



Remuneration Policy For The Board of Commissioners PT Bank Mandiri (Persero) Tbk.

In providing remuneration for the board of commissioners, Bank Mandiri upholds the principle of prudential as well as commits to the prevailing regulations of law. Currently, the Company has implemented a good governance in terms of remuneration provision to the Board of Commissioners. This manner aims to promote prudent risk-taking to maintain the corporate sustainability.

The good governance implementation of remuneration provision is conducted by formulating policies that have been authorized under the Joint Decree of Board of Commissioners and Board of Directors on Remuneration Policy of PT Bank Mandiri (Persero) Tbk. dated March 20, 2008. The determination of remuneration for the Board of Commissioners refers to:

1. SOE Minister Regulation No. PER-06/MBU/06/2018 dated June 4, 2018 concerning Change Third, the Regulation of the Minister of State Owned Enterprises No. PER-04/MBU/2014 concerning Determination Guidelines Earnings of Directors, Board of Commissioners.
2. SOE Minister Regulation No. PER-01/MBU/2011 concerning Implementation of Governance Good Corporate Governance the SOE has been amended last by Regulation Minister of State Enterprises No. PER-09/MBU/2012 concerning Amendments to SOE Minister Regulation No PER-01/MBU/2011 about Implementation of Good Corporate Governance (Good Corporate Governance) in SOE.
3. Financial Services Authority Regulation No. 55/POJK.03/2016 dated December 9, 2016 concerning the Implementation of Governance for Commercial Banks.
4. Financial Services Authority Regulation No. 45/POJK.03/2015 dated December 23, 2015 concerning the Implementation of Governance concerning Remuneration for Commercial Banks.
5. The Company's Articles of Association.

In accordance with Financial Services Authority Regulation No. 45/POJK.03/2015 concerning the Implementation of Governance concerning Remuneration Provision for Commercial Banks, Bank Mandiri has performed a good governance in such a provision as stated in the Joint Decree of Board of Commissioners and Board of Directors dated March 20, 2018 that has taken into account various aspects, including financial stability of the bank, risk management, short-term and long-term liquidity requirements, and potential future revenue. The Company may operate malus and clawback of variable remuneration for the bank officials who are under the category of Material Risk Taker (MRT), with the following provisions :

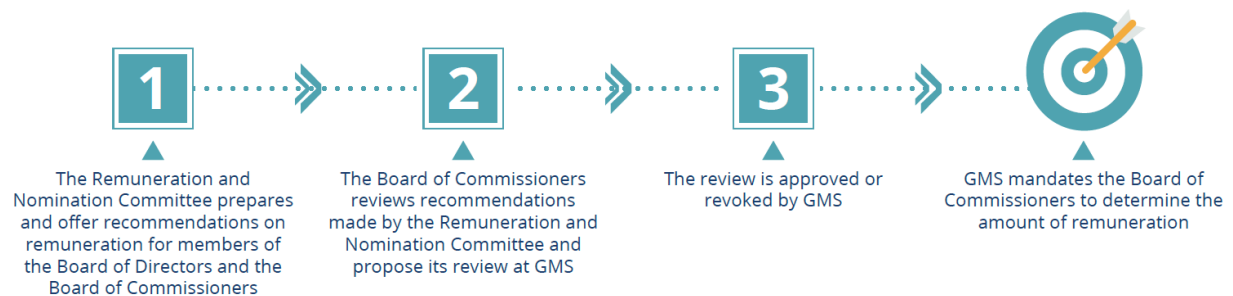
1. The company will have malus and or clawback applied in exceptional circumstances in the practice of variable remuneration, by taking into account some factors as follows :
 - The financial or non financial loss of the Company.
 - The direct or indirect involvement of the official in question in the loss.
2. Variable remuneration must be deferred amounting a percentage specified by the company.
3. This policy applies for MRT officials under the following criteria :
 - Causing financial or non financial loss to the Company.





- Conducting frauds, breaking the law, behaving in an unethical manner, and/or falsifying records.
 - Intentionally violating bank's policy, rules, and procedures.
 - Inducing significant negative impacts towards bank capital due to a non economic or industrial climate change.
4. In implementing remuneration for MRT officials, Bank Mandiri acts under the provisions from Financial Service Authority, Regulations of the Ministry of SOEs, and the Company's remuneration policy.

Proposal and Determination of Remuneration Procedures



The determination of remuneration for the Board of Commissioners is carried out with the following procedures :

1. Remuneration and Nomination Committee holds a review on remuneration for the Board of Commissioners.
2. The Committee coordinates with Human Capital Director and Officials as well as related work unit to arrange the proposal of remuneration.
3. In establishing policies on variable remuneration, the Committee coordinates with the Risk Management Work Unit
4. Based on the review, the Committee draws up recommendation on remuneration to be submitted to the Board of Commissioners.
5. The Board of Commissioners presents the proposal and recommendation under the basis of the review at the General Meeting of Shareholders to obtain approval.
6. The proposal and recommendation of the Board of Commissioners may come as :
 - a. Approval on the form and amount of the remuneration; or
 - b. Approval of authority for the Board of Commissioners to determine the form and amount of the remuneration.

Remuneration Structure of Members of The Board of Commissioners

By taking into account the prevailing provisions on remuneration, remuneration for the Board of Commissioners is provided in the form of :

1. Fixed remuneration: remunerations provided independent from 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.





- Variable remuneration: Remunerations provided in connection with performance and risks, such as bonuses, tantiem/performance incentives, or those of any other equal forms.
Bonuses, tantiem, 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 avoid conflict of interest in their supervisory tasks.

The following are the details of remuneration structure of the Board of Commissioners.

Table of Remuneration Structure of the Board of Commissioners

No.	Type of Income	Regulation
1.	Honorarium	Amount of Position Factor President Commissioner 50% of President Director Deputy President Commissioner 47.5% of the President Director Commissioner 90% of the President Commissioner
	Company's Strategic Initiative	
	Religious Holiday Allowance	1 (one) time of honorarium
	Communication Allowance	Not eligible
2.	Transportation Allowance	20% of honorarium
	Annual Leave Allowance	Not eligible
	Post-Employment Benefit	Insurance Premium not exceeding 25% of honorarium
	Suit Allowance	Eligible for any special occasion that need special suit
	Employees' Strategic Plan	
	Company Vehicle Facility	Transportation allowance 20% of honorarium
3.	Medical Facility	Reimbursement of treatment in accordance with the internal policies stipulated in the Letter of the Board of Commissioners No. KOM/113/2016 concerning Organ Remuneration Supporting the Board of Commissioners and Staff Secretary.
	Professional Collector Facility	Maximum two memberships for registration and annual fee only
	Legal Council Facility	As needed, regulated in KEP. KOM/003/2014
4.	Bonuses, Tantiem, Incentives	Can be given in the form of shares or cash.

Indicators For Determination of Remuneration For The Board of Commissioners

The indicators for determining remuneration of members of the Board of Commissioners are as follows :

- Key Performance Indicator (KPI)
- Company's Performance
- Business Size
- The benchmarking of the Banking Industry's remuneration
- Goals and Long-Term Plans of the Bank

Determination of Risk Takers Material

- All members of Board of Commissioners are risk takers materials.
- The determination of risk takers material is performed by using qualitative and quantitative approaches.

Scheme of Variable Remuneration Provision

- The Company specifies the scheme of variable remuneration for the Board of Commissioners by deferring malus and/or cancelling clawback in a certain circumstance if deemed necessary by the Remuneration and Nomination Committee.



2. The requirements for deferred remuneration, such as the term of malus, amount of deferred remuneration, and requirements of clawback for the material risk takers are discussed by the Remuneration and Nomination Committee by considering :
 - a. The term of malus of 3 (three) years at the least
 - b. Company's Performance
 - c. Risk Profile
3. Malus is a remuneration in cash, shares, or stockbased instruments issued by the Company.
4. In the event of loss suffered by the Company :
 - a. The Company may opt to not providing variable remuneration, or providing such a remuneration in a lesser amount compared to that of the last time Companies gains profits, or specifying the remuneration in a smaller number in accordance with the Company's decline in profit.
 - b. In the event provided to the Board of Directors and Board of Commissioners, such a remuneration is an expression of appreciation.

Amount of Remuneration For Every Component In The Structure of The Board of Commissioners

The following table provides the annual remuneration by income rate.

Total of Remuneration and Others Facilities	Board of Commissioners	
	Number of People	Million of IDR
Remuneration		
Salary	8	17,226
Housing Allowance	-	-
Transportation Allowance	8	2,491
Festive Allowance	8	1,510
Tantiem	11	69,592
In-kind facilities		
Housing (non-ownership)	-	-
Transportation (non-ownership)	-	-
Post employment insurance (ownership)	8	4,031
Medical (non-ownership)	8	410
Total of Annual Remuneration per person		
Above Rp2 Billion	9	
Above Rp1 Billion to Rp2 Billion	2	
Above Rp500 Billion to Rp1 Billion	-	
Below Rp500 million	-	

In compliance with Financial Services Authority Regulation No. 45/POJK.03/2015, Bank Mandiri has awarded bonus in shares for the performance in 2017 to non-independent commissioners on July 9, 2018, as reported to the Financial Service Authority under the letter dated July 18, 2018 with the following details :

Name	Position	Bonus of Shares
Imam Apriyanto Putro	Deputy President Commissioner	114,300 shares
Askolani	Commissioner	109,000 shares
Ardan Adiperdana	Commissioner	109,000 shares
R. Widyo Pramono	Commissioner	39,400 shares