

Scope of Remuneration Policy and Its Implementation

In connection with the implementation of OJK Regulation No. 45/POJK.03/2015 on the Implementation of Governance in Providing Remuneration for Commercial Banks, Bank Mandiri has a Remuneration Policy approved through a Joint Decree of the Board of Commissioners and Directors dated March 20, 2018. The remuneration policy is the bank's strategy in providing rewards to employees, tailored to the bank's capabilities to adapt to changes in employee demographics, labor cost management, and to drive the achievement of Bank Mandiri's business objectives. The remuneration policy of Bank Mandiri is designed to attract, retain, motivate, and increase employee engagement in order to continuously deliver optimal performance, support Bank Mandiri's vision, mission, and strategies.

The existing remuneration policy continues to govern the compensation for the Board of Commissioners and Directors, and will later be extended to employees at specific levels identified as material risk takers. The determination of material risk takers is carried out using qualitative and quantitative approaches. In determining employee remuneration, Executive Officers, Directors, and the Board of Commissioners,

the Remuneration and Nomination Committee considers several factors, including:

1. Benchmarking results for employee, executive officer, Director, and Board of Commissioner remuneration with similar industries (peer group).
2. The size and complexity of the company's operations.
3. Remuneration consisting of salaries/honorariums and standardizable benefits such as Holiday Allowance, Annual Leave, Official Residence, Official Vehicle, Health Facilities and Utilities, and other benefits. Performance-based remuneration includes bonuses/incentives for employees and tantiems for Directors and the Board of Commissioners.

In general, Bank Mandiri's remuneration strategy is guided by Labor Laws and Financial Services Authority Regulations. The long-term total reward strategy aims to ensure that the bank maintains a strong competitive position in the market, aiming to:

1. Generally position the bank at the 75th percentile.
2. Specifically position top talent and critical jobs up to the 90th percentile.

Remuneration Linked to Risk

In providing remuneration, Bank Mandiri takes into account prudence principles aimed at promoting prudent risk-taking to ensure the sustainability of the bank's business. Bank Mandiri determines performance measurement methods and types of risks in determining variable remuneration in accordance with the scale and complexity of Bank Mandiri's business activities. In establishing remuneration, Bank Mandiri takes into account the type, criteria, impact, and changes in determining primary risks.

Performance Measurement Linked to Remuneration

In providing remuneration, Bank Mandiri conducts performance measurements linked to remuneration, covering a review of remuneration policies associated with performance evaluations, methods for linking individual remuneration to Bank Mandiri's performance, unit performance, and individual performance, as well as the methods used by Bank Mandiri to indicate that agreed-upon key performance indicators cannot be achieved without adjustments to remuneration and the extent of such adjustments if such conditions occur.

The implementation of remuneration strategies also takes into account the performance of each employee (based

on performance), unit performance, and overall bank performance, but remains within the established budget. In general, in implementing total rewards, Bank Mandiri provides salaries, annual salary adjustments, holiday bonuses, annual leave benefits, and long leave benefits given for every 3-year work period. Bank Mandiri also provides health facilities for employees and their families, including inpatient care, outpatient care, childbirth, dental care, general check-ups, eyeglasses, and a pensioner health program.