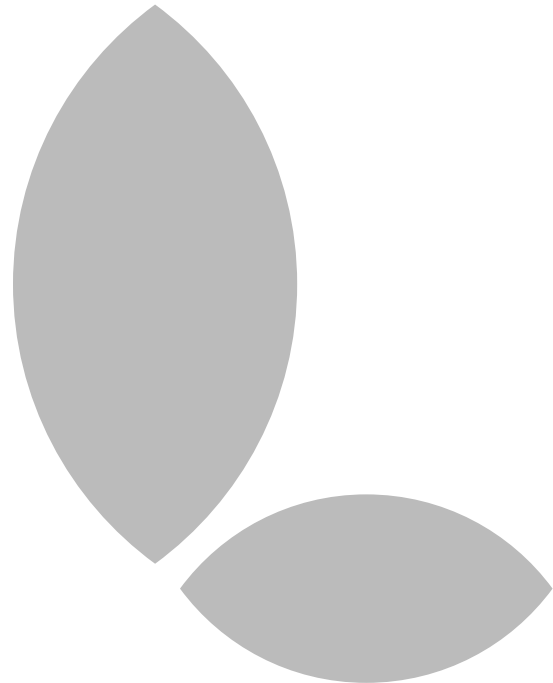


BANK MANDIRI SUSTAINABILITY FRAMEWORK



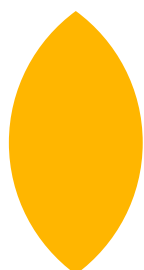


Table of Contents

The Issuer	3
About Bank Mandiri	3
Bank Mandiri's Sustainability Commitments & Policies	3
Alignment with Market Standards	7
Framework Overview	8
Use of Proceeds	8
Project Evaluation and Selection	12
Management of Proceeds	13
Reporting	14
External Review	15





The Issuer

About Bank Mandiri

PT Bank Mandiri (Persero) Tbk. (“Bank Mandiri” or “the Bank”) is Indonesia’s largest corporate lender. Bank Mandiri has a strong national profile with a highly recognizable brand, one of the most complete product lines among Indonesian financial institutions. Bank Mandiri operates in the following key segments: Wholesale Banking (divided into Corporate and Commercial Banking), Institutional Banking, Retail Banking, Treasury, and Subsidiaries (consisting of Islamic Banking, Conventional Banking, Financing Company, Insurance, Investment Banking and Investment Management).

Bank Mandiri’s Sustainability Commitments & Policies

1. Bank Mandiri’s Sustainable Finance Action Plan

Bank Mandiri is at the forefront of sustainable banking and has taken steps to demonstrate its commitment to be the pioneer of sustainable banking. It has launched the Sustainable Finance Action Plan or Rencana Aksi Keuangan Berkelanjutan (“RAKB”), focusing on responsible lending, which serves as a basis for Green, Social and/or Sustainability (“GSS”) Bond issuance(s). RAKB was designed to increase the size of sustainability financing portfolio of the Bank by implementing it gradually in the wholesale and retail segment based on the Bank’s priority.

Bank Mandiri has committed to the United Nations Sustainable Development Goals (“SDGs”) by making RAKB the foundation of investment decision making.

There are three essential pillars in RAKB, which include:

1. Sustainable Banking
Focused on banking activities, the goal of this pillar is to manage the environment, social, and governance (“ESG”) risk and to expand the opportunities to become a sustainable bank.
2. Sustainable Operation
Bank Mandiri is committed to improving its environment and social performance by redesigning real estate management, digital transformation, and human capital management.
3. Corporate Social Responsibility (“CSR”)
Bank Mandiri is implementing an integrated and holistic philosophy, which acts as a foundation in corporate social responsibility activities.



The formulation and implementation of RAKB become concrete actions of Bank Mandiri in implementing sustainable finance by developing risk management practices that support sustainable finance, as stipulated by Financial Services Authority (FSA) Regulation No. 51 / POJK.03 / 2017. The formulation and implementation of the Sustainable Financial Action Plan are supervised directly by the Director of Risk Management with the Steering Committee ("RMPC") member being the Finance Director and Corporate Business Director assisted by an ongoing financial team (ESG related unit) from the Credit Portfolio Risk (CPR) Division, Corporate & Government Institution (GVI) Division, Corporate Risk Division, Strategy & Performance Management (SPM) Division, Corporate Secretary Division, Policy Division, Wholesale Risk Solution Division, Market Risk (MKR) Division, Treasury Division, Distribution Strategy Division, Micro Development Agent Bank (MDAB) Division, Corporate Real Estate Division, Human Capital (HC) Engagement Division, Chief of Information and Security Office (CISO) Division, and Mandiri University Division.

Bank Mandiri has established an ESG Unit that is directly responsible to the Risk Management Committee for risks related to ESG. The ESG or LST (Lingkungan, Sosial, dan Tata Kelola) Unit acts as the day-to-day person. The objectives of establishing an LST Unit are as follows:

- Design an action plan on financing and investment policies.
- Update and review the implementation of the RAKB related to LST risk management activities related to banking activities in order to improve portfolio resilience handled by the Credit Portfolio Management Unit.
- Monitor and report on the progress of implementation of the action plan based on predetermined indicators, such as the status of capacity planning, the status of the pilot project, the percentage of successful screening of customers, and so on.
- Plan and coordinate capacity building sessions needed for the development and revision of ESG policies.

In preparing the RAKB, Bank Mandiri conducts a review of the policies, processes and activities that run on the Bank, and establishes a methodology for determining priority sectors and strategies for sustainable financial implementation. The Sustainable Financial Action Plan program will focus on a one-year and five-year program for financing in four priority sectors in the Large Corporate segment, which is implemented by preparing investment and financing policies, reporting procedures, and disclosure of the Sustainable Financial Action Plan to Otoritas Jasa Keuangan ("OJK"). In addition, the Sustainable Financial Action Plan also includes ESG initiatives on Micro Banking, as well as the implementation of CSR activities that meet the concept of sustainable development.

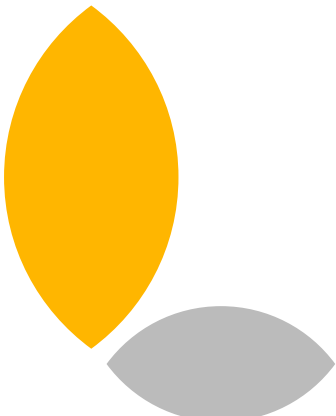
Bank Mandiri has consistently implemented financing policies in the environmentally friendly business sector as stated in Bank Mandiri's internal provisions (Bank Mandiri Credit Policy, Standard Credit Procedures, Technical Guidelines for Social and Industrial Management Systems), which include assistance:

- Avoid financing for businesses or projects that are clearly environmentally hazardous.
- Obligation of the prospective debtor to submit the results of the AMDAL and PROPER which refers to the Decree of the Minister of Environment No. 11 of 2006 as amended by Regulation of The Minister of Environment and Forestry of The Republic of Indonesia No. P.38/MENLHK/SETJEN/KUM.1/7/2019 on Types of Business and/or Activity Plans Which Are Obligated To Possess Environmental Impact Analyses, and requires debtors to comply with the AMDAL conclusions and recommendations as required by KLHK. The impacts of ESG that are considered in the AMDAL include: (1) forestry sector: avoiding disturbance of forest ecosystems, hydrology, biodiversity, pests, landscapes and social conflicts (2) agricultural sector: soil erosion, changes in water availability and quality due to land clearing, the spread of pests, diseases and weeds during operation, changes in soil fertility due to the use of pesticides/herbicides;
- Avoid financing construction projects in areas that are ecologically or socially sensitive, such as cultural protected areas, protected areas (UNESCO World Heritage), valuable wetlands, mangrove areas, buffers from protected areas and special areas to protect biodiversity.
- Avoid financing transactions affecting the interests of ethnic minorities
- Do not finance transactions without clear and distraction-free land ownership.

2. Bank Mandiri's Credit Policy & Procedures

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 debtors to 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 *Hak Guna Usaha* (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 must facilitate the development of community gardens around a minimum of 20% of the total area of *Izin Usaha Perkebunan Untuk Budidaya* (IUP-B) or *Izin Usaha Perkebunan* (IUP) or as stated in the location permit.

In addition, Bank Mandiri has also formulated the Sustainability Banking Principles, which are all principles of managing Bank Mandiri activities in aspects of Customer, Business Strategy, Banking Operations, Risk Management, Human Capital and Community Development. In one aspect of Risk Management it is stated that the Bank considers and mitigates all risks including environmental & social risks in business activities.

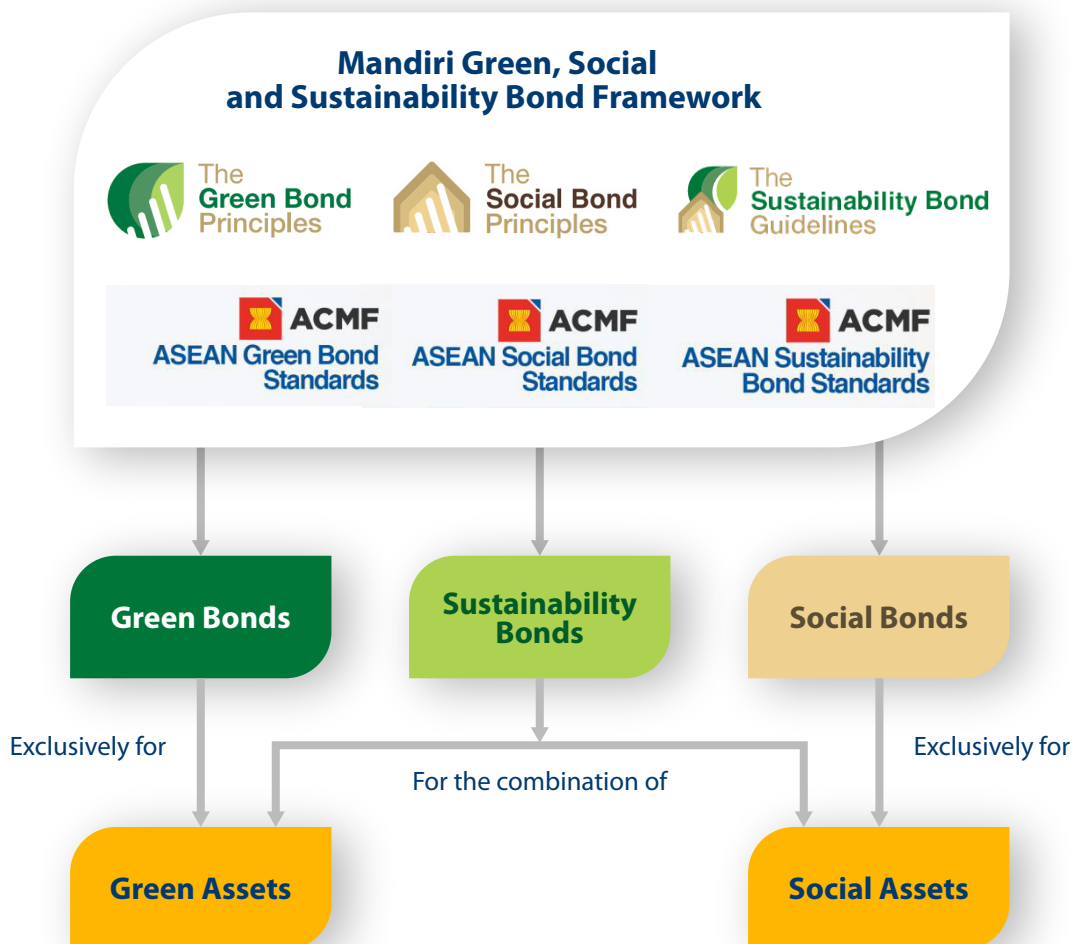
3. Others

As one of the banks that signed the Memorandum Understanding of the Formation of Financial Initiatives Sustainable Indonesia (“IKBI”) in 2018, Bank Mandiri strives to improve competence and insight for management as well employees from all levels to participate in various training and development related to finance sustainable. IKBI is an open forum that aims to support the implementation of sustainable and inclusive financial norms that are effective and inclusive. IKBI is expected to be able to develop business opportunities and synergies among its members in supporting government efforts related to tackling climate change and sustainable development (Sustainable Development Goals/SDGs). This increase in competence continues carried out and socialized within the Bank Mandiri, including the credit working unit that ensures lending in accordance with sustainable finance principles.



Alignment with Market Standards

In developing this Sustainability Bond Framework (“SBF” or the “Framework”), Bank Mandiri has aligned its Framework with the international market standards: the International Capital Market Association (ICMA) Sustainability Bond Guidelines, the Green Bond Principles, and the Social Bond Principles. Furthermore, this Framework is aligned with the Association of Southeast Asian Nation (ASEAN) Sustainability Bond Standards, Green Bond Standards, and Social Bond Standards.





Framework Overview

This Framework has been developed to demonstrate how Bank Mandiri will issue GSS bond(s) to fund projects that will deliver environmental and social benefits to support Bank Mandiri's business strategy and vision. The Bank Mandiri Sustainability Bond Framework is aligned with the four core pillars of the ICMA Sustainability Bond Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds, and Reporting.

a. Use of Proceeds

The proceeds of each Bank Mandiri GSS Bond will be used to finance in whole or in part, "future" and/or re-finance "existing" businesses and projects that promote any of the selected Sustainable Development Goals as defined by the United Nations, as outlined in this Sustainability Bond Framework.

Specifically, the Use of Proceeds of any Bank Mandiri GSS Bond will be applied to eligible businesses and projects, including Bank Mandiri's own operations, in the Eligible Categories as defined herein. For the avoidance of doubt, financing provided to any business or project that is not eligible within the criteria set out in this Bank Mandiri Sustainability Bond Framework will not be considered as a Use of Proceeds of a Bank Mandiri GSS Bond issued under this Framework. The process for consideration for lending and thereby determination of eligibility of Use of Proceeds of each Bank Mandiri GSS Bond is detailed below.

Bank Mandiri will determine eligibility based on assessment of whether the funds are applied to Eligible Categories, and, whether a significant positive sustainability net impact is achieved. Where relevant, net proceeds of each GSS bond may also be used to lend to companies and/or projects that derive 90% or more of their revenues from activities that meet the Eligibility Criteria of Eligible Categories.




Bank Mandiri will exercise its professional judgement, discretion and sustainability knowledge in determining eligibility of businesses and projects for the Use of Proceeds of a Bank Mandiri GSS Bond issue.

The net proceeds of each GSS bond will be allocated to financing of Bank Mandiri loans to customers and Bank Mandiri's own investment and operating activities in Green Eligible Categories and Social Eligible Categories:

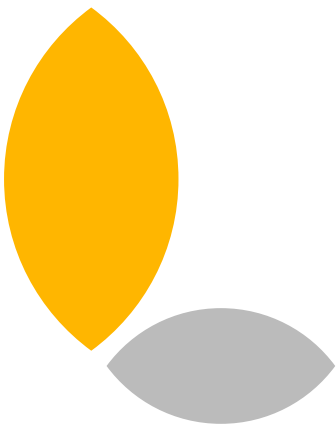
- The net proceeds of Bank Mandiri's Green bond will be allocated to Green Eligible Categories as defined in Green Eligible Categories table (page 9).



- The net proceeds of Bank Mandiri’s Social bond will be allocated to Social Eligible Categories as defined in Social Eligible Categories table (page 10).
- The net proceeds of Bank Mandiri’s Sustainability bond will be allocated to Green Eligible Categories and Social Eligible Categories as defined in Green Eligible Categories table (page 9) and Social Eligible Categories table (page 10).

Green Eligible Categories

Alignment to SDGs	Eligible Green Asset Category	Eligibility Criteria
	Sustainable Water & Wastewater Management	<ul style="list-style-type: none"> • Installation or upgrade of infrastructure for clean and/or drinking water; • Water recycling or wastewater treatment facilities; • Flooding mitigation system.
	Energy Efficiency	<ul style="list-style-type: none"> • At least 20% improvement in energy efficiency: Development of products or technology and their implementation that reduces energy consumption, and manufacturing facilities.
	Green Building	<ul style="list-style-type: none"> • Green buildings. New construction building developments or renovation of existing buildings (including public service, commercial, residential and recreational) which earned any of the following certifications: Building Research Establishment Environmental Assessment Model (BREEAM) “Excellent” or above; Leadership in Energy and Environmental Design (LEED) “Gold” or above; Green Building Council Indonesia (GBCI) “Gold” or above.
	Renewable Energy	<ul style="list-style-type: none"> • Generation of energy from renewable sources. The criteria for renewable energy sources include wind, solar, small scale mini-hydro, biomass¹ (forestry and agricultural residue) and geothermal; • Manufacture components of renewable energy technology; • Transmission and distribution projects when connecting to defined renewable energy assets.
	Clean Transportation	<ul style="list-style-type: none"> • Public mass transportation system which contribute to reducing the circulation of cars and reduction of harmful emissions (including electric rail, and non-motorised multi modal transportation); • Electric vehicles (including spareparts) manufactures; • Infrastructure for clean energy vehicles.

¹Generation feedstock will be limited to municipal solid waste, food waste and sewage sludge which will not deplete existing terrestrial carbon pools such as agricultural or forestry resources and will not compete with food production



Alignment to SDGs	Eligible Green Asset Category	Eligibility Criteria
	Eco-efficient Adapted Products ²	<ul style="list-style-type: none"> • Research and development of resource-efficient/low-carbon products, processes and technologies using bio-based materials certified by Roundtable on Sustainable Biomaterials (RSB)/ recycled/waste/responsibly-sourced³ materials or feedstocks; • Resource-efficient packaging and production⁴ using recycled/waste/bio-based (RSB-certified)/responsibly-sourced³ materials or feedstocks
	Renewable Energy	<ul style="list-style-type: none"> • Including information support systems, such as climate observation and early warning system.

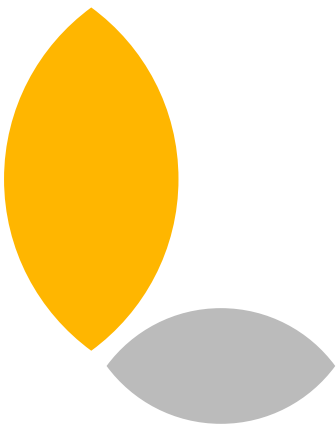
Social Eligible Categories



Alignment to SDGs	Eligible Social Asset Category	Eligibility Criteria
	Healthcare	<ul style="list-style-type: none"> • Hospitals; • Medical equipment and related technologies.
	Education	<ul style="list-style-type: none"> • Low-cost or free access to universities, schools, and other tertiary education targeted for rural and/or underserved communities and target population; • Training center and program for other technical capabilities.
	Gender Equality	<ul style="list-style-type: none"> • Socioeconomic advancement and empowerment for both gender.
	Decent Work and Economic Growth	<ul style="list-style-type: none"> • Employment generation through SME financing and micro financing; • Access to banking and financial services in underserved populations; • Financial literacy.
	Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> • Affordable basic infrastructure, including public clean drinking, water infrastructure, sanitation infrastructure, and public electricity infrastructure.

²Lifecycle assessment or proof of reduction of lifecycle emissions would be required for recycled/ waste materials or feedstocks

³Certified by the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC)

⁴In relation to the production of recycled plastic, the following apply: i) Production with at least 90% of recycled, renewable and/or bio-based input; and ii) At least 90% is not intended for single use consumer products; iii) All products are recyclable; and iv) General purpose financing is excluded



Alignment to SDGs	Eligible Social Asset Category	Eligibility Criteria
	Reduced Inequalities	<ul style="list-style-type: none"> • Access to adequate, safe, and affordable housing for excluded and/or marginalized populations; • Socioeconomic advancement and empowerment for unbanked or non-bankable communities and individuals.
	Sustainable Cities and Communities	<ul style="list-style-type: none"> • Affordable housing or housing loans for low-income communities.

The aforementioned eligible categories/criteria may provide direct or indirect benefit(s) to one or more of the following target population:

- Indigenous community
- Rural population
- Women
- Infants and children under 5
- Unemployed
- People with disabilities
- Full time students and part time students under the age of 21
- Low income households
- Population in poverty and urban peripheries
- Elderly
- Small and Medium Enterprises (SME)

Exclusion

According to the ASEAN Sustainability Bond Standards, Green Bond Standards, and Social Bond Standards, there are several categories of ineligible projects. In general, this category involves activities that use fossil fuel power generation projects, alcohol, gambling, and weaponry. To align with regional and international market standards, Bank Mandiri has included a list of exclusionary criteria in the Framework. The list of the exclusions will make sure that Bank Mandiri will not use the proceeds from its Green, Social, and/or Sustainability Bond(s) to fund any controversial assets.

Exclusionary Criteria

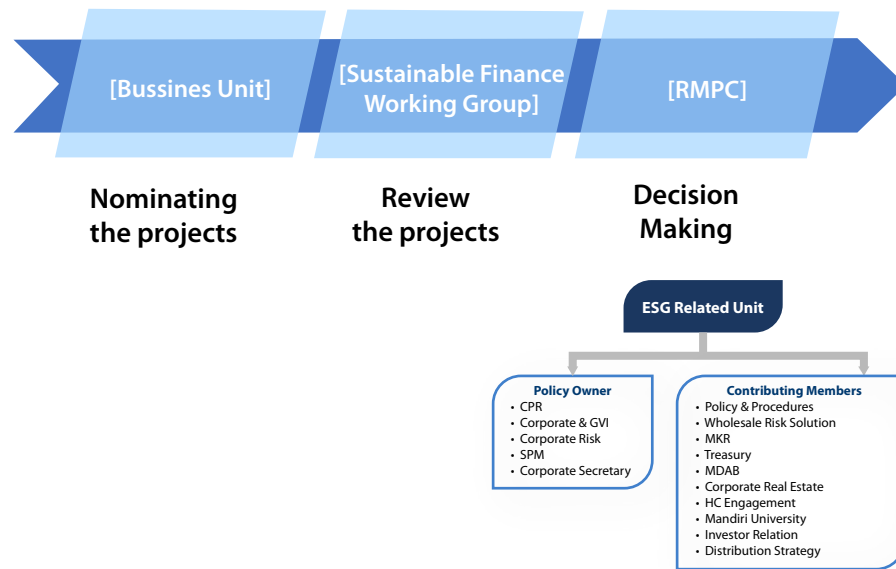
- **Luxury sectors (precious metals wholesale or brokerage, precious minerals wholesale or brokerage, artworks and antiques wholesale or brokerage)**
- **Hydro power with installed capacity >25MW**
- **Any Palm-oil operations, activities, projects, production, or distribution**
- **Any projects involving fossil fuels, directly or indirectly**
- **Commercial logging operations or the purchase of logging equipment for use in primary tropical forest**

- **Production or trade in wood or other forestry products from unmanaged forests**
- **Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)**
- **Production, trade, or any activities related to:**
 - a. **Alcoholic beverages and tobacco**
 - b. **Weapons, ammunition, and other goods used for military or paramilitary purposes**
 - c. **Nuclear reactors and related products**
 - d. **Harmful substances or chemicals that are subject to international phase-outs or bans**
 - e. **Gambling, casinos and equivalent enterprises to the extent that such activities constitute the main business of the borrower/recipient**
- **Any activities involving harmful or exploitative forms of forced labor**
- **Production or trade in any product or activity deemed illegal under Indonesian law or regulations or international conventions and agreements**

b. Project Evaluation and Selection

Potential eligible sustainable finance/lending as defined in the Eligible Categories, are expected to comply with prevailing laws and regulations regarding Environmental Protection and Management and OJK Regulation No. 42/2017 regarding the Responsibility of the preparation and implementation of credit policies or bank financing for commercial banks and including any applicable regulatory environmental and social requirements, and are assessed to be fit into related eligibility criteria. Bank Mandiri has developed a three-step approach for project evaluation and selection. The process of assessment and selection is set up as follows:

- i) The business units will be responsible for nominating projects to finance or re-finance after screening these projects themselves with the eligibility and exclusionary criteria, as appropriate, as part of their credit evaluation process.
- ii) Based on the information provided in point (i) above, the Sustainable Finance Working Group, which includes Treasury, Credit Portfolio Risk, and Strategic & Performance, will review whether the financing or re-financing projects qualify as eligible assets.
- iii) Risk Management & Credit Policy Committee (RMPC) will have final say over which projects are included. The Risk Management & Credit Policy Committee (RMPC) is an Executive Committee under the board of directors, with the task of is to identify, measure and monitor risks, determine risk management policies and strategies.



c. Management of Proceeds



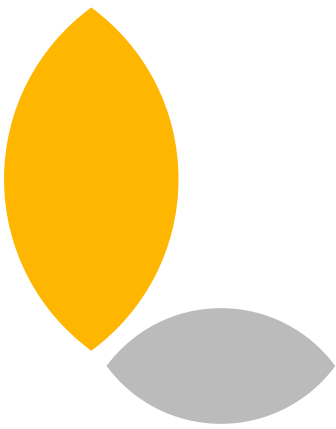
Bank Mandiri will track the use of proceeds of its Green, Social, and/or Sustainability Bond(s) issued by this Framework. A dedicated register will be established to record the allocation, and the proceeds will be tracked via Bank Mandiri's internal information systems.



Subsequently, the Sustainable Finance Working Group will monitor the proceeds allocation to the eligible asset list. If there are unexpected variations on projects' outstanding amount or maturity mismatches, the Working Group will replace such assets on a timely basis. Therefore, the Working Group has to maintain a buffer of projects above the proceed nominal within the last 3 years period and allocation period no longer than 2 years.



As long as the GSS bond(s) is outstanding, Bank Mandiri aims to allocate an amount equivalent to the bond's net proceeds toward Eligible Assets. Unallocated proceeds will be invested in cash or high-quality, marketable instruments such as government bonds, following Bank Mandiri's liquidity management strategy until appropriate uses are identified for the proceeds.



d. Reporting

Bank Mandiri on an annual basis will publish a Bank Mandiri Sustainability Bond Report which will include at least the following information:





1. Allocation Reporting

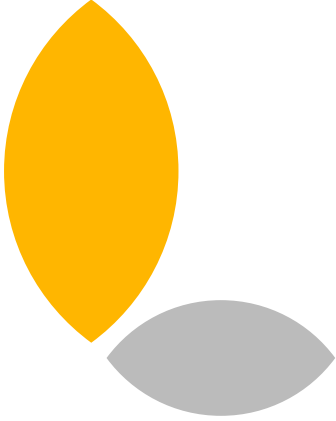
Bank Mandiri will publish an allocation report annually until proceeds are fully allocated or should material changes be required to past allocation reports. This allocation reports will provide the following detail:



- Amount of eligible assets by project category; and
- The remaining balance of un-allocated proceeds at the end of the reporting period

2. Impact Reporting

Where relevant and possible, Bank Mandiri will report on the environmental and/or social impacts of the eligible assets financed from any Green, Social, and/or Sustainability Bond issued. Examples of relevant quantitative impact indicators that the Bank Mandiri Sustainability Bond Report will include are as follow:

Alignment to SDGs	Eligible Green and Social Asset Category	Eligibility Criteria
	Renewable Energy	<ul style="list-style-type: none"> • Installed capacity MW; • Expected annual generation MWh; • Estimated annual Greenhouse Gas (GHG) emission avoided; • Number of households benefitting from affordable and clean energy; • Transmission lines miles.
	Energy Efficiency	<ul style="list-style-type: none"> • Automated meters modules or number of smart meters provided; • Amount energy saved (MW); • Estimated GHG emissions reduced or avoided.
	Sustainable Cities and Communities	<ul style="list-style-type: none"> • Number of passengers; • Estimated GHG emissions reduced or avoided; • Length of low carbon tracks build; • Number of electric/hybrid/low-emission vehicles provided; • Number of supported affordable housing units financed.
	Education	<ul style="list-style-type: none"> • Number of educational institution funded • Number of students supported • Number of years of education provided which is otherwise not accessible



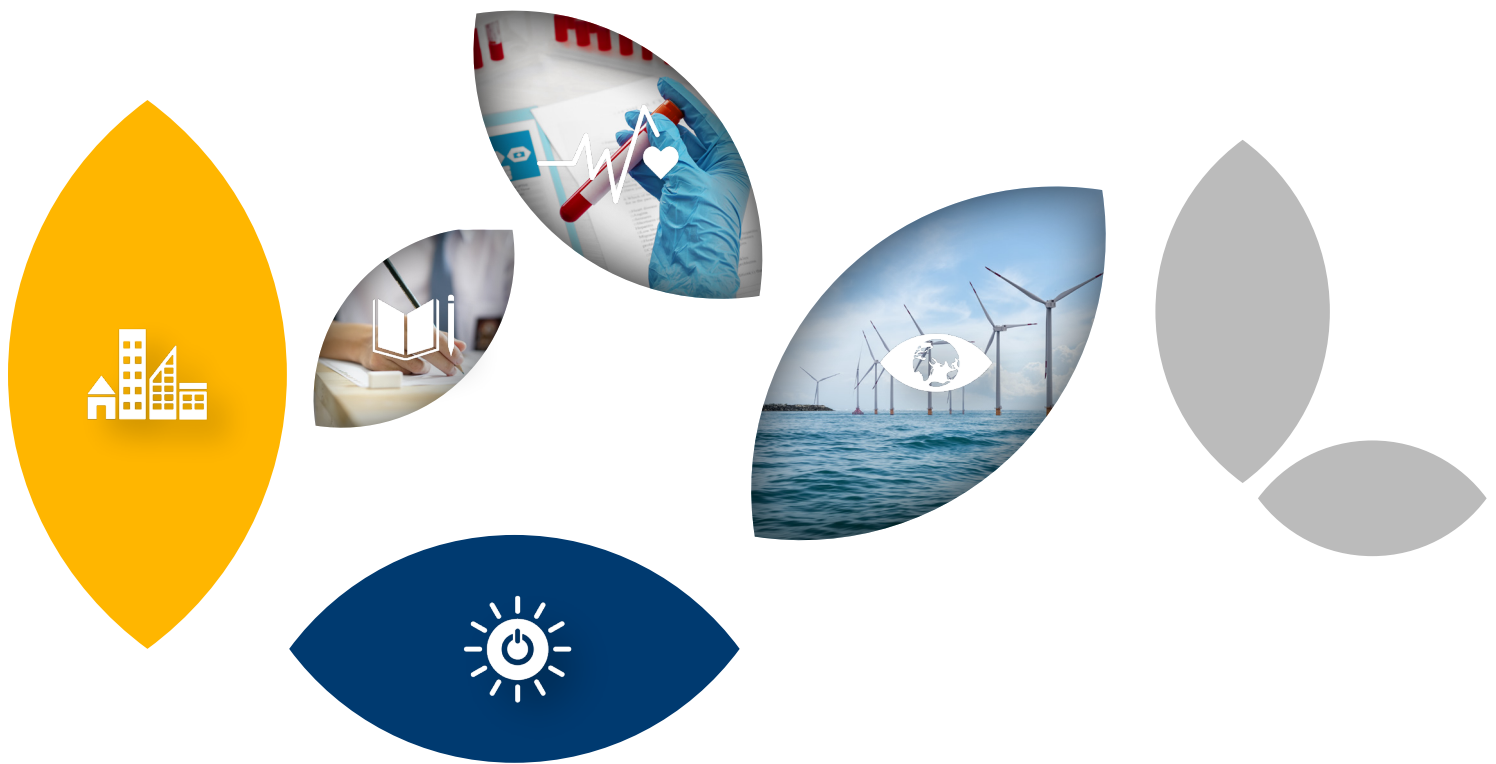
Alignment to SDGs	Eligible Green and Social Asset Category	Eligibility Criteria
	Healthcare	<ul style="list-style-type: none"> • Number of hospital and other healthcare facilities built/upgraded • Number of beds • Number of residents benefitting from healthcare
	Decent Work and Economic Growth	<ul style="list-style-type: none"> • Number of SMEs financed • Estimation of the number of employees of the financed SMEs

The Bank Mandiri Sustainability Bond Report will be publicly available via annual updates on Bank Mandiri’s website (<https://bankmandiri.co.id/en>). Bank Mandiri will also make disclosure through other channels where feasible, such as Annual Reports, which will also be published on Bank Mandiri’s website.

e. External Review

Bank Mandiri has appointed Sustainalytics to provide a Second Party Opinion to assess and confirm that the Framework is in line with relevant ICMA Principles and ASEAN Standards. This Second Party Opinion will be made available on Bank Mandiri’s website.

Regarding post-issuance reporting, for each Green, Social, Sustainability debt instrument issuance and as long as the instruments are outstanding, Bank Mandiri may engage with a third party verifier (or any other third-party appointed by Bank Mandiri as a successor to the existing third party verifier) to provide external review of the allocation of GSS bond(s) proceeds.




mandiri

**BANK MANDIRI
SUSTAINABILITY
FRAMEWORK**