



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

In providing remuneration for the Board of 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 Directors on Remuneration Policy of PT Bank Mandiri (Persero) Tbk. dated March 20, 2018. 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. No. PER-06/MBU/06/2018 dated June 04, 2018 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.
3. 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.
4. Regulation of the Financial Service Authority No. 55/POJK.03/2016 dated December 9, 2016 on the Implementation of Governance for Commercial Banks.
5. 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.
6. 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, shortterm 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:

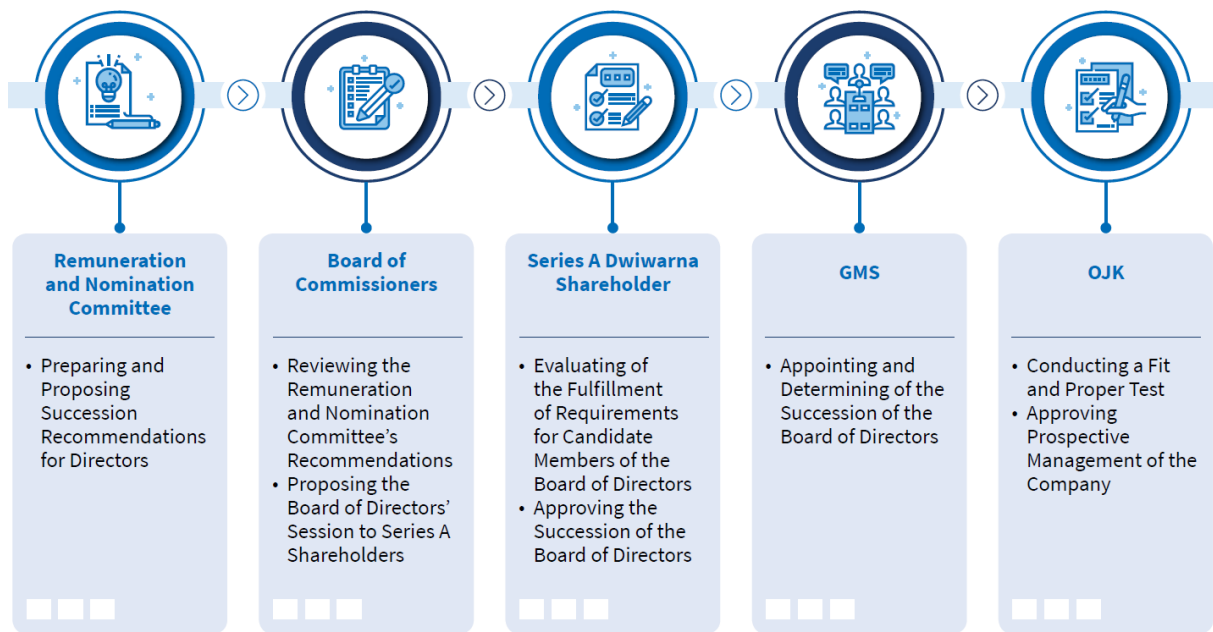
1. The company will have malus and or clawback applied in exceptional circumstances in the practice of variable remuneration, by taking into account some factors as follows:
 - The financial or non financial loss of the Company.
 - The direct or indirect involvement of the official in question in the 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.

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.





Remuneration Policy Scope and Its Implementation

In connection with the enactment of FSA Regulation No. 45/POJK.03/2015 concerning the Implementation of Governance in Providing Remuneration for Commercial Banks, Bank Mandiri has a Remuneration Policy which was approved through a Joint Decree of the Board of Commissioners and Directors dated March 20, 2018. The remuneration policy is the bank's strategy in providing rewards to employees, adjusted to the Bank's ability to accommodate changes in employee demographics, management of labor costs, and in order to promote the achievement of Bank Mandiri's business goals. Bank Mandiri remuneration is structured with the aim of being able to attract, retain, motivate and increase employee engagement so that they can continuously provide optimal performance, support the vision, mission and strategy of Bank Mandiri.

The remuneration policy that has been established currently regulates the remuneration of the Board of Commissioners and the Board of Directors, which will then be applied to employees at certain levels who will be determined as material risk takers. The determination of the material risk taker is carried out using qualitative and quantitative approaches. In determining the remuneration of employees, Executive Officers, Directors and Board of Commissioners, the Remuneration and Nomination Committee considers several things, including:

1. Benchmarking results of employee remuneration, 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 firm's operations.
3. Remuneration consists of standardized salaries/honorariums and benefits, namely Annual Holiday Allowances (THR), official housing, official vehicles, health facilities and utilities and other benefits. Meanwhile, performance-based remuneration is a bonus / incentive for employees and bonuses for the Board of Directors and the Board of Commissioners.

In general, Bank Mandiri's remuneration strategy is guided by the Manpower Act and Financial Services Authority Regulations. The total reward strategy for the long term is that the Bank has a strong competitive value against the market, namely:

1. Strive for the general position of the Bank at 75 percentile.
2. Especially for top talent and critical jobs, it can be positioned up to 90 percentile.

Remuneration Associated with Risk

In providing remuneration, Bank Mandiri observes the principles of prudence which aim to encourage prudent risk taking in order to maintain the continuity of Bank Mandiri's business. Bank Mandiri determines the performance measurement method and types of risk in determining the provision of variable remuneration according to the scale and complexity of Bank Mandiri's business activities. In determining the remuneration policy, Bank Mandiri takes into account 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 conducts performance measurements related to remuneration including a review of remuneration policies related to performance appraisals, methods of linking individual remuneration with Bank Mandiri performance, work unit performance and individual performance and methods used by Bank Mandiri to certify performance. (key performance indicator) that has been agreed upon cannot be achieved so it is necessary to make adjustments to the remuneration as well as the amount of remuneration adjustment if this condition occurs.

The application of the remuneration strategy is also carried out by taking into account the performance of each individual employee (based on performance), the performance of the work unit





and the overall performance of the Bank, but still within the stipulated budget. In general, in implementing total rewards, Bank Mandiri provides salaries, annual salary adjustments, holiday allowances (THR), annual leave fees, and large leave pay for each 3 (three) year working period. Bank Mandiri also provides health facilities for employees and their family members, including inpatient care, outpatient care, childbirth, dental care, General Check Up, eyeglasses and the health program for Bank Mandiri retirees.

Remuneration Adjustment Related to Performance and Risk

Bank Mandiri provides variable remuneration, namely remuneration related to performance and risk, including bonuses, bonuses/performance incentives or other equivalent forms. Remuneration in the form of bonuses, bonuses, incentives can be given in the form of cash, shares or share-based instruments issued by Bank Mandiri with special provisions for the benefit of the Board of Commissioners given in cash to avoid conflict of interest in carrying out supervision.

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 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.	Types of Income	Provision	
		Board of Commissioners	Board of Directors
1.	Salary	The amount of position factor <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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.	Allowance		
	Religious Holiday Allowance	1 (one) time honorarium	1 (one) time honorarium
	Housing allowance	Not given	Housing allowance was given monthly if the person did not occupy an official residence with a maximum of IDR27,500,000
	Transportation Allowance	Equal to 20% of the honorarium	Not given
	Annual Leave Allowance	Not given	Not given
	Retirement Compensation	Maximum insurance premium was 25% of honorarium/year	Insurance premium maximum was 25% of salary/year
3.	Facility		
	Service Vehicle Facilities	Given in the form of transportation allowance of 20% of the honorarium	Given 1 (one) service vehicle in the form of rental according to the predetermined criteria
	Health Facilities	Replacement of treatment in accordance with the internal policy number KEP. KOM/018/2019	Replacement of treatment in accordance with the internal policy number KEP. KOM/018/2019
	Professional Association Facilities	Maximum 2 (two) memberships relevant to the Company's activities	Maximum 2 (two) memberships relevant to the Company's activities
	Legal Assistance Facilities	Legal assistance facilities following the internal policy number KEP. KOM/018/2019	Legal assistance facilities following the internal policy number KEP. KOM/018/2019
4.	Bonuses, Tantiem, 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.

Table of Nominal Amount of Remuneration for the Board of Commissioners and Directors

Total Remuneration and Other Facilities	Amount received			
	Board of Commissioner		Board of Director	
	Number of people	Amount in million Rupiah	Number of people	Amount in million Rupiah
Remunerasi				
Salary	10 Persons	16,855.21	12 Persons	43,242.48
Housing Allowances	-	-	6 Persons	1,405.53
Tantiem	10 Persons	96,890.74	12 Persons	303,109.26
Other Facilities in the Form of Natura				
Housing (cannot be owned)	-	-	6 Persons	-
Transportation (cannot be owned)	-	-	12 Persons	-





Total Remuneration and Other Facilities	Amount received			
	Board of Commissioner		Board of Director	
	Number of people	Amount in million Rupiah	Number of people	Amount in million Rupiah
Full service insurance (can be owned)	10 Persons	3,661.79	12 Persons	8,653.16
Health (cannot be owned)	8 Persons	1,016.36	12 Persons	1,854.38
Remuneration amount per person in 1 year				
Above IDR2 billion	8 Persons	-	12 Persons	-
Above IDR1 billion to IDR2 billion	-	-	-	-
Above IDR500 million to IDR1 billion	-	-	-	-
IDR500 million and below	-	-	-	-

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 tantien suspension period is 3 (three) years or until the end of the term of office.

The deferred tantien in the form of shares was reported to FSA on July 17, 2020 through a Letter dated July 16, 2020 regarding changes in the Company's shares owned by members of the Board of Commissioners and Directors who served on that date with reference to the provisions of FSA Regulation No. 11/POJK.04/2017 concerning Ownership Report or Any Change of Share Ownership for Public Companies with the following details:

Name	Position*	Share Bonuses
Board of Commissioner		
Ardan Adiperdana	Commissioner	376.400
Rionald Silaban*)	Commissioner	128.900
Board of Director		
Royke Tumilaar	President Director	798.400
Hery Gunardi	Vice President Director	790.000
Ahmad Sidik Badruddin	Director of Risk Management	790.000
Rico Usthavia Frans	Director of Information Technology	790.000
Darmawan Junaidi	Director of Treasury, International Banking and Special Asset Management	790.000
Alexandra Askandar	Director of Corporate Banking	790.000
Agus Dwi Handaya	Director of Compliance and HR	790.000
Panji Irawan	Director of Operation	790.000
Donsuwan Simatupang	Director of Institutional Relation	790.000
Riduan**)	Director of Commercial Banking	777.000
Silvano Rumantir**)	Director of Finance and Strategies	47.600





Number of Variable Remuneration to Directors, Board of Commissioners and Employees

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

Variable Remuneration	Number in One Year			
	Directors	Board of Commissioners	Board of Commissioners	Directors
	People	IDR Million	People	IDR Million
Total	12	68,424.33	10	21,872.25

Variable Remuneration

In addition, the Bank provides variable compensation including location allowances, certain position allowances, performance allowances for frontliners, overtime compensation, performance achievement bonuses, sales incentives, retention programs and the Long Term Incentive program in the form of shares. Non-Independent Commissioners and in cash for members of the Independent Board of Commissioners under the provisions of OJK Regulation No. 45 / POJK.03 / 2015.

To support employee service, Bank Mandiri provides service facilities including official housing, reimbursement of utility costs, telephone credit, and rental official vehicles. Meanwhile, to support the needs of employees in ownership of houses, vehicles and other needs, Bank Mandiri provides Employee Welfare Credit facilities.

