



## Performance and Reward Management PT Bank Mandiri (Persero) Tbk.

Remuneration policy is the bank's strategy in providing compensation to employees, which is adjusted to the Bank's ability to accommodate changes in employee demographics, management of labor costs, and in order to encourage the achievement of the Bank's business goals.

The remuneration of Bank Mandiri is prepared with the aim of being able to attract, maintain, motivate, and increase the commitment of employees to continuously provide optimal performance, supporting the Bank's vision, mission, and strategy.

In general, the remuneration strategy of Bank Mandiri is guided by the Labor Law and Financial Services Authority Regulations. The long-term total reward strategy is that the Bank has a strong-competitive value towards the market, namely :

1. Make a general effort to position the Bank on 75 percentiles.
2. Especially for top talent and critical jobs can be positioned up to 90 percentile.

To find out the remuneration position of the Bank on market conditions, every year Bank Mandiri participates in the Annual Salary Survey organized by independent and competent third parties. The results of the study of the survey are used as a basis for adjusting the remuneration strategy of the Company to be subsequently proposed at the Board of Directors Meeting to be approved.

The implementation of the remuneration strategy is also carried out by taking into account the performance of each individual employee (based on performance), work unit performance and overall Bank performance, but still within the budget set. In general, in implementing the total rewards, Bank Mandiri provides salaries, annual salary adjustments, Holiday Allowances (THR), Annual Leave Implementation Money, and Large Leave Money given for each 3 (three) year period of work. Bank

Mandiri also provides health facilities for employees and members of their families, including guarantees of inpatient care, outpatient care, childbirth, dental care, General Check Up, glasses and a retired Bank health program.

In addition, the Bank provides variable compensation including Location Allowances, Specific Position Allowances, Appearance Allowances for frontliner employees, Overtime Compensation, Performance achievement Bonuses, Sales incentives, retention programs, and Long Term Incentive programs in the form of shares.

To support the official service, Bank Mandiri provides official-facilities including official-housing, reimbursement of utilities, telephone expenses, and rental-official vehicles. While to support the needs of employees in home ownership, vehicles, and other needs, Bank Mandiri provides Employee Welfare Credit facilities.





In addition to providing total rewards as explained, to encourage the spirit of innovation and employee productivity, Bank Mandiri routinely holds awards for employees, including the following :

### **Mandiri Best Employee**

Mandiri Best Employee (MBE) is a form of highest appreciation to Bank Mandiri employees who are expected to represent employees who not only perform very well, but also are able to become role models that actively influence their surrounding partners to also be able to surpass targets by behaving according to their values - (Trust, Integrity, Professionalism, Customer Focus, and Excellence). The MBE 2017 event was held on November 9, 2018.

### **National Frontliner Championship**

The National Frontliner Championship (NFC) is an award event held to appreciate the Bank Mandiri Frontliners for the services provided to customers. This event is part of a series of activities at the 2018 Mandiri Customer Care Summit, which takes place in Jakarta on September 17-20, 2018. Through this event, Bank Mandiri hopes that all Frontliners can be motivated to strive to be the best and consistently provide positive Customer Experience to customers.

### **Actualize**

In implementing a career development program, Bank Mandiri is always based on the principle of fair opportunity, namely the equal opportunity for each employee to grow and develop while taking into account the Company's needs, job family position, ability, performance level, value rating, talent group (talent classification), position availability, and other requirements.

Bank Mandiri applies a grading system that separates job grade and individual grade as a structure in career development. Job Grade is a value that describes the level of position based on the weight of the work and the factors determined by the Company. An Individual Grade is a value that describes the level of permanent employees determined on the basis of the performance, technical competence, leadership and working period of each employee, as well as periodic evaluations through the assessment process.

### **Adieu**

This stage is the last step in an employee lifecycle. Dismissal of employees or Termination of Employment is the termination of employment relations between the Employee and the Bank because of certain matters which result in the termination of the rights and obligations of the Employee and the Bank. The general principle of terminating employees is :

1. It is carried out based on an agreement between the Employee and the Bank unless the Employee violates employee discipline rules.
2. Performed at the initiative of the Bank and/or at the initiative of employees.
3. Done by considering the rights and obligations of employees and the Bank.





## Pension Program

In implementing a pension program, Bank Mandiri establishes a Pension Fund for Employees. In general, the scope of the Pension Fund program consists of two programs, namely :

### 1. Defined Benefit Pension Program

Pension program for employees who are still actively working at the Bank from the Legacy Bank (4 Banks before the merger) and Bank Legacy's retirees.

### 2. Defined Contribution Pension Program

Pension program for Permanent Employees of the Bank and new Employees who have been appointed as permanent employees of the Bank.

In connection with the Financial Services Authority Regulation No. 5/POJK.05/2017 concerning Contributions, Pension Benefits, and Other Benefits held by the Pension Fund, Bank Mandiri has made adjustments to the Pension Fund Regulations in accordance with the decision of the OJK Board of Commissioners No. KEP-125/NB.11/2018 dated March 12, 2018, including :

- Accumulation of Employer Contributions for participants with a membership period of less than 3 (three) years is used as the employer contribution to other participants.
- Payment voters Pension benefits at once.
- Asset grouping (life cycle fund) according to the age of the Participant group, which is divided into 2 (two) groups, namely Cluster General and Cluster Special.
- The Pension Fund is obliged to separate funds categorized as inactive funds, if after payment is separated, there will be no payment of Pension Benefits, then the Pension Fund must submit inactive funds to the BHP.
- Provisions for Additional Participant Contributions in the form of incidental and monthly contributions.

In addition to establishing a Pension Fund for Employees, Bank Mandiri also registers Employees as participants in the Pension Guarantee Program for the Social Security Organizing Agency (BPJS) in accordance with the applicable laws and regulations.

## Pension Preparation Program

For employees who are about to retire and already retired, Bank Mandiri also provides special training related to employee retirement preparation programs namely Pra-Purna Bhakti, where the training aims to shape mentality and expertise as well as debriefing employees to remain productive even though they are no longer employees. In 2018, the training was opened in 24 batches with a total of 369 employees and costing IDR9.57 billion.

## Post Pension Benefit

Bank Mandiri also appreciates Bank Mandiri Pensioners who aim to reward employees who enter normal retirement age for their contributions to Bank Mandiri and in increasing engagement with employees/retirees towards the company.

Bank Mandiri also pays attention to health facilities for retired employees by establishing Koperasi Mandiri Healthcare (MHC). The MHC Cooperative was established at the end of 2010 with membership fees of 5% originating from Employee contributions of 2% and subsidies from the Bank at 3%.

