



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.

External Consultant Services

To find out the position of the Bank's remuneration against market conditions, every year Bank Mandiri participates in the Annual Salary Survey which is conducted by an independent and competent third party. The results of the study from the survey were used as a basis for adjusting the remuneration strategy of Bank Mandiri which would then be proposed at the Board of Directors Meeting for approval.

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 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.	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

* Started the service since August 29, 2019

** Started the service since January 7, 2019

*** The service from December 9, 2019 - September 2, 2020



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	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.

Position and Amount as Material Risk Taker

All members of the Board of Commissioners and Directors of Bank Mandiri are material risk takers. There are 31 (thirty one) *) members of the Board of Directors and the Board of Commissioners who served during the 2020 financial year.

*) Including Directors and Commissioners whose term of office ends at the 2020 Annual

Shares Option

Bank Mandiri did not issue share option programs for Directors, Board of Commissioners, and employees throughout 2020.

Ratio of the Highest and The Lowest Salary

Bank Mandiri always complies with all applicable regulations regarding remuneration for employees. The amount of remuneration given has been adjusted to the prevailing regulations and is 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.

In detail, information regarding the ratio of the highest and lowest salaries has been explained in the Corporate Social Responsibility Chapter of this Annual Report.

Number of Recipients and Total Variable Remuneration

During 2020, there was no number of recipients and the total number of Variable Remunerations that are guaranteed unconditionally to be given 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 Dismissed

During 2020, there were 72 (seventy two) employees who were dismissed (PHK) due to violations of Bank Mandiri's code of ethics.

Total Amount of Deferred Variable Remuneration

Until the end of 2020, the amount of variable remuneration that was still deferred in the form of Bank Mandiri shares or time deposits is as follows:

- Shares with a total of 19,575,200 shares.
- Cash with a total of IDR 17,220,435,346.

Quantitative Information

Quantitative information regarding:

- Total remaining deferred Remuneration, whether exposed to implicit or explicit adjustments.
- Total reduction in remuneration due to explicit adjustments during the reporting period.
- Total reduction in remuneration due to implicit adjustments during the reporting period.



As in the table below:

Types of Variable Remuneration	The Remnant That Still Suspended	Total Deductions Over the Period		
		Caused an Explicit Adjustment (A)	Caused an Explicit Adjustment (B)	Total (A) + (B)
Cash (in million rupiah)	IDR13.358.069.690	-	-	-
Shares / share-based instruments issued by the Bank. (in shares and a million rupiah nominal value which is a conversion of the said share sheet)	16,104,300 shares	-	-	-

Public Accountant

Based on POJK No. 37/POJK.03/2019 concerning Transparency and Publication of Bank Reports and SEOJK No. 9/SEOJK.03/2020 concerning Transparency and Publication of Conventional Commercial 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.

The External Audit function was implemented through the implementation of an Audit of the Company's Financial Statements by a Public Accounting Firm, to ensure that the financial information referred to is prepared and presented in a quality manner, form and express an opinion on the fairness of the Company's Financial Statements and test internal control (internal control review), including re-testing, on matters that have been tested by Internal Audit and observing procedures performed by Internal Audit.

Appointment of Public Accountant

The appointment of Purwantono, Sungkoro & Surja's Public Accountant Firm (KAP) as External Auditor to audit the Consolidated Financial Statements of PT Bank Mandiri (Persero) Tbk. and Subsidiaries and Financial Statements for Partnership and Community Development Program of PT Bank Mandiri (Persero) Tbk. for the 2020 Fiscal Year, determined at the Annual General Meeting of Shareholders (AGMS) on February 19, 2020, guided by the provisions of the Financial Services Authority Regulation (POJK) and other related provisions. The 2020 financial year is the sixth audit year period for KAP Purwantono, Sungkoro & Surja.

The chronology of the process for determining the KAP for the 2020 Financial Year is as follows:

1. The Procurement Team for KAP Financial Statements for Fiscal Year 2020 as determined by the Board of Directors, conducts procurement based on POJK No.13/POJK.03/2017 concerning the Use of Public Accountant Services and Public Accountant Offices in Financial Service Activities and other related provisions.
2. Based on the process of evaluating the technical and financial aspects of the proposals submitted by the Procurement Participating KAP, the Board of Directors submits the KAP procurement results to the Board of Commissioners through the Audit Committee.
3. The Audit Committee submits recommendations on the results of the KAP procurement to the Board of Commissioners, as the basis for submitting the proposal for the appointment of KAP at the AGMS on February 19, 2020.
4. The AGMS on February 19, 2020, decided to designate KAP Purwantono, Sungkoro & Surja as KAP which will audit the Consolidated Financial Statements of PT Bank Mandiri (Persero) Tbk. and Subsidiaries and PT Bank Mandiri (Persero) Tbk's Partnership and Community Development Program Financial Statements. for the 2020 Financial Year, including authorizing the Board of Commissioners to determine the honorarium and other requirements for the KAP, as well as determining a replacement KAP in the event that the appointed KAP for any reason cannot complete the audit of the 2020 Financial Year Financial Statements.
5. Bank Mandiri submits the results of the AGMS on February 19, 2020 regarding the determination of KAP to KAP Participants in the Procurement

Bank Mandiri applies the principles of Professional Ethics in carrying out the determination of External Auditors, namely:

1. Professional responsibility
2. Public interests
3. Integrity
4. Objectivity
5. Professional competence and prudence
6. Confidentiality
7. Professional behaviour
8. Technical standard.