



Brief Report on Remuneration and Nomination Committee Activities In 2018

In 2018, as the duties and functions of the Remuneration and Nomination Committee listed in the Bank Mandiri Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee has provided recommendations/proposals for candidates who fulfill the requirements as members of the Board of Commissioners and Directors of Bank Mandiri to the Board of Commissioners to be submitted to RUPS. The proposal was obtained through a series of processes carried out by the Remuneration and Nomination Committee covering the preparation of policies, criteria, and qualifications needed in the process of nominating candidates for the Board of Commissioners and Directors in accordance with the Company's strategic plan. The Remuneration and Nomination Committee also helps the Board of Commissioners obtain and analyze data on proposed candidate Directors from the talent pool of officials one level below the Board of Directors and identify candidates for Board of Commissioners who meet the requirements.

In addition to the nomination system, the Remuneration and Nomination Committee has also assisted the Board of Commissioners in proposing an appropriate remuneration system for the Bank Mandiri Directors and Board of Commissioners in the form of payroll/honorarium, facilities/benefits, *tantieme*, and so on for 2018.

Work Plan for The Remuneration and Nomination Committee In 2019

In 2019, the Remuneration and Nomination Committee has established a work plan that will be discussed through the meeting at least 1 (one) time in 4 (four) months. The work plan of the Remuneration and Nomination Committee in 2019 among others:

1. Evaluate and provide recommendations regarding the policies, criteria and qualifications needed in Nomination process in accordance with Bank Mandiri's strategic plan.
2. Evaluate and provide recommendations regarding the system and procedures for selecting and/or replacing members of the Board of Commissioners and members of the Board of Directors to the Board of Commissioners to be submitted to the GMS.
3. Evaluate and provide recommendations on capacity building programs for Board members Commissioners and/or members of the Board of Directors.
4. Evaluate and provide recommendations for performance appraisal of members of the Board

of Commissioners and/or members of the Board of Directors based on benchmarks that have been prepared as evaluation material.

Board of Directors Succession Policy

The Board of Directors succession policy of Bank Mandiri refers to the Minister of SEO Regulation No. PER-03/MBU/02/2015 concerning Requirements, Appointment, and Dismissal of Members of Board of Directors of State-Owned Enterprises. One of the duties of the Remuneration and Nomination Committee is to form a nomination system for members of the Board of Commissioners and/or Directors of the Company that will be part of the Good Corporate Governance Policy of the Company and become a guideline for the Board of Commissioners and RUPS in determining the remuneration and nomination of the Board of Commissioners and/or Directors.

Basic Principles

- a. Requirements for Board of Directors and Board of Commissioners.
Candidates for Board of Directors and Commissioners have to meet the requirements determined in the Company's Articles of Association and the applicable laws and regulations such as Law on Limited Liability Companies, Law on Banking, and Law on Capital Market and other provisions.
- b. Candidacy and Candidate Proposal for Board of Directors and Board of Commissioners
Candidates for Board of Directors and Board of Commissioners were proposed through a selection and with due regards to the above requirements.

Procedures

In implementing the Nomination function, the Bank Mandiri Remuneration and Nomination Committee performs the following procedures:

1. Compile the composition and process of nominating members of the Board of Directors and/or members of the Board of Commissioners.
2. Formulate policies and criteria needed in the process of nominating candidates for members of the Board of Directors and/or members of the Board of Commissioners.
3. The Remuneration and Nomination Committee identifies candidates who meet the criteria.
4. Assist the evaluation of the performance of members of the Board of Directors and/or members of the Board of Commissioners.
5. Develop capacity building programs for members of the Board of Directors and/or members of the Board of Commissioners.

6. Review and propose candidates who fulfill the requirements as members of the Board of Commissioners and/or prospective members of the Board of Directors to the Board of Commissioners to be submitted to the RUPS.
7. The selection process is carried out before the term of office ends or is requested by the Board of Commissioners, or if there is a vacancy

Requirements and Criteria

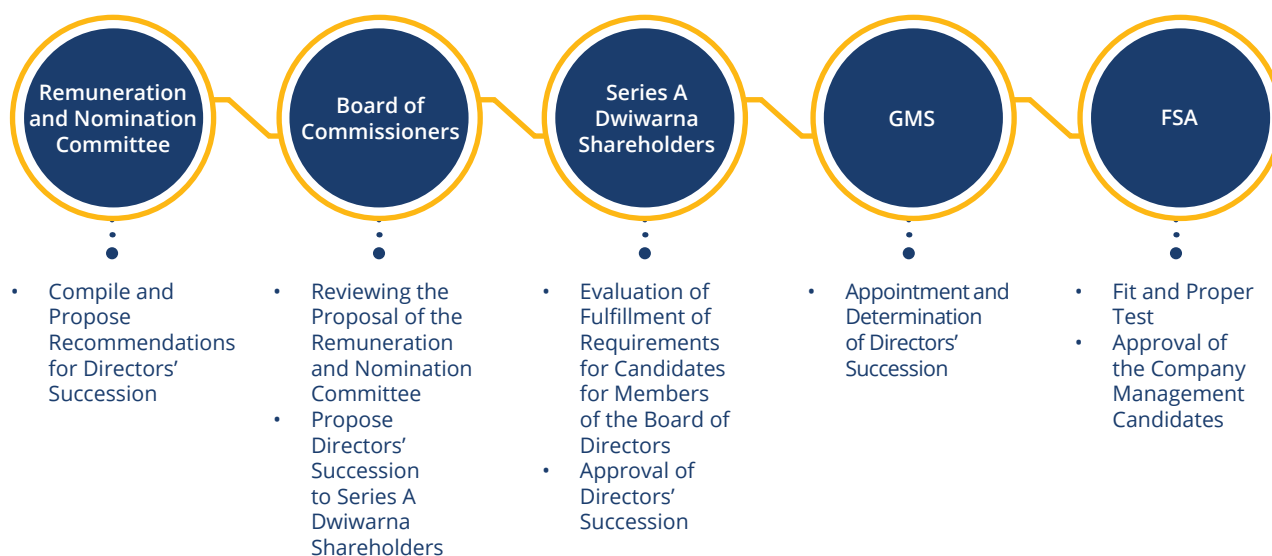
The requirements and criteria for candidates of Board of Directors and/or Commissioners are in accordance with the Company's Articles of Association and other applicable provisions, which are as follows:

1. The person who can be proposed as a member of Board of Directors and/or Commissioners is the individual capable of performing legal actions and has never been declared bankrupt or convicted which cause bankruptcy of a company, or someone who has never been sentenced for criminal offense which harm the finances of the State within 5 (five) years prior to his/her appointment, one or the other with due regards to the applicable laws and regulations.
2. The person is not related by blood to third degree, both horizontally or vertically nor by marriage (in laws) with other members of Board of Directors or Commissioners.
3. The person is not in the banking black list as determined by bank supervisory authorities.
4. The person has excellent integrity, in terms of:
 - a. Has good character and morals.
 - b. Comply with applicable laws and regulations.
 - c. Has high commitment to the development of healthy bank operations.
 - d. Deemed fit and proper to be a member of Board of Directors and/or Commissioners.
5. Integrity assessment is conducted by evaluating the candidates in terms of non performance of the following actions:
 - a. Banking engineering and practices that deviate from banking regulations.
 - b. Actions categorized as non fulfillment of commitments agreed with Bank Indonesia or Government.
 - c. Actions categorized as beneficial to Owner, Management, Employees, and or other parties that may harm or reduce bank's profit.
 - d. Actions categorized as violation of the provisions related to banking prudential principles.
 - e. Actions by Management and Executive Officers categorized as not independent.
6. Meeting the competence criteria, in terms of having:
 - a. Adequate knowledge in Banking.
 - b. Experience and expertise in Banking and or Financial Institution
 - c. Ability to perform strategic management for the development of healthy Banks.
7. Other than the above criteria, it is better to meet the following additional criteria:
 - a. Having leadership skill supported by knowledge in economics, accounting and law.
 - b. For Board of Commissioners, there is another criterion of having experience in banking or other financial institution supervisory.
 - c. For Board of Directors, there are other criteria of having at least 3 (three) years experience as Senior Management in banking or other financial institutions.

A candidate for the Board of Directors may be proposed from the Board of Commissioners after assessing the concerned person and if eligible, he/she needs to be proposed to the Minister of SOE. The candidate to be nominated to become members of the Board of Directors must also meet the formal requirements and other requirements specified in PER-03/MBU/02/2015 and the Financial Services Authority Regulation No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of the Issuer or Public Company and has passed the Fit and Proper Test conducted by the Financial Services Authority.



In 2018, Bank Mandiri is working with the Company Assessment Service of PT Daya Dimensi Indonesia to conduct assessment against candidates for the Board of Commissioners and Board of Directors. The names are obtain recommendation from the Appraisal Service Company will be reported by the Remuneration and Nomination Committee to the Board of Commissioners names of candidates to be submitted in the GMS.



Risk Monitoring Committee

The Risk Monitoring Committee was established by the Board of Commissioners of Bank Mandiri in order to help the Board of Commissioners to perform their duties and responsibilities in supervising and counselling the Directors to obtain sufficient confidence that the implementation of risk management of the Bank will meet the adequacy element of the procedure and risk management methodology, so that the Bank's business activities will always be under control to the limit of acceptable and profitable to the Bank.

The Basis For The Establishment of Risk Monitoring Committee

The establishment of the Committee refers to and is based on the applicable laws and regulations and the best practices applicable in banking institutions in Indonesia, among others:

1. Financial Authority Services Regulation No. 17/POJK.03/2014 dated November 18, 2014 concerning the Implementation of Integrated Risk Management for Financial Conglomerate.
2. Minister of State Owned Enterprises Regulation No. PER- 09/MBU/2012 dated July 6, 2012 concerning the amendment to Minister of State Owned Enterprises Regulation Number PER- 01/ MBU/2011, concerning the Implementation of Good Corporate Governance to State Owned Enterprises.
3. Minister of State-Owned Enterprises Regulation No. PER-12/MBU/2012, concerning Supporting Organs of Board of Commissioners/Board of Supervisors of State Owned Enterprises.
4. Articles of Association of PT Bank Mandiri (Persero) Tbk and the amendments.
5. Decision Letter of the Board of Commissioners No. KEP.KOM/002/2018 dated January 3, 2018 concerning Change in the Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration Committee and Nomination of PT Bank Mandiri (Persero) Tbk.
6. Decision Letter of the Directors No. KEP.DIR/215/2017 dated 11 October 2017 concerning the Appointment of the Members of Risk Monitoring Committee dated May 16, 2018.