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## Follow Up on Activities and Recommendation of Risk Monitoring Committee

Throughout 2016, the Risk Monitoring Committee has provided several recommendation or advices to the Board of Commissioners, among others :

1. Proposal on credit facility and provision of funds to respected party, either extension, additional, changes or new provision.
2. Proposal on organizational structure of Bank Mandiri proposed by the Board of Directors.
3. Review on the achievement of financial performance of Bank Mandiri quarterly
4. Review on strategy and implementation of Non Performing Loan management at Bank Mandiri.
5. Review on implementation of integrated risk management at Bank Mandiri.

## Appointment and Discharge of the Risk Monitoring Committee Members

The Chairman and members of the Risk Monitoring Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Risk Monitoring Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Passed Away
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Risk Monitoring Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Risk Monitoring Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends.

## Remuneration and Nomination Committee

In order to support the effectiveness of implementation of duties and responsibilities, the Board of Commissioners is assisted by Remuneration and Nomination Committee who is responsible for matters related to the determination of qualification, process of nomination and remuneration of the Board of Commissioners, Board of Directors and Executives of the Company.

### Establishment Basis of Remuneration and Nomination Committee

The establishment of Remuneration and Nomination Committee referred to:

1. Articles of Association of the Company
2. Law No.19/2003 on SOE
3. Financial Services Authority (OJK) Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Bank.
4. Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises.
5. Financial Services Authority (OJK) Regulation No. 34/POJK.04/2014 on Remuneration and Nomination Committee of Public Company, and OJK Regulation No. 45/POJK.03/2015 on Remuneration Procedures for Commercial Banks
6. Decree of the Board of Commissioners No. KEP.KOM//004/2016 dated October 19, 2016 concerning Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was affirmed by Decree of the Board of Directors No. KEP.DIR/376/2016 concerning The Establishment of Remuneration and Nomination Committee Membership.

### Duties and Responsibilities of Remuneration and Nomination Committee

Remuneration and Nomination Committee has duties and responsibilities as follow:

1. To prepare the concept and analysis relating to the function of the Committee for Remuneration and Nomination.
2. To assist the Board of Commissioners for providing recommendation concerning total members of Board of Commissioners and Board of Directors.
3. To assist the Board of Commissioners in stipulating general policy on Human Resources.
4. To recommend the approval for change of organizational structures up to one level below the Board of Directors.
5. To assist the Board of Commissioners to acquire and analyze the data of prospective candidate of Board of Directors from one level below the Board of Directors quarterly and any time if there is any change.
6. To assist the Board of Commissioners in providing recommendation concerning option to the Board of Commissioners, Board of Directors and Employee, among others share option as well as supervision in its implementation.

7. To possess data base and talent pool of candidates of members of Board of Directors and Board of Commissioners
8. To conduct evaluation against the policy on remuneration and providing recommendation to the Board of Commissioners concerning
  - Remuneration policy for the Board of Commissioners and the Board of Directors for submission to the General Meeting of Shareholders.
  - The policy on remuneration for Executive Official and Employee in its entirety for submission to the Board of Directors.
9. To prepare and provide recommendation concerning system as well as procedure of election and/or change or members of Board of Commissioners and Board of Directors to the Board of Commissioners for further submission to the General Meeting of Shareholders.
10. To Provide recommendation regarding members candidates of the Board of Commissioners and/or the Board of Directors to the Commissioners to be delivered in the General Meeting of Shareholders.
11. To identify candidate of the Board of Directors either from internal or external and candidate of the Board of Commissioners who has met the requirements to be proposed for the appointment as Director or the Board of Commissioners which is tailored to the Company strategy.
12. To provide recommendation concerning independent party who will become the member of Audit Committee and Risk Monitoring Committee.

### Authorities of Remuneration and Nomination Committee

1. To request PT Bank Mandiri (Persero) Tbk for conducting survey according to the needs of Committee for Nomination and Remuneration.
2. To request information on matters as required from various parties both within and outside of PT Bank Mandiri (Persero) Tbk.

### Independence of Remuneration and Nomination Committee

All members of Remuneration and Nomination Committee has met the following independence criteria:

1. Not include in the management team.
2. Free from business relationships and other relationship which may affect the decision.
3. Not the majority shareholders of the Company or employee who is directly related to the Company's majority shareholders.
4. Not employee of previously worked as executive of the company or affiliated company member, at least 3 (three) years prior to the appointment as committee member.
5. Not an advisor or professional primary consultant who is considered material to the company or affiliated company or employee who is directly related to the service provider, at least 3 (three) years prior his/her appointment as committee member.
6. Not supplier or primary customers from company or affiliated company or employee from/or directly or indirectly related to the supplier or primary customers.
7. Having no agreement relationship with the company or other affiliated company as the Board of Directors.

### Structure, Membership and Expertise of Remuneration and Nomination Committee

The number and composition of members of Remuneration and Nomination Committee of Bank Mandiri consist of at least 3 (three) person: an Independent Commissioner as Chairman, an independent party who has expertise in Accounting/ Finance and an independent party who has expertise in legal as stipulated in Circlar of Bank Indonesia No.15/15/DPNP concerning Implementation of GCG for Commercial Banks. Other members are an Executive in Human Resources or an employee representative according to POJK No.45/POJK.03/2015.

As of December 31, 2016, the composition of Remuneration and Nomination membership of Bank Mandiri is as follow:

Name	Designation	Legal Basis of Appointment
Bangun S. Kusmulyono	Chairman (Independent Commissioner)	Decree of the Board of Directors No.KEP.DIR/376/2016
Imam Apriyanto Putro	Member (Deputy Chief Commissioner)	
Wimboh Santoso	Member (President Commissioner)	
Abdul Aziz	Member (Independent Commissioner)	
Askolani	Member (Commissioner)	
Aviliani	Member (Independent Commissioner)	
Goei Siau Hong	Member (Independent Commissioner)	
Ardan Adiperdana	Member (Commissioner)	
Sanjay N. Bharwani	Member	

### Term of Office of Remuneration and Nomination Committee Members


Term of office of Remuneration and Nomination Committee members shall not be longer than term of office of the Board of Commissioners and may be reappointed for the next period.

### Brief Profile of Remuneration and Nomination Committee

Members of Remuneration and Nomination Committee who also serve as the Board of Commissioners' members, their profile can be seen in Profile of the Board of Commissioners on page 72-75.

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Meanwhile the profile of Mr. Sanjay N. Bharwani who is not a member of the Board of Commissioners can be seen as follow:

	<b>Sanjay N. Bharwani</b>
	Indonesian Citizen, 55 years old. Domiciled in Jakarta
	<b>Basis of Appointment</b>
	Appointed as SEVP Wholesale Risk through BOD Decree No. KEP.DIR/009/2015 dated January 2, 2015
	<b>Educational Background</b>
	Bachelor Degree in the field of Technology & Business from University of Australia – Victoria (1993)
	<b>Work Experience</b>
	<ul style="list-style-type: none"> <li>• Director of Human Capital at PT Rajawali Corpora</li> <li>• Group Head Human Capital Strategy &amp; Policies at Bank Mandiri (2008-2012)</li> <li>• Senior Vice President HR Centres of Expertise &amp; Operation at Bank Permata (2007-2008)</li> <li>• Senior Consultant di Gyann Consultant Jakarta dan Australia (2006-2007)</li> <li>• Country Head Watson Wyatt - Mumbani India (2004-2005)</li> <li>• Senior Manager Consulting at Accenture – Jakarta (1997-2004)</li> </ul>
	<b>Seminars and Workshops</b>
	<ul style="list-style-type: none"> <li>• <i>Executive Overview of Islamic Banking</i>, Lembaga Pengembangan Perbankan Indonesia (2013)</li> <li>• <i>Risk Management Certification Refreshment Program</i>, BARA (2013)</li> <li>• <i>Leading high impact teams</i>, Kellogs School of Management (2011)</li> <li>• Certified Recruiter, Standard Charter Bank (2008)</li> <li>• Watson Wyet Proprietary Job Evaluation tools, Watson Wyatt (2004)</li> <li>• Finance for non-finance manager, Accenture (2003)</li> </ul>

### Brief Report on the Implementation of Activities and Recommendation of Remuneration and Nomination Committee in 2016

In 2016, as stipulated in Charter of Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk concerning Nomination system, the Committee has submitted recommendation/proposal of candidates who met the requirements as President Director and members of the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk to the Board of Commissioners to be delivered to GMS. The proposal was obtained through a series of processes conducted by Remuneration and Nomination Committee covering establishment of policy, criteria and qualifications needed in the process of nominating candidates of the the Board of Directors and the Board of Commissioners which correspond with strategic plan of the Company. The Remuneration and Nomination Committee also assisted the Board of Commissioners to acquire and analyze data of prospective candidate of Board of Directors from the talent pool of official of one level below the Board of Directors.

In addition to nomination system, the Remuneration and Nomination Committee also assisted the Board of Commissioners in proposing remuneration system which suited the Board of Directors and the Board of Commissioners of PT Bank mandiri (Persero) Tbk in the form of payroll/honoraria system, facilities/allowances, tantiem and so on in 2016.

During 2016, the Nomination and Remuneration Committee has issued several recommendation to the Board of Commissioners as follow :

1. Proposal of Prospective Candidates of President Director and Directors of PT Bank Mandiri (Persero) Tbk
2. Recommendation on Candidates of the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
3. Proposal of Long Term Incentives for the Management of PT Bank Mandiri (Persero) Tbk

4. Proposal of 2016 Salaries/Honoraria for the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
5. Proposal of Determination of Remuneration and Tantiem for the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
6. Proposal of determination of 2016 facilities and allowances for the Board of Directors of PT Bank Mandiri (Persero) Tbk.

### Meeting of Remuneration and Nomination Committee

The meeting of Committee for Remuneration and Nomination shall be organized according to the needs and assignment from the Board of Commissioners, at least 2 (two) times in 1 (one) year and can only be implemented in the event it is attended by at least 51% (fifty one percent) of total members including one member of Board of Commissioners and Group Head Human Capital Group. The meeting shall be attended by all members and if necessary it can be attended by members with voting right (voting member). The meeting shall be presided over by the Chairman or member who is appointed by the members who are present, in the event that the Chairman is impeded. The Resolution of Meeting shall be conducted based on consultation to achieve an agreement. In case that the consultation to achieve an agreement has not occurred, the adopted decision shall be conducted based on majority votes. The result or the resolution of meeting is obligatory to be laid down in the minutes of meeting which is signed by the whole members who are present and it is documented properly.

### Meeting Frequency and Level of Attendance of Remuneration and Nomination Committee

Throughout 2016, the Remuneration and Nomination Committee held 11 meetings with the following level of attendance:

06  
Corporate  
Governance07  
Integrated Corporate  
Governance08  
Corporate Social  
Responsibility09  
Cross Reference of  
Annual Report  
Award 2016 Criteria10  
Consolidated Financial  
Statements

Meeting Date	Meeting Agenda	Wimboh Santoso	Imam Apriyanto Putro	Abdul Aziz	Askolani	Aviliani	Goel Siauw Hong	Bangun S. Kusmulyono	Ardian Adiperdana*	Suwono	Sanjay N Bharwani
3 Feb	Candidate Recommendation on Directors		√	√	√	√	√	√		√	√
17 Feb	Recommendations Candidate Manager PT Bank Mandiri (Persero) Tbk.	√		√		√	√	√		√	√
24 Feb	Discussion Draft Letter to the Minister of State Enterprises	√			√	√	√	√		√	√
2 Mar	Implementation Interviews with Directors of PT Bank Mandiri (Persero) Tbk.	√	√	√	√	√	√	√		√	√
16 Mar	Proposal of the Remuneration Board of Bank Mandiri	√	√	√	√	√	√	√		√	√
21 Mar	Proposed Candidates for the Board in the Annual General Meeting for financial year 2015**							√			
6 Apr	Discussion Follow Up Result of Annual General Meeting regarding Remuneration for Bank Mandiri Management Team (Especially LTI)	√		√		√	√	√			√
13 Apr	Follow-up Discussion Proposed Long Term Incentives (LTI)		√	√		√	√	√			√
24 Jun	Discussion on Revised Proposed Remuneration of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk	√		√	√	√	√	√			√
29 Jun	Discussion Revised Proposed Remuneration of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk	√	√	√	√			√			√
15 Agt	Discussion SOE Minister Regulation No. 02/MBU/06/2016 Discussion on Revised Rules of Conduct of the Board of Commissioners	√	√	√	√	√					√
<b>Total Meetings</b>		9	10	10	10	10	10	11	-	5	10
<b>Total Attendance</b>		8	6	9	7	9	8	10	-	5	10
<b>Percentage of Attendance</b>		89%	60%	90%	70%	90%	80%	91%	-	100%	100%

Note

\*) Serving as Remuneration and Nomination Committee member since October 19, 2016

\*\*) Meeting at the Ministry of SOEs represented by the Chairman of the Remuneration and Nomination Committee

## Education and/or Training for Remuneration and Nomination Members

Education and/or trainings for Committee Members who concurrently serve as the Board of Commissioners can be viewed on page 108-109. While the education and/or trainings for Committee Members who are not member of the Board of Commissioners can be seen in Profile of Mr. Sanjay N. Bharwani as mentioned above.

## Charter of Nomination and/or Remuneration Function Committee

In performing duties and responsibilities, the Remuneration and Nomination Committee of Bank Mandiri is guided by Charter which has been stipulated based on Decree No. KEP.KOM/004/2016 dated October 19, 2016. The Charter of Remuneration and Nomination function which consists of matters related to:

- (a) Function, Authorities and Responsibilities of Committee,
- (b) Membership and Rules of Order, (c) Remuneration and Nomination System and miscellaneous. The Charter has been reviewed and updated in 2016.

The Charter of Remuneration and Nomination Committee is available to be accessed by public through official website of Bank Mandiri.

## Remuneration of Remuneration and Nomination Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Committee members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria. Member of the Board of Commissioners who chairs the Remuneration and Nomination Committee/sitting as Committee member are not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

## Appointment and Discharge of the Remuneration and Nomination Committee Members

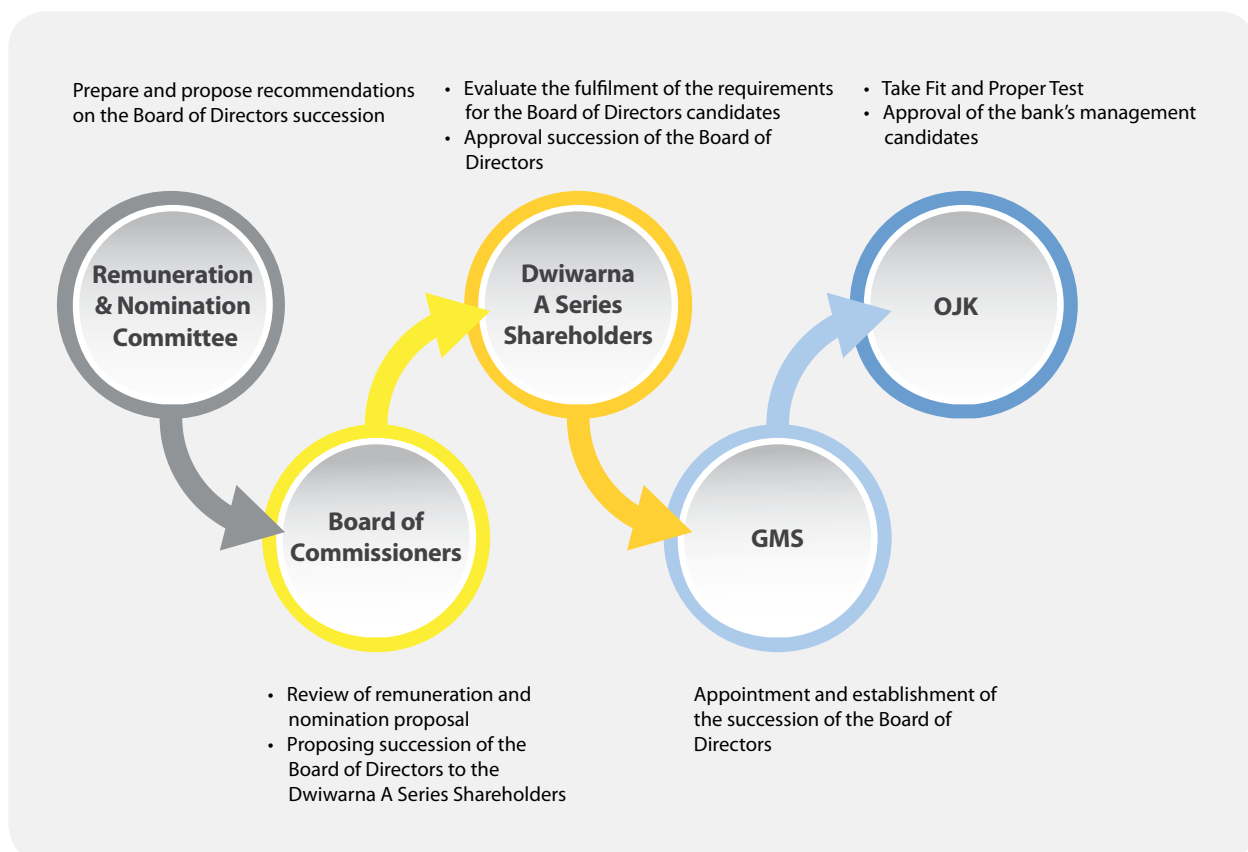
The Chairman and members of the Remuneration and Nomination Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Remuneration and Nomination Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Passed Away
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Remuneration and Nomination Committee, as stipulated in the relevant POJK.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Remuneration and Nomination Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends..

## Directors Succession Policy

In order to prepare the regeneration of the Bank's leadership in the future, Bank Mandiri has designed Talent & Succession Management, a Directors Succession Policy which has been harmonized with the Regulation of the Minister of State Enterprises No. PER-03/MBU/02/2015 on Terms and Procedures for Appointment and Dismissal of Directors of State Owned Enterprises. In addition, as a public company, Bank Mandiri also refers to OJK regulation No.33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuer or Public Companies.



## Appraisal Company for the Selection of Candidates of the Board of Commissioners and the Board of Directors

The Remuneration and Nomination Committee determines criteria of candidates of the Board of Commissioners and the Board of Directors, and then performing selection on the candidates who meet the established criteria. Furthermore, Bank Mandiri teams up with the Appraisal Company to assess the candidates of the Board of Commissioners and the Board of Directors.

In 2016, Bank Mandiri teamed up with several Appraisal Companies such as PT Daya Dimensi Indonesia. The names recommended by the Appraisal Company will be reported by the Remuneration and Nomination Committee to the Board of Commissioners as candidates which then will be submitted to GMS for the approval.