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About

Bank Mandiri

Bank Mandiri is Indonesia's largest bank in terms of assets. It plays a crucial role in supporting the country's economic development and significantly contributes to the financial sector. Committed to continuous improvement, Bank Mandiri is actively enhancing innovation and transformation in its customer services.



We are advancing sustainability through our 2024-2028 Sustainability Framework with the aspiration of 'Becoming Indonesia's Sustainability Champion for A Better Future.'



Dear stakeholders,

Following the pandemic, business operations and social mobility have now returned to normal, signaling a global economic recovery. With gratitude to the Almighty, Bank Mandiri successfully concluded the year 2023 with robust business performance and contributed to Indonesia's efforts to transition to a low-carbon economy.

For over 25 years, we have been a partner to the Indonesian Government and have positively contributed to the economic and social impact by providing financial products and services to various segments of society. We are committed to continuously developing financial products and services that support the transition to a low-carbon economy, in compliance with Environmental, Social, and Governance (ESG) principles. Our goal is to provide the best benefits for stakeholders, the environment, and ensure a sustainable future for the next generations.

Message from the Board of Commissioners

SUPPORTING SUSTAINABILITY

As we enter 2024, the global economy has the opportunity to recover following the expectation of a decline in global interest rates, specifically in the United States, as the inflation becomes more controlled. This likely leads to a potential global interest rate reduction, which will have a positive impact on economic performance.

On the other hand, there are global risks posing challenges to the world economy, such as the slowdown in the economies of the United States, China, and ongoing geopolitical pressures in the Middle East. These geopolitical risks have the potential to disrupt economic growth and may impact energy supplies. As seen in previous years, when energy supplies are disrupted, issues of energy security and affordability take precedence over sustainability. Thus, causing a shift in our focus away from sustainability issues.

Therefore, Bank Mandiri is aiming to advance sustainability through our 2024-2028 Sustainability Framework with the aspiration of 'Becoming Indonesia's Sustainability Champion for A Better Future.' Through this framework, we are committed to leading Indonesia's transition to a low-carbon economy, achieving Net Zero Emissions in operations by 2030, and catalyzing inclusive growth with social impact to achieve the Sustainable Development Goals. We will implement these commitments through three main pillars: Sustainable Banking, Sustainable Operation, and Sustainability Beyond Banking.

Under the pillar of Sustainable Banking, we have managed sustainable portfolios, including Sustainability Linked Loans and Corporate-in-Transition Financing. Additionally, we offer Green Bonds, ESG Repo, and Sustainable Bonds. To ensure ESG aspects integration in lending, we have formulated credit policies that incorporate ESG principles and evaluate ESG risks in financing.

Initiatives to perform our green operations are implemented through the Sustainable Operation pillar by utilizing renewable energy and promoting the use of electric vehicles. To address cyber risks, we promote digitalization with potential risk mitigation mechanisms. In terms of data security, we maintain the highest standards and continuously enhance employee awareness.

Through the Sustainability Beyond Banking pillar, we provide productive microcredit and expand financial services through digital innovations such as Livin', Livin' Merchant, KOPRA, and Smart branch. We are also committed to increasing public

awareness of personal financial management through our annual financial literacy activities.

We are also accelerating the growth of the low-carbon economy in Indonesia through sustainability assessments carried out by the Mandiri Institute. This initiative promotes the adoption of sustainability values through policy advocacy and research related to the financial sector, sectoral trends, and regional and global standards.

NEXT PLANS

The establishment of sustainable finance is a complex endeavor that demands individuals with the necessary skills to fulfill the obligations and long-term objectives that have been established. We will continuously enhance our internal proficiency in ESG and cultivate a sustainable business mindset to expedite the development of a low-carbon business ecosystem. We will ingrain this culture into our business practices so that all Mandiri employees, the Board of Directors, and the Board of Commissioners recognize the significance of integrating ESG principles into our business operations.

Furthermore, we will optimize opportunities to develop sustainable financial products and services, both in terms of funding and financing, and promote digitalization to create fast and secure financial services with a lower carbon footprint.

APPRECIATION

On behalf of the Board of Commissioners of Bank Mandiri, we would like to express our appreciation to the Board of Directors of Bank Mandiri and all Mandiri employees for the dedication shown throughout the year 2023. We would also like to extend our gratitude to our customers, shareholders, and partners for the trust they have placed in us to continue contributing to a low-carbon and inclusive sustainable financial achievement.

On behalf of the Board of Commissioners,

MUHAMAD CHATIB BASRI

President Commissioner/Independent Commissioner



We play a crucial role in achieving the government's target to achieve Net-Zero Emission by 2060 or sooner and supporting the transition to a low-carbon economy through the implementation of sustainable finance by promoting financing for green business operations.



Message from the President Director [OJK D.1]

Dear stakeholders,

With gratitude to the Almighty, we are pleased to present the Sustainability Report for the reporting period of 2023, outlining the achievements and performance of Bank Mandiri in upholding sustainability principles throughout the business chain.

We have been a partner of the Indonesian government in creating positive economic and social impact for over 25 years by providing financial products and services for all segments of society. Currently, we also play a crucial role in realizing the government's target to achieve Net-Zero Emission by 2060 or sooner and support the transition to a low-carbon economy through the implementation of sustainable finance by promoting financing for green business operations.

We will continue to actively develop financial products and services that support the transition to a low-carbon economy, in line with environmental, social, and governance principles, to provide the best benefits to stakeholders, the environment, and ensure a bright future for future generations.

SUSTAINABILITY STRATEGY

Our contribution to the implementation of sustainable finance in Indonesia commenced with the introduction of the Sustainable Finance Action Plan 2019 – 2023 to the Financial Services Authority. Following the completion of the initial five-year sustainable finance agenda in 2023, we have laid out a sustainability framework for the subsequent five years to realize the vision of 'Becoming Indonesia's Sustainability Champion for A Better Future'.

Through this framework, we are committed to leading Indonesia's transition to a low-carbon economy, achieving Net Zero Emissions for the Bank's operational activities by 2030 and financing by 2060 or sooner, and catalyzing various growth with social impacts to achieve the Sustainable Development Goals. We will implement these commitments through three main pillars: Sustainable Banking, Sustainable Operation, and Sustainability Beyond Banking, along with eight key initiatives. These will be our main focus for the period 2024 – 2028.

In addressing climate change, we are pursuing two primary approaches: reducing greenhouse gas emissions from our operational activities and directing financing towards climate change mitigation and adaptation. This involves developing

bank offices that operate efficiently with minimal carbon emissions, assessing the greenhouse gas emissions associated with our financing activities, and expanding funding sources to tackle the impact of climate change through green loan disbursement and the issuance of green and sustainable bonds.

RESPONSE TO SUSTAINABLE FINANCE CHALLENGES

We recognize that the implementation of sustainable finance is a lengthy journey fraught with diverse challenges. Some of the obstacles we encounter in implementing sustainable finance include internal comprehension and capabilities, customer and partner understanding of ESG aspects, readiness of systems and processes to facilitate the integration of sustainable finance into the Bank's business activities, heightened cyber risks arising from the digitalization of processes, and evolving regulations related to sustainable finance.

For this reason, we are continuously cultivating ESG expertise and fostering a green business mindset to expedite the establishment of a low-carbon business ecosystem. We aim to incorporate these practices into our standard business operations, ensuring that the entire Bank Mandiri family comprehends the urgency and implements ESG aspects in their daily activities.

Additionally, we will develop sustainable financial products and services from both funding and financing perspectives, promote digitalization while implementing mechanisms to mitigate cyber risks, and engage in regular dialogue with regulators and other stakeholders to optimize the implementation of sustainable finance in Indonesia.

SUSTAINABLE FINANCE PERFORMANCE

Sustainable Banking

Through the pillar of Sustainable Banking, we are committed to leading Indonesia's transition to a low-carbon economy. We realize this commitment through funding and financing activities that take into account ESG aspects.

As of December 2023, Bank Mandiri has disbursed Sustainable Financing in accordance with the Sustainable Business Activities Category (KKUB) in POJK 51/2017 of Rp264.08 trillion, marking a 15.4% year-on-year increase.

The bank continues to expand its range of sustainable products to support customers, particularly those in high carbon-intensive sectors, by offering financial solutions such as Green Loans, Sustainability-Linked Loans, and Corporate-in-Transition Financing.

Furthermore, in 2023, Bank Mandiri introduced a sustainable fundraising instrument, Green Bonds Phase 1, with a value of Rp5 trillion.

To ensure the integration of ESG aspects in credit provision, we have developed and implemented credit policies that incorporate ESG aspects and have enforced sectoral credit policies as binding provisions for businesses deemed to have high ESG risks. In 2023, we reviewed and integrated sectoral credit policies for six new sectors: pulp & paper, telecommunications, transportation, other transport equipment industry (shipyards), pharmaceuticals & healthcare services, and oil and gas.

In terms of credit risk management, we have developed and implemented a risk management system to assess ESG risks in financing, as outlined in the Industry Acceptance Criteria (IAC) technical guidelines edition III 2022 (Internal Regulation No.B3.P1.T16.IAC) for Credit Provision. We use this document to conduct environmental analysis during credit analysis.

Our credit risk assessment adheres to the four-eyes principle, involving the Business Unit, Credit Risk Management Unit, and Legal and Compliance Group. The findings of ESG risk monitoring are reported to the Board of Directors through the Risk Management and Policy Committee and to the Board of Commissioners through the Risk Monitoring Committee on a quarterly basis.

In terms of social financing, we have recorded a Social Portfolio of Rp135 trillion, with disbursement of KUR (People's Business Credit) of Rp62.3 trillion to more than 2.88 million debtors. We also disbursed a loan of Rp3.58 trillion through Fintech that focused on sustainable financing, benefiting 245,000 women.

Sustainable Operation

We are committed to achieving Net-Zero Emissions in our operations by 2030 and from financing by 2060 or sooner. Currently, we have four buildings implementing energy efficiency initiatives; one is certified as a Green Building. Additionally, we utilize renewable energy from 727 units of solar panels installed in three buildings.

To minimize fuel consumption, we advocate 136 units of electrical vehicles for operational purposes. We have acquired several electric and hybrid vehicles, including cars and motorcycles and have established two electric vehicle charging stations. We are committed to collaborating with stakeholders

to further promote the use of electric vehicles, including procuring charging stations for our other operational areas.

Additionally, we are actively purchasing carbon credits through the Indonesian Carbon Exchange (IDX), established in 2023 as part of our commitment to support the national agenda on performing the Carbon Trading.

The emission reduction in 2023 is 295,713 tons of CO₂e or decrease of 18% from the baseline in 2019. All carbon reduction initiatives in operational activities have been mapped in the Operational Emission Roadmap Scope-1 and Scope-2 of Bank Mandiri to achieve Net-Zero Emission by 2030.

In 2023, we calculated Scope 3 emissions, the indirect emissions from financing activities (financed emissions), in accordance with the Partnership for Carbon Accounting Financials (PCAF) guidelines.

Based on calculations from debtor emission reports and other available data, covering 44% of the total financing portfolio (bank only), Bank Mandiri's financing and investment emissions were 18.1 million tCO₂e. This includes 13.5 million tCO₂e from Loan Assets and 4.6 million tCO₂e from Other Assets. The calculations for this reporting period will be further refined in accordance with relevant standards and regulations, taking into consideration the availability and quality of data.

The results of these calculations are a crucial basis for Bank Mandiri to comprehend the emission profile of the financing and investment portfolio, enabling the formulation of business strategies and risk management in the transition towards a low-carbon economy. We will continue to refine our calculation methodology to align with standard dynamics, regulatory directives, and data availability. The resulting calculations will form the foundation for developing a decarbonization strategy aimed at achieving Net-Zero Emissions from financing by 2060 or sooner.

Furthermore, we are implementing digitalization initiatives through the Livin' application for retail customers and Kopra for wholesale customers. We are also operating smart branches, which represent a digital transformation of traditional bank branch offices, aimed at providing customers with fast, easy, and secure financial services.

In addressing the risks of data and information security arising from business digitalization, we are committed to maintaining the highest standards in data security and privacy by proactively ensuring that customer information is securely managed following applicable regulations. We will continue to update data protection policies and practices to adapt to existing developments to ensure that customer and bank data are protected and minimize the risk of data breaches.

The Directors of Information Technology, Risk Management, and Compliance & HR are responsible for ensuring the

implementation of information security and personal data protection in our setting. We continuously enhance awareness of the importance of data protection through training and campaigns for both Mandiri employees and customers.

We constantly strive to be the preferred workplace for Mandiri employees, particularly women. Currently, 52% of our total employees are women, with 35% of them holding top-level management positions as Assistant Vice President or higher. We have established the Women Leadership Program and the Srikandi Mandiri Program, both of which offer leadership training and mentoring opportunities to female employees.

We are committed to creating a workplace free from discrimination and other unethical behavior. For this reason, we have developed a Respectful Workplace Policy, the implementation of which is overseen by the Board of Commissioners as part of its supervisory function and reported to the Minister of State-Owned Enterprises on a semester basis.

Sustainability Beyond Banking

As the largest bank in Indonesia, we are committed to catalyzing various growth with social impact to achieve the Sustainable Development Goals. Initiatives to realize this commitment are implemented under the pillar of Sustainability Beyond Banking. We aim to enhance community access to financial services, particularly for those included in the priority criteria set by the government, empower MSMEs through Digipreneurship, and conduct assessments on sustainability to accelerate the low-carbon economy in Indonesia.

We provide financial products and services tailored to the needs of the community, accessible through our bank branches, digital services, Mandiri Agents, and other partners working with the bank to provide financial services.

To broaden our service coverage, we have enlisted 130,100 individuals as Mandiri Agents. Mandiri Agents are our branchless banking initiative that aims to facilitate access to financial services for communities, particularly those in remote areas, without the need to visit physical bank branches. Customers can utilize Mandiri Agents for account opening, cash deposits and withdrawals, fund transfers, purchases, and bill payments. Moreover, Mandiri Agents are actively involved in community education, conducting activities related to financial literacy and digital literacy. In certain areas, Mandiri Agents are equipped with sign language skills to assist deaf or mute customers.

We are dedicated to enhancing the digital capabilities and reducing the carbon footprint of MSMEs in Indonesia. To support this, Bank Mandiri introduced the Livin' Merchant application, designed to assist MSMEs in managing sales, monitoring product inventory, and facilitating sales proceeds disbursement. Since its launch, the Livin' Merchant application has been adopted by 1,7 million MSME players. Additionally,

we empower MSMEs through the CSR program, including initiatives such as the Mandiri Sahabatku program, Mandiri Young Entrepreneur (WMM), and Rumah BUMN program.

To accelerate the low-carbon economy in Indonesia, we conduct sustainability research through the Mandiri Institute. The Mandiri Institute promotes the implementation of sustainability values through policy advocacy and research related to the financial sector, sectoral trends, and regional and global standards. The Mandiri Institute has been publishing annual reports regularly since 2022, providing an overview of the current implementation of ESG by the private sector in Indonesia and regional and global trends in the financial sector.

APPRECIATION

On behalf of the Board of Directors of Bank Mandiri, we express our appreciation to the Board of Commissioners, shareholders, all Mandiri employees who have dedicated themselves throughout 2023, and all customers who have entrusted and supported Bank Mandiri to continue contributing to realizing a low-carbon economy through the best financial services for the community.

On behalf of the Board of Directors of Bank Mandiri,

DARMAWAN JUNAIDI
President Director

Responsibility for the 2023 Sustainability Report

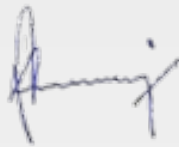
Statement of the Board of Directors on Responsibility for the 2023 Sustainability Report of PT Bank Mandiri (Persero) Tbk.

We, the undersigned, review and declare that all information in the 2023 Sustainability Report of PT Bank Mandiri (Persero) Tbk has been fully and responsibly submitted and that we are fully responsible for the accuracy of the contents of the company's Sustainability Report.

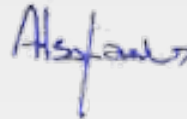
This statement was made with all truthfulness.

Jakarta, January 25, 2024

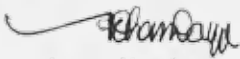
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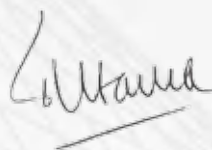
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Finance and Strategy Director



Timothy Utama
Information Technology Director



Eka Fitria
Treasury and International Banking Director

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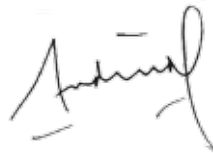
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Jakarta, January 25, 2024

BOARD OF COMMISSIONERS



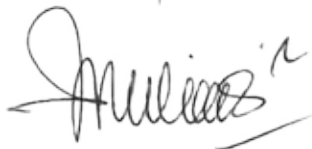
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