Overview of Responsible Investment Policy

About this policy

This document provides an overview of PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")'s investment practices, with particular focus on responsible and prudent within the banking book. It sets out the regulatory foundations, scope of application, governance structure, and due diligence standards applied by Bank Mandiri to ensure that all corporate bond investments are conducted in full compliance with applicable regulatory requirements and in alignment with sound banking principles.

The primary objective of this policy is to establish a clear and structured approach for corporate bond investments that supports liquidity management, asset–liability management, and capital preservation objectives, while remaining consistent with Bank Mandiri's defined risk appetite. In addition, this policy provides clear guidance to relevant functions regarding their respective roles and responsibilities in managing the banking book portfolio.

In implementing this policy, Bank Mandiri ensures full compliance with applicable banking regulations and supervisory requirements, including POJK No. 18/POJK.03/2016 concerning the Implementation of Risk Management for Commercial Banks, POJK No. 40/POJK.03/2019 concerning the Assessment of the Quality of Commercial Bank Assets, and all other relevant prevailing laws and regulations.

Scope

Pursuant to Law No. 8/1995 concerning the Capital Market, asset management activities are regulated as a distinct capital market function carried out by licensed investment managers. In this regard, Bank Mandiri does not engage in asset management activities on behalf of third parties and does not operate as an investment manager.

Accordingly, Bank Mandiri's investment activities are limited to management of its own balance sheet and conduct strictly within the scope of applicable banking regulation. Bank Mandiri manages its investment activities exclusively within the banking book, including instruments classified as amortised cost (held-to-maturity), available for sale and FVOCI *(fair value through other comprehensive income).* In overseeing this portfolio, Bank Mandiri takes into account key financial and market considerations, including its overall liquidity position, prevailing and anticipated changes in market interest rates, available investment opportunities in the market, and movements in foreign exchange rates against the rupiah.

Due Diligence

Bank invests only in debt securities issued by corporate entities subject to clearly defined eligibility and credit quality requirements. Such securities must:

- Are rated by recognized national or international credit rating agencies, or
- Are listed on local/international exchanges and assessed as investment grade.

In addition, as a fundamental requirement, Bank Mandiri stipulates that securities may only be purchased where the issuer has obtained an approved issuer limit granted by the Credit Committee. The establishment of issuer limits serves as the primary governance mechanism through which Bank Mandiri conducts comprehensive due diligence. This process encompasses an integrated assessment

of financial strength, business sustainability, risk profile, including incorporates environmental, social, and governance (ESG) considerations into decision-making. The approved of issuer limits are subject to periodic monitoring and review an annual basis.

In conducting due diligence prior to establishing an issuer limit and executing any securities investment, Bank Mandiri applies a comprehensive assessment that integrates financial, regulatory, and ESG considerations. This due diligence process includes the application of the Bank's exclusion list, under which the Bank is committed to not providing credit or financing support to business activities that violate applicable laws and regulations. Furthermore, Bank applies its sectoral policies, which set out Industry Acceptance Criteria outlining key ESG aspects that clients are expected to meet. These criteria may include, but are not limited to, demonstrated efforts toward energy efficiency, compliance with environmental impact assessment (AMDAL) requirements, the availability of sustainability reporting for publicly listed companies, implementation of occupational health and safety standards.

To learn more about Bank Mandiri's approach to responsible and sustainable financing policy, please refer to Bank Mandiri Responsible and Sustainable Financing Policy

Governance

- Asset and Liability Committee
  Determines and assigns tiered approval authority for the purchase and sale (including early redemption) of securities, applicable to business units and overseas branches, based on the tenor, nominal transaction value, and issuer of the securities.
- Credit Committee
  The issuer limit approval process is carried out in the credit committee meeting forum, which consists of at least two parties, each representing business units and risk management unit.
- Risk Management Committee
  Establish risk management limits for banking book.
- Business Unit
  Responsible for conducting due diligence and financial analysis in connection with the submission of issuer limits, which are presented to the credit committee for approval. Following approval, the business unit remains responsible for the ongoing monitoring of the issuer's financial performance.
- Treasury Unit
  Responsible for executing all treasury activities, including authorized transactions in the interbank market.