

BOARD OF DIRECTORS REPORT

The strategy for optimal improvement of margins and liquidity management is achieved by, among others, maintaining a low Cost of Funds (CoF) by bolstering low-cost funds to ensure the Current Account Saving Account (CASA) ratio remains strong through transaction optimization and digital innovation. Meanwhile, the strategy of initiating progressive initiatives and innovations is realized by expanding the user base of Livin' and KOPRA with a focus on enhancing customer service and venturing into beyond banking, such as lifestyle services.

To continue driving increased digital transactions that provide optimal benefits for the Bank while reducing negative environmental impacts, Bank Mandiri has launched several new digital services, including Livin' Merchant, a refreshed and more engaging interface for Livin' Sukha, and the latest feature of KOPRA by Mandiri called KOPRA Beyond Borders, aimed at facilitating wholesale customers' transactions overseas.

The Role of the Board of Directors in Formulating Strategy and Strategic Policies

Bank Mandiri adheres to GCG principles in developing and implementing strategies to provide optimal results in accordance with industry needs and advancements, as well as competencies and prospective business expansion. Bank Mandiri always formulates strategies and strategic policies in accordance with the Bank's vision, mission, and strategic plans. The Board of Directors actively communicates work plans to shareholders and employees at all levels of the Bank.

These strategies are developed by taking into account the driving and inhibiting factors of success, with a focus on the company's competitiveness, and accompanied by implementation stages. The Board of Directors with the Board of Commissioners also consider external conditions that must be addressed to ensure the strategies can be performed with optimal results, as outlined in the Bank's Business Plan, particularly the Sustainable Financial Action Plan (SFAP). Bank Mandiri's SFAP is formulated, implemented, and evaluated as the

Bank's response to the growing global and national concerns regarding sustainability issues, as well as the Bank's support for the Sustainability programs implemented by the Indonesian Government to achieve the targets of the Sustainable Development Goals (SDGs).

The Board of Directors with the Board of Commissioners also define performance metrics for all programs outlined in the Business Plan and SFAP, taking into account their alignment with the corporate core values. This entails setting up a system of rewards and punishments for all levels to foster the execution of strategies with all available competencies.

The Process Undertaken by the Board of Directors to Ensure Strategy Implementation

Under the guidance and oversight from the Board of Commissioners, the Board of Directors coordinates the implementation of all programs and work plans established in the Business Plan and Sustainable Financial Action Plan with all executives under their authority. They delegate authority to execute each program according to the designated duties and authorities. The Board of Directors then periodically holds meetings with the Executive Committees, as well as the heads of divisions and departments to ensure that all program implementations and business activities of Bank Mandiri are conducted in line with the approved business strategy, risk appetite, and other policies agreed upon by the Board of Commissioners and the Board of Directors.

The meetings are conducted regularly, not only to formulate program implementation decisions but also to discuss, evaluate, and establish the Annual Corporate Work Plan and Budget (RKAP), Bank Business Plan, Long-Term Corporate Plan, as well as Sustainable Financial Action Plan for the future periods. This comprehensive approach yields tangible results, specifically the achievement of several predetermined performance targets.