

Corporate Social Responsibilities Related to Employment, Health and Safety



POLICY AND COMMITMENT

Employees are important assets for Bank Mandiri. Therefore, the interests of employees are the main priority that must be met and Bank Mandiri always guarantees all rights owned by employees based on applicable laws and regulations. Bank Mandiri has a policy to provide equal treatment for all employees both in employment opportunities, remuneration, and training and development. This is stated in various Human Resources policies and Collective Labor Agreements (PKB) between Bank Mandiri and all Bank Mandiri employees.

Bank Mandiri also has a policy to provide a safe and comfortable working environment. Internal policies related to Occupational Safety and Health (K3) are listed in several company documents, including the following:

- **Standard Operating Procedure (SOP) of Business Continuity Management (BCM)**

SOP BCM is a general guideline in preparing Bank Mandiri to face and protect itself from various potentials of catastrophic financial and non-financial damages as a result of a disaster. The SOP regulates, among others, potential risks that may be experienced by Bank Mandiri, causes of risks, and mitigation procedures. SOP BCM came into effect as of 8 June 2017.

• **Technical Operational Guideline (PTO) of Emergency Response Plan (ERP)**

PTO ERP is a component of BCM as a guideline in maintaining the safety and life of all employees, customers, and third party at the time of disruption/disaster, including rescuing Bank’s vital data and assets. ERP procedures are focused on life securing and rescuing. PTO ERP came into effect as of 4 September 2013.

SCOPE AND FORMULATION OF SOCIAL RESPONSIBILITY ON EMPLOYMENT, HEALTH AND SAFETY

The scope of corporate social responsibility activities related to occupational health and safety of the employment consists of employment programs (including gender equality in employment opportunities, equality in education and training programs, use of local labor, remuneration, promotion, freedom of association and retirement training). Furthermore, programs providing health facilities (including Mandiri Club Fitness and granting Insurance BPJS) and work safety programs (including regular inspections of building fire protection equipment to ensure that the fire equipment is functioning properly).

LABOR REGULATION REVIEW

In order to guarantee Bank Mandiri’s compliance with provisions related to manpower, a review of the following conditions has been carried out:

Laws and regulations	Principal Settings or Principal Changes	Background	Impact to Bank Mandiri
Minister of Manpower Decree No. 228 of 2019 concerning certain positions that can be occupied by foreign workers	<ol style="list-style-type: none"> Job Classification The positions in this provision refer to the International Standard Classification of Occupations (ISCO), which is published by the International Labor Organization (ILO) and which is further applied by the Indonesian government in the form of the Indonesian Standard Position Classification (KBJI). Non Personnel Position The positions of the Board of Commissioners and the Board of Directors can be occupied by TKA, provided that the position does not have responsibilities related to personnel matters and does not conflict with applicable laws and regulations Unlisted Position If the position to be occupied by a TKA is not registered in Kepmen 228/2019, employers must submit the application for permission related to the employment of the TKA to the Minister or through an appointed official Periodic Evaluation Every position held by a TKA, including the requirements to occupy that position, must be evaluated either every 2 (two) years or at any time if necessary. 	This regulation was issued in the context of implementing the provisions of Minister of Manpower Regulation No. 10 of 2018 concerning Procedures for the Use of Foreign Workers, which regulates certain positions that can be occupied by Foreign Workers.	significant changes.

MANPOWER RISK MANAGEMENT

Throughout 2019, the risk of labor problems can be mitigated properly, this is evidenced by the absence of industrial relations cases and demonstrations from employees to management. This is the result of Bank Mandiri's efforts to meet the needs and expectations of all stakeholders, especially employees.

ACTIVITY PLAN

In relation to occupational, health and safety practices for employees, throughout 2019 Bank Mandiri has set several achievement targets, including:

- Guaranting welfare of employees in accordance with applicable regulations and contained in the Collective Labor Agreement;
- Ensuring gender equality in employment opportunities, as well as equality in opportunities for training for all employees;
- Improving the health facility scheme for employees and creating a decent and safe workplace for all Bank Mandiri employees.
- The realization of Bank Mandiri's operational activities that are running in accordance with applicable work safety procedures and standards, so that it is expected that throughout 2019 Bank Mandiri will not record zero work accidents at the Head Office or Branch / Regional Offices.

SOCIAL RESPONSIBILITY ACTIVITIES RELATED TO EMPLOYMENT, HEALTH AND SAFETY

LABOR ACTIVITIES

GENDER EQUALITY IN EMPLOYMENT OPPORTUNITIES

Bank Mandiri continuously provides equal right and opportunity to work regardless of differences in religion, ethnicity, race, social status, skin color, gender, or

other physical traits. Similarly, in appointing potential employees, Bank Mandiri does not discriminate on any grounds, because its decision is based on selection and evaluation results during employee probation and orientation period.

EQUALITY IN EDUCATION AND TRAINING PROGRAMS

Bank Mandiri continuously organizes several methods of education and training programs to support Bank Mandiri's operational activities. It constantly guarantees that every employee has equal opportunity to participate in education and training programs that are performed based on the necessity and development plan of the Company. Further explanation on Education and Training Program performed throughout 2018 can be seen in the Company Profile in this Annual Report.

USE OF LOCAL LABOR

Bank Mandiri constantly seeks to implement employment practices which corresponds to the applicable conditions. In addition to gender equality at work, Bank Mandiri also constantly empowers local manpower as the main human resource in all of its operational and banking activities of the Company. Up to 2019, the number of Bank Mandiri employees amounts to 39.065 persons and there is no foreign employee.

Remuneration

Bank Mandiri constantly complies to the applicable regulation regarding remuneration to the employees. The amount of remuneration is consistent with the applicable regulation and is above the applicable standard of Minimum Wage in the operational areas of Bank Mandiri. In relation to remuneration, Bank Mandiri constantly seeks to maintain salary ratios of all ways to avoid extreme gap of salary.

In the following table, we can see the ratio of the highest and lowest salaries of Bank Mandiri in 2019.

Table of Highest and Lowest Salary Ratio

Description	Rasio
Highest and lowest employee salaries	40,00 : 1
Salaries of the highest and lowest Directors	1,17 : 1
Highest and lowest Commissioner salary	1,11 : 1
Salary of the highest Directors and Highest Employees	1,95 : 1

Promotion

Bank Mandiri's commitment to treat the employees equally is also manifested by providing opportunity to all employees to develop their careers in the bank by promotion. Promotion of Bank Mandiri employees is performed in 2 (two) time cycles, namely Main Promotion Cycle (MPC) and Secondary Promotion Cycle (SPC), under Talent Mobility system.

From the number of employees who get class promotions in 2019, it can be seen in the following table.

Employees Grade Promotion Table

Employee	2019		2018	
	MPC	SPC	MPC	SPC
Leader	2.584	1.031	2.176	2.194
Executing	3.836	2.075	3.342	2.353
Total	6.420	3.106	5.518	4.547
Grand Total	9.526		10.065	

An increase in the number of employees who received promotions in 2018, which was 7.2%. This indicates that employees within the Bank Mandiri environment have a commitment to work as well as a high achievement motive in carrying out their work. That enthusiasm brings results with an increase in employee performance. To that end, Bank Mandiri has given its appreciation by giving promotions to these outstanding employees.

Employees' Well-Being Activity

The welfare of all employees has always been a matter of great concern to Bank Mandiri. This is done so that synergies between employees and Bank Mandiri are always established to create optimal work productivity. Employee welfare improvement programs are provided by Bank Mandiri in both material and non-material forms.

Material programs are welfare programs that are directly related to employee performance and compensation can be given in the form of transportation money, food allowances, pensions, holiday allowances, office fees, bonuses, education fees, medical expenses, official clothing, leave, and death money. While programs that are non-material are employee welfare programs through the provision of facilities and services to all employees of Bank Mandiri without discrimination.

Some of Bank Mandiri's non-material welfare programs that have been running to date include the provision of special lactation rooms for breastfeeding female employees and facilities for employees who already have children in the form of TPA called Mandiri Day Care which is located at Plaza Mandiri Basement 1 with operating hours 07.30-17.30 WIB and open every working day. In addition to these two things, Bank Mandiri also routinely carries out activities aimed at maintaining employee engagement levels, including Happy Hours, Family Gathering and other staffing activities.

To create an atmosphere that makes the employees happy and productive Bank Mandiri uses the smell of the place approach. This approach aims to establish good communication and relations among the employees whether in the daily work activities or in other gathering events. More than half of the Bank Mandiri employees are millennials; therefore Bank Mandiri provides various modern facilities and workspace that fits the millennial's taste. Furthermore, Bank Mandiri provides various training, coaching, and educations through cooperation with various best campuses both at home and abroad to improve its employee's competence. Bank Mandiri also provides various appreciation programs for the employees including salary, bonuses, and various other benefits facilities as well as special appreciation programs such as Mandiri Best Employee, Mandiri Employee Award and National Frontliner Championship.

Freedom of Association

Bank Mandiri seeks to always perform work practices to accommodate employees' rights, which, among others, is to establish Labor Union. Union of Bank Mandiri Employees (SPBM) was established as one of the main methods in achieving a congenial, harmonious, secure, and dynamic industrial relation to guarantee assurance of rights and obligations of the employees or corporate management, composure during work, improvement of employees' well-being, and business performance of the company.

SPBM was established in 2000 and is registered in the Department of Manpower and Transmigration of the Republic of Indonesia No. KEP.804/M/BW/2000 and recorded in the same Department under No. 45/V/P/V/2001. SPBM is located in a head office in Plaza Mandiri 12th Floor, Jalan Jend. Gatot Soebroto Lot 36-38, Jakarta Selatan. SPBM and Bank Mandiri have entered into a Collective Labor Agreement (PKB), the current PKB is the 9th PKB for the 2019-2021 period and has been registered and approved by the Ministry of Manpower Number KEP.277 / PHIJSK.PK / PKB / XII / 2019, December 23, 2019.

THE ROLE OF MANAGEMENT IN EMPLOYMENT POLICY

The management of Bank Mandiri participated in the review process until the signing of the Collective Labor Agreement with SPBM and all policies related to human resources, which were decided at the Board of Commissioners 'Meetings, Directors' Meetings and Committee Meetings to ensure the achievement of harmonious, safe, dynamic and dynamic industrial relations and ensure certainty employee and management rights and obligations are fulfilled.

RETIREMENT TRAINING

In addition to providing competency improvement training for active employees, Bank Mandiri also provides special training for employees who wish to enter retirement, namely the Pre-Retirement Service. The training is given with the aim of forming mentality and expertise as well as equipping employees to remain productive even though they are no longer active employees. In 2019, this training has been opened by 26 batches with a total of 432 employees and spent Rp10 billion. In accordance with the objectives of the training, the material provided for 5 (five) days, inter alia, is related to the preparation of retired employees financially and psychologically.

EVALUATION OF EMPLOYEE TURNOVER

Bank Mandiri is fully aware that Human Capital is one of the most important assets in supporting the

improvement in the quality of the Bank's performance. Therefore, Bank Mandiri always maintains the comfort and security of each employee while working to increase employee engagement with Bank Mandiri. In addition to going through employee engagement surveys, Bank Mandiri also conducts regular monitoring every year of the Attrition Rate (employee turnover rate, both those who resign and leave outside Bank Dependents (CLTB)). That way, Bank Mandiri can analyze and know for certain the profile of the employee who resigned, specifically the reasons / background for resignation of the employee.

During 2019, there were 2,538 Bank Mandiri employees leaving the company. With regard to employee turnover, Bank Mandiri has developed a strategy for employee fulfillment / recruitment so that the amount of human capital remains adequate for the Company's needs, including through the Officer Development Program (ODP) and Staff Development Program (SDP).

Provision of Healthcare Facility

Health is crucial for every one. Each individual is expected to maintain his health by living a healthy lifestyle as early as possible. In that case, Bank Mandiri plays a role in maintaining the employees' health by providing health care facility for the employees and their family members. Bank Mandiri continuously reviewed the benefit of health care facility to improve the well-being of the employees.

Improvement of health care facility is performed by reflecting on the study of benchmark result in several banks and availability of health care budget (Bank capability). This improvement is aimed at aligning the health care facility for Bank Mandiri employees with market trend, as well as managing it to be more effective and simpler to be reviewed in order to enhance the employees' well-being and to maintain competitiveness.

Mandiri Club Fitness

Bank Mandiri provides sport facilities called Mandiri Club Fitness to help maintain the health of all employees. Mandiri Club Fitness was established in 2003 on the initiative of some employees who love to exercise. In recent years, this club is managed by Lifecoach with an experience to manage and provide fitness instructor. Available classes include spinning, zumba, yoga, circuit training, weight training, and ladies training. In addition to fitness, this club also facilitates other types of sport, such as basketball, pencak silat, dancing, and others. Sport facility enables the employees to have fitter body, which, in turn, will increase their productivity.

BPJS INSURANCE

Bank Mandiri also facilitates health benefits through BPJS facilities. BPJS Health payments issued in 2018 amounted to Rp140.7 billion.

Work Safety Activities

Bank Mandiri already has PTO ERP as a guideline/guide in maintaining the safety and life safety of all employees in the Bank Mandiri work environment. This is the Company's effort to always create a decent and safe work environment for all employees.

In the meant PTO ERP, it is more focused on the readiness of equipment and facilities for building safety, readiness to implement human life rescue, and training for employees and the ERP team. Throughout 2018, several activities carried out by the Company related to work safety were as follows:

1. Conduct inspection/checking of building fire protection equipment regularly to ensure that fire equipment can function properly. Checking for Light Fire Extinguishers (APAR) is carried out by the Security Officer every 1 (one) month while the inspection of the Systematic Fire Extinguishers (APAT) and Fire Alarms is carried out by the building manager in collaboration with the Fire Extinguisher Service which is conducted every 1 (one) once a year.
2. Along with planning consultants, conduct standardization of specifications, placement of building safety devices, and evacuation routes, included in the standard guidebook for renovating office buildings, that are prepared and reviewed every 1 (once) or as needed.
3. Submitting emergency information to Employees, Guests and Building Emergency Response Teams through the installation of posters of fire/earthquake emergency evacuation instructions, performing of emergency procedures videos on internal television media, safety briefings before conducting events and socializing the functions and roles of emergency response teams once every 1 (one) year by inviting speakers from the Fire Department.

Details on the implementation of employee safety related activities can be seen in the following table:

Type of Activity	Target of Activities	Participants
Emergency Information Dissemination	Once a year	Employees appointed as emergency response teams
Emergency Evacuation Simulation	Once a year	All employees/teams and residents of other buildings
Fire Fighting Exercise	Once a year	Employees appointed as emergency response teams
The exercise of the Emergency Response Team	Once a year	Emergency Response Team (ERT)

Bank Mandiri also routinely conducts Dissemination on Building Emergency both at the Head Office and at the Regional, Area and Branch Offices. Details on the implementation of Information Dissemination on Building Emergency activities can be seen in the following table.

Table of Implementation of Information Dissemination on Building Emergency

Office Building Location		Information Dissemination Material	Execution time	Participants
Head Office				
1	Plaza Mandiri	Fire Safety Management	20 August 2019	Employee Representatives at Plaza Mandiri
2	Menara Mandiri Jakarta	Information dissemination on structure fire	15 October 2019	All Residents of Menara Mandiri Building

Office Building Location		Information Dissemination Material	Execution time	Participants
3	Sentra Mandiri	Simulation and Exercise on Handling of Structure Fire	17 October 2019	The Team for PKL (street vendors) and Employee Representatives at Sentra Mandiri
4	Wisma Mandiri II	Simulation and information dissemination on Fire Disaster Emergency Response	4 December 2019	Employee Representatives at Wisma Mandiri

1. Conducting emergency response preparedness training for building occupants, Building Emergency Response Teams and ERP Teams including fire suppression training, basic life-assistance training (P3K), first responder training (search and rescue) conducted at least once a year.

Details on the implementation of employee safety related activities can be seen in the following table:

Table of Implementation of Emergency Response Team Training

Type of Training	Location / Building	Implementation time	Peserta
Fire Fighting Training	Plaza Mandiri	September 21, 2019	Employee Representative at Plaza Mandiri Building
Fire Fighting Exercise using APR	Menara Mandiri	October 12, 2019	Employee Representative at Menara Mandiri Building
Building Fire Fighting Simulation and Exercise	Sentra Mandiri	October 18, 2019	Employee Representative at Mandiri Sentra Building
The use of hydrant pillars	Wisma Mandiri II	November 23, 2019	PKL Team in Wisma Mandiri Building

2. Conduct building fire emergency evacuation simulations to building occupants to measure the readiness of the Emergency Response Team and measure the time of evacuation from the location of the building to the gathering point. The simulation is carried out every 1 (one) year which is also attended by the Fire Department.

Bank Mandiri also routinely conducts Building Fire Emergency Evacuation Simulations at the Head Office and at the Regional, Area and Branch Offices. Details on the implementation of Building Fire Emergency Evacuation Simulation activities can be seen in the following table.

Table of Implementation of Building Fire Emergency Evacuation Simulation

Office Building Location		Implementation time	Participants
1	Plaza Mandiri	15 November 2019	All building occupants in Plaza Mandiri
2	Menara Mandiri Jakarta	17 October 2019	All building occupants in Menara Mandiri
3	Sentra Mandiri	18 October 2019	All building occupants in Sentra Mandiri
4	Wisma Mandiri II	30 December 2019	All building occupants in Wisma Mandiri

In addition to implementing the ERP Procedure on a regular basis, Bank Mandiri also includes all of its employees as participants in Social Security (Jamsostek) through Employment BPJS. The BPJS Employment program that was followed included the Old Age Insurance Program (JHT), Work Accident Insurance Program (JKK) and the Death Assurance Program (JK). Whereas for employees who carry out the activities of Escort Transport of Money and Valuables, Life Insurance is carried out.

Payment of BPJS Employment contribution for Old Age Guarantee, Death Guarantee, Work Accident Guarantee and Pension Guarantee of IDR377 billion. Meanwhile, BPJS Health payments amounted to IDR140,7 billion.

COMPLAINT CHANNEL OF SOCIAL RESPONSIBILITY ON EMPLOYMENT, HEALTH AND SAFETY

As a company that always strives to comply with applicable laws and regulations, where one of them is Law no. 13/2003, Bank Mandiri established a mechanism for complaints about manpower issues relating to employment relations, working conditions and employment conditions by promoting mutual respect, respect and cooperation to provide the best solution in dealing with problems while still upholding professional ethics. Workers' complaints are done in stages according to the following hierarchy:

- a. The first level is between Employees and direct supervisors;
- b. The second level is between the Employee and the supervisor from his direct supervisor;
- c. The third level is between Employees and Regional Offices / Groups with the knowledge of the Human Capital Engagement Group; and
- d. If the problem cannot be resolved (internally) bipartite, then the resolution effort is carried out according to the applicable laws.

This mechanism is implemented through several forms such as the formulation of PKB, the formation of employee unions, the Bipartite Cooperation Institute between Bank Mandiri and employees and the availability of a forum for employees to pour out complaints regarding work problems called HC4U.

QUANTITATIVE IMPACT OF EMPLOYMENT, HEALTH AND SAFETY ACTIVITIES

The impact of implementing social responsibility activities related to employment is the high level of employee engagement. Bank Mandiri received an award related to human capital management, namely as the Top 100 Asia's Best Employer Brand in the 14th Employer Branding Awards held by the World HRD Congress.

The implementation of the health facility program by Bank Mandiri aims to improve welfare and motivate employees so that it is expected to have an effect on employee productivity. Good management of health facilities by Bank Mandiri throughout 2018 has had an impact on the productivity level of Bank Mandiri employees. In 2018 Bank Mandiri employee productivity was recorded at Rp1,870.29 million per employee, an increase from 2017 which was recorded at Rp1,854.89 million per employee.

As a form of operational activities that have been carried out in accordance with procedures and work safety standards in force, so throughout 2019, Bank Mandiri did not record any work accidents (zero accidents) in Bank Mandiri's operational activities at the Head Office or Branch / Regional Offices.

CERTIFICATIONS

Bank Mandiri telah mendapatkan beberapa sertifikasi yang mendukung jaminan keselamatan kerja karyawan sebagai berikut:

<p>Types of Certification: BS EN ISO 9001 : 2015</p> <p>Bank Mandiri has received several certifications that support the guarantee of employee work safety as follows:</p> <p>Validation: August 8, 2018-August 8, 2019</p> <p>Issued By: NQA</p>	<p>Types of Certification: BS OHSAS 18001:2007</p> <p>General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation</p> <p>Validation: August 7, 2018-July 23, 2019</p> <p>Issued By: NQA</p>
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