than 95% of Bank Mandiri's wholesale customers, and 241 Smart Branches which are digital transformation of Bank Mandiri's conventional branch offices.

Micro, Small and Medium Enterprises Segment Financing (Rp Billion)

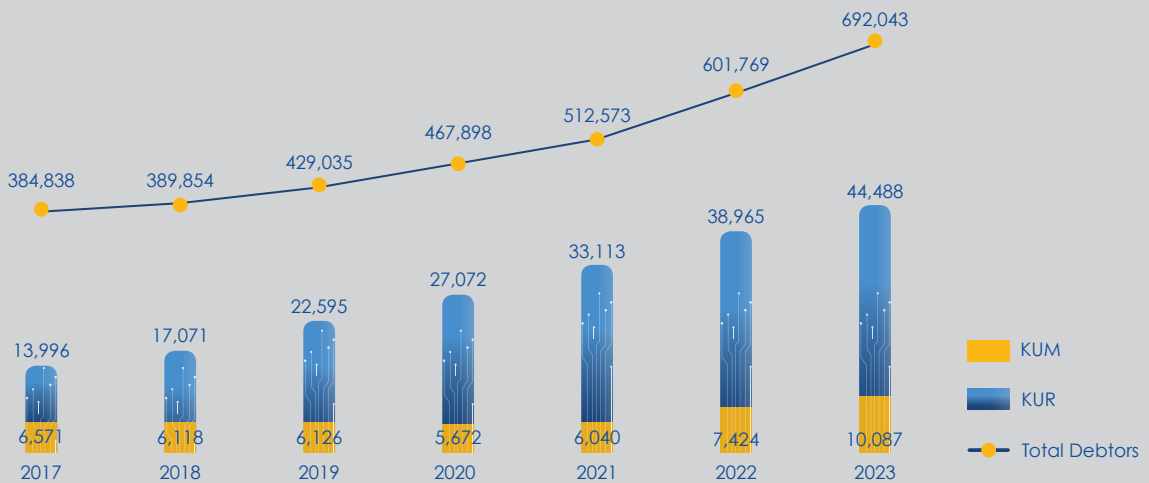
No.	Sector	2023	2022
1	Palm Oil and CPO Plantations	21,651.18	19,278.91
2	Retail Trade of Food, Beverages, and Cigarettes	16,881.72	36,772.69
3	Hotels, Restaurants and Accommodation	9,971.93	9,380.37
4	Retail Trade of Home Appliances	8,630.64	8,411.45
5	Agriculture	5,722.69	5,491.57
6	Non-Financial Business Services	5,208.41	5,343.10
7	Social Services and Institutions	4,911.95	4,374.70
8	Land Transportation Services	3,846.86	3,348.76
9	Livestock and Animal Feed	3,756.88	3,510.38
10	Retail Trade of Textiles and Textile Products	3,364.03	3,680.76
11	Others	41,548.40	37,702.34
12	Total	125,494.69	117,295.03

SOCIAL PILLARS

MICRO FINANCING ACCESS

Bank Mandiri consistently fosters MSME business practitioners to increase business competitiveness capacity so as to promote economic growth and employment through Micro financing. In disbursing micro loans to MSMEs, Bank Mandiri utilizes the upstream-downstream scheme (close loop) in accordance with regional strategy by optimizing the value chain ecosystem of Bank Mandiri's wholesale customers.

KUR AND KUM PERFORMANCE



43%



Rp37.35 trillion
528,942 debtors
94.22%
1.12%



DEBTORS

Portfolio
Total
Current Collectivities
NPL

56%



Rp44.49 trillion
692,043 debtors
95.49%
1.58%

SOCIAL PILLARS

People's Business Loans (KUR)

People's Business Loans (KUR) is a working capital and/or investment loans to individual debtors, business entities, and/or business groups that are productive and feasible but do not have additional collateral or insufficient additional collateral. The KUR program aims to increase access to financing for MSMEs to enable business capacity and competitiveness to also increase.

Bank Mandiri with core competence as a wholesaler Bank develops an ecosystem-based KUR disbursement strategy. In this strategy, Bank Mandiri collaborates with companies that have become wholesale debtors to then provide recommendations for their managing partners to be financed by KUR.

Bank Mandiri serves three types of KUR, as follows:

- KUR Retail with loan ceiling above Rp25 million to a maximum of Rp200 million per debtor, and a maximum period of 3 years for working capital loans and 5 years for investment loans.
- KUR Micro with a maximum loan ceiling of up to Rp25 million per debtor and a maximum period of 2 years.
- KUR TKI with a maximum loan ceiling of up to Rp25 million per debtor with a period adjusted to the employment contract period or a maximum of 12 months.

By implementing the KUR disbursement strategy through this ecosystem, MSMEs can gain better access to financial services, including KUR disbursement in a fast process.

Meanwhile, from the beginning of disbursement in 2008 to 2023, Bank Mandiri has **disburse KUR to 2.8 million debtors** with a disbursement **limit of Rp224.91 trillion**.

KUM Micro Business Loans (KUM)

Micro Business Loans (KUM) is a loan provided to micro entrepreneurs to finance productive business needs both for investment needs and working capital needs. One of the advantages of Micro Business Loans is the interest rate that competes with fixed installments every month with easy application conditions and a fast loan process.

KUM disbursement is one of Bank Mandiri's roles in assisting MSMEs to develop, expand reach, boost output, and enhance competition in the market, allowing them to positively contribute to the local economy.

During 2023, Bank Mandiri has **disbursed Micro Business Loans amounting to Rp15.674 billion with a total of 361,270 active debtors**.

SOCIAL PILLARS

Financing to Women via MSME Loans

Women play an important role in the progress of the MSME ecosystem in Indonesia. Bank Mandiri is committed to helping increase the business competitiveness capacity of MSME communities, particularly women, allowing them to actively contribute to fostering economic growth and helping to expand employment.

In the last five years, Bank Mandiri has a portfolio of active women **micro entrepreneurs as many as 692,043 debtors with total loans of Rp44.5 trillion** through KUR and KUM products. This number makes women debtors of **Bank Mandiri micro entrepreneurs occupy the largest portion** of the total debtors or **around 56.7%** of the total active debtors of the micro segment of **1,220,985 debtors**.

The credit quality of women debtors also indicates better quality than male debtors, with current collectability of 99.49% and Non-Performing Loans of 1.12% as of December 2023. Meanwhile, the current collectability of male debtors was 94.22% with Non-Performing Loans of 1.58.

Simpanan Mandiri Makmur (SiMakmur)

SiMakmur is a rupiah-based individual deposit account service that uses technology and information from Mandiri Agents to make banking services more accessible to everyone. SiMakmur has the advantage, which is free minimum account balance and free monthly administration fee. Customers with SiMakmur accounts are facilitated in transaction without having to visit the Bank's branch office and simply visit the nearest Mandiri Agent. SiMakmur services have been guaranteed by the Deposit Insurance Corporation (LPS).

Bank Mandiri continues to promote inclusivity for people with disabilities through the Inclusive Economic Acceleration Movement by opening 10,000 new savings accounts for people with disabilities throughout West Java, Central Java, and Yogyakarta. Bank Mandiri provides various types of savings products according to the needs of prospective customers ranging from Tabungan Now, Tabungan Mitra Usaha, and Tabungan Simpanan Pelajar (SimPel) for people with disabilities who do not have a National Identity Number (NIK).

Comprehensive information on Bank Mandiri's Financial Inclusion is detailed in the Sustainability Report of Bank Mandiri, which is published concurrently but in a separate publication.

SOCIAL PILLARS

Consumer Protection

The Bank Operational Policy of Bank Mandiri governs the execution of consumer protection functions. Subsequently, internal policies within each work unit further elaborate on this policy. This demonstrates the Bank's commitment to support a reliable consumer protection system and achieve a financially sustainable, sound system that safeguards the interests of the public and consumers.

Since October 2022, Bank Mandiri has also established a Consumer Protection Unit as mandated by OJK Regulation No. 6/POJK.07/2022 concerning Consumer and Public Protection in the Financial Services Sector, which is responsible for:

1. Disseminate the principles of Consumer Protection to all PUJK Employees.
2. Coordinate the planning and implementation of PUJK compliance with Consumer Protection provisions.
3. Coordinate monitoring and evaluation of the implementation of PUJK compliance with Consumer Protection provisions.
4. Report on implementation and provide recommendations to the Board of Directors related to Consumer Protection.
5. Coordinate the preparation and submission of reports related to Consumer Protection.

In addition to having a consumer financial protection policy, Bank Mandiri also has a debt collection policy that contains the fulfillment of debtor rights as stated in:

1. Bank Mandiri's Credit Policy with the latest amendments was signed by the Board of Directors and is effective as of 7 March 2022.
2. Standard Credit Collection & Recovery Operating Procedures as last amended in 2022.
3. Other related internal regulations

The regulation generally upholds debt collection procedures while safeguarding the welfare of debtors as consumers. When a Collection Service Provider Company handles the collection, Bank Mandiri shall ensure the following:

1. Collection can only be done if the quality of the debtor's receivables is included in the bad quality.
2. Informing the debtor if the collection of the debtor's obligations has been submitted to the Collection Service Provider Company.
3. Collection is prohibited by using physical or verbal pressure;
4. Collection is prohibited from being made to parties other than the debtor;
5. Collection using means of communication is prohibited from being continuously disruptive;
6. Collection can only be done at the place of the debtor's billing address or domicile;
7. Collection can only be done from 08.00 to 20.00 time in the debtor's domicile area.

In addition, the policy also regulates the rights of creditors to:

1. Obtaining a sufficient explanation of the characteristics of the product.
2. Access the terms and conditions of fund products through the Bank Mandiri website.
3. Obtain transaction convenience through branches, e-banking services or other facilities determined by the Bank.
4. Earn interest in accordance with the applicable provisions at the Bank.
5. Obtain information on procedures for handling and resolving customer complaints.

In the lending process, Bank Mandiri prioritizes the principle of prudence and regular portfolio monitoring. The application of the due-diligence in the lending process is reflected in the escalation mechanism in the loan approval and monitoring process for large-scale and high-risk debtors.

The lending process flow of the Loan Monitoring Stage includes the Watchlist mechanism as one of several methods for assessing the creditworthiness of existing debtors. This mechanism functions as an Early Warning Signal to assess the credit quality extended by examining three key factors: the debtor's future

SOCIAL PILLARS

business prospects, financial performance, and repayment history.

In the event that a decline in quality is detected during the review process, Bank Mandiri will intervene to rescue non-performing loans. An initiative undertaken by the Bank to address non-performing credit debtors who maintain viable business prospects and performance, and ability to repay, with the aim of minimizing the possibility of losses for the Bank and instill confidence in the lending.

The loan rescue may involve restructuring. The following restructuring measures may be implemented:

1. Reduction in lending rates;
2. Extension of credit term;
3. Reduction of credit interest arrears;
4. Reduction of credit principal arrears;
5. Additional credit facilities; and/or
6. Conversion of credit into temporary capital participation,

Bank Mandiri has also established the Business Committee and Risk Management & Credit Policy Committee, both of which are tasked with evaluating the Bank's products and services, including providing risk assessments of products and services issued by Bank Mandiri.

A complete review of the Business Committee and the Risk Management & Credit Policy Committee is detailed in the Bank Mandiri Annual Report, Corporate Governance Chapter, the Committee of the Board of Directors.

Bank Mandiri internal regulations govern marketing activities, communication, products, and services. This provision pertains to guidelines and standards for communication materials intended for public dissemination, with guidance and attention to regulatory regulations, such as POJK No.6/POJK.07/2022 concerning Consumer and Public Protection in the Financial Services Sector and

OJK Financial Services Advertising Guidelines. Consequently, published communication materials are also pay attention to the interests of consumers/customers. In its implementation, all Product and Service Marketing Communication activities are reported periodically to the Board of Directors.

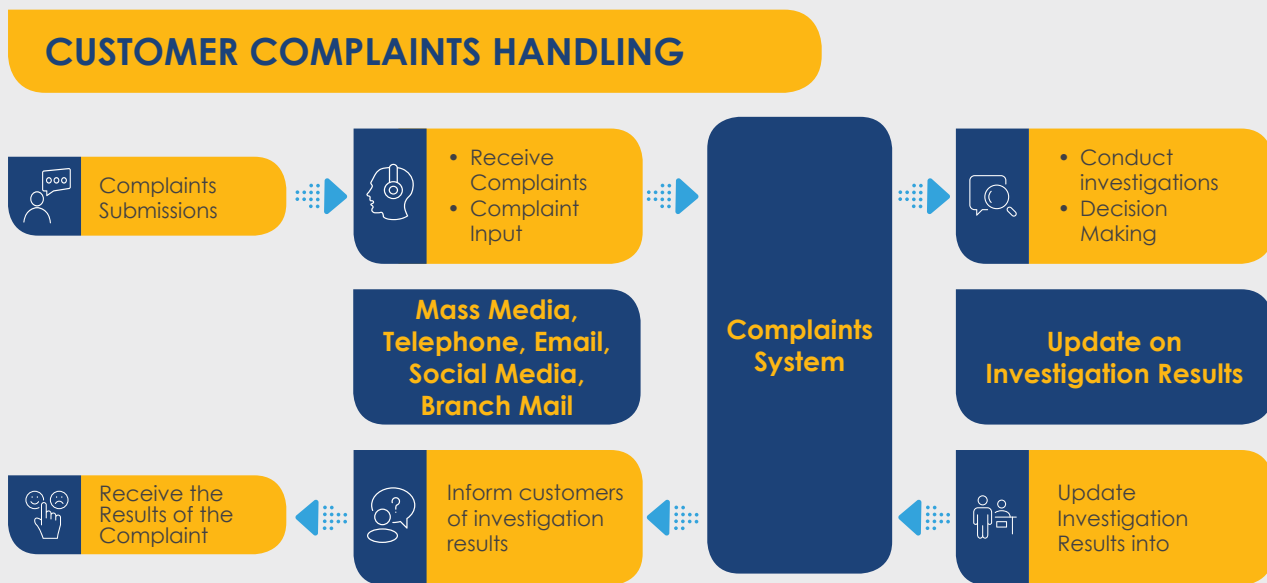
Bank Mandiri manages several financial literacy programs to improve people's financial literacy regarding finance and banking. Some of these programs are:

1. MSME Education on Livestock – “Seizing Business Opportunities for the Laying Chicken Farm Ecosystem”
2. MSME Education to Support Infrastructure Development
3. Mandiri Education
4. Education and Socialization of Tabungan Simpanan Pelajar (SIMPEL) and One Account One Student Program (KEJAR)
5. Financial Management and Planning for Payroll Customers
6. Personal Finance Webinar
7. Empowering Indonesian Migrant Workers through the Mandiri Sahabatku entrepreneurship program.
8. Financial Literacy Program (SME Group)
 - Mandiri UKM Center (UKMC) is a business model targeted to comprehensively work on the business potential of SMEs regulated within a certain radius, particularly in cities contributing to Indonesia's GDP (Gross Domestic Product).
 - Mandiri UKMC aims to provide a forum for MSME communities to obtain faster and easier credit financing and improve the competence of MSME communities through literacy mentoring/training, such as tax advisory, financial statement education, etc.

Bank Mandiri also conducts various trainings to improve the ability of employees in providing consumer protection which information is detailed in the Bank Mandiri Annual Report and Sustainability Report, Human Resources Chapter.

SOCIAL PILLARS

Moreover, Bank Mandiri has a complaint submission mechanism if customers experience problems in transactions, complaints or other complaints. Bank Mandiri established a special work unit, namely Customer Care Group to provide the best service. The main task of this unit is to resolve all customer complaints in accordance with the Service Level Agreement (SLA) that has been set.



Customers are given easy access to complaint services with various media choices both oral and written, such as the following:

24 hours via Line

24 **14000**

Twitter Account

@mandiricare
and @bankmandiri

Livechat Whatsapp

0811-8414-000

Website

by selecting the "Contact us" menu.

Akun Facebook

"Mandiri Care" dan "Bank Mandiri"

SOCIAL PILLARS



An official letter addressed to Bank Mandiri, either delivered directly, or sent by post.

**Email:**

mandiricare@bankmandiri.co.id.

**Instagram Account**

@bankmandiri

**Bank Mandiri
throughout Indonesia.**

Bank Mandiri also provides a whistleblowing system called Letter to CEO (LTC) in addition to the mechanism mentioned above. LTC is managed by an independent third party with the following objectives:

1. Be independent and professional.
2. Minimize the risk of conflict of interest.
3. Provide a sense of security for the whistleblower.
4. Increase stakeholder confidence in LTC management.
5. The whistleblower can monitor the follow-up status of the LTC report submitted.

Complete information on whistleblowing systems and mechanisms is detailed in this Annual Report - Governance Chapter, and Sustainability Report - Customer Service and Satisfaction Chapter.

Data Privacy and Security

Bank Mandiri sets priority on maintaining customer data privacy as part of human rights (HAM). We safeguard customers' personal information through technological, process & administrative, organizational and physical security steps. We develop code of ethics/business conduct including standards on how employees must protect customer confidential information.

Therefore, since customers open an account in Bank Mandiri Group, customers require to fill and check customers' consent according to the applicable regulations. Customers are also allowed to withdraw consumer's consent at any time. Furthermore, Bank Mandiri requires Non-Disclosure Agreement (NDA) for third party if there is cooperation that uses customer data, and only sends customer data according to customer's consent. The bank also ensures that delivery of campaign covering customer's consent.

The governance of customer data management has been formed in operational policies, namely Standard Data Management Procedures and Operational Technical Guidelines for the provision of internal and external data. Further information regarding the privacy policy and data security (including our subsidiaries) can be accessed through:

SOCIAL PILLARS



Mandiri Group are committed to building and updating reliable cybersecurity defense through developing security requirement standards as a reference for each subsidiary based on Bank Mandiri's Cybersecurity Framework. Each Subsidiary will conduct self-assessment and prepare an action plan for compliance if there are any gaps with assistance by CISO Division. Furthermore, the action plan of each subsidiary is reported to Bank Mandiri's Management by Board of Directors of Subsidiaries to getting feedback to adapting the cybersecurity defense in Mandiri Group.

In addition, in order to perform the data harmonization process in the Subsidiaries, including data privacy and security, Mandiri Subsidiary Management Principle Guideline (MSMPG) has regulated provisions on data management that can be adopted and harmonized by the Subsidiaries. Issues and discussion topics related to data management, including data privacy and security, are reported and discussed at the board-level committee, namely the Data Steering Forum. The Data Steering Forum is held at least once a year attended by the Director of Risk Management, Director of Compliance, Director of Finance and Strategy, and Director of IT.

Regarding the management of confidentiality and security of personal data, Bank Mandiri has acquired and implemented a Data Governance Framework

adopted from the best practice framework. Some of the practices include:

1. Customers can add/complete and change (rectify, change, control) personal data through branches or call centers.
2. The process of masking on sensitive data.
3. Protection of sensitive data against access by unauthorized parties/persons through the application of data classification.
4. Safeguarding against data leakage through the implementation of Data Loss Prevention (DLP) tool.
5. Secure file sharing with the implementation of multi-factor authentication (MFA) integrated into data management technology.
6. Periodic Security Awareness to educate employees and customers about the importance of maintaining the confidentiality and security of personal data.
7. Protection of personal data from loss, leakage, damage through adequate security controls.
8. Data efficiency through the implementation of backup, switch-over, and disaster recovery training efforts

In order to minimize the misuse of customer data, Bank Mandiri has launched Livin' Super Apps with liveness detection and face recognition features so the customer can make financial transactions through mobile banking. With this feature, customer data is directly stored in the system without going through a

SOCIAL PILLARS

physical form. Livin' customers can change/ rectify their personal data, open savings accounts & apply credit cards, withdraw cash without a card, quick pick favorite transactions, instant e-money top up, and online shopping payments. Furthermore, Bank Mandiri ensure customer rights to rectification and control the personal data can be done in all branches or via call center 14000.

Bank Mandiri conducts periodic audits to perform assurance functions on all information security activities, including customer protection, data privacy, and fraud management, which are implemented in accordance with internal and regulatory regulations. The audit is divided into the following activities:

1. Internal Audit
The internal audit process is carried out at least once in a year by a special IT Security Audit unit under the supervision of the IT Audit Unit (SKAI – Internal Audit Unit).
2. External Audit
The external audit process is carried out at least once in two years by reputable international consultants (external independent parties). The external audit process is also carried out to comply with regulatory compliance aspects (BI) with the issuance of PBI No. 23/6/PBI/2021 concerning Payment Service Providers. In 2023, another external audit by reputable international consultants (external independent parties) with audit coverage covering customer protection, information security & data privacy, and fraud management.

Moreover, an assessment was also carried out by an independent external assessor, namely the State Cyber and Encryption Agency (BSSN) related to:

1. **Cyber Security Maturity (CSM)** assessment with maturity level 5 – “Optimal” (highest score). CSM assessment is an instrument from BSSN to assess the level of cybersecurity maturity of an organization, including the assessment of management maturity and protection of personal data privacy.

2. **Measurement of Incident Handling Maturity Level (TMPI)** with the result of maturity level 5 – “Optimize” (highest score). TMPI is a tool to map the level of organizational readiness in responding to and recovering cybersecurity incidents, including in detecting and responding if there is an incident of personal data leakage due to system security gaps.

The attendance of the Board of Commissioners and Directors directly at regular meetings of the Risk Monitoring Committee, Audit Committee, and Integrated Governance Committee demonstrates Bank Mandiri's forthrightness in monitoring information security. The committee meeting agenda includes: quarterly reporting on ESG initiatives on topics such as Privacy & Data Security, Bank Mandiri's multi-layer defense mechanism, and meeting Mandiri Group's security criteria.

The Security Awareness program is also carried out on a monthly basis to develop knowledge of information security in daily behavior, with the goal of making it the Bank's culture. Every year, Bank Mandiri provides security awareness training for all employees (at all levels in local and overseas offices) as well as third parties/contractors. Bank Mandiri also conducts regular security awareness campaign programs through various media, including a monthly newsletter, quarterly posters, quarterly podcasts, and a semester phishing drill. Data security protection, data confidentiality, latest cyber-attack trends, how to identify and avoid phishing, and online transaction security are some of the topics covered in the security awareness campaign.

Bank Mandiri also continues to increase customer security awareness by organizing educational programs through various official Bank channels, such as: website, social media (Instagram, Facebook, Twitter), and YouTube. Examples of education carried out through www.bankmandiri.co.id website with Digital Transaction Security links are educational content to maintain the confidentiality of personal data such as PIN, card validity period, 3 CVV numbers on the back of the card, card limit, User ID, password, and OTP.

GOVERNANCE PILLARS

Bank Mandiri implements Good Corporate Governance (GCG) based on the principles of GCG, TARIF (Transparency, Accountability, Responsibility, Independence and Fairness), which has now been developed into four pillars of Indonesian corporate governance by the National Committee for Governance Policy (KNKG), namely: Ethical Behavior, Accountability, Transparency and Sustainability.

GOVERNANCE PILLAR PERFORMANCE

Most Trusted Company

95.22

Bank Mandiri received the title as one of the **top performers in the Corporate Governance & Perception Index (CGPI)**

*) Previous Rating: 95.01

Strengthening ESG Practices



Establishment of ESG Group as a 'control tower' for ESG implementation at Bank Mandiri



ESG Governance Oversight by the Board of Commissioners and Board of Directors, supervised directly by the Vice President Director, and reported to the Risk Management Policy and Committee (RMPC) and Risk Oversight Committee (ROC)



Privacy Policy on Bank Mandiri products and all Subsidiaries



Whistleblowing System – Letter to CEO (WBS-LTC) managed by an independent external party

GOVERNANCE PILLARS

ESG Governance

Bank Mandiri manages sustainability comprehensively, including ESG topics, within the framework of sustainable financial work to achieve the vision of sustainability, "Becoming Indonesia's Sustainability Champion for A Better Future."

To achieve this goal, the company establishes governance bodies involved in planning, decision-making, monitoring, evaluation, and implementation of bank-wide ESG strategies within the following structure.

Duties and Responsibilities – Directors & Commissioners

- Monitoring & evaluating the Company's compliance with the Articles of Association, Authority regulations, and other laws and regulations related to Risk Management.
- Provide recommendations to the President Director regarding the preparation of Risk Management Policies, Strategies and Implementation Guidelines.

Duties and Responsibilities – ESG Unit

- Develop frameworks, commitments, roadmaps and targets related to ESG/Sustainability.
- Monitoring Bank Mandiri's Sustainable Portfolio (according to POJK 51/2017 criteria) and reporting Bank Mandiri's Portfolio in accordance with the Indonesian Green Taxonomy.
- Encourage the development of Sustainable Financial services/products.
- Cascading relevant ESG KPIs across all units.
- Ensure ESG disclosure is in line with best practice.
- Internalizing ESG awareness to all employees.
- Ensure alignment of ESG aspects into all business processes and internal regulations.

SUSTAINABILITY GOVERNANCE STRUCTURE



Board of Commissioners / Related Board of Commissioners Committee



Board of Directors / Related Board of Directors Committee



ESG Working Group



ESG Coordinator Work Unit

ESG Contributor Work Unit

- Business Unit
- Risk Management Unit
- Supporting Unit
- Regional Offices I-XII

GOVERNANCE PILLARS

Sustainable Finance Management

The Board of Directors is fully responsible for determining the Company's sustainability direction (Framework, Commitment, Strategy, Initiatives, Roadmap) related to climate change and the achievement of Sustainable Development Goals (SDGs); which is embodied in the Sustainable Finance Action Plan (RAKB) 2024-2028, approved by the Board of Commissioners, and submitted to the regulator in November every year.

Each member of the Board of Directors ensures the implementation of the RAKB and the management of relevant ESG topics in each directorate in accordance with the time frame set out in the RAKB. The integration and coordination of ESG topics management is specifically under the authority of the Vice President Director and is carried out by ESG Group with the scope as follows:

1. ESG Framework Management,
2. Coordination of provisions consistent with ESG and climate change issues,
3. Sustainable portfolio management,
4. Responsible operational strategy,
5. Communication and reporting functions to external and internal parties.

Within the framework of implementing sustainable finance, Bank Mandiri has added a new unit, namely ESG Group, in accordance with SK/KOM/05.2/2022 dated 18 July 2022 and stated in the Decree of the Board of Directors of KEP. DKP/32/2022 dated 12 September 12. ESG Group is responsible for sustainable finance in accordance with the mandate of POJK-51/2017. ESG Group is a full-time permanent unit that replaces the previous sustainable finance task force.

ESG Group is the control tower of ESG implementation at Bank Mandiri and all subsidiaries. ESG Group is led by a Senior Vice President under the authority of the Company's Vice President Director. The daily functions of ESG Group include ESG framework management, alignment of provisions in line with ESG and climate change issues, sustainable portfolio management, responsible operational strategies, including communication and reporting functions to external and internal parties.

GOVERNANCE PILLARS

ESG Management and Supervision

The Company ensures that ESG governance performs effectively in accordance with stakeholder expectations. ESG governance is monitored continuously to ensure that matters related to sustainability are internalized in the overall governance structure of the Company. Bank Mandiri has also set a goal to manage ESG-related matters effectively in accordance with laws and regulations and pay attention to ESG practices implemented by banks and global initiatives.

Specifically for climate risk management, the Board of Directors is assisted by the Risk Management and Policy Committee (RMPC) and in its supervision the Board of Commissioners is assisted by the Risk Monitoring Committee (RMC). Climate risk monitoring is carried out through board meetings, Risk Management and Credit Policy Committee (RMPC) and ESG Forum at least six times a year. As the highest governance body, the Board of Commissioners and Board of Directors sets the company's direction through sustainability policies, strategies, and targets in social, economic, and environmental topics, including climate change issues which are then embodied in Bank Mandiri's policies and strategies. The Board of Commissioners and Board of Directors actively identify and evaluate the impacts of sustainability and climate change

aspects, in consultation with stakeholders, such as shareholders, regulators, the community and other parties. This consultation can be in the form of face-to-face meetings, online meetings, or through reports received. The frequency of meetings or reports is adjusted to the needs. In its implementation, the Board of Commissioners and Board of Directors delegate the responsibility to manage sustainability impacts to the ESG Unit, which is directly supervised by the Vice President Director, and reports to the Risk Management Policy and Committee (RMPC) and Risk Monitoring Committee (RMS). Reports from the ESG Unit are then forwarded to the Board of Directors regularly as needed and to the Board of Commissioners with a frequency of at least 4 times per year.

Management supervision in the enforcement of the Code of Conduct includes supervision by the Board of Directors related to the implementation of integrity and ethics which are part of the Implementation of the Internal Control System. In supervision, the Board of Directors ensures the growth of a corporate culture that upholds ethical values, the integrity of each Mandirian, makes management an example that fosters the involvement of everyone and makes a culture of risk inherent at every level of the organization.