

GOVERNANCE IN PROVIDING REMUNERATIONS



Bank Mandiri has adopted a remuneration governance policy in accordance with OJK Regulation No. 45/POJK.03/2015 on Governance in Remuneration Practices for Commercial Banks. The remuneration framework encompasses rewards provided to the Board of Commissioners, the Board of Directors, and all employees, both permanent and non-permanent, in the form of cash or non-cash compensation. This policy is designed to align with the scope of their duties, authority, and responsibilities. The governance of remuneration is implemented with the aim of promoting prudent risk-taking, ultimately supporting the long-term sustainability of the Bank's business operations.

Remuneration Policy for the Board of Commissioners and the Board of Directors

In determining the remuneration for the Board of Commissioners and the Board of Directors, Bank Mandiri adheres to the principle of prudence and complies with applicable legal regulations. The Bank has established a good governance framework for remuneration practices, ensuring that the compensation provided aligns with regulatory requirements and industry standards. This approach is designed to foster prudent risk-taking, thereby supporting the Bank's sustainability and stability.

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. SOE Minister Regulation No. PER-04/MBU/2014 regarding Guidelines for Determining the Remuneration of Directors, Board of Commissioners, and Supervisory Board of State-Owned Enterprises as amended by the SOE Minister Regulation 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

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No. PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises.

3. POJK 17 of 2023 concerning the Implementation of Governance for Commercial Banks
4. OJK Regulation No.45/ POJK.03/2015 on the Implementation of Governance in Providing Remuneration for Commercial Banks.
5. The Company's Articles of Association

Pursuant to OJK Regulation No. 45/POJK.03/2015 on the Implementation of Governance in the Provision of Remuneration for Commercial Banks, Bank Mandiri has applied governance principles in remuneration practices, taking into account various aspects, including the Bank's financial stability, effective risk management, short-term and long-term liquidity needs, as well as potential future revenue.

1. The Company may defer variable remuneration (Malus) or reclaim paid variable remuneration (Clawback) from executives classified as Material Risk Takers (MRT), based on the following conditions:
 - a. The Company applies Malus and/or Clawback in specific circumstances related to variable remuneration, considering factors such as:
 - b. The extent of financial or non-financial losses incurred by the Company.
2. The employee's direct or indirect involvement in the losses incurred.
3. A portion of the variable remuneration must be deferred, with the percentage determined by the Company, subject to the following criteria:

- a. This policy applies to officials classified as MRT, with the following criteria:
- b. Causing financial or non-financial losses to the Bank.
- c. Engaging in fraud, violating laws, unethical behavior, and/or falsifying records.
- d. Deliberately violating the Bank's policies, regulations, and procedures.
- e. Causing a significant negative impact on the Bank's capital not attributed to changes in economic or industry conditions.

4. In the implementation of MRT remuneration, Bank Mandiri adheres to OJK regulations, the Ministry of SOEs regulations, and the Company's remuneration policies.

Remuneration and Nomination Committee

The Board of Commissioners has established the Remuneration and Nomination Committee to support its functions in overseeing matters related to the remuneration and nomination of the Board of Directors and the Board of Commissioners. One of the key duties of the Committee is to develop a comprehensive remuneration system for the Board of Commissioners and the Board of Directors. This system forms an integral part of the Bank's corporate governance policy guidelines and serves as a reference for both the Board of Commissioners and the GMS in determining appropriate remuneration for members of the Board of Commissioners and/or 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.