

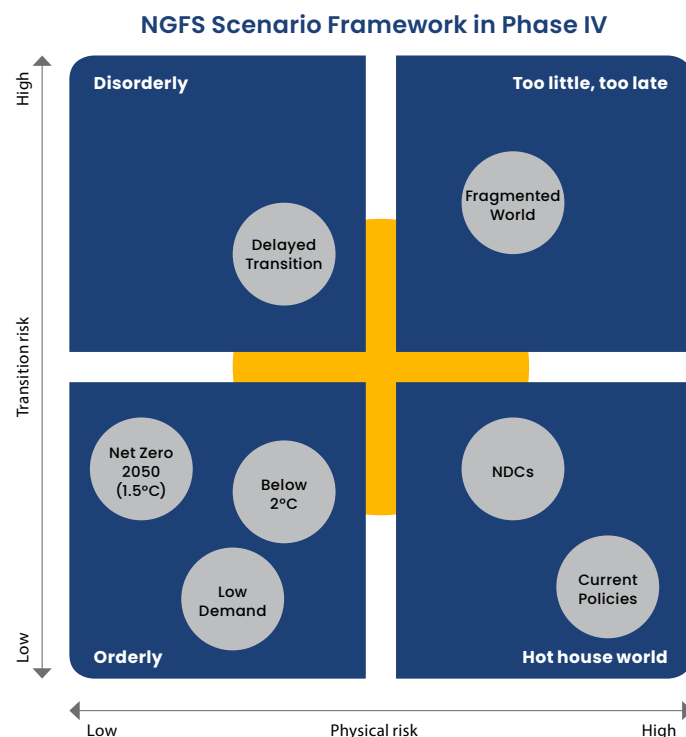
## Climate Risk Stress Test (CRST) [S2-2c]

As a member of the Task Force on Climate Related Financial Risk, Bank Mandiri participated in the initial phase of the Bottom-up Climate Risk Stress Test (CRST) alongside the Financial Services Authority (OJK). This initial phase served as a collaborative learning exercise between OJK and the banking sector, aimed at building capacity for assessing the impact of climate change risks.

Bank Mandiri refers to the Network for Greening the Financial System (NGFS) climate scenarios, which categorizes the potential impacts of climate change into three categories:

"Orderly," "Disorderly," and "Hot House World." Each scenario presents a unique roadmap and variables crucial for achieving the 2050 climate goals, including changes in how climate affects the economy. These scenarios explore different assumptions about the escalation of climate policy, emission levels, and temperature increase.

During the initial phase of the Bottom-Up CRST, Bank Mandiri employed three NGFS scenarios: Net Zero 2050, Delayed Transition, and Current Policies.



A comprehensive explanation of the scenarios utilized in the initial phase of Bottom Up CRST can be seen in the following table:

| Climate Risk Type      | Scenario   | Financial Impact    |
|------------------------|--|---------------------|
| <b>Transition Risk</b> | Orderly – Net Zero 2050<br>The aim is to achieve global net-zero CO <sub>2</sub> emissions by 2050 and limit global warming to 1.5°C through strict and innovative policies. Several countries such as the US, EU, UK, and Japan have achieved net-zero emissions for all greenhouse gasses. |                     |
|                        | Disorderly- Delayed Transition<br>Assuming that annual emissions will not decrease until 2030, stricter policies are then implemented to limit global warming to 2°C and restrict CO <sub>2</sub> emissions.   | <b>Low - Medium</b> |
|                        | Hot House World– Current Policies<br>Assuming the continuation of current policies without implementing any new ones, the impact on physical risks will increase.  |                     |