

- 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.

The Board of Commissioners of Bank Mandiri established the Remuneration and Nomination Committee to support its oversight function related to remuneration and nomination policies for the Board of Directors and Board of Commissioners. The Committee is responsible for formulating a comprehensive remuneration system that serves as a guideline for the Board of Commissioners and the GMS in determining appropriate compensation. Further details on this Committee are provided in the Remuneration and Nomination Committee section of the Corporate Governance chapter of this report.

Determination of Material Risk Takers

The determination of Material Risk Takers (MRT) at Bank Mandiri is conducted through a structured approach aligned with the Bank's risk management framework. MRT designation considers the positions, roles, and levels of responsibility of individuals who have a significant influence on the Bank's key risk profile.

MRT determination is carried out using the following methods:

1. **Qualitative approach**, which assesses the scope of responsibilities and authorities that may have a significant impact on the Bank's risk profile, in line with the risk profile evaluation determined by the Company.
2. **Quantitative approach**, which involves comparative analysis of variable remuneration awarded to MRTs and non-MRT employees, taking

into account performance outcomes and the level of risk inherent in the relevant positions.

All members of the Board of Commissioners and Directors of Bank Mandiri are material risk takers. There are 36 (thirty-six) members of the Board of Directors and the Board of Commissioners who served during the 2025 financial year, including Directors and Commissioners whose term of office ends at the 2025 Annual GMS.

Remuneration Associated with Risks

In determining remuneration, Bank Mandiri applies the principle of prudence to promote prudent risk taking and ensure long-term business sustainability. The determination of variable remuneration is based on performance measurement that takes into account various types of risks, aligned with the Bank's scale and business complexity. In formulating its policy, the Bank also considers the type, impact, and changes in risk factors as key elements in developing a balanced remuneration strategy.

Performance Measurement Related to Remuneration

Bank Mandiri determines remuneration based on a comprehensive performance assessment covering individual, business unit, and overall Bank performance. Reviews ensure alignment between compensation and results, including verification of agreed Key Performance Indicators (KPI). If performance targets are not achieved, variable remuneration may be adjusted according to the level of achievement, ensuring fair alignment between reward, performance, and risk.

In practice, the Bank's remuneration strategy considers performance outcomes and budget capacity. As part of its total rewards program, Bank Mandiri provides benefits including base salary, annual adjustments, holiday allowance (THR), annual and extended leave every three years, and health coverage for employees and their families, encompassing inpatient and outpatient care, maternity, dental, medical check-ups, eyewear, and retiree health programs.

Remuneration Adjustment Related to Performance and Risk

Bank Mandiri provides variable remuneration tied to performance and risk, which includes bonuses, rewards, performance incentives, or other equivalent forms. These variable remuneration components may be provided in the form of cash, shares, or share-based instruments issued by Bank Mandiri. However, in the case of the Board of Commissioners, variable remuneration is granted exclusively in cash to prevent any potential conflicts of interest during the execution of their supervisory duties.

External Consultant Services

To assess the competitiveness of the Bank's remuneration relative to market conditions, Bank Mandiri participates in the Annual Salary Survey conducted by an independent and reputable third-party organization. The results serve as a key reference for adjusting Bank Mandiri's remuneration strategy. The proposed adjustments are then submitted for review and approval at the Board of Directors Meeting.

REMUNERATION DETERMINATION PROCEDURES FOR THE BOARD OF COMMISSIONERS AND DIRECTORS

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.

Indicators for Determining Remuneration of the Board of Commissioners and the Board of Directors

Referring to the Minister of SOEs Regulation No. PER-3/MBU/03/2023 on the Organs and Human Resources of State-Owned Enterprises, the determination of remuneration for the Board of Commissioners and the Board of Directors considers the following key indicators:

- a. The Company's financial condition and capacity.
- b. The scale of the Company's business activities.
- c. The level of business complexity.
- d. Inflation levels.
- e. Other relevant factors, provided that they do not conflict with applicable laws and regulations.

REMUNERATION AND FACILITIES FOR 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: