

## Remuneration Policy for The Board of Commissioners PT Bank Mandiri (Persero) Tbk.

In providing remuneration for the Board of Commissioners and Directors, Bank Mandiri upholds the principle of prudential as well as refers to the prevailing regulations of law. Currently, the Company has implemented a good governance in terms of remuneration provision to the Board of Commissioners. This manner aims to promote prudent risk-taking to maintain the Company's sustainability.

Bank Mandiri is committed to implement governance in providing remuneration by formulating policies that have been authorized under the Joint Decree of the Board of Commissioners and Board of Directors on Remuneration Policy of PT Bank Mandiri (Persero) Tbk dated 20 March 2018. The determination of remuneration for the Board of Commissioners refers to :

1. Regulation of the Minister of SOE No. PER-04/MBU/2014 concerning Guidelines for Determining the Income of the Board of Directors, Board of Commissioners and Supervisory Board of State-Owned Enterprises has lastly been amended with the Regulation of the Minister of SOE No. PER-13/MBU/09/2021 dated 24 September 2021, and lastly amended by the SOE Minister Regulation No. PER-3/MBU/03/2023 concerning the Organization and Human Resources of State-Owned Enterprises.
2. SOE Minister Regulation No. PER-01/MBU/2011 regarding the Implementation of Good Corporate Governance in State-Owned Enterprises as amended by the SOE Minister Regulation No. PER-09/MBU/2012 concerning Amendments to the SOE Minister Regulation No. PER-01/MBU/2011 regarding the Implementation of Good Corporate Governance in State-Owned Enterprises, and lastly amended by the SOE Minister Regulation No. PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises.
3. OJK Regulation No. 17 of 2023 concerning the Implementation of Governance for Commercial Banks
4. OJK Regulation No.45/POJK.03/2015 dated 23 December 2015 on the Implementation of Governance in Providing Remuneration for Commercial Banks.
5. The Company's Articles of Association

Pursuant to POJK No. 45/POJK.03/2015 on the Implementation of Governance in Providing Remuneration for Commercial Banks, Bank Mandiri has performed Governance in Providing Remuneration that has taken into account various aspects, including the bank financial stability, the creation of risk management, short-term and long-term liquidity requirements, and potential future revenue. The Company may carry out malus and clawback of variable remuneration for the Bank executives who are under the category of Material Risk Taker (MRT), with the following stipulations :

1. The Company will have malus and or clawback in specific circumstances in applying variable remuneration, by taking into account some factors as follows:
  - a. The financial or non-financial loss of the Company.
  - b. The direct or indirect involvement of the concerned executives in the loss.
2. Variable remuneration must be deferred amounting a percentage specified by the Company.
3. This policy applies for MRT executives under the following criteria:
  - a. Causing financial or non-financial loss to the Company.
  - b. Conducting frauds, breaking the law, behaving in an unethical manner, and/or falsifying records.
  - c. Intentionally violating the bank's policy, rules, and procedures.
  - d. Inducing significant negative impacts towards bank capital not caused by economic or industrial climate change.
4. In implementing remuneration for MRT executives, Bank Mandiri acts under the provisions from Financial Service Authority, Regulations of the Ministry of SOEs, and the Company's remuneration policy.

#### **Remuneration and Nomination Committee**

The Board of Commissioners has established the Remuneration and Nomination Committee that aims to assist in areas related to the remuneration and nomination of members of the Board of Directors and the Board of Commissioners. One of the duties of the Remuneration and Nomination Committee is to create a remuneration system for the Board of Commissioners and Directors which will become part of the corporate governance policy guidelines and will serve as the basis for the Board of Commissioners and the GMS in determining the remuneration for members of the Board of Commissioners and/or members of the Board of Directors.

The elaboration on the Remuneration and Nomination Committee is presented in the Remuneration and Nomination Committee section of the Corporate Governance Chapter in this Annual Report.

## Remuneration Determination Procedures



The determination of remuneration for the Board of Commissioners and Directors is carried out with the following procedures :

1. The Remuneration and Nomination Committee holds a review on remuneration for the Board of Commissioners and Directors.
2. The Committee coordinates with Human Capital Director and Executives as well as related unit to develop the remuneration proposal.
3. The Committee coordinates with the Risk Management Unit in establishing policies on variable remuneration.
4. Based on the review, the Committee draws up recommendation on remuneration for submission to the Board of Commissioners and Directors.
5. The Board of Commissioners presents the proposal and recommendation reviewed by the Remuneration and Nomination Committee to the General Meeting of Shareholders to obtain approval.
6. The proposal and recommendation of the Board of Commissioners may be in the form of :
  - a. Approval on the element and amount of the remuneration; or
  - b. Approval of authority for the Board of Commissioners to determine the element and amount of the remuneration.

## Remuneration Policy Scope and Its Implementation

Pursuant to OJK Regulation No.45/POJK.03/2015 concerning the Implementation of Governance in Providing Remuneration for Commercial Banks, Bank Mandiri has a Remuneration Policy which was approved through a Joint Decree of the Board of Commissioners and Directors dated 20 March 2018. The remuneration policy is the bank's strategy in providing rewards to employees, adapted to the Bank's ability to accommodate changes in employee demographics, management of labour costs, and in order to promote the achievement of Bank Mandiri's business goals. Bank Mandiri remuneration is structured with the aim of being able to attract, retain, motivate and increase employee engagement so that they can continuously provide optimum performance, support the vision, mission and strategy of the Bank.

The remuneration policy that has been established currently regulates the remuneration of the Board of Commissioners and the Board of Directors, which will then be applied to employees at certain levels who will be determined as material risk takers. The determination of the material risk taker is carried out using qualitative and quantitative approaches. In determining the remuneration for employees, Executives, Directors and Commissioners, the Remuneration and Nomination Committee has several considerations, including :

1. Benchmarking results of employee remuneration, executives, members of the Board of Directors and members of the Board of Commissioners with similar industries (peer group).
2. The size and complexity of the firm's operations
3. Remuneration consists of standardized salaries/ honorariums and benefits, namely Annual Holiday Allowances (THR), official housing, official vehicles, health facilities and utilities and other benefits. Meanwhile, performance-based remuneration is a bonus/ incentive for employees and bonuses for the Board of Directors and the Board of Commissioners.

In general, Bank Mandiri's remuneration strategy is guided by the Manpower Law and Financial Services Authority Regulations. The total reward strategy for the long term is that the Bank has a strong competitive value against the market, namely:

1. Strive for the general position of the Bank at 75 percentiles.
2. Especially for top talent and critical jobs, it can be positioned up to 90 percentiles.

## Remuneration Associated with Risks

In providing remuneration, Bank Mandiri observes the principles of prudence which aim to encourage prudent risk taking in order to maintain the continuity of Bank Mandiri's business. Bank Mandiri determines the performance measurement method and types of risk in determining the provision of variable remuneration according to the scale and complexity of Bank Mandiri's business activities. In determining the remuneration policy, Bank Mandiri takes into account the types, criteria, impacts and changes in determining the main types of risk in determining remuneration.

## Performance Measurement Related to Remuneration

In providing remuneration, Bank Mandiri conducts performance measurements related to remuneration including a review of remuneration policies related to performance assessments,



methods of linking individual remuneration with Bank Mandiri performance, work unit performance and individual performance and methods used by Bank Mandiri to certify performance (key performance indicators) that has been agreed upon cannot be achieved so it is necessary to make adjustments to the remuneration as well as the amount of remuneration adjustment if this condition occurs.

The application of the remuneration strategy is also carried out by taking into account the performance of each individual employee, the performance of the work unit and the overall performance of the Bank, but still within the stipulated budget. In general, in implementing total rewards, Bank Mandiri provides salaries, annual salary adjustments, holiday allowances (THR), annual leave fees, and large leave pay for each 3 (three) year working period. Bank Mandiri also provides health facilities for employees and their family members, including inpatient care, outpatient care, childbirth, dental care, General Check Up, eyeglasses and the health program for Bank Mandiri retirees.

### **Remuneration Adjustment Related to Performance and Risk**

Bank Mandiri provides variable remuneration, namely remuneration related to performance and risk, including bonuses, rewards/performance incentives or other equivalent forms. Remuneration in the form of bonuses, rewards, incentives can be given in the form of cash, shares or sharebased instruments issued by Bank Mandiri with special provisions for the benefit of the Board of Commissioners given in cash to avoid conflict of interest in carrying out supervision.

### **External Consultant Services**

To find out the position of the Bank's remuneration against market conditions, every year Bank Mandiri participates in the Annual Salary Survey which is conducted by an independent and competent third party. The results of the study from the survey were used as a basis for adjusting the remuneration strategy of Bank Mandiri which would then be proposed at the Board of Directors Meeting for approval.

### **Process for Preparation of Remuneration Policy**

Remuneration policy was one of the important factors in obtaining and/or maintaining employees, executive officers, Directors and Board of Commissioners who were competent and qualified. It was the Bank's strategy in providing rewards according to the ability of Bank Mandiri in accommodating changes in employee demographics, management of labour costs, and to encourage the achievement of Bank Mandiri's business objectives.

Bank Mandiri's remuneration was prepared with the aim of being able to attract, maintain, motivate, and increase the commitment of employees to continuously provide optimal performance as well as to support Bank Mandiri's vision, mission and strategy.

Bank Mandiri's considerations when preparing the remuneration policy :

1. Financial performance and reserve fulfilment as stipulated in the applicable laws and regulations.
2. Remuneration that is adapted to the industry in accordance with the Company's business activities and the scale of the company's business in the industry.
3. The duties, responsibilities and authorities of members of the Board of Directors and members of the Board of Commissioners related to the achievement of the Company's goals and



performance.

4. Target or performance of each member of the Board of Directors and/or members of the Board of Commissioners in order to achieve equality between the work results and the benefits received.
5. Balance between permanent and variable benefits.
6. The Bank's Long-term goals and Strategies

### Indicators/Coverage of Remuneration Policy and Its Implementation

Pursuant to OJK Regulation No.45/POJK.03/2015 concerning the Implementation of Governance in Providing Remuneration for Commercial Banks, Bank Mandiri has in place the Remuneration Policy which was ratified through a Joint Decree of the Board of Commissioners and Directors dated 20 March 2018. Currently, the remuneration policy only regulated the remuneration for the Board of Commissioners and Board of Directors, which will further be implemented to employees at certain levels determined as material risk takers. Determination of risk taker material will be carried out by using a qualitative and quantitative approaches.

In determining the remuneration of employees, Executives, Directors and Board of Commissioners, the Remuneration and Nomination Committee consider the following :

1. Benchmarks on remuneration of employees, executive officers, members of the Board of Directors and members of the Board of Commissioners with similar industries (peer group).
2. The size and complexity of the company's operations.
3. Remuneration consisted of salary/honorarium and benefits that could be standardized, namely Annual Holiday Allowance (THR), Home Service, Vehicle Service, Health and Utilities Facilities and other benefits. Whereas remuneration based on performance was a bonus/incentive for employees and bonuses for the Board of Directors and Board of Commissioners.

### Remuneration and Facilities of The Board of Commissioners and Directors

#### Remuneration Structure of Members of the Board of Commissioners and Directors

By taking into account the prevailing remuneration stipulations, the remuneration for the Board of Commissioners and Board of Directors is provided in the form of :

1. Fixed remuneration, a remuneration that is unrelated to performance and risk, such as salary/honorarium, facilities, housing allowance, health allowance, education allowance, festive allowance, and post-employment benefit Salary/ honorarium, facilities, allowances, and post-employment benefit are provided in cash.
2. Variable remuneration, Remunerations provided in connection with performance and risks, such as bonuses, rewards/ performance incentives, or any other similar forms.

Bonuses, rewards, and incentives may be provided in cash, shares, or stock-based instruments issued by the Company, and cash only for the Board of Commissioners to prevent conflict of interest in their supervisory duties.



The structure for determining the remuneration for the Board of Commissioners and the Board of Directors is as follows :

### Remuneration Structure of the Board of Commissioners and Directors

No	Types of Income	Rules	
		Board of Commissioners	Board of Commissioners
1.	Honorarium/Gaji	The amount of position factor <ul style="list-style-type: none"> <li>• President Commissioner 45% of the President Director</li> <li>• Vice President Commissioner 42.5% of the President Director</li> <li>• Commissioners 90% of the President Commissioner</li> </ul>	The amount of position factor <ul style="list-style-type: none"> <li>• Vice President Director 95% of Managing Directors</li> <li>• Director in charge of HR 90% of the President Director</li> <li>• Other Directors Members 85% of the President Commissioners</li> </ul>
2.	<b>Allowances</b>		
	Religious Holiday Allowance	1 (one) time honorarium	1 (one) time honorarium
	Housing allowance	Not given	Housing allowance was given monthly if the person did not occupy an official residence with a maximum of Rp27,500,000
	Transportation Allowance	Equal to 20% of the honorarium	Not given
	Annual Leave Allowance	Not given	Not given
	Retirement Compensation	Maximum insurance premium was 25% of honorarium/year	Insurance premium maximum was 25% of salary/year
3.	<b>Facilities</b>		
	Service Vehicle Facilities	Given in the form of transportation allowance of 20% of the honorarium	Given 1 (one) service vehicle in the form of rental according to the predetermined criteria
	Health Facilities	Replacement of treatment in accordance with the internal policy number KEP.KOM/03/2022	Replacement of treatment in accordance with the internal policy number KEP.KOM/03/2022
	Professional Facilities Association	Maximum 2 (two) memberships relevant to the Company's activities	Maximum 2 (two) memberships relevant to the Company's activities
	Legal Assistance Facilities	Legal assistance facilities following the internal policy number KEP.KOM/03/2022	Legal assistance facilities following the internal policy number KEP.KOM/03/2022
4.	Bonuses, Rewards, Incentives	Can be given in the form of shares or cash.	Can be given in the form of shares or cash.



## Nominals of Every Component of the Remuneration Structure of the Board of Commissioners and the Board of Directors

Remuneration in one year is grouped into the range of income levels as follows.

### Nominal Amount of Remuneration for the Board of Commissioners and Directors

Total Remuneration and Other Facilities	Jumlah diterima			
	Dewan Komisaris		Direksi	
	Jumlah Orang	Jumlah dalam Rp Juta	Jumlah Orang	Jumlah dalam Rp Juta
Remunerations				
Salaries	11 Persons	31,671	12 Persons	91,326
Housing Allowances	-		2 Persons	859
Tantiem	11 Persons	162,483	12 Persons	410,650
Other Facilities in the form of Natura				
Housing (cannot be owned)	-		10 Persons	-
Transportation (cannot be owned)	-	5,648	12 Persons	-
Full-service Insurance (can be owned)	-	4,533	12 Persons	11,311
Health (cannot be owned)	11 Persons	538	12 Persons	4,060
Remuneration Amount per person in 1 year				
Above Rp2 billion	11 Persons	-	12 Persons	-
Above Rp1 billion to Rp2 billion	-	-	-	-
Above Rp500 million to Rp1 billion	-	-	-	-
Rp500 million and below	-	-	-	-

The basis for the stock bonus to fulfill POJK No. 45/POJK.03/2015 concerning Implementation of Good Corporate Governance in Providing Remuneration for Commercial Banks.

Name	Position	Bonus Shares
<b>Board of Commissioners</b>		
Muhamad Chatib Basi	President Commissioner/Independent	Nil
Andrinof A. Chaniago	Vice President Commissioner/Independent	Nil
Loeke Larasati Agoestina	Independent Commissioner	Nil
Muliadi Rahardja	Independent Commissioner	Nil
Heru Kristiyana*)	Independent Commissioner	Nil
Zainudin Amali**)	Independent Commissioner	Nil
Rionald Silaban	Commissioner	552,300 shares
Faried Utomo	Commissioner	552,300 shares
Arif Budimanta	Commissioner	552,300 shares
Nawal Nely	Commissioner	552,300 shares
Muhammad Yusuf Atef	Commissioner	552,300 shares
<b>Direksi</b>		
Darmawan Junaidi	President Director	1,363,700 shares
Alexandra Askandar	Vice President Director	1,227,400 shares
Ahmad Sidaik Badruddin	Director of Risk Management	1,159,200 shares
Agus Dwi Handaya	Director of Compliance and HR	1,159,200 shares
Eka Fitria**)	Director of Treasury & International Banking	Nil
Riduan	Director of Commercial Banking	1,159,200 shares
Aquarius Rudianto	Director of Network & Retail Banking	1,159,200 shares
Toni E. B. Subari	Director of Operations	1,159,200 shares
Susana Indah K. Indriati	Director of Corporate Banking	1,159,200 shares
Rohan Hafas	Director of Institutional Relations	1,159,200 shares
Sigit Prastowo	Director of Finance & Strategies	1,159,200 shares
Timothy Utama	Director of Information Technology	1,159,200 shares

\*) Appointed as Independent Commissioner at the Annual GMS dated 14 March 2023

\*\*\*) Appointed as Director at the Annual GMS dated 14 March 2023.



## Variable Remuneration to Directors, Board of Commissioners and Employees

Variable Remunerations	Amount received in 1 (one) Year			
	Board of Directors		Board of Commissioners	
	Persons	Rp Million	Persons	Rp Million
Total	12	185,916	11	73,562

### Variable Remuneration

In addition, the Bank provides variable compensation including location allowances, certain position allowances, performance allowances for frontliners, overtime compensation, performance achievement bonuses, sales incentives, retention programs and the Long-Term Incentive program in the form of shares. Non-Independent Commissioners and in cash for members of the Independent Board of Commissioners under the provisions of OJK Regulation No. 45/POJK.03/2015.

To support official service, Bank Mandiri provides facilities such as official housing, reimbursement of utility costs, telephone credit, and rental official vehicles. Meanwhile, to support the needs of employees in ownership of houses, vehicles and other needs, Bank Mandiri provides Employee Welfare Credit facilities.

### Position and Numbers as Material Risk Takers

All members of the Board of Commissioners and Directors of Bank Mandiri are material risk takers. There are 23 (twenty-three) members of the Board of Directors and the Board of Commissioners who served during the 2023 financial year. Including Directors and Commissioners whose term of office ends at the 2023 Annual GMS.

### Shares Options

Bank Mandiri did not issue share option programs for Directors, Board of Commissioners, and employees throughout 2023.

### Number of Recipients and Total Variable Remuneration

During 2023, there were no number of recipients and the total number of Variable Remunerations that were guaranteed unconditionally to be given by Bank Mandiri to candidates for the Board of Directors, candidates for the Board of Commissioners, and/or prospective employees during the first 1 (one) year of work as referred to in Article 21 OJK Regulation No. 45/POJK.03/2015.