Climate-Related Risk and Opportunities [S2-3a], [S2-2b]

Type of Risk	Risk Triggers	Likelihood of Risk Occurrence	Description	Risk Response Strategies
TRANSITION RISK				
POLICY AND LAW				
Compliance	Enforcement of policies and regulations in Indonesia concerning climate-related risks.	Likely	The risk arising from the presence of Law No. 16 of 2016 on the Ratification of the Paris Agreement and Presidential Regulation 98/2021 on the Economic Value of Carbon (NEK) to Achieve Nationally Determined Contributions (NDC).	Bank Mandiri has developed a Sustainable Financial Action Plan (SFAP) 2024-2028 to implement sustainable financial targets and has several programs aimed at supporting the government in achieving Net Zero Emissions by 2060 or ahead of time.
			The risk arising from the presence of laws on climate change, such as Financial Services Authority Regulation (POJK) No.51/POJK.03/2017 on the Implementation of Sustainable Finance and POJK 60/POJK.04/2017 on the Issuance and Requirements of Green Bonds.	Bank Mandiri adheres to the relevant regulations in implementing Sustainable Finance, such as POJK 51/POJK.03/2017, POJK 60/POJK.04/2017, as well as regulations applicable to debtors, including guidelines for prospective debtors.
				In formulating the credit growth strategy, Bank Mandiri utilizes the Loan Portfolio Guideline (LPG) comprising Industry Classification (IC), Industry Limit (IL), Industry Acceptance Criteria (IAC), and sector-specific credit policies that support the implementation of Sustainable Finance.
				In its formulation, the Loan Portfolio Guideline (LPG) consistently prioritizes ESG principles, including climate change risk. In one component of the LPG, the Industry Acceptance Criteria (IAC) includes ESG aspects that require potential debtors from certain sectors to possess standard documentation related to ESG aspects that must be integrated into their business operations, such as Transition Plans, Climate Change Mitigation Actions, and the submission of a Sustainability Report.
Law	The existence of legal responsibility as part of the implementation of climate change-related policies.	Likely	The legal risk related to the reduction of national emissions under Law No. 16 of 2016 on the Ratification of the Paris Agreement.	Bank Mandiri continues to enhance the knowledge of all employees, customers, vendors, and stakeholders through the implementation of training/workshops/FGDs related to legal risk awareness, emission reduction based on e-NDC documents, and other policies related to climate change.
Credit	The decline in a debtor's financial condition impacts their ability to fulfill their obligations.	Likely	The risks arising from the impact of climate change have the potential to adversely affect the debtor's business and create credit risks for the bank.	In the credit granting process, Bank Mandiri consistently upholds the principle of prudence by integrating Environmental, Social, and Governance (ESG) aspects into its risk management policies, from the pre-screening stage and credit analysis to post-credit monitoring processes. Throughout its business operations, Bank Mandiri identifies and evaluates potential environmental and social impacts through Environment & Social Due Diligence, taking into account the significance of priority sectors and adhering to relevant regulations and standards.
				Bank Mandiri has also established sectoral policies following the Environment, Social, and Governance (ESG) aspects across 12 priority sectors, including Palm Oil, Energy and Water, FMCG, Mining (Metals and Coal), Construction, Pulp & Paper, Telecommunications, Transportation, Other Transport Industries (Shipbuilding), Pharmaceuticals and Health Services, as well as Oil and Gas.