

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

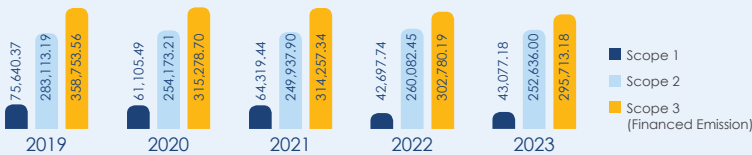
Operational Vehicles with Electric Vehicles (EV)

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.