

# 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.
- ✓ Prepares an ESG performance report to the Board of Commissioners and Directors to be presented at the GMS.



## ESG MANAGEMENT AND EVALUATION [GRI 2-14], [GRI 2-16]

The company ensures that ESG governance operates effectively in line with stakeholder expectations. ESG governance is continuously monitored to ensure the internalization of sustainability-related matters within the company's overall governance structure. Bank Mandiri has also set objectives to effectively address ESG-related matters in accordance with regulations and to consider ESG practices applied by the banking industry and global initiatives.

In particular, for climate risk management, the Board of Directors is assisted by the Risk Management and Policy Committee (RMPC), and in its oversight, the Board of Commissioners is assisted by the Risk Monitoring Committee (RMC). Climate risk monitoring is conducted through director meetings, the Risk Management and Credit Policy Committee (RMPC), and the ESG Forum at least six times a year.

As the highest governance body, the Board of Commissioners and the Board of Directors set the company's direction through policies, strategies, and sustainable targets in social, economic, and environmental topics, including climate change, embodied in Bank Mandiri's policies and strategies.

The Board of Commissioners and the Board of Directors actively identify and evaluate the management of the

impacts of sustainability aspects and climate change, consulting stakeholders such as shareholders, regulators, the public, and other parties. This consultation can take the form of face-to-face meetings, virtual meetings, or through received reports. The frequency of meetings or reports is adjusted as needed.

In its implementation, the Board of Commissioners and the Board of Directors delegate responsibility for managing the impacts of sustainability to the ESG Unit, directly supervised by the Vice President Director and reports to the Risk Management Policy and Committee (RMPC) and the Risk Monitoring Committee (RMC). Reports from the ESG Unit are then regularly forwarded to the Directors as needed and to the Board of Commissioners with a minimum frequency of four times per year.

The management oversight in enforcing the Code of Conduct includes supervision by the Directors related to the implementation of integrity and ethics, which are part of the Internal Control System. In supervision, the Directors ensure the growth of a corporate culture that upholds ethical values, the integrity of all Mandirians, making management an example that fosters the involvement of all employees and instills a risk culture at all levels of the organization.

### STRUCTURE & ROLES OF ESG UNIT





## ESG Communication Department

- Compiling ESG disclosures;
- Engaging stakeholders through various internal and external events and publications;
- Communicating ESG strategy and performance to investors;
- Responsible for creating and disseminating all company ESG messages;
- Compiling press releases, statements, and communication materials related to ESG achievements and initiatives.



## ESG Operation Department

- Compiling operational GHG emission reports;
- Developing strategies to reduce operational GHG emissions;
- Developing and monitoring the implementation of the Sustainable Financial Action Plan (SFAP).



## ESG Framework & Sector Policy Department

- Developing frameworks, roadmaps, and commitments for ESG and climate change;
- Developing policies related to ESG and sustainable banking in the credit process on a bank-wide basis;
- Advocating policy and providing insights to regulators regarding best practices in sustainable finance.



## Product & Portfolio Management Department

- Enhancing the Sustainable Portfolio through the development of sustainable product suites, including advising product owners;
- Reporting on the Sustainable Portfolio in accordance with POJK 51 and Indonesia's Sustainable Taxonomy;
- Developing transition strategies to reduce financed emissions in line with national NZE and best practices;
- Developing a system and methodology for managing the Sustainable Portfolio in accordance with best practices.

## PERSON IN CHARGE FOR SUSTAINABLE FINANCE [OJKE.1]

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

Each member of the Board ensures the implementation of SFAP and the management of relevant ESG topics in their respective directorates according to the timeframe set in SFAP. The integration and coordination of ESG topics specifically fall under the authority of the Vice President Director.

In the context of sustainable finance implementation, Bank Mandiri has added a new unit, the ESG Group, in accordance with SK/KOM/05.2/2022 dated July 18, 2022, and stipulated in the Board of Directors' Decision Letter No. KEP.DKP/32/2022 dated September 12, 2022. The ESG Group is responsible for sustainable finance in accordance with POJK-51/2017. The ESG Group is a full-time permanent unit that replaces the previous sustainable finance task force.

The ESG Group serves as the control tower for implementing ESG at Bank Mandiri and all its subsidiaries. The ESG Group is led by a Senior Vice President under the authority of the Company's Vice President Director. The daily functions of the ESG Group include:

- ✓ ESG Framework Management,
- ✓ Alignment of provisions in line with ESG issues and climate change,
- ✓ Sustainable portfolio management,
- ✓ Responsible operational strategies,
- ✓ Communication and reporting functions to external and internal parties.

The Board of Directors and the Board of Commissioners review and approve ESG reports addressed to the public, including the presentation of this Sustainability Report. In relation to the G-SIB score, Bank Mandiri is not yet listed in the Global Systemically Important Bank score.



## RESPONSIBILITY, MONITORING, AND EVALUATION OF ESG GOVERNANCE

### ESG Group

The quarterly report on the implementation of ESG covers the achievement of sustainable financial initiatives carried out by the ESG Group and contributing members; sustainability framework and commitment; and other sustainability issues related to climate management and the achievement of SDGs.



### RMPC/Director/ESG Forum

Directives to the ESG Unit and ESG Contributing Members to review, develop, and align the achievement of sustainable financial initiatives with current ESG issues and the expectations of stakeholders.



### Board of Directors

- ◆ Quarterly reports to the Board of Commissioners through the Risk Monitoring Committee (RMC) on the achievement of sustainable financial initiatives, sustainability framework and commitment, and other sustainability issues related to climate management and the achievement of SDGs.
- ◆ Regular presentation of achievements, plans, and sustainable financial initiatives to investors, stakeholders (mass media), and regulators through Analyst Meetings, Public Exposures, GMS, Sustainability Landing Page, and Prudential Meetings.

