



Corporate Social Responsibility Related to the Environment

Commitment and Policy on Corporate Social Responsibilities of Environment

Bank Mandiri has set some policies concerning the environment, both in terms of financial products/ services development and environmental conservation. In terms of products and services, the Company has set some policies, including:

1. Crediting Policy (KPKD) that prohibits financing of businesses or projects that endanger the environment. Concerning this issues, Bank Mandiri sets a Standard Crediting Procedure (SPK) that arranges, among others:
 - a. Requirement for potential borrowers to submit an Environmental Impact Analysis (AMDAL) for compulsory business plan or Environmental Management Effort (UKL) - Environmental Monitoring Effort (UPL), in accordance with applicable regulations of law.
 - b. Requirement for potential borrowers to submit the result of Assessment Program for Company Performance Rank in Environmental Management (PROPER) issued by the Ministry of the Environment.
 - c. Prohibition of issuing credit for businesses posing threat to the environment, including sites of cultural heritage, and protected flora and fauna, and the likes.
2. Bank Mandiri established a sustainable banking program as outlined in the Sustainable Finance Action Plan (RAKB), which was in the form of Implementation of Social Environment & Governance (LST) policies in priority sectors for the Corporate segment and Sustainable Product Development
3. On the other hand, the policy of Bank Mandiri in terms of environmental management and conservation is realized by providing appeals, announcements, and regulations to minimize the Company's operational impact on the environment. Bank Mandiri always strives for efficient operational efficiency in all of its Working Units that encompass the Group, Regional Offices, and Branches.

Environmental Impact and Risk

As a corporation engaged in banking, Bank Mandiri has identified the main risks faced, especially if lending is given to institutions that have environmental problems. Therefore, Bank Mandiri has an internal policy that regulates Green Banking practices in the credit extension process.

Target / Plan Activity of Corporate Social Responsibilities of Environmental

Bank Mandiri as one of 8 (eight) Banks included in Indonesia First Movers on Sustainable Banking, has a passion to become a pioneer of sustainable banking. Concrete steps taken by Bank Mandiri include compiling and implementing the Bank's Sustainability Action Plan (RAKB) since 2019 in accordance with POJK No.51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies.

The preparation and implementation of the RAKB is a concrete action by Bank Mandiri in implementing sustainable finance by developing risk management practices that support sustainable finance. Bank Mandiri has consistently implemented credit financing policies in environmentally friendly business sectors where this has been regulated in Bank Mandiri's internal regulations such as:

- a. Bank Mandiri Credit Policy (KPBM) which prohibits financing for businesses or projects that endanger the environment.
- b. Credit Procedure Standard (SPK) which among others regulates:
 - Obligations of prospective borrowers submit Environmental Impact Analysis (AMDAL) in financing to businesses / industries that are required or Environmental Management and Monitoring Efforts (UPL) in accordance with applicable laws and regulations.



- Obligations of prospective debtors to submit the results of an assessment of the Company Performance Rating Program in Environmental Management (PROPER) issued by the Ministry of Environment, especially for companies that have an important impact on the environment; has a very large amount of environmental pollution or damage; potential to pollute or damage the environment; registered on the capital market both at home and abroad; export oriented.
- Industry Acceptance Criteria (IAC) Palm Oil which has been updated in several aspects such as not being allowed to distribute Peatland financing, both new and existing debtors of Bank Mandiri; Land area for planted at least 3,000 Ha; preferably HGU land status; Have a Plantation Business Permit; Have an ISPO certificate or at least proof of ISPO registration; Have a SOP for Prevention and Handling of Land Fires, have standard fire handling equipment in accordance with the criteria of the land

and have a special fire prevention team that is trained according to the Directorate General of Forestry standards; and Plantation companies with an area of 250 hectares or more are required to facilitate the development of community gardens around a minimum of 20% of the total area of IUP-B or IUP or as stated in the location permit.

Bank Mandiri formulated Sustainability Banking which focused on the Implementation of Environmental, Social & Governance (LST) Policies in the Industrial Sector which became a priority in the Corporate Segment. In 2020 Bank Mandiri continued to pilot the ESG policy in the priority sectors of palm oil and CPO and start pilot implementation in the construction sector. In addition, in 2020 Bank Mandiri was also committed to continuing to develop products that were in line with the principles of sustainability, starting with the creation of the Sustainability / Green / Social Bonds Framework in accordance with national and international principles.

Other than implementing this strategy, Bank Mandiri also carries out corporate social responsibility activities related to the environment with the following costs:

Activity Category	Implementation Cost (IDR)			
	2020	2019	2018	2017
Environmental/Nature Conservation	*365,000,000	300,000,000	-	240,090,250

* The NAFAS Air Quality Monitoring Program was carried out from 2020 to 2021, the program fee in 2020 is IDR 360,000,000,-

Bank Mandiri targets that Bank Mandiri’s lending activities will always adhere to applicable internal regulations and will always try to avoid giving credit to projects or businesses that are clearly endangering the environment. Bank Mandiri will also ensure that 100% of debtors meet the AMDAL requirements and obtain the BLUE / GREEN / GOLD PROPER rating.

Bank Mandiri also formulated Sustainable Operations, namely, targeting energy saving and emission reduction activities with the Green Office Program. This program is a tangible form of contribution in environmental management around the head office in supporting the management of environmentally friendly offices. In its implementation, the office management along with all workers try to implement various saving programs such as saving paper, saving electricity, and saving water through socialization and advice. The program can provide tangible benefits such as reducing operational costs, increasing efficiency, and also improving the

image of Bank Mandiri. Activities and activities in support of the creation of a Green Office are carried out through the use of environmentally friendly materials and more efficient use of energy. Activities to support the creation of a Green Office were carried out through the use of environmentally friendly materials and more efficient use of energy in the operational activities of Bank Mandiri. In addition, in the construction of new building facilities, Bank Mandiri also used environmentally friendly building materials.

Initiative Implementation of Corporate Social Responsibilities Related to The Environment

The manifestation of Bank Mandiri’s support for environmental preservation is reflected in each of Bank Mandiri’s activities both at the Head Office and its business activities, among others as follows.



Green Banking

Credit Process

For each credit proposal, either for corporate or commercial sector, discussion of Environmental Impact Analysis (AMDAL) is included as one of the conditions.

In allocating its credits, Bank Mandiri prioritizes environmentally friendly organizations such as those in renewable energy, environmentally friendly transportation, energy efficiency,

and those implementing sustainability concept. The several environmentally friendly policies for lending in the oil palm plantation sector of Bank Mandiri are as follows:

- Debtors from the palm oil industry are required to have Indonesian Sustainable Palm Oil (ISPO) certification.
- Debtors from big palm oil industry must also have AMDAL and PROPER;
- Percentage of companies with green and blue PROPER policies of the total amount of allocated credit

The distribution of credit in the plantation industry sector and its derivatives with the largest portion of the oil palm commodity in 2020 is presented in the following table:

No.	Commodity	Number of Debtors	Loans Limit (IDR Billion)	Outstanding Principal Value (IDR Billion)
1	Palm Oil	706	128,240	92,704
2	Rubber	85	4,066	3,099
3	Cane	48	2,961	2,244
4	Tea	7	409	350
5	Coffee	28	5,753	3,262
6	Other Agro Commodities	101	3,282	2,706
Total		975	144,712	104,365

Some of Bank Mandiri's loan distribution activities in the plantation industry sector are focused on financing the Corporate and Commercial Segments as follows:

• Corporate Segments

The loan portfolio for the plantation industry sector and its derivatives managed by the Corporate segment amounted to Rp. 59.76 trillion, with the largest loan disbursement to oil palm and CPO plantations that have passed or are in the process of ISPO certification. This standard is part of a policy made by the Ministry of Agriculture that aims to increase the competitiveness of Indonesian palm oil in the world market, and to participate in order to fulfill the President's commitment to reduce greenhouse gases, and pay attention to environmental issues.

• Commercial Segments

The credit portfolio for the plantation industry sector and its derivatives managed by the Commercial segment amounted to Rp 36.63 trillion, with the largest lending in oil palm and CPO plantations. The provision of loans is aimed at encouraging the development of an environmentally sound national palm oil and CPO industry through close monitoring of business practices so as not to damage the environment.

As a form of applying the concept of sustainable finance in loans distribution, as well as in preserving the environment, Bank Mandiri has channeled financing to sectors related to environmentally friendly energy, including:

1. Bank Mandiri has channeled financing to the Krueng Isep Hydroelectric Power Plant (PLTA) project by PT Senagan Energi, PLTA Poso 515 Megawatts by PT Poso Energy, 350 Megawatt Hydroelectric Power Plant Project by PT Kerinci Merangin Hidro, Pakkat Hydroelectric Project by PT Energy Sakti Sentosa and other hydropower projects.
2. Bank Mandiri has also channeled funding for the Flood Control Infrastructure Development Project and the Umbulan Regional SPAM Project by PT Adhi Karya (Persero).
3. In addition, Bank Mandiri also distributed financing to the Minihidro Power Plant (PLTM) projects, among others, the PLTM Tanjung Tirta project, PLTM Gumanti 3, PLTM Lebak Tundun, PLTM Segara and 8 other PLTMs by the Salim Group.



Sustainable Banking Implementation

In the Bank Mandiri Sustainable Banking pillar, Bank Mandiri focused on the Implementation of Environmental, Social and Governance (LST) Policies in the Industrial Sector which became a priority in the Corporate Segment. Bank Mandiri was also committed to continuing to develop products that were in line with the principles of sustainability, starting with the creation of the Sustainability / Green / Social Bonds Framework in accordance with national and international principles. The achievements of the implementation are as follows:

Implementation of Environmental, Social & Governance (LST) Policies with Priority Industry Sectors in the Corporate Segment		
Sector	Activity	Achievement
Palm Oil and CPO	Capability Development	6 (six) workshops / FGDs for the development of Bank Mandiri's internal capacity by involving external parties such as the ISPO secretariat.
	ESG Policy	Implementation of 6 (six) additional pilot debtors in the Palm Oil and CPO sectors to obtain lessons learned about the implementation of Sustainable CPO.
Construction	Capability Development	2 (two) workshops / FGDs for the development of Bank Mandiri's internal capacity.
	ESG Policy	Implementation of 3 (three) construction sector pilot debtors to get lessons learned about the implementation of Sustainable Construction.
Other Priority Sectors	Capability Development	Workshop related to Sustainable Finance Awareness attended by all bank-wide employees, and a workshop on the potential for financing the Renewable Energy Industry.

Sustainable Financial Product Development (Sustainable Product)		
Product	Activity	Achievement
Green / Social / Sustainability Bonds	Framework Development	Preparation of the Internal Framework, identification of eligible underlying assets and alignment of policies for issuing sustainability bonds in the Operational Technical Guidelines (PTO).

Digital Banking

Since the initiation of the use of digital banking in Bank Mandiri banking activities, Bank Mandiri has made paper savings in customer transactions at Branch Offices. Paper savings are also enhanced through e-billing. Further explanations for Bank Mandiri digital banking products and services have been described in the Management Discussion and Analysis section of the Company's Performance in this annual report.

Environmental Conservation

Air Quality Monitoring Program (Nafas)

The poor quality of air in the JABODETABEK area can be bad for human health and the environment. However unfortunately, this problem did not become a priority, and the level of awareness in the community was still low. Therefore, as a company headquartered in DKI Jakarta, Bank Mandiri wanted to provide socialization and information to the JABODETABEK community regarding the air quality around it. To realize this intention, Bank Mandiri were working with the startup company NAFAS to create an air monitoring application.

With this Nafas application, users could get the benefit of monitoring international standard air quality in real time 24 hours in 7 days. Not only that, the NAFAS application could also provide recommendations when the surrounding air was deteriorating. This program could indirectly educate and raise awareness that poor air quality was also an active cause of respiratory disease (lung cancer, heart attacks and other respiratory diseases).

For information, the Nafas Air Monitoring application program was in line with SDG's pillar number 11, the sixth target, namely Building inclusive, safe, durable and sustainable cities and settlements with a target by 2030, reducing the negative impact on the environment per capita in cities, including by paying attention specifically on air quality and municipalities and other waste management.

Environmental Activities Related to the Company's Operational Activities

Activities to Save Energy and Water

Bank Mandiri uses energy in the form of electricity and petrol fuel to support its daily operations. The electricity is supplied by PT PLN (Limited Liability Company). And as an alternative source of electricity whenever there is blackout, as not to disrupt operation and services, the Company also provides generator sets. Other than generator set, petrol fuel is also used for the Company's operational vehicles. The types of the petrol fuel used include premium, pertalite, pertamax, pertamax plus, diesel oil, and dex.

Bank Mandiri realizes that both electricity and fuel are non-renewable energy sources and that their availability is limited, Bank Mandiri takes necessary measures to save their use. In order to save electricity, Bank Mandiri applies the green building concept that is environmentally friendly. The concept is applied by the Company when developing the Mandiri University Complex which



was planned to have 15 towers with expected electricity saving of 20%. In the Wijaya Kusuma (WK) area, where Mandiri University is located, a 1.8 hectare artificial lake that serves as a water reservoir was constructed. This will serve as the main water source to be processed into clean water for the buildings around the area, including Mandiri University. In the WK area, the land not allocated for buildings is around 78% of the area, from a total of approximately 20 hectares. And the open spaces are for a park, green open spaces, an artificial lake, perimeter drainage, pavement, water catchment area, and many more. Therefore, this WK area has already employed the environmentally friendly concept.

Throughout 2020, Bank Mandiri has initiated saving of electricity by replacing ordinary bulbs with LED lights. Air conditioners have also been replaced with environmentally friendly ones. Use of electricity has also been reduced in all working units at Bank Mandiri Offices by turning off lights during lunch breaks and in public area during the day. Electricity saving is also implemented by adding more glass panels in Mandiri Headquarter building. During daylight, electricity during office operational hours can optimize the energy obtained from the sun.

Meanwhile, in order to save the use of fuel, the Company has implemented policies such as reducing the number of physical meetings across offices, including with those with regional offices, and conduct teleconferences instead. The Company also implements the policy of less use of operational cars and replace them with four shuttle buses instead.

In addition to paper and fuel, Bank Mandiri also uses water resources in activities. The Company uses water resources from PDAM (the Regional Drinking Water Company). This water is used for cooling tower, the canteens, the restrooms, the mosque, to water the plants, and many more. Due to limited clean water sources and it costs a lot of money to process raw water to drinking water, Bank Mandiri implements the policy to save water. Other than posting signs of proper use of water, the Company also regularly checks water installation as to ensure proper maintenance and fixing due to leakage or any other damages.

Another measure to reduce the use of clean water is by proving a water recycling facility at the Headquarter. This recycled water can be used for many purposes, including watering the plant. Bank Mandiri also dedicated 30% of the area it possesses, or equal to 13,000 m² from a total of 39,000 m² for a green open area. Because Bank Mandiri uses water sourced from PDAM and not ground water, during the reporting year, there were no complaints or complaints from the public regarding disruption of springs around the Head Office location.

Activities to Manage the Environment and the Resulting Waste

In waste water management activities, Bank Mandiri uses recycle water produced from waste water management in the form of sewage treatment plants so as to save on environmental management costs. Because Bank Mandiri uses water sourced from PDAMs and not ground water, during the reporting year, there were no complaints from the public regarding the disruption of the springs in the vicinity of the Head Office location.

In addition to environmental management, Bank Mandiri's operations produce solid waste in the form of waste from office activities, and liquid waste from office waste water. One of the efforts to reduce solid waste is by using energy saving lamps (LED). By using LED lights, the lifespan of the use of the lamp becomes longer, so that the lamp waste becomes decreased. Furthermore, in order not to cause environmental problems, Bank Mandiri provides sufficient trash bins. The collected waste will be disposed of at the Final Disposal Site (TPA) by third parties in collaboration with Bank Mandiri. The waste in the green open area in the form of fallen leaves is used as organic fertilizer. In addition to fertilizing the land, this effort also saves the cost of purchasing fertilizer.

Paper Saving Activity

Daily operations such as office administrations of printing documents and transactions with clients require the use of paper, which is almost inevitable. And as paper is made of pulp from trees, Bank Mandiri attempts to reduce its usage.

Measures taken for this include development of paperless administration and digital banking by making use of available information technology such as emails and mobile applications. Saving is also implemented by not printing non-essential documents, checking for mistakes in documents prior to printing, as to avoid re-printing, printing on both sides, and using used paper for printing of internal administration requirements. For internal meeting invitation documents and notification information to employees, this is done via electronic mail (email) as an effort to reduce paper usage.



Quantitative Impact of Activities Activities of Social Responsibility for Life

Quantitative Impact of Green Banking Activities

Implementation of green banking concept in credit disbursement was a form of Bank Mandiri support in maintaining environmental conservation, which resulted in the following impact:

- All Bank Mandiri debtors (100%) have met the AMDAL requirements, in addition to the Palm and CPO Debtors for the Corporate segment of Bank Mandiri, 59.3% have received the PROPER predicate BLUE / GREEN / GOLD. This of course will have a positive impact on the environment in the territory of Indonesia due to the increasing PROPER predicate from various companies.
- Of the total 54 palm oil companies in the Corporate segment (plantations and processing to Crude Palm Oil / CPO) that have become Bank Mandiri debtors, 45 are / are in the process of certifying Indonesian Sustainable Palm Oil (ISPO), 3 (three) debtors are in the process pre-registration and 19 debtors already have the Roundtable Sustainable Palm Oil (RSPO).

The certificate reflects the company's role in preserving the environment. The more companies that have this certificate, it is hoped that environmental conservation activities will increase.

Impact of Environmental Preservation

The Nafas Quality Monitoring Program (NAFAS) could improve the quality of life of people in the JABODETABEK area. Increasing the quality of life was also supported by public awareness in maintaining a diet, not smoking, and the community had to also continue to take care of themselves with appropriate actions when the air around was bad.

Quantitative Impact of Energy and Water Savings

Throughout 2020, Bank Mandiri has used electricity of 2,162,760 KWh. Electricity savings were also pursued by reducing solar radiation entering the building by using a low Overall Thermal Transfer Value (OTTV) glass so that it could reduce the use of electricity for air conditioning and by conducting a program of blackouts every break time in all Bank Mandiri offices.

Table of Electricity Consumption Volume

(in million rupiah)

Table of Electricity Usage Volume (KWh)			
Description	2020	2019	2018
Electrical energy	26,951,640	29,114,400	30,957,160

As for the volume of water use from PDAM, it was recorded that it decreased by 70,784 m³ or by 29.5%. The decline was also encouraged by the policy of limiting the number of employees in the conditions of the COVID-19 Virus Pandemic. Decreased use water from PDAM was also followed by a decrease in the portion of water use from water recycle by 39,330 m³ or by 37.6% in 2020.

Table of Volume and Origin of Water Sources

(in million rupiah)

Table of Water Use Volume (m ³)			
Description	2020	2019	2018
Water Volume from the PDAM	168,907	239,691	213,897
Water Volume from a Water Recycle	65,042	104,372	100,709
Total of Water Use Volume	233,949	344,063	314,606

The results of energy and water saving activities, have also impacted transportation costs and electricity, water and gas costs.



Table of Energy and Water Saving

(in million rupiah)

Description	2020	2019
Transportation Cost	369,246	499,671
Electricity, Water, and Gas Cost	539,364	562,274

Based on the table above, it appears that when compared to the total assets of Bank Mandiri, there is a decrease in the ratio of Transportation Costs and Costs for Electricity, Water, and Gas. This indicates that the efforts to save energy, water and fuel that have been implemented by Bank Mandiri have been quite successful.

The Impact of Environmental Management Activities and the Produced Waste

As stated earlier, several environmental and waste management activities have had a positive impact. Waste water management in the form of a self-managed sewage treatment plant has reduced the share of water use by the PDAM so that Bank Mandiri can make savings in the cost of using water reaching IDR 2,000/m³.

Quantitative Impact of Paper Saving Activities

Saving in paper usage have led to savings in office stationery costs. Through 2020, Bank Mandiri has been able to save the cost of office stationery as follows

Table of Office Stationery Cost

(in million rupiah)

Paper Use Source	2020	2019
Office Stationery Costs	447,020	624,990

Achievements of CSR Initiatives

Bank Mandiri's commitment to environmental preservation has made Bank Mandiri increase the trust of its customers stakeholders. The Breath Air Monitoring application program went hand in hand with SDG pillar number 11 the sixth target, namely building cities and settlements which were inclusive, safe, durable and sustainable with a target by 2030, reducing harm per capita environment in urban areas, and giving pay special attention to air quality and municipalities and other waste management.

Environmental Certification

In spite of all the savings, business activities of Bank Mandiri brought positive impact for the environment only indirectly. Thus, up to 2020, the Company had no environment-related certification.

Social Responsibility Channel for Social Responsibility Related to Environment

Realizing the environment-related corporate social responsibility, both for products/services development and environmental conservation, Bank Mandiri provides ease of access for members of the community to give feedback or complaints by sending email to our Customer Care at mandicare@bankmandiri.co.id.