

Task Force on Climate-Related Financial Disclosures ("TCFD") Report

Bank Mandiri Hong Kong Branch ("BMHK")



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Part 1 Introduction

The financial sector now widely acknowledges climate-related risk as a material source of financial exposure. Evolving market dynamics and heightened public demand for environmental sustainability have increased the salience of its financial, reputational, and strategic consequences. Accordingly, Bank Mandiri Hong Kong ("BMHK") instituted a formal climate risk management framework in late 2022.

This disclosure from BMHK is structured in accordance with the following key guidelines and recommendations:

1. The Hong Kong Monetary Authority's Supervisory Policy Manual GS-1 on Climate Risk Management
2. The recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD")

In accordance with directives from Bank Mandiri's Head Office ("BMHO"), this report details the impacts of climate change on BMHK's operations. It follows the four core pillars of the TCFD framework to outline the bank's assessment of climate-related risks and opportunities, and its integration of climate considerations into governance, strategy, and risk management. As an Authorised Institution in Hong Kong, BMHK acknowledges its critical role in advancing the transition to a sustainable economy.

For a comprehensive view of our climate-related risk measurement and performance, this disclosure should be read in conjunction with the Sustainability Report 2024 published by our parent company, PT Bank Mandiri Persero Tbk ("BMHO").

Unless otherwise stated, the information and data presented herein cover the period from 1 January to 31 December 2024.

Hong Kong, 1 August 2025

Best Regards,
General Manager – Bank Mandiri Hong Kong Branch (BMHK)



Galih Setyawan Pribadi

Part 2

Summary of TCFD Recommendation and Our Implementation (Bank Mandiri)

TCFD Recommendation	Our Implementation
Governance	
Describe the board's oversights of climate-related risks and opportunities	1. The implementation of Sustainable Finance, including the Sustainable Finance Action Plan, integration of ESG aspects, and management of Climate-related Risks, monitoring and reporting are carried out to the Board of Directors through the Risk Management Committee ("RMC") or the relevant Board of Director Level Committee (Executive Committee) according to their authority.
Describe management's role in assessing and managing climate related risks and opportunities	2. 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 Finance Action Plan ("SFAP") 2025-2029, approved by the Board of Commissioners, and submitted to the regulator. 3. The Environmental, Social, & Governance ("ESG") Group is a dedicated unit formed specifically to perform control tower function in the implementation of Sustainable Finance at Bank Mandiri and its Subsidiaries, directly supervised by the Vice President Director. 4. The ESG Group carries out monitoring functions related to the implementation of ESG in Subsidiaries through the Integrated Governance Committee.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	1. Bank Mandiri has established ESG Guiding Principles as a strategic document aimed at guiding in integrating ESG aspects in Bank Mandiri, covering the bank's business and operational activities. 2. Bank Mandiri has established a long-term transformation strategy, with a specific focus on the bank's sustainability strategy for the next 10 years. This strategy is regularly overseen by the Transformation Committee.
Describe the impact of climate risks and opportunities on the organisation's businesses strategy and planning	3. Analyzing the risks and opportunities of climate change to prepare Bank Mandiri's strategy in facing climate change risks. 4. Developing a Sustainable Finance Action Plan ("SFAP") based on the mapping of the implementation of ESG aspects and Sustainable Finance at Bank Mandiri for the next five years. 5. Developing Sustainable Finance products in both wholesale and retail segments, such as sustainable financing, sustainable bonds, ESG-based investments, green mortgage, electric vehicle financing, eco-friendly cards, and others.
Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario	6. Establishing an ESG Desk focused on providing financing services such as green loans, sustainability-linked loans, and corporate in-transition financing to help customers transition to a low-carbon economy.

	<ol style="list-style-type: none"> Developing digitalization in Bank Mandiri's core business, such as Livin', Livin' Merchant, Kopra, Smart Branch, and Digital Carbon Tracking to support the achievement of Net Zero Emission ("NZE") in Operations by 2030. The Contributor Work Unit, consisting of Business Units, Risk Management, Support, and all Regional Offices, actively implements ESG strategies and initiatives in all business and operational activities in line with the framework, vision, and commitments of Bank Mandiri's ESG.
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks	<ol style="list-style-type: none"> In the credit granting process, Bank Mandiri has implemented Environmental and Social Risk Management ("ESRM") from the pre-screening process (due diligence), loan analysis, legal & compliance review, and loan approval to the monitoring process. In the Pre-Screening phase, Bank Mandiri has specific criteria related to ESG aspects that need to be specifically considered in each sector, outlined in the Industry Acceptance Criteria ("IAC"). Bank Mandiri is committed to not providing financing for business activities that have a negative impact on the environment and society. Bank Mandiri has a Business Continuity Management ("BCM") Group actively designing a Business Continuity Plan ("BCP") to early identify and take initial steps related to climate risks or force majeure. Bank Mandiri has identified the impact of transition risks and physical risks on the Bank's performance, attached to the Pilot Climate Risk Stress Test (CRST) in 2024 covering 50% of the portfolio.
Describe the organisation's processes for managing climate-related risks	
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	
Metrics and Targets	
Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process	<ol style="list-style-type: none"> Calculating emissions from operational activities (including scopes 1 and 2) following the GHG Protocol will be implemented on a monthly basis. This information will be accessible digitally through the Bank Mandiri website and reported annually in the Sustainability Report. Bank Mandiri has calculated emissions from financing activities (scope 3) covering seven asset classes according to the methods and guidelines of the Partnership for Carbon Accounting Financials ("PCAF"). Bank Mandiri focuses on increasing its sustainable financing portfolio based on the classification according to the Sustainable Business Activity Category following POJK 51/2017. Bank Mandiri has a target to achieve Net Zero Emission ("NZE") in Operations by 2030.
Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	
Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks	

Part 3

Summary of TCFD Recommendation and the Implementation in Bank Mandiri Hong Kong Branch (“BMHK”)

TCFD Recommendation	Our Implementation
Governance	
Describe the board's oversights of climate-related risks and opportunities	The Board in BMHO oversight the climate-related risks through Risk Monitoring Committee and Risk Management Committee. Head of Risk Management responsible for managing implementation of climate risk management in BMHK.
Describe management's role in assessing and managing climate related risks and opportunities	
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Our company have three main pillars to achieve the ESG commitment: Sustainable Banking, Sustainable Operation, and Sustainability Beyond Banking. Our company's commitment to sustainability is reflected in their vision to become "Indonesia's Sustainability Champion for a Better Future," with three main milestones: leading Indonesia's transition to a low-carbon economy, net-zero emissions (NZE) in operations by 2030, and catalyzing social impact to achieve the SDGs.
Describe the impact of climate risks and opportunities on the organisation's businesses strategy and planning	
Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks	We have process in place to identify and to assess priority and emerging climate related risk. We consistently updating our internal policies to promote the sustainability profile of our customers and business sectors. We have climate risk management framework that integrated the process for identifying, assessing and managing climate-related risks.
Describe the organisation's processes for managing climate-related risks	
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	
Metrics and Targets	
Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process	We set metric and target related to climate-related issues are as follows: a. Sustainable portfolio amounts to about 5% of total assets in 2030. b. To support BMHO's target to achieve Net Zero Emission (NZE) in Operations by 2030.
Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	
Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks	

Part 4

Governance

BMHO's Organization for ESG Implementation

The implementation of Climate Risk Management at BMHK is a branch-wide initiative led by the General Manager and involves all departments. This effort is supported by the BMHO's unit that is responsible for overseeing overseas branches, which assists in managing and aligning the implementation. This is achieved through coordination with other relevant BMHO's units, including those tasked with coordinating, conducting, and monitoring ESG implementation, as well as those responsible for developing Bank Mandiri's Sustainable Finance Action Plan ("SFAP"). As part of its commitment to sustainable finance, Bank Mandiri has developed the 2025-2029 SFAP, which serves as a strategic road map in achieving sustainability targets.

In order to monitor the implementation of Environmental, Social and Governance ("ESG") within Bank Mandiri, the ESG reporting shall be conducted periodically to:

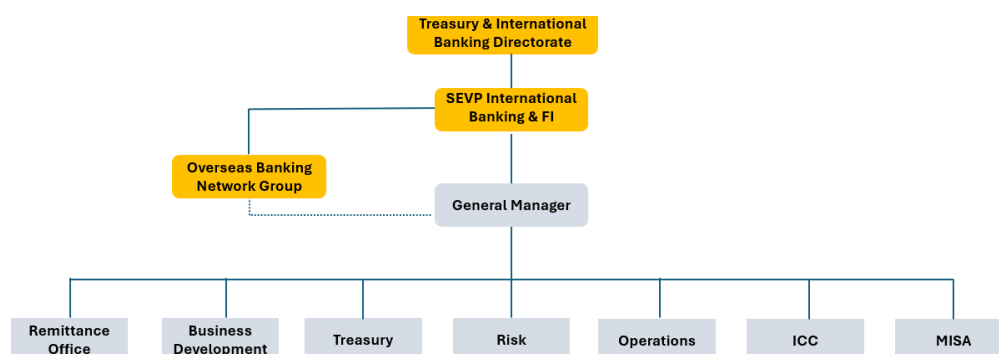
1. Risk Management Committee ("RMC"), which consists of Board of Directors ("BOD"); and
2. Risk Monitoring Committee ("KPR" – or *Komisi Pemantau Risiko*), which consists of Board of Commissioners ("BOC").

To implement its sustainable finance strategy, Bank Mandiri has established an ESG Group responsible for framework management, policy alignment, portfolio oversight, green operational strategy, and stakeholder communication.

BMHK's Organization for Climate Risk Management

The implementation of Climate Risk Management in BMHK is led and approved by General Manager, while the goals and strategies are proposed and supervised through the Branch's Climate Risk Management Committee ("CRM").

Led by the General Manager, BMHK established a Climate Risk Management Committee ("CRM") composed of managers from all departments with voting rights, excluding the ICC Manager. This committee is tasked with extensive coordination to establish goals, targets, strategies, and monitoring processes for climate risk management, supporting Bank Mandiri's broader objective of becoming a sustainable bank. The organizational structure of the CRM is outlined below:



The Head of Risk Management serves as the coordinator for Climate Risk Management implementation at BMHK.

Part 5

Strategy

As an overseas branch of Bank Mandiri Head Office (“BMHO”), BMHK is fully consolidated within the larger organization. Consequently, certain processes are centralized at the Head Office level but are adapted to remain consistent with local circumstances. Furthermore, BMHO's overarching ESG framework defines group-wide commitments, timelines, milestones, key initiatives, and enabling factors.

Bank Mandiri Head Office (“BMHO”)

1. Commitment on Environmental, Social and Governance (“ESG”)

Bank Mandiri is making strides towards achieving carbon neutrality by focusing on strengthening ecosystems and implementing green taxonomy practices. During this period, the Board of Directors and Board of Commissioners have established a Sustainability Framework, Commitment, Strategy, Initiative, and Roadmap with a specific emphasis on climate change and the Sustainable Development Goals (SDGs). Bank Mandiri's commitment to sustainability is reflected in their vision to become "Indonesia's Sustainability Champion for a Better Future," with three main milestones: leading Indonesia's transition to a low-carbon economy, achieving net-zero emissions (“NZE”) in operations by 2030, and catalyzing social impact to achieve the SDGs.

2. ESG Implementation Pillars

The sustainability framework is founded on three main pillars and encompasses 8 sustainability initiatives to be implemented during the period 2025-2029:

a. Sustainable Banking

- 1) Integrating ESG Aspect in Business Process (Sustainable Finance Framework, Sector Policy Enhancement).
- 2) Develop Sustainable Portfolio & Products/ Services (Sustainability/Green Bond, ESG Repo, Sustainability Linked Loan, Green/Social/ Corporate-in-Transition Financing).
- 3) Influencing Key Policy Maker to Accelerate Indonesian Low Carbon Economy

b. Sustainable Operation

- 1) Leading Practice in Data Privacy & Security.
- 2) Diversity, Equity & Inclusion.
- 3) Achieving NZE in Operations by 2030 (including Green Business Mindset, Digital Carbon Tracking & Monitoring, Carbon Neutral Initiatives through Green Operational & Carbon Offsetting).

c. Sustainability Beyond Banking

Empowering Digipreneurship in Society (Indonesia Migrant Worker, Young Entrepreneur, KUR, Branchless Banking, Rice Milling Unit, Rumah BUMN).

3. Responsible Financing Approach

Bank Mandiri is actively committed to developing and promoting sustainable financial practices with a focus on integrating Environmental and Social aspects throughout its business processes, particularly in financing. This is reflected in Bank Mandiri's internal regulations, specifically the Bank Mandiri Credit Policy. Credit policy related to Environmental, Social, and Governance (“ESG”) aspects:

Bank Mandiri requires prospective debtors to meet the following general criteria:

- a. Have environmental management documents based on the industrial sector and the provisions of applicable laws and regulations, including Environmental Impact Analysis documents for required business/activity plans or Environmental Management Efforts - Environmental Monitoring Efforts documents;
- b. Have the outcomes of the PROPER assessment (Company Performance Rating Assessment Program in Environmental Management) in accordance with applicable provisions;
- c. Other related environmental management permits/ certifications and other related environmental criteria in accordance with applicable laws and regulations.

Bank Mandiri also remains committed to not providing credit financing to business activities that have a negative impact on the environment (exclusion/ negative list) as follows:

- a. Illegal logging;
- b. Plantation on peatlands;
- c. Violations of human rights according to the Manpower Law and International Law Organization (ILO) Convention;
- d. Drug abuse;
- e. Business activities that endanger the environment, including disturbing protected areas such as UNESCO World Heritage Sites, wetland sites as listed in the Ramsar Convention criteria, and high biodiversity sites as well as sites listed in the IUCN Cat-1 & Cat-2 protected area categories as outlined in the Convention on Biological Diversity;
- f. Other business activities that do not comply with applicable laws and regulations, including but not limited to: Pornography; Gambling; Money laundering; Corruption, Collusion, and Nepotism activities; and Goods and services that do not comply with applicable laws.

On top of that, Bank Mandiri has established sectoral credit policy related to Environmental, Social, and Governance aspects.

Bank Mandiri Hong Kong Branch ("BMHK")

As an Authorized Institution operating in Hong Kong, BMHK is required by local regulators to establish a framework that integrates Environmental, Social, and Governance (ESG) considerations into its business activities and operations. Accordingly, BMHK launched the inaugural "Climate Risk Management Framework – Bank Mandiri Hong Kong Branch" on November 30, 2022, with subsequent updates issued on March 31, 2023, and May 31, 2024.

Part 6

Risk Management & Stress Testing

Risk Management

In general, the implementation of Three Lines of Defence Principle in BMHK is following the implementation in BMHO. BMHO considers a robust process for identifying, assessing, and monitoring climate-related risks and the same practice is cascaded down to all its international branch offices. This practice includes establishing the Three Lines of Defence model, detailing respective roles and responsibilities of each line of defence in relation to the management of environmental risks listed below. In line with the usual risk governance arrangement, the responsibilities of managing climate-related risks should be allocated among three lines of defence:

1. Business Unit

The first line of defence refers to the business unit which investigates the compliance of the borrowers' profile in accordance with BMHK's environmental requirement.

2. Risk Management

The second line of defence refers to the risk management function which validates the information provided by the business units on the borrowers' environmental profile, ongoing risk monitoring and reviewing of relevant policies and procedures.

3. Internal Audit

The third line of defence refers to the internal audit function which ensures the risk control is carried out effectively.

In addition, BMHK should build capability to measure climate-related risks using various methodologies & tools, and also to regularly assess vulnerability under different plausible climate scenarios having adverse impacts on them. BMHK has identified potential climate-related risks divided into two major categories, including:

1. Physical risks

Physical risks are risks associated with the impact of changes in weather and climate. Physical risks may have financial implications for the bank, such as damage to bank assets. Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns.

a. Acute

Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as hurricanes, wildfires, and floods. Extreme weather events significantly influence BMHK's financial performance and resilience through their impacts on BMHK's borrowers and disruption that may affect BMHK's operational resilience.

b. Chronic

Chronic physical risks refer to longer-term shifts in climate patterns such as sea level rise or chronic heat waves. These risks may become more apparent in the longer term. Impacts may include disruptions to borrower physical assets, bank physical assets, physical working conditions and lower employee productivity and quality of health.

2. Transition Risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Transition risks may pose varying levels of financial and reputational risk to organizations.

a. Policy and Legal

The risk associated with and financial impact of policy changes depends on the nature and timing of the policy change. Furthermore, an inability to comply with increasingly stringent environmental regulations will increase the risk of receiving litigation claims or monetary sanctions.

b. Market

A shift in supply and demand for goods and services could influence particular commodity products and prices. This event could affect the borrower repayment capacity of loans to BMHK.

c. Technology

Technological improvements and innovations that support the transition to a lower-carbon, energy efficient economic system can significantly impact on organizations. For example, the development and use of emerging technologies such as renewable energy and energy efficiency will affect the competitiveness of certain organizations, their production and distribution costs, and ultimately the demand for their products and services from end users. Technology risk may impact BMHK Clients who cannot keep up with the shifting technological landscape.

d. Reputation

Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions of an organization's contribution to a lower-carbon economy. Continued financing of industries with poor sustainability reputations and ratings may weaken BMHK's reputation.

Risk Identification and Assessment

BMHO has processes in place to identify and to assess priority and emerging risks. BMHO has consistently implemented credit financing policies to promote sustainable financial practices and demonstrates its commitment to responsible and ethical business practices, regulated by the bank's internal regulations, and applied to all international branch offices including BMHK. In addition, BMHK has Credit & Investment Standard Procedure that governs branch's credit and investment activities.

Stress Testing

As a member of the Task Force on Climate Related Financial Risk, Bank Mandiri participated in Pilot Project on Climate Risk Management & Scenario Analysis, alongside the Financial Services Authority (*Otoritas Jasa Keuangan* – Indonesian Financial Services Authority). The Climate Risk Stress Test (CRST) analysis of Bank Mandiri in the 2024 OJK Pilot Project on Climate Risk Management & Scenario Analysis (CRMS) covers 54.09% of the portfolio, in compliance with Indonesian Financial Services Authority regulations, which require KBMI 3 and KBMI 4 banks to conduct CRST 2024 Pilot Project calculations covering at least 50% of the total portfolio based on priority sectors. The analysis incorporates flood and forest fire scenarios to assess physical risks and utilizes climate scenarios developed by Network for Greening the Financial System (NGFS) to evaluate transition risks including Current Policy (Hot House), Delayed Transition (Disorderly) and Net Zero 2050 (Orderly). Each scenario presents a unique roadmap and variables crucial for achieving the 2050 climate goals, including changes in how climate affects the economy. These scenarios explore different assumptions about the escalation of climate policy, emission levels, and temperature increase. Given that climate risk stress testing is still in its early development stages in Hong Kong and Indonesia, BMHK will follow BMHO approach.

Part 7

Metrics & Targets

In addition to BMHO's SAFP that also applies to BMHK, and also referring to BMHK's Climate Risk Management Framework 2023, BMHK set metric and target related to climate – related issues are as follows:

1. Sustainable portfolio amounts to about 5% of total assets in 2030.
2. To support BMHO's target to achieve Net Zero Emission (NZE) in Operations by 2030.

The above metrics and targets would be reviewed & updated accordingly from time to time. BMHK recognises that the impact of climate change due to rising global temperatures below 2°C could affect future sustainability. Therefore, BMHK is exploring further opportunities to develop and implement financial and investment programmes to support climate action.

Disclosure & Looking Forward

Disclosure

BMHK recognizes that methodologies for assessing, monitoring, and reporting environmental risk factors beyond climate change are still in early stages of development. However, we anticipate the bank's risk management practices will mature in line with the evolution of related tools and international frameworks.

As an overseas branch and part of Bank Mandiri, the complete disclosure on bank wide level shall refer to Bank Mandiri's Annual Sustainability Report.

Looking Forward

BMHK acknowledges that evolving measurement methodologies and standards will likely necessitate changes to reporting processes and the annual reassessment of related policies and procedures. In response, the bank is committed to building capabilities in a structured manner, beginning with the identification of relevant and plausible metrics, while continuing to explore opportunities for developing and implementing financial and investment programs that support climate action.