Variable Remuneration

Bank Mandiri provides variable remuneration, which is linked to performance and risk, including bonuses, tantiem/performance incentives, or other equivalent forms. This remuneration may be granted in the form of cash, shares, or share-based instruments issued by the company. However, for the Board of Commissioners, remuneration is provided in cash to avoid potential conflicts of interest in carrying out its supervisory function. Additionally, Bank Mandiri also grants Long Term Incentive (LTI) in the form of shares to members of the Board of Directors. Meanwhile, Independent Commissioners receive remuneration in cash in accordance with the provisions of OJK Regulation No. 45/POJK.03/2015.

As part of its commitment to sustainable governance, environmental, social, and governance (ESG) performance also influences long-term incentives. Several parameters considered include the distribution of Kredit Usaha Rakyat (KUR), cybersecurity breaches, ESG rating, the number of active Livin' users, sustainable financing/credit, average diversity in nominated talent (women & young), and employee productivity (parent only), with a total weighting of 28%.

Share Ownership of the Board of Commissioners and Directors

Bank Mandiri has a policy that regulates share ownership by the Board of Commissioners and the Board of Directors, which is part of the executive remuneration scheme. This policy is designed to maintain a balance between leadership responsibilities and performance incentives, as well as ensure transparency in share ownership by senior executives.

In 2024, the share ownership of the members of the Board of Commissioners was recorded at 12,366,900 shares. Meanwhile, the total share ownership of the members of the Board of Directors reached 83,727,800 shares, with the President Director owning 11,134,200 shares, valued at more than five times the base salary.

Risk Management [OJK E.3]

Risk management is at the core of the banking operations implemented by Bank Mandiri to achieve healthy and responsible financial and operational growth. In addition to ensuring compliance, Bank Mandiri manages and makes decisions in accordance with the Risk Management Policy (KMNR), which is developed based on regulations and best practices in the industry. The KMNR outlines the fundamental policy principles and serves as the primary guideline and highest regulation in the field of risk management. KMNR is used as a reference for developing policies, procedures, and guidelines in risk management in accordance with applicable regulations.

Bank Mandiri's Risk Management Framework encompasses three main components:

1. Risk Oversight: Comprehensive risk oversight to ensure effective risk management implementation.
2. Risk Policy and Management: Risk policies and management aligned with regulatory standards and business needs.
3. Risk Identification, Measurement, Mitigation, and Control: Comprehensive risk identification, measurement, mitigation, and control.

These three components are supported by the Audit Work Unit as independent assurance to ensure the effectiveness of implementation.

Bank Mandiri implements risk management through the Enterprise Risk Management (ERM) framework, which employs a two-pronged approach that ensures risks are effectively mitigated through daily business processes, while also being managed during unforeseen conditions (downturns) through adequate capital reserves.