

Roles and Responsibilities of CSR Unit

The CSR Supervision Unit

This is a work unit that has the authority to terminate the CSR program, serves as a coordinator in the CSR implementation, and conducts evaluation of the Bank's CSR implementation. The function of the CSR Supervision Unit is performed by the Corporate Secretary Group.

The duties and obligations of the CSR Supervision Unit are:

- 1) To prepare bank-wide strategic CSR and CSR budget allocation;
- 2) To formulate provisions related to the CSR program;
- 3) To prepare the CSR Work Plan and Budget for approval:
 - CCSR shall be reported to the Board of Directors.
 - New allocation for distribution of the Environmental Development Program shall be reported to the General Meeting of Shareholders (GMS).
 - The use of the remaining balance of the Environmental Development Program from the appropriation of retained earnings in the previous year the BoC shall be reported to the Board of Commissioners.
- 4) To monitor and review realization of the CSR Work Plan and Budget;
- 5) To manage, administer, and prepare bank-wide CSR implementation reports;
- 6) To prepare and distribute bank-wide CSR implementation reports to the Community and the Ministry of State-Owned Enterprises (the Environmental Development Program) periodically pursuant to the prevailing regulations; and
- 7) To coordinate and evaluate bank-wide CSR realization.

The Unit in Charge of and Executing Corporate Environmental and Social Responsibilities, and Environmental Development

This is a work unit that initiates and implements the Bank's CCSR and Environmental Development programs in accordance with the decision of the holder of authority (the CSR Supervision Unit). The function of the Unit in Charge of and Executing CCSR and Environmental Development Programs is performed by the relevant work units of either the Head Office or the Regional Office.

Roles and responsibilities of CSR Unit in Charge of and Executing CCSR and Environmental Development Programs are:

- (1) To conduct management starting from the stages of application, analysis, activity and budget proposal, and administration to the stage of CCSR and Environmental Development activity reporting;
- (2) To monitor and evaluate CCSR and Environmental Development activities; and
- (3) To report reconciliation resulting from the bank-wide implementation of the CCSR and Environmental Development activities to the CSR Supervision Unit periodically.

Since 2015, Bank Mandiri no longer undertook any partnership programs because it remains performing an assessment to develop a better scheme for partnership program distribution. However, until now, the Company still manages the existing debtors, with a total of 10,496 debtors (18.61% of the total number of debtors in the partnership program) with the outstanding debt amounting to Rp101.31 billion.

Corporate Social Responsibilities to the Environment

Policies

As one of the manifestations for the implementation of sustainable finance, the Company already has several policies related to the environmental aspects, which include policies relating to the development of financial products/services and the ones relating to other environmental conservation attempts. In relation to products and services, the Company already has its own policies, which among other things include:

1. Bank Mandiri's Credit Policy (*Kebijakan Perkreditan* Bank Mandiri or KPBM), which prohibits financing for businesses or projects that endanger the environment;
2. Standard Credit Procedures (*Standar Prosedur Perkreditan* or SPK), which among other things specify:
 - a. The obligation of prospective debtors to submit the Environmental Impact Assessment (EIA) of the financing of the business/industry required or Environmental Management Effort - Environmental Monitoring Effort in accordance with the applicable laws and regulations, and
 - b. The obligation of prospective debtors to submit assessment results of *Program Penilaian Peringkat Kinerja Perusahaan Dalam Pengelolaan Lingkungan Hidup* (the Corporate Performance Rating Program in terms of Environmental Management) or PROPER issued by the Ministry of Environment.

The Company's other policies related to the management and protection of the environment are manifested in the form of appeals, notifications, and regulations of Bank Mandiri in order to minimize the impact arising from the Company's operations on the environment. The Company continues to run its operations efficiently in all of its Work Units, including all Divisions, Regional Offices, and Branch Offices.

Targets of the Activities

In offering credit, Bank Mandiri always adheres to the prevailing internal regulations and always strives to avoid approving credit for a project or business that obviously causes environmental degradation. Moreover, the Company always ensures that 100% of its debtors have met the EIA requirement and received the PROPER assessment of BLUE/GREEN/GOLD.

In relation to the implementation of sustainable finance, the Company has set the target to undertake all banking activities that support the sustainability of the Company's business, among others through the implementation of efficiency, as well as to implement CSR programs related to the betterment/improvement of the quality of life outside the Company.

Activities and their Impacts

Bank Mandiri's support for the preservation of the environment can be seen in each of its activities, whether the operations at the head office or its business activities, which among other things includes the following things.

Green Banking

Green Banking Activity Credit Approval Procedures



Increased understanding of employees in environmental analysis has been conducted in Bank Mandiri, both in in-house training and

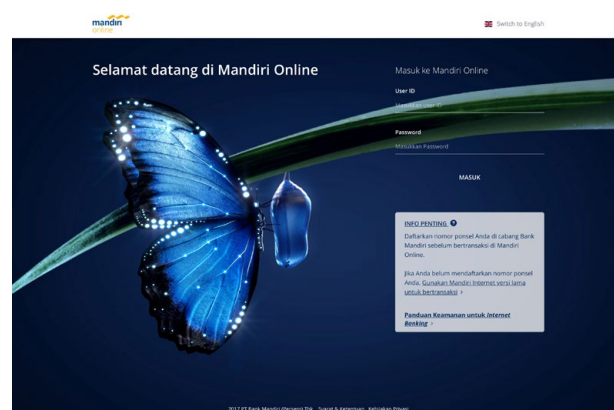
external training. Bank Mandiri has attended training initiated by the Financial Services Authority and the ESDM Ministry regarding regular environmental analyzes conducted in several cities in Indonesia adapted to the characteristics of the prospective debtor industry. The results are then socialized to the credit team to apply in the credit approval process. In each proposal for credit proposal for corporate and commercial sectors has been discussed Environmental Impact Analysis (AMDAL) which became one of the requirements in the provisions of credit.

To distribute credit, Bank Mandiri focuses on environmentally friendly organizations such as those engaged in renewable energy, environmentally friendly transportation, and energy efficiency, and those adopting the concept of sustainability.

- Oil palm debtors with the ISPO certification; the debtor-related policies must have the ISPO certification;
- The EIA and PROPER policies for large corporate oil palm debtors;
- The percentage of companies with the PROPER assessment of GREEN and BLUE from the total credit granted; and
- Increased credit limit for Biogas Power Plants.

Another activity is the establishment of a partnership between Bank Mandiri and Agence Francaise de Developpement (AFD) worth US \$ 100 million to finance customer projects in the field of hydropower, biogas, and combined-cycle powerplant which is an environmentally friendly project.

Digital Banking



In addition, since the introduction of digital banking in Bank Mandiri's banking activities, the Company has made savings in relation to the use of paper in customer transactions at Branch Offices. The implementation of e-billing also further contributes to such savings.

Quantitative Impact Of The Green Banking Activity

The implementation of the 'green banking' concept in credit distribution as a form of support from Bank Mandiri in maintaining environmental preservation has several impacts, such as :

- All (100%) of the debtors have met the EIA requirement, where 84% of them obtain the PROPER assessment of BLUE/GREEN/GOLD. This will of course have a positive impact on the environment in the territory of the state of Indonesia on the rise of PROPER's predicate from various companies.
- From a total of 79 palm oil companies that become debtors of Bank Mandiri, 36 companies already obtain/ are in the process of obtaining the Indonesian Sustainable Palm Oil (ISPO) certification, and 24 companies already have the Roundtable Sustainable Palm Oil (RSPO) certification. The certificate reflects the company's role in preserving the environment. The more companies that have these certificates, it is expected that environmental conservation activities will increase.

Energy-Saving and Emission Reduction Activities

The 'Green Office' program constitutes a real contribution to environmental management around the Head Office in support of environmentally friendly office management. In its implementation, the office management along with all of its employees strives to implement various savings programs such as paper-, energy-, and water-saving programs through dissemination of information and recommendations. These programs can provide real benefits such as reducing operational costs, improving efficiency, and enhancing the image of Bank Mandiri. The events and activities in support of the creation of Green Office are undertaken by involving the use of materials and energy consumption.

Bank Mandiri divides into several categories the use of materials for business purposes based on the scope of office needs and the materials necessary for other operations. Discussion regarding the disclosure of materials used at the office in this CSR report concerns the use of paper and fuel. The issue of efficient use of paper has been a matter of urgency done by Bank Mandiri in the last few years given

the negative impact as a result of massive logging and waste from the massive paper production process, in the forms of liquids, gaseous and solids. Various initiatives have been taken by Bank Mandiri to reduce paper consumption, such as supporting paperless documentation, using email as a medium to disseminate information across the Company, using used paper or recycled one, and using the 'two-sided print' setting when printing any documents deemed less important.

The head office of Bank Mandiri in Jakarta adopts the 'green building' concept by combining environmentally friendly and energy-saving features. The features that can be found in Bank Mandiri's office buildings include waste treatment facilities, a parking lot for cyclists, and a fairly large green space. In addition, Bank Mandiri's operations are also integrated in one location, thus creating a better synergy among its work units. The concept of an environmentally friendly building is implemented among other things through the use of glass in some parts of the building wall of Bank Mandiri's Head Office. This aims to minimize the use of electricity across the building through optimal use of sunlight, thus minimizing the use of lamps.

Throughout 2017, Bank Mandiri took the initiative to save on electricity by replacing ordinary lamps with LED lamps, replacing air conditioners with environmentally friendly materials, installing timers, and minimizing excessive use of electricity in all work units of Bank Mandiri's offices. Consistent with attempts to save on electricity, Bank Mandiri also makes efficient use of water. This commitment can be seen from its commitment to stop using ground water since 2013.

The 'green building' initiative is already underway in the area of Mandiri University. According to plan, there are a total of 15 towers to be built with an estimated saving in electricity consumption of about 20%. These buildings are in the process of obtaining the silver green building certificate.

Bank Mandiri always strives to realize environmentally friendly business operations, among other things through a saving in water consumption. To show its concern for the issue of scarcity of clean water in several areas in Indonesia, even across the globe, Bank Mandiri has called on all of its employees to use water wisely by putting up a board saying "Please Use Water As Efficiently As Possible." in toilets, mosques, and some other office areas.

Quantitative Impact of the Energy-Saving and Emission Reduction Activities

Throughout 2017, the Company has made a saving in electricity consumption by 394,758 KWh or 1.16% compared to the previous year. Likewise, in terms of the volume of water consumption from the public utility 'PDAM', there is a decrease by 23,644 m³ or by 10.09%. Such a decrease in the volume of water consumption from PDAM took place as the Company prefers using water from water recycle. The volume of water from water recycle used increases by 18,136 m³ or equal to 33.33%.



Table Describing the Volume of Electricity and Water Consumption

Description	2017	2016	2015
Table Describing The Volume of Electricity (m ³)			
Electric Energy	33,581,522	33,976,280	33,502,080
Table Describing The Volume of Water (m ³)			
Water Volume from PDAM	210,556	234,200	190,183
Water Volume from Water Recycle	72,554	54,418	66,278
Total Water Consumption	283,110	288,618	256,461

Data on the allocation of water consumption at Bank Mandiri's Head Office during 2016 to 2017 are presented in the following table.

Table of Water Consumption

Water Consumption Portion (m ³)			
Description	2017	2016	2015
Cooling tower	73,806	54,148	97,795
Park	7,300	5,100	11,208
Toilet	97,123	160,018	136,043
Food court	10,546	13,200	10,464
Mosque	94,335	55,882	951
Total Water Consumption	283,110	288,618	256,461





Environmental Management and Sewage Treatment Activities

In addition to the above-mentioned measures, the Company also has a sewage treatment plan run on its own, thus reducing the costs of environmental management. This sewage treatment is carried out by the building management and it manages to recycle it into ready-to-drink water (reverse osmosis/RO) that already obtains a 'halal' label. With this initiative, this water can be used for cooling machines and to water the park.

Quantitative Impact of the Environmental Management and Waste Treatment Activities

Through this sewage treatment plan, the Company has made a saving in the environmental management costs by Rp2,000/m³.

The Activity Of Using Environmentally Friendly Materials

Since 2012 Bank Mandiri has implemented water recycle technology at Plaza Mandiri Building. The water that has been recycled is used to meet water needs of cooling towers and the park around Plaza Mandiri Building. In addition, the Company also maximizes 30% of the green open space around Plaza Mandiri Building by creating a park with an area of 13,000 m² of the total area by 39,000 m².

Quantitative Impact Of Using Environmentally Friendly Materials

Utilization of green open areas has had an impact on the preservation of the environment. The leaves that fall from the park are processed into compost by the building manager. Then the compost is used for garden fertilizer so it saves the cost of purchasing fertilizer. Building managers also make biopori which has now reached 60 holes and managed to save rain water and become a recharge area.

Activities Incorporated in the Social and Environmental Responsibility Program (TJSL)

Muara Gembong Social Forestry Project

The project, implemented in 2017, is a form of the Company's support for the Work Program of the Ministry of Environment and Forestry. The project agenda is carried out in the form of mangrove tree planting and revitalization of the community ponds in Muara Gembong area with total area of 11,000 Ha. The project will be implemented in two stages with a total land area of 80,9 Ha pilot project and a total of 38 beneficiaries.

The Muara Gembong social forestry project is based on the number of state land occupied by smallholders (about 12 million hectares), but the cultivation process does not pay attention to the balance of nature and environment, even there are some land that is leased or bought and sold.

The form of social forestry project program will be implemented through a sustainable forest management system implemented within state forest areas of Perhutani and will be implemented by the community in the form of Forest Utilization Permit. The commodities to be developed in the tambak revitalization project include vaname shrimp, milkfish and seaweed.

Several activities related to social forestry projects and the revitalization of community ponds are as follows:

- Improvement of land along with irrigation channels;
- Saung rearing for feed storage, seeds, crops and others;
- Road hardening along the embankment of the pond;
- Creation of a water rabbit for each pond of total semi-intensive technology;
- Provision of fish feeding equipment / automatic shrimp (e-Fishery);
- Installation of electricity to the pond;
- Installation of 5 submersible water pumps;
- Provision of cool boxes for fish harvest or temporary shrimp; and
- Installation of freshwater drill made in each pond.

Impact of Activity Incorporated in the Social and Environmental Responsibility Program (TJSL)

The Company hopes that through the implementation of this program will have an impact on economic equity by more systematic and intensive forest management, but still based on the interests of community economic development and economic improvement of the local community so as to improve the living standard.

Certifications in The Environmental Sector

Until 2017, Bank Mandiri has no environment-related certifications.