



## REMUNERATION OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Bank Mandiri has implemented a remuneration governance policy based on Financial Services Authority Regulation No. 45/POJK.03/2015 concerning Implementation of Governance in the Provision of Remuneration for Commercial Banks. Remuneration is a reward determined and given to the Board of Commissioners, Directors and/or Employees, both permanent and non-permanent in the form of cash and non-cash in accordance with their duties, authority and responsibilities. The implementation of governance in the provision of Remuneration aims to encourage prudent risk taking, so the sustainability of Bank Mandiri's business can be maintained.

### REMUNERATION POLICY FOR THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

In providing remuneration for the Board of Commissioners and Directors, 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 State Minister Regulation No. PER-01/MBU/05/2019 dated May, 31 2019 concerning Change Fourth, 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 State 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 Regulations Minister of State-Owned Enterprises No PER-01/MBU/2011 about Implementation of Good Corporate Governance (Good Corporate Governance) in SOE.
3. Regulation of the Financial Service Authority No. 55/POJK.03/2016 dated December 9, 2016 on the Implementation of Governance for Commercial Banks.
4. Regulation of the Financial Service Authority No. 45/POJK.03/2015 dated December 23, 2015 on the Implementation of Governance concerning Remuneration for Commercial Banks.
5. The Company's Articles of Association.

In accordance with Regulation of the Financial Service Authority No. 45/POJK.03/2015 on 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 Ministri of SOEs, and the Company's remuneration policy.

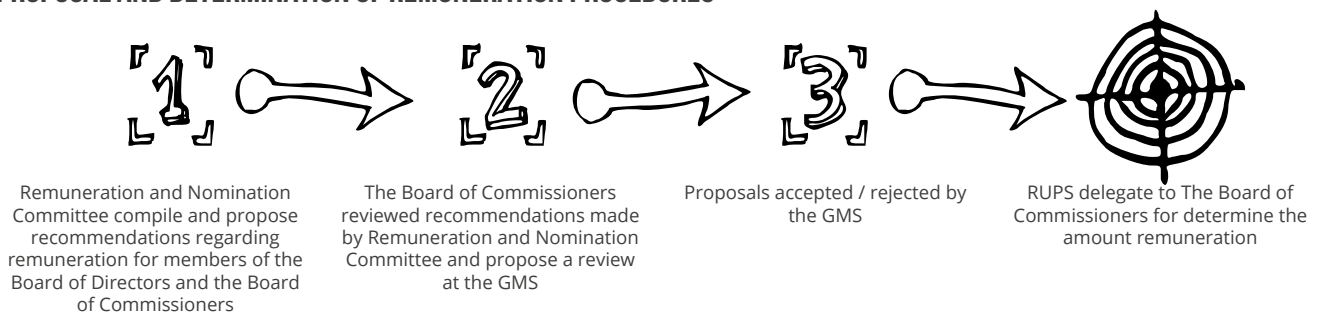
### REMUNERATION AND NOMINATION COMMITTEE

The Board of Commissioners has formed a Remuneration and Nomination Committee which aims to assist in carrying out its functions and duties in the fields related to remuneration and nominations for members of the Board of Directors and Board of Commissioners. One of the tasks of the Remuneration and Nomination Committee is to create a remuneration system for the Board of Commissioners and Directors that will be part of the guidelines for corporate governance policies and will be the

basis for the Board of Commissioners and GMS in The Board of Commissioners has formed a Remuneration and Nomination Committee which aims to assist in carrying out its functions and duties in the fields related to remuneration and nominations for members of the Board of Directors and Board of Commissioners. One of the tasks of the Remuneration and Nomination Committee is to create a remuneration system for the Board of Commissioners and Directors that will be part of the guidelines for corporate governance policies and will be the basis for the Board of Commissioners and GMS in determining the remuneration of members of the Board of Commissioners and/or members of the Board of Directors.

The description regarding the Remuneration and Nomination Committee has been explained in the Remuneration and Nomination Committee section of the Corporate Governance Chapter in this Annual Report.

## PROPOSAL AND DETERMINATION OF REMUNERATION PROCEDURES



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

1. Remuneration and Nomination Committee holds a review on remuneration for the Board of Commissioners and Directors.
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 and Directors.
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.

## PROCESS FOR PREPARATION OF REMUNERATION POLICY

Remuneration policy was one of the important factors in obtaining and/or maintaining employees, executive officers, Directors and Board of Commissioners who were competent and qualified. Remuneration policy was Bank Mandiri's strategy in providing rewards adjusted to the ability of Bank Mandiri to be able to accommodate changes in employee demographics, to have management of labor costs, and to encourage the achievement of Bank Mandiri's business objectives. Bank Mandiri's remuneration was prepared with the aim of being able to attract, maintain, motivate, and increase the commitment of employees to continuously provide optimal performance as well as to support Bank Mandiri's vision, mission and strategy.

The preparation of Bank Mandiri's remuneration policy considered several aspects, namely:

1. Financial performance and reserve fulfilment as stipulated in the applicable laws and regulations.
2. Remuneration that is adjusted to the industry in accordance with the Company's business activities and the scale of the company's business in the industry.
3. The duties, responsibilities and authorities of members of the Board of Directors and members of the Board of Commissioners related to the achievement of the Company's goals and performance.
4. Target performance or performance of each member of the Board of Directors and/or members of the Board of Commissioners in order to achieve equality between the work results and the benefits received.
5. Balance between permanent and variable benefits.
6. Consideration of the Bank's Long-term goals and Strategies



## INDICATORS/COVERAGE OF REMUNERATION POLICY AND ITS IMPLEMENTATION

Based on Financial Services Authority Regulation No. 45/POJK.03/2015 concerning the Implementation of Governance in the Provision of Remuneration for Commercial Banks, Bank Mandiri has already had a Remuneration Policy which was ratified through a Joint Decree of the Board of Commissioners and Directors dated March 20, 2018. The remuneration policy applied at this time still regulated remuneration The Board of Commissioners and the Board of Directors. In further, the application to employees at certain levels will be determined as material risk takers. Determination of risk taker material will be carried out by using a qualitative and quantitative approach. In determining the remuneration of employees, Executive Officers, Directors and Board of Commissioners, the Remuneration and Nomination Committee considered several things, including:

1. Results of benchmarking remuneration of employees, executive officers, members of the Board of Directors and members of the Board of Commissioners with similar industries (peer group).
2. The size and complexity of the company's operations.
3. Remuneration consisted of salary/honorarium and benefits that could be standardized, namely Annual Holiday Allowance (THR), Home Service, Vehicle Service, Health and Utilities Facilities and other benefits. Whereas remuneration based on performance was a bonus/incentive for employees and bonuses for the Board of Directors and Board of Commissioners.

## REMUNERATION RELATED TO THE RISK

In providing remuneration, Bank Mandiri considered the principles of prudence which aimed to encourage prudent risk taking in order to maintain the sustainability of Bank Mandiri's business. Bank Mandiri determined the method of measuring performance and type of risk in determining the Variable Remuneration according to the scale and complexity of Bank Mandiri's business activities. In determining Bank Mandiri's remuneration policy, Bank Mandiri considered the types, criteria, impacts and changes in determining the main types of risk in determining remuneration.

## PERFORMANCE MEASUREMENT RELATED TO REMUNERATION

In providing remuneration, Bank Mandiri conducted performance measurements related to remuneration including a review of remuneration policies associated with performance appraisal, methods for linking individual remuneration with Bank Mandiri's performance, work unit performance and individual performance and methods used by Bank Mandiri to state that agreed key performance indicators cannot be achieved, so there should be adjustments to remuneration and the amount of remuneration adjustments if these conditions occur.

The implementation of the remuneration strategy was also carried out by considering the performance of each individual employee (based on performance), the performance of the work unit and the performance of Bank Mandiri as a whole, but still within the stipulated budget.

## DETERMINATION OF REMUNERATION RELATED TO PERFORMANCE AND RISK

Bank Mandiri provided variable remuneration, namely remuneration associated with performance and risk, including bonuses, *tantiem*/performance incentives or other similar forms. Remuneration in the form of bonuses and incentives can be given in the form of cash, shares or stock-based instruments issued by Bank Mandiri with special provisions for the interests of the Board of Commissioners given in cash to avoid any element of conflict of interest in carrying out supervision.

## EXTERNAL CONSULTANTS SERVICES

To determine Bank Mandiri's remuneration position 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 from the survey were used as a basis in adjusting Bank Mandiri's remuneration strategy.

## REMUNERATION AND FACILITIES OF THE BOARD OF COMMISSIONERS AND DIRECTORS

### REMUNERATION STRUCTURE OF MEMBERS OF THE BOARD OF COMMISSIONERS AND DIRECTORS

By taking into account the prevailing provisions on remuneration, remuneration for the Board of Commissioners and Board of Directors 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.
2. 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 the Remuneration Structure of the Board of Commissioners and Directors**

No.	Income Type	Provisions	
		Board of Commissioners	Directors
1.	Salary	The amount of position factor President Commissioner 45% of the President Director Vice President Commissioner 42.5% of the President Director Commissioners 90% of the President Commissioner	The amount of position factor Vice President Director 95% of Managing Directors Director in charge of HR 90% of the President Director Other Directors Members 85% of the President Commissioners
2.	Allow-ance		
	Religious holiday allow-ance	1 (one) time honorarium	1 (one) time honorarium
	Transportation Allow-ance	20% of the honorarium	<i>Not given</i>
	Annual Leave Allowance	Not given	<i>Not given</i>
	Full Benefits of Position	Insurance premiums are a max-imum of 25% of the honorarium / year	Insurance premiums are a maximum of 25% of salary / year
	Clothing Allowance	Can be given, if there are spe-cial events that require special clothing	Can be given, if there are special events that require special clothing
3.	Facilities		
	Service Vehicle Facilities	Provided in the form of a trans-portation allowance of 20% of the honorarium	1 (one) official vehicle is given in the form of a lease according to established criteria
	Medical facility	Treatment replacement accord-ing to internal policy number KEP.KOM / 018/2019	Treatment replacement according to internal policy number KEP.KOM / 018/2019
	Professional Collection Facilities	Maximum of 2 (two) mem-ber-ships relevant to the company's activities	Maximum of 2 (two) mem-ber-ships relevant to the company's activities
	Legal Aid Facility	Legal aid facilities according to internal policy number KEP.KOM / 018/2019	Legal aid facilities according to internal policy number KEP.KOM / 018/2019
4.	Bonuses, incentives	Can be given in the form of shares or cash.	Can be given in the form of shares or cash.



## NUMBER OF NOMINALS EVERY COMPONENT OF THE REMUNERATION STRUCTURE OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Remuneration in one year is grouped into the range of income levels as follows.

Total Remuneration and Other Facilities	Amount received			
	Board of Commissioner		Director	
	Persons	million rupiah	Persons	million rupiah
<b>Remunerasi</b>				
Salary	8 Orang	17.401,23	12 Orang	59.477,13
Housing Allowances	-	-	10 Orang	2.557,50
Transportation Allowance	8 Orang	2.665,65	4 Orang	561,98
Holiday allowance	8 Orang	2,069.26	12 Orang	5.474,77
Tantiem	8 Orang	97,829.70	14 Orang*)	277.170,29
<b>Other Facilities in the Form of Natura</b>				
Housing (cannot be owned)	-	-	3 Orang	-
Transportation (cannot be owned)	-	-	12 Orang	-
Full service insurance (can be owned)	8 Orang	4.861,22	12 Orang	10.140,28
Health (cannot be owned)	8 Orang	372,33	12 Orang	1.520,42
<b>Remuneration amount per person in 1 year</b>				
Above IDR 2 billion	8 Orang	-	12 Orang	-
Above IDR 1 billion to Rp2 billion	-	-	-	-
Above IDR 500 million to IDR 1 billion	-	-	-	-
IDR 500 million and below	-	-	-	-

\*) Includes Directors who have ended their term of office at the 2019 Annual General Meeting of Shareholders

In the framework of applying POJK No. 45 / POJK.03 / 2015 on the basis of 2018 Performance Bank Mandiri has also provided a bonus deferred bonus in the form of Bank Mandiri shares for Directors and Non-Independent Commissioners while for Independent Commissioners given in the form of deposits. The tantiem suspension period is 3 (three) years or until the end of the term of office. granting of deferred bonuses in the form of shares was reported on June 26, 2019 through a Letter dated June 28, 2019 with the following details:

Name	Position	Share Bonuses
Imam Apriyanto Putro	Vice President Commis-sioner	220.900
Askolani	Commissioner	210.500
Ardan Adiperdana	Commissioner	210.500
Widyo Pramono	Commissioner	210.500
Kartika Wirjoatmojo	President Director	519,900
Sulaiman A Arianto	Deputy Chief Director	467,900
Royke Tumilaar	Director	441,900
Hery Gunardi	Director	441,900
Ahmad Sidik Badruddin	Director	441,900
Rico Usthavia Frans	Director	441,900
Darmawan Junaidi	Director	441,900
Alexandra Askandar	Director	345,100
Agus Dwi Handaya	Director	345,100
Panji Irawan	Director	345,100
Donsuwan Simatupang	Director	345,100
Ogi Prastomiyono*)	Director	96.800
Tardi*)	Director	96.800
Kartini Sally*)	Director	96.800

\*) provided proportionally according to the service period.

## VARIABLE REMUNERATION

Bank Mandiri provided variable compensation including Location Allowances, Specific Position Allowances, Appearance Allowances for front-liner employees, Overtime Compensation, Performance achievement Bonuses, Sales incentives, retention programs and Long Term Incentive programs in the form of shares. Variable remuneration was given in the form of shares of Bank Mandiri for Non-Independent members of the Board of Directors and Board of Commissioners and in the form of cash for members of the Independent Board of Commissioners with the provisions of Financial Services Authority Regulation No. 45/POJK.03/2015.

## NUMBER OF VARIABLE REMUNERATION TO DIRECTORS, BOARD OF COMMISSIONERS AND EMPLOYEES

The number of Directors, Board of Commissioners and Employees who received variable remuneration for 1 (one) year and total nominal are as follows.

Variable Remuneration	Numbers in One Year			
	Directors		Board of Commissioners	
	People	IDR Million	People	IDR Million
<b>Total</b>	<b>14<sup>*)</sup></b>	<b>55,434.06</b>	<b>8</b>	<b>19,565.94</b>

\*) Including the Board of Directors whose term of office expires at the 2019 Annual General Meeting of Shareholders

## POSITION AND NUMBER OF PARTIES THAT BECOME RISK TAKERS MATERIALS

All members of the Board of Commissioners and the Board of Directors of Bank Mandiri are material risk takers. During the 2019 financial year, a total of 20 (twenty) members sit on the Board of Directors and the Board of Commissioners.

## SHARES OPTION

Bank Mandiri did not issue share option programs for Directors, Board of Commissioners or employees throughout 2019

## HIGHEST AND LOWEST SALARY RATIO

Bank Mandiri always complies with all applicable rules regarding remuneration to employees. The amount of remuneration provided has been adjusted to the applicable provisions and was above the Minimum Wage standard applicable in the operational area of Bank Mandiri. In implementing remuneration governance, Bank Mandiri always strives to maintain a gap in the salary ratio of all employees so that there is no too high difference.

Detailed information related to the highest and lowest salary ratios has been explained in the Corporate Social Responsibility Chapter in this Annual Report.

## AMOUNT OF RECIPIENTS AND TOTAL REMUNERATION AMONG VARIABLES

During 2019, no number of recipients and the total number of variable remuneration guaranteed without conditions will be provided by Bank Mandiri to candidates for the Board of Directors, candidates for the Board of Commissioners, and / or prospective employees during the first 1 (one) year of work as referred to in Article 21 OJK Regulation No. 45 / POJK.03 / 2015.

## NUMBER OF EMPLOYEES AFFECTED BY TERMINATION OF WORK RELATIONSHIPS

During 2019, there were 60 (sixty) employees who were terminated due to violations of the Bank Mandiri code of conduct.

## TOTAL REMUNERATION THAT IS VOLTAGE OF SUSPENDED VARIABLES

The total amount of deferred variable remuneration consisting of cash and / or shares or share-based instruments issued by Bank Mandiri is as follows:

- Shares with a total of 2,813,600 shares with a nominal value of Rp18,327,880,440.
- Cash with a total of Rp2,556,899,560 after deducting taxes.

## THE NUMBER OF REMUNERATIONS GIVEN IN ONE YEAR

The amount of remuneration given in one year to the Board of Commissioners and Directors can be seen in detail in the Nominal Amounts of Each Component of the Remuneration Structure of the Board of Commissioners and Directors in the Corporate Governance Chapter in this Annual Report.

## QUANTITATIVE INFORMATION

Quantitative information about:

1. Total remaining Remuneration that is still suspended, whether exposed by implicit or explicit adjustments.
2. Total reduction in Remuneration caused by explicit adjustments during the reporting period.
3. Total reduction in Remuneration caused by implicit adjustments during the reporting period.

As in the table below:

Variable Remuneration Types	Remaining Suspended	Total Deduction During Report Period		
		Due to Explicit Adjustments (A)	Due to Explicit Adjustments (b)	Total (A) + (B)
1. Cash (in million rupiah)	Rp.2,556.89 million	-	-	-
2. Shares/Instruments based on shares issued by the Bank. (in shares and nominal million rupiah which is a conversion of these shares)	2,813,600 shares with a nominal value of Rp19,153.98 million	-	-	-

## CERTIFIED PUBLIC ACCOUNTANT

Based on FSA Regulation No. 32/POJK.03/2016 on changes to No. 6/POJK.03/2015 on Transparency and Publication of Bank Reports, audits of the Company's Financial Statements for the 2017 fiscal year have been conducted by independent, competent, professional and objective public accountants in accordance with the Public Accountants Professional Standards, as well as work agreements and audit scope which have been set.

To make audit process to be in accordance with the Professional Standards of the Accountant and the scope of the audit that has been established and completed on time, meetings are routinely conducted discussing several significant important issues. The Company always strives to improve communication among the Public Accountant, Audit Committee and Management of the Company to be able to minimize the obstacles that occur during the audit process.

## IMPLEMENTATION OF THE EXTERNAL AUDIT FUNCTION

The External Audit Function is implemented through the implementation of the Company's Financial Report Audit by AP and KAP, in order to ensure that the financial information is compiled and presented in a quality manner, form and express opinions on the fairness of

the Company's Financial Statements and test internal controls (internal control review), including retesting of matters that have been tested by Internal Audit and make observations of procedures performed by Internal Audit.

## APPOINTMENT OF PUBLIC ACCOUNTANT

Appointment of KAP Purwantono, Sungkoro & Surja as an External Auditor who audited the Consolidated Financial Statements of PT Bank Mandiri (Persero) Tbk. and Subsidiaries, and PT Bank Mandiri (Persero) Tbk. Financial Year Partnership and Community Development Program Financial Report for the 2019 Fiscal Year, determined in the Annual General Meeting of Shareholders on May 16, 2019, based on FSA and other related provisions. Fiscal year 2019, is the fifth audit year period for KAP Purwantono, Sungkoro & Surja.

The chronology of the process of determining the External Auditor Financial Statements for the 2019 Fiscal Year is as follows:

1. The Board of Commissioners proposes a request to the Board of Directors to elect the KAP which will be designated as the External Auditor for Financial Statements for the 2019 Fiscal Year.
2. The Board of Directors conducts the procurement