



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 :

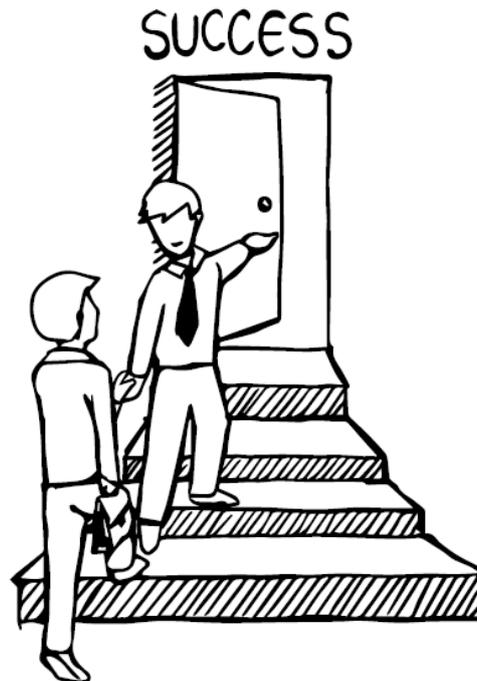
Mandiri Best Employee

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 - TIPCE main values. 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.

Promotion

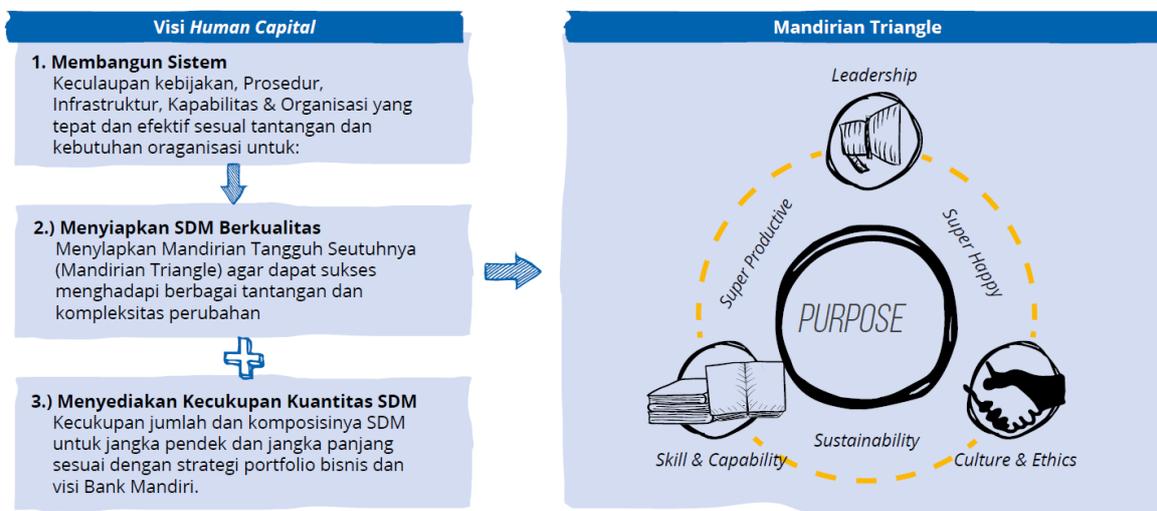
There are a number of things that are considered when transferring employees, including the targeted positions having at least the same or higher job grade, performance and potential of employees, the employment period of employees in the last position and/or work location, and capabilities needed in positions addressed. The transfer of Bank Mandiri employees is carried out in 2 (two) time cycles, namely, the Main Promotion Cycle (MPC) and Secondary Promotion Cycle (SPC) carried out in the Talent Mobility system.





Talent and Success Management

The talent and succession management process is the process of preparing and developing talents so that they are ready to become successors who occupy critical positions at Bank Mandiri. With the existence of talent management and good succession, it is hoped that Bank Mandiri will have the best talents who are ready to fill the leadership pipeline on an ongoing basis.



Talent and succession management implements Mandiri 5 Cores Triangle which consists of Capability, Culture and Ethics, Leadership, Mindset, and Purpose. The framework is used as a basis for talent development which ensures that all five aspects are implemented in a balanced and comprehensive manner. The talent and succession management process is divided into 4 (four) main processes consisting of :

1. Talent Classification and Nomination

The process of mapping and determining talent is based on the consistency of performance and potential of each employee whose process begins with the determination of performance appraisal, assessment of potential, determination of Talent Classification, to be grouped into 2 (two) Talent Groups.

2. Talent Assessment

The process of measuring capabilities and profiles of talent that aims to obtain information regarding the capability gap of talent that can be used as input in development. Talent





Assessment measures 3 (three) aspects which include Leadership Assessment, Technical Assessment, and Behavior Assessment.

3. Talent Development

The talent that has been designated as a successor, the development plan will be prepared in the form of an Individual Development Program (IDP). The arrangement is based on the capability gap of each successor. The outline development plan can be divided into 3 (three) parts, namely Job Exposure (can be in the form of Project Assignment, Promotion, Job Swap, and Job Attachment), Training, and Coaching and Mentoring.

4. Talent Review

The stage for re-evaluating selected successors based on their performance, competency, and potential. The review of successors is held every 6 (six) months. The output of the review can be in the form of adjustments to development/resumption, excluded from the successor pool, or ready to be promoted.

