

Example of ALERT implementation in Bank Mandiri: as part of the evaluation conducted by Bank Mandiri on debtors in the palm oil and textile sectors, reveals issues related to environmental compliance that require the outcome of the PROPER Assessment (Environmental Performance Rating Program). It was found that the company is below the standard criteria. This is attributed to the inadequate waste management system, as stipulated by the Ministry of Environment and Forestry (KLHK), with the PROPER assessment still falling below the "Blue" level.

In response to this, customers must adhere to the following action plan:

1. Credit Criteria Fulfillment: As a condition in the credit agreement for next year, an improvement in the PROPER assessment to at least the "Blue" level is required during the latest evaluation.
2. Monitoring and Evaluation: Bank Mandiri will periodically monitor and evaluate compliance with this credit condition, concurrently requesting customers to develop an action plan, including efforts to improve waste management. Customers may also consider using consulting services to support waste management problem resolution while establishing a timeline for completing these actions.
3. Clear time bound of Fulfillment: By December 2023, related customers have met the credit agreement conditions according to the agreed-upon timeline.

BOARD-LEVEL OVERSIGHT RELATED TO ESG RISK MANAGEMENT [S1-1a] [S2-1a]

ESG risk management is a collaborative effort involving the Business Unit, Risk Management Unit, Legal and Compliance Group, and is conducted in accordance with the four-eyes principle. The implementation of Sustainable Finance Governance encompasses the development of a Sustainable Finance Action Plan (SFAP), integration of ESG aspects into operations and business, and the management of Climate-related Risks.

Bank Mandiri conducts monitoring and reporting to the Board Level through the Risk Management & Credit Policy Committee (RMPC) on a quarterly basis, with duties and responsibilities as stipulated in the Board of Directors' Decision of PT Bank Mandiri (Persero) Tbk, Number Kep.Dir/009/2021 on the Risk Management & Credit Policy Committee or the Executive Committee. The RMPC has two main responsibilities: (1)

identifying, measuring, and monitoring risks, establishing risk management policies and strategies, and (2) formulating credit policies, overseeing the implementation, monitoring the status and growth of credit portfolios, and offering recommendations for improvement. This also includes monitoring of ESG risk management.

Furthermore, the Board of Commissioners oversees the implementation of ESG, the fulfillment of ESG targets or commitments through the Risk Monitoring Committee (RMC), held on a quarterly basis with topics such as reviewing the effectiveness of ESG-related risk management and oversight in financing activities. The integration of these two levels of supervision establishes a robust framework to consistently uphold and apply sustainability principles and good governance across all operational aspects of Bank Mandiri.