

Criteria For Performance Evaluation of the Board of Commissioners

Performance of the BOC is reported to the Shareholders in the GMS according to several criteria related to the implementation of duties and responsibilities of the BOC which involve structural, operational, directional, supervisory, and reporting aspects as well as achievement in the realization of 2017 Work Plan/Annual Work Plan of the BOC.

Parties to Conduct Assessment

Assessment of the BOC's performance is conducted by the Shareholders in the GMS.

Performance Assessment Of The Board Of Commissioners Results

For Year 2017, the BOC have established Annual Work Plan of the BOC with regard to duties, authorities, and obligations, of the Board of Commissioners in accordance with the prevailing regulations and laws. Throughout 2017, the Annual Work Plan of the BOC served as guidelines of each member of the BOC in implementing his/her supervisory function for the Company.

Self Assessment of the Board of Commissioners Performance

In reference to the Financial Service Authority No.55/POJK.03/2016 regarding the Implementation of Integrated Corporate Governance, the BOC performance assessment is held by using the Self Assessment.

Procedure of Conducting Performance Assessment of the BOC

Performance assessment of the BOC which include the GCG self assessment of the Company is conducted every semester.

Criteria for Performance Evaluation of the Board of Commissioners

The indicators to evaluate the performance of the BOC are as follows:

1. Implementation of duties and supervisory function of the BOC.
2. Compliance to the prevailing regulations
3. Bank Soundness Level
4. Attendance level of the BOC members in the meeting of BOC or meeting with Committees under the BOC
5. Involvement of the BOC in specific assignments.

Parties to Conduct Assessment

Implementation of an individualized governance assessment that includes implementation of duties and responsibilities of the Board of Commissioners through self assessment by the Board of Commissioners.

Performance Assessment of The Board of Commissioners Results

The self-assessment result of GCG of Bank Mandiri in the first semester 2017 composite 1 ("Very Good"), but nevertheless on 2 October 2017, OJK provides feedback on the assessment with a composite rating of 2 ("Good").

In addition, the results of self assessment in the second half of 2017 is composite 1 ("Very Good"). Assessment results are supported by assessment the performance of the Board of Commissioners in applying the principles of governance.

Performance Assessment of The Board of Commissioners by Using Asean CG Scorecard

Bank Mandiri had aligned the implementation of its GCG with the standard of ASEAN Corporate Governance (CG Scorecard) held by Indonesian Institute for Corporate Directorship (IICD). Score achievement in ASEAN CG Scorecard was one of Key Performance Indicator (KPI) of the Board of Commissioners of Bank Mandiri.

Procedure of Conducting Performance Assessment of The BOC

Implementation procedures for performance assessment of the Board of Commissioners based on ASEAN CG Scorecard criteria conducted on the basis information and public documents relating to the practices GCG conducted by the Board of Commissioners.

Criteria for Performance Evaluation of the Board of Commissioners

The criteria used to assess the performance of the Board of Commissioners through ASEAN CG Scorecard referring to the ASEAN Cross Reference CG Scorecard in this Annual Report.

Parties Assessment

Parties conducting CG Scorecard Assessment at Bank Mandiri is the Indonesian Institute for Corporate Directorship, an independent provider of advocacy, training and research services in the bidng of corporate governance

Performance Assessment of the Board of Commissioners Results

ASEAN CG Scorecard score from Bank Mandiri on performance appraisal Board of Commissioners each year has increased.

Performance Assessment of the Committees Under the Board of Commissioners

In order to improve the role of the Board of Commissioners in performing the supervisory function, the Board of Commissioners had established 4 (four) committees, namely:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Risk Monitoring Committee
4. Integrated Governance Committee

Audit Committee had the duty and responsibility of conducting supervision on matters related to financial information, internal control system, and effectiveness of audits by external and internal auditors, effectiveness of risk management implementation and compliance with the applicable laws and regulations. During 2017, Audit Committee had monitored and evaluated the planning and implementation of audits and follow-up audit results in order to assess the adequacy of internal controls.

Remuneration and Nomination Committee had the duty and responsibility to assist the Board of Commissioners in performing its functions and duties in areas related to nomination and remuneration of members of the Board of Directors and Board of Commissioners. During 2017, Remuneration and Nomination Committee had assisted the Board of Commissioners to obtain and analyze data of prospective candidates for the Board of Directors from the talent pool of officials that was one level below the Board of Directors and to identify qualified candidates for Board of Commissioners as well as to propose an appropriate remuneration system for the Board of Directors and Board of Commissioners in the form of payroll/honorarium, facility/allowance, tantien systems.

Risk Monitoring Committee had the duty and responsibility in conducting supervision on the implementation of risk management. The Company remained in compliance with adequacy elements of the risk management procedure and methodology, so the Company's business activities were kept under control at acceptable and profitable limits. During 2017, Risk Monitoring Committee had evaluated the credit provision and fund provision to related parties, the recovery plan of Bank Mandiri and the review of the implementation of risk management at Bank Mandiri.

Integrated Governance Committee had the duty and responsibility to monitor the implementation of Good Corporate Governance at the Financial Services Institution (LJK) in Bank Mandiri Financial Conglomeration, evaluate the integrated internal control system and its standard in accordance with the best practice applicable through the review of the Guideline on Integrated Governance that was enforced at Bank Mandiri. In 2017, Integrated Governance Committee delivered the evaluation results of the implementation of the Integrated Governance to Bank Mandiri and Subsidiary Company as well as monitored the follow-up conducted by all integrated work units on an on-going basis.

The Board of Commissioners periodically (annually) assessed the performance effectiveness of the committees under the Board of Commissioners. The Board of Commissioners considered that during 2017, the committees had performed their duties and responsibilities quite effectively in terms of achieving the Key Performance Indicator (KPI) of each committee.

The Mechanism of Resignation and Dismissal of The Board of Commissioners

The mechanism of resignation and dismissal of the Board of Commissioners in accordance with the Articles of Association is as follows:

1. Board of Commissioners member(s) is appointed and dismissed through GMS, in which the GMS is attended by Series A Dwiwarna Shareholders and the GMS Resolutions must also be approved by Series A Dwiwarna Shareholders. Board of Commissioners member(s) is appointed and dismissed through GMS from candidates proposed by Series A Dwiwarna Shareholders, the candidacy is binding for the GMS.
2. Board of Commissioners member(s) can be dismissed at any time pursuant to GMS Resolutions by stating the reason.
3. The reason for the dismissal of Board of Commissioners member(s) as mentioned in the paragraph (15) is carried out if in reality, the concerned Board of Commissioners member(s):
 - a. Cannot perform their duties well;
 - b. Violate the provisions of Articles of Association and/or the laws and regulations;
 - c. Get involved in an act that causes loss for the Company and/or country;
 - d. Perform an act violating the ethics and/or compliance which must be respected by the Board of Commissioners;
 - e. is declared guilty by the Court's decision that has permanent legal force;
 - f. Resign.
4. The Board of Commissioners can be dismissed by GMS based on other reasons deemed appropriate by GMS for the interest and purpose of the Company.
5. The dismissal decision due to the mentioned reasons, is taken after the concerned is given a chance to defend themselves during GMS.
6. The dismissal due to the mentioned reasons is a dishonorable dismissal.
7. Fellow Board of Commissioners members, the Board of Commissioners and the Board of Directors members should not have familial relationship up to the third degree, either in a vertical or horizontal, including marital relationship.
8. In the event that the matter occurs, GMS has the authority to dismiss one of them.