

### Duties Implementation of Secretary to the Board of Commissioners in 2017

The Secretary to the Board Commissioners has arranged the fundamentals of work programs and realized them in 2017, mentioned as follows:

1. Preparing And Arranging Materials As Well As Organizing Meeting In Relation With Monitoring, Evaluation, And Offering Suggestions On The Implementation Of The Company's Strategic Policy In The Bank Business Plan (Rbb) In 2018-2020 And Cbp In 2018 With Consideration Of Liquidity, Npl, Market Share Achievement, Value Of Market Capitalization, And Profitability
2. Preparing And Arranging Materials As Well As Organizing Meetings Related To Supervising, And Offering Suggestions On Policy And Strategy Of The Board Of Directors/ Management For The Implementation Of The Strategic Objectives Discussed In The Cbp In 2018 And Business Development Programs.
3. Preparing And Arranging Materials As Well As Organizing Meeting In Relation To Monitoring And Offering Suggestions To The Board Of Directors On The Implementation Of Non-Organic Company Development Programs.
4. Preparing And Arranging Materials As Well As Organizing Meeting In Relation To The Monitoring Of Infrastructure Development Programs (It And Non It), Human Capital, And Legal Sustainability In Accordance With The Business Strategy And Company's Capacity.
5. Preparing And Arranging Materials As Well As Organizing Meetings In Relation To Monitoring The Implementation Of The Good Corporate Governance, Compliance, And Risk Management Principles Integrated To The Subsidiary Company
6. Preparing And Arranging Materials As Well As Organizing Meeting In Relation To Monitoring And Evaluation Of The Planning And Implementation Of Audit/Other Internal Control Systems As Well As Monitoring On The Follow-Up Action For The Audit/Other Inspections, Including Subsidiary Companies.
7. Preparing And Organizing Meeting In Relation To The Training In Order To Refresh And Enrich Knowledge In Risk Management And Other Fields For The Board Of Commissioners.
8. Preparing And Organizing Site Visits For The Board Of Commissioners.
9. Arranging The Concept Of Refinement For The Codes Of The Board Of Commissioners To Be In Accordance With The Current Applicable Laws.

Secretary to the Board of Commissioners used the work program as guidelines in carrying out its duties in order to support and expedite the Board of Commissioners' work program. Besides that, the Secretary of Commissioners' Board also performs other duties to expedite the monitoring and advisory tasks conducted by the Board of Commissioners.

### Audit Committee

Audit Committee was established by the Board of Commissioners of Bank Mandiri based on the Decree No.013 / KEP / KOM / 1999 on 19 August 1999 with the objective of assisting and facilitating the Board of Commissioners in performing duties and function in monitoring other matters related to financial information, internal control system, audit effectiveness by external and internal auditors, effectiveness of risk management implementation (together with Risk Monitoring Committee) and compliance to the applicable laws

#### Basis of Audit Committee Establishment

The establishment of the Committee refers to the following regulation:

1. The Financial Services Authority Regulation No.55/POJK.03/2016 regarding the Implementation of Governance for Commercial Banks
2. The Financial Services Authority Regulation No.55/POJK.04/2015 on the Establishment and Implementation Guidelines of the Audit Committee.
3. Regulation I-A stated in the Attachment I of the Decree of the Board of Directors of PT Bursa Efek Indonesia No: KEP-00001/BEI/01-2014 on 20 January 2014 regarding Shares Listing and Non-Share Equity Securities Issued by Listed Company.
4. Decree of the Board of Commissioners Number KEP. KOM//004/2016 on 19 October 2016 regarding the Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee, and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk, confirmed by Decree of the Board of Directors KEP.DIR/374/2016 regarding the establishment of Audit Committee Membership

#### Charter of Audit Committee

Audit Committee has a work guideline, i.e. the Charter of Audit Committee ratified on 2 May 2014, which clearly defines the roles, responsibilities, and work scopes to enhance the effectiveness, responsibility, transparency, and objectivity of the Board of Commissioners in carrying out its functions. The Charter of Audit Committee contains general objectives, authority, membership, membership requirements, duties and responsibilities, employment relationships, meetings, reporting, term of duty and compensation, and confidentiality of Bank.

#### Duties And Responsibilities Of Audit Committee

The duties and responsibilities of the Audit Committee are as follows:

1. The Committee Chairman is responsible for coordinating all audit committee activities to meet the objectives of the committee in accordance with its establishment, among others are:

- a. Preparing the annual work plan.
  - b. Scheduling the annual meeting.
  - c. Making periodic reports on the activities of the audit committee as well as of other things that require the consideration of the Board of Commissioners.
  - d. Making Self-Assessment on the effectiveness of audit committee activities.
2. The members of the Committee shall be responsible for:
    - a. Organizing meetings regularly.
    - b. Examining the meeting material in advance
    - c. Attending the meeting
    - d. Taking an active role and contributing in every committee activity
    - e. Drawing up meeting minutes
    - f. Conducting site working visit.
  3. The Chairman and members of the Audit Committee assigned to and should be responsible for monitoring the adequacy of internal controls, adequacy and correctness of the process in the preparation of the financial statement, the effectiveness of the internal and external auditors work, identifying other matters that require the Board of Commissioners' concern, arranging the concept and analysis related to the function of audit committee and perform other duties given by the Board of Commissioners, which include:
    - a. Financial Statements  
Monitoring and evaluating the financial information to be released by Bank Mandiri, such as financial statement, projections, and other financial information.
      - Profoundly examining the Work Plan and Budget as well as the Long-term Plan of Bank Mandiri.
      - Profoundly examining both audited and unaudited interim and annual financial statement.
      - Profoundly examining the significant change of Balance Sheet and Loss/Profit accounts.
      - Profoundly examining the accounts of other assets and liabilities.
      - Profoundly examining the realization of work plan and budget statement as well examining the accounts with significant differences.
      - Periodically conducting meetings with the related work unit and the External Auditors who examine Bank Mandiri to obtain additional information and clarifications in accounting and finance.
      - Periodically reporting the monitoring outcome and offering suggestions on matters that require the concern of the Board of Commissioners.
    - b. Internal Control  
Monitoring and evaluating the effectiveness of the implementation and examination outcomes by internal auditors on the implementation of internal control.
      - Examining and ensuring that Bank Mandiri has the standard internal control system in accordance with the prevailing practices.
      - Profoundly examining the audit statement by the Internal Audit Work Unit and the External Auditor examined Bank Mandiri to ensure that internal control is properly implemented.
      - Conducting periodic meetings of work units related to the internal control systems and the implementation.
      - Monitoring and evaluating the implementation of the follow-up actions by the Board of Directors upon the findings from the Internal Audit Work Unit, public accountant, and the outcome of Bank Indonesia supervision.
      - Periodically reporting the monitoring outcome and offering feedbacks on other matters that require the concern of the Board of Commissioners.
    - b. Compliance  
Monitoring and evaluating on company's compliance with the applicable laws in Capital Market and Bank Indonesia regulations and other regulations related to banking business through coordination with Risk Monitoring Committee.
      - Examining the periodic report issued by Compliance Group.
      - Examining the audit outcome related to the compliance with the internal and external regulations that issued by the Internal and External Audit Unit.
      - Conducting periodic meetings with the Compliance Group in order to discuss the compliance-related matters.
      - Monitoring and evaluating the suitability of audit implementation by Public Accounting Firm with the applicable audit standard
      - Monitoring and evaluating the suitability of financial statements with the applicable accounting standards.
      - Periodically reporting the monitoring outcome and offering suggestions on other matters that need to be the concern for the Board of Commissioners.

## c. Internal Audit

Monitoring and evaluating the implementation of the duties of the Internal Audit Unit.

- Evaluating the annual work plan of the Internal Audit Unit.
- In-depth examining on the significant findings as a result of examination conducted by the Internal Auditor.
- Evaluating the program and the audit scope in the framework of the implementation of the Annual Internal Audit Working Unit's work plan.
- Evaluating the audit that conducted by the Internal Audit Unit to ensure that the audit program works in the right scope.
- Conducting periodic meetings with the Internal Audit Unit to discuss the significant audit findings and offering necessary suggestion on the implementation of audit conducted by the Internal Audit Unit.
- Requesting the assistance from the Internal Audit Unit to conduct a special investigation in case if the audit findings and / or information related to the violation of applicable laws.
- Periodically reporting the monitoring outcome and offering suggestions on other matters that need to be the concern for the Board of Commissioners.
- Giving recommendations in indicating and terminating the head of Internal Audit.

## d. External Audit

Monitoring and evaluating on auditee's follow-up to the outcome of examination conducted by External Auditor. Bank Mandiri would appoint the Public Accounting Firm, so the Audit Committee reviewed the independency and objectivity of the Public Accounting Firm who would participate in the tender.

- Upon the results of the review, the Committee recommends the appointment and termination of Public Accountant and Public Accounting Firm to the Board of Commissioners to be submitted to the GMS.
- Examining the significant findings as a result of examination conducted by the external auditor and other examining institute.
- Examining the name and/or reputation of the Public Accounting Firm (PAF) that will be invited to participate in the tender.
- Examining the possible relation of PAF that will be invited to participate in the tender, including the Officials and staff of the Public Accounting Firm with Bank Mandiri, which includes:

- a) Relationships as non-audit services partner for Bank Mandiri.
- b) Relationship as a shareholder of Bank Mandiri in material amount/
- c) Close family relationships with the main employees of accounting and finance at Bank Mandiri
- d) One of the officials and/or auditors of the Public Accounting Firm invited to participate in the tender is a former of main employee in accounting and finance at Bank Mandiri who resigned less than 1 (one) year
- e) One of the main employees of accounting and finance at Bank Mandiri is a former of official/ auditor of Public Accountant invited to participate in a tender who resigned less than 1 (one) year.
- Examining and ensuring that Bank Mandiri has standard procedures and in accordance with the applicable regulation for the appointment of Public Accounting Firm.
- Examining and ensuring that the appointment of Public Accounting Firm run correctly in accordance with the standard procedures.
- Examining the Request for Proposal and Terms of Reference submitted to the Public Accounting Firm that had been established as a candidate for external auditors of Bank Mandiri.
- Examining the planning and scope of the audit submitted by the selected Public Accounting Firm, in order to ensure that the planning and scope of the audit in accordance with the Request for Proposal and the Terms of Reference and have considered all the risks deemed important.
- Conducting periodic communication with the Public Accounting Firm who examining Bank Mandiri, in order to discuss the matters that need to be communicated as follows:
  - a) Progress of the examination.
  - b) Important findings
  - c) The change of the regulations/provisions in the accounting and financial recording from the authorized institutions.
  - d) Adjustments that occur based on the examination.
  - e) Constraints/obstacles encountered in conducting the examination.
- Report periodically on the results of its monitoring and provide advices on other matters that need to be concerned of the Commissioners' Board. Periodically reporting the monitoring outcome and offering

suggestions on other matters that need to be the concern for the Board of Commissioners.

e. Good Corporate Governance

Negative information and complaints

Monitoring and evaluating as well as reporting the negative information and complaints related to Bank Mandiri in coordination with the Risk Monitoring Committee.

- Examining every negative information and complaints received, either from a source with authentic and explicit identity or inauthentic and implicit identity (anonymous letter).
- Requesting clarification from the work unit associated with the negative information and complaints.
- Requesting the Internal Audit Unit (IAU) to conduct a special investigation if the negative information and complaints involve manipulation and/or violation of the applicable laws.
- Requesting assistance from a competent party with the approval and/or through the Board of Commissioners to conduct investigation into the negative information and complaints if they are related to the very specific and technical matters.
- Periodically reporting the monitoring outcome and offering suggestions on matters that require the concern of the Board of Commissioners.

f. Risk Management

Monitoring and evaluating as well as reporting the various potential risks that will occur and the risk management conducted by the Board of Directors in coordination with the Risk Monitoring Committee.

- In-depth examining in the Risk Management Policy set by the Board of Directors.
- In-depth examining in the statement issued by the Credit Risk & Portfolio Management Group.
- Examining the outcome statement issued by the Internal and External Audit Unit, especially the findings related to the significant risks that occurred and the follow-up conducted for securing risks in the future.
- Conducting a periodic meeting with the Head Office's work units, as the executive for the credit and operational policy, to discuss the possibility of risks that will arise and its handling efforts.
- Examining every information regarding the potential risks and, if necessary, requesting assistance from the Internal Audit Unit to investigate the information
- Periodically reporting the monitoring outcome and offering suggestions on matters that should be the Board of Commissioners' concern.

### Authorites of Audit Committee

The Audit Committee had the authority to conduct the following things:

1. Offering opinions to the Board of Commissioners regarding the financial statements and/or others matters presented by the Board of Directors.
2. Communicate with the Head of Work Unit and other parties in Bank Mandiri, and the Public Accounting Firm who audited Bank Mandiri to obtain information, clarification, and requesting the documents and statements as needed from the firm.
3. Requesting the audit statement of the Internal and External Audit Unit, and the supervisor institutions/other.
4. Requesting the Internal and External Audit Unit to conduct a special audit/investigation into the violation of the laws and applicable laws if there is a strong conjecture of fraud.
5. Having access to the record or information about the employees, funds, assets, and other sources related to the duty implementation.

### Reporting of Audit Committee

Audit Committee must make a periodic report to the Board of Commissioners regarding the activities of the Audit Committee, at least once in 6 (six) months. The Audit Committee must prepare a report to the Board of Commissioners on any given assignment and or for any issues identified to require the concern of the Board of Commissioners.

### Structure, Membership and Expertise of the Audit Committee

Structure, membership and expertise of the Audit Committee were regulated in the Charter Audit Committee, as follows:

1. The members of Audit Committee consists of at least 1 (one) member of the Independent Commissioner as a head (concurrent Member), 1 (one) member of the Independent Party whose expertise in law and banking.
2. As refers to the item 3.1, at least 51% from the total members of the Audit Committee was the Independent Commissioner and Independent Party.
3. The Independent Commissioner was appointed as the Chairman of the Audit Committee. In the case, if the members of Audit Committee consisted of more than one member of the Independent Commissioner then one of them appointed as the Head of Audit Committee.

The establishment of the Audit Committee (formerly as the Board of Audit) of PT Bank Mandiri (Persero) Tbk initially based on the Decree No: 013/KEP/KOM/1999 dated on 19 August 1999 then in accordance with the applicable laws and the best practices that can be implemented in the Banking Institute in Indonesia.