

4. Preparing and arranging materials as well as coordinating meetings related to the infrastructure development program (IT and non IT) monitoring, sustainable Human Capital and Legal in accordance with the business strategy and capacity of the Company.
5. Preparing and arranging materials and coordinating meetings related to monitoring the implementation of GCG, Compliance and Risk Management principles in an integrated manner with Subsidiaries.
6. Preparing and compiling materials and coordinate meetings related to monitoring and evaluation of audit planning and implementation/other internal control systems and monitoring of the follow-up actions on audit/other audit results, including the Subsidiaries.
7. Preparing and coordinating meetings related to training in the context of refreshment and development in Risk Management and other fields for the Board of Commissioners.

The Secretary of the Board of Commissioners used the work program as a guideline in carrying out her duties to support the work program of the Board of Commissioners. In addition to the work program, the Secretary of the Board of Commissioners also carried out other duties to support the smooth supervision and provision of advice carried out by the Board of Commissioners.

Audit Committee

The Audit Committee of Bank Mandiri was established based on the Decree of the Minister of SOE and the applicable regulations in banking institutions in Indonesia, including Financial Services Authority Regulation No. 55/POJK.04/2015 concerning the Establishment and Work Guidelines of the Audit Committee to assist and facilitate the Board of Commissioners in carrying out their duties and supervisory functions on matters related to the quality of financial information, internal control systems, effectiveness of audits of external and internal auditors, effective implementation of risk management and compliance with the applicable laws and regulations.

The Foundation of Audit Committee Establishment

The establishment of the Audit Committee refers to the following regulations:

1. Financial Services Authority Regulation No. 55/POJK.03/2016 concerning The Implementation

of Good Corporate Governance for Commercial Banks.

2. Financial Services Authority Regulation No. 55/POJK.04/2015 concerning Establishment and Guidelines of the Audit Committee Works.
3. Rule I-A of Appendix I of the Decree of the Board of Directors of the Indonesia Stock Exchange No. KEP-00001/BEI/01-2014 dated January 20, 2014 concerning The Listing of Shares (Stock) and Equity-Type Securities Other Than Stock Issued By The Listed Company.
4. Bank Mandiri's Articles of Association and the amendments
5. Decree of the Board of Commissioners No. KEP. KOM/002/2018 dated January 3, 2018 concerning Changes in the Audit, Risk Monitoring, Integrated Corporate Governance, and Remuneration and Nomination Committees of PT Bank Mandiri (Persero) Tbk.
6. Decree of Board of Directors No. KEP. DIR/003/2018 dated January 19, 2018 concerning Determination of Audit Committee Members.

Audit Committee Charter

In implementing the GCG principles, Bank Mandiri has established an Audit Committee that has duties and responsibilities to assist the Board of Commissioners in carrying out their supervisory duties and functions. In carrying out its duties the Audit Committee is guided by the Audit Committee Charter which was ratified on February 28, 2018 based on the Decree of Board of Commissioners No. KEP.KOM/003/2018 concerning Audit Committee Charter of PT Bank Mandiri (Persero) Tbk. The Audit Committee Charter includes the followings:

1. General Purpose
2. Basic Regulations
3. Duties, Responsibilities and Authorities
4. Member Composition, Structure and Requirement
5. Work Procedures
6. Meeting Policy
7. Activity Reporting System
8. Handling of Complaints/Report Regarding Alleged Violations Related to Financial Statement
9. Term of Office and Compensation
10. Bank Confidentiality
11. Closing

Duties and Responsibilities of The Audit Committee

The duties and responsibilities of the Audit Committee that had been set out in the Audit Committee Charter are as follows:

1. The Audit Committee must monitor and evaluate the following matters:
 - a. Planning and conducting audits and monitoring the follow-up of audit results in order to assess the adequacy of internal controls, including the adequacy of the financial reporting process.
 - b. The Audit Committee is also required to evaluate the adequacy of internal controls in the Subsidiary.
 - c. Reviewing the financial information that will be issued by the Company to the public and/or regulators, including financial statements, and other reports related to the Company's financial information.
 - d. Reviewing compliance with laws and regulations related to the Company's activities.
 - e. Provide independent opinion in the event of disagreements between management and accountants for services rendered.
 - f. Provide recommendations to the Board of Commissioners regarding the appointment of accountants based on independence, scope of assignments and service benefits.
 - g. Conduct a review of the implementation of audits by internal auditors and oversee the implementation of follow-up actions by the Directors on the findings of internal auditors.
 - h. Conduct a review of complaints relating to the accounting process and financial reporting of the Company.
 - i. Review and provide advice to the Board of Commissioners regarding the potential conflict of interest of the Company.
2. In addition, the Audit Committee has duties and responsibilities which include:
 - a. Financial Statement
 - learn in depth the Company's Work Plan and Budget and the Bank Mandiri Long-Term Plan.
 - Learn in depth the interim and annual financial reports both audited and unaudited.
 - Learn in depth the significant changes in numbers/values on balance sheet and loss/profit items.
 - Learn in depth about other asset posts and other liabilities.
 - Learn in depth the report on the realization of the Work Plan and Budget and examine the posts that have significant differences.
 - Conduct regular meetings with related work units and external audits that examine Bank Mandiri to request additional information and clarification in the accounting and financial fields.
 - b. Internal Control
 - Periodically report on the results of monitoring and provide input on matters that need to be of concern to the Board of Commissioners.
 - c. Compliance
 - Monitor and evaluate the implementation of the Board of Directors' follow-up on the findings of the Internal Audit Work Unit, Public Accountants and Financial Services Authority supervision results.
 - Periodically report on the results of monitoring and provide input on matters that need to be of concern to the Board of Commissioners.
 - d. Internal Audit
 - Monitor and evaluate the implementation of the duties of the Internal Audit Unit.
 - Evaluating the annual work plan of the Internal Audit Unit.
 - Learn in depth all significant findings from the examination results of internal auditors.
 - Evaluate the program and scope of the audit in order to implement the annual work plan of the Internal Audit Unit.



- Evaluate the audit by the Internal Audit Unit to ensure that the audit program is running with the correct coverage.
 - Conduct periodic meetings with the Internal Audit Unit to discuss significant audit findings and provide input deemed necessary in the implementation of audits by the Internal Audit Unit.
 - Request assistance from the Internal Audit Unit to carry out special inspections/ investigations if there are audit findings and/or information relating to violations of applicable laws and regulations.
 - Periodically report on the results of monitoring and provide input on matters that need to be considered by the Board of Commissioners.
- e. External Audit
- The Audit Committee provides recommendations regarding the appointment of a Public Accountant (AP) and Public Accountant Office (KAP) that will audit the Company's financial statements to the Board of Commissioners to be submitted to the General Meeting of Shareholders (GMS). In addition, the Audit Committee also provided recommendations to the Board of Commissioners for terminating the Public Accounting Office.
 - In the event that the AP and/or KAP that has been decided by the GMS cannot complete the provision of audit services for annual historical financial information during the professional assignment period, the appointment of the AP and/or KAP substitute is carried out by the Board of Commissioners after obtaining the approval of the GMS by considering the Audit Committee recommendations.
 - In preparing these recommendations, the Audit Committee may consider:
 - The independence of AP and/or KAP; learn the name and/or reputation of the KAP to be invited to bid, as follows:
 - (a) Relationship as a non-audit service partner for Bank Mandiri.
 - (b) The relationship as a shareholder of Bank Mandiri in the amount of material/decisive.
 - (c) Close family relations with key employees in the accounting and financial fields at Bank Mandiri.
 - (d) One of the KAP officials and or auditors invited to take part in the tender was a former key employee in accounting and finance at Bank Mandiri who stopped less than 1 (one) year.
- (e) One of the key accounting and finance employees at Bank Mandiri was a former AP official/auditor invited to take part in a tender that stopped less than 1 (one) year.
- Audit scope; learn the planning and scope of the audit submitted by the KAP that has been selected/appointed, to ensure that the planning of the KAP that has been chosen/appointed, to ensure that the audit plan and scope are in accordance with the Request for Proposal and Terms of Reference and have considered all the risks considered important.
 - Audit service honorarium.
 - Expertise and experience of the AP and/or KAP and Audit Team from KAP.
 - Methodology, techniques and audit facilities used by KAP.
 - The benefits of fresh eye perspectives will be obtained through replacing the AP and/or KAP and the Audit Team from KAP.
 - Potential risks for the use of audit services by the same KAP in succession for a sufficiently long period of time; and/or
 - The results of the evaluation of the implementation of audit services for annual historical financial information by the AP and/or KAP in the previous period.
- Learn and ensure that Bank Mandiri has standard procedures and in accordance with applicable regulations/provisions in the implementation of KAP elections.
 - Learn and ensure that the process of implementing the KAP election has been running correctly in accordance with standard procedures.
 - The Audit Committee evaluates the implementation of audit services for annual historical financial information by the AP and/or KAP. The evaluation is carried out through:
 - Conformity of audit implementation by AP and/or KAP with applicable audit standards.
 - Adequacy of field work time.
 - Assessment of coverage of services provided and adequacy of quotation tests; and
 - Recommendations for improvements provided by the AP and/or KAP.

- Communicate regularly with KAP who are examining Bank Mandiri to discuss matters that need to be communicated, including the following:
 - Progress in carrying out the examination.
 - Important findings.
 - Changes to regulations/provisions in accounting and financial records of authorized institutions.
 - Adjustments that occur based on the results of the examination.
 - Constraints/obstacles encountered in carrying out the examination.
- The Audit Committee recommends appointment and termination of the AP and KAP to the Board of Commissioners for submission through the GMS.
- Learn in depth all significant findings from the results of examinations from external auditors and other examining institutions.
- Monitor and evaluate the follow-up of the auditee to the results of the examinations conducted by the External Auditor.
- Periodically report on the results of monitoring and provide input on matters that need to be considered by the Board of Commissioners.

Authority of The Audit Committee

The Audit Committee has the authority to:

1. Communicate with the Head of Work Unit and other parties at Bank Mandiri and the KAP that checks the Company for information, clarification and requests for documents and reports as needed.
2. Request reports on the results of audits of internal auditors and external auditors and other supervisory/ examining institutions.
3. Request internal auditors and/or external auditors to conduct special investigations, if there is a strong suspicion of fraud, violation of law and violation of applicable laws and regulations.
4. Access notes or information about employees, funds, assets and other company resources related to the implementation of their duties.
5. Perform other authorities granted by the Board of Commissioners.

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

The structure and membership of the Audit Committee are as follows:

1. The Company's Audit Committee consists of at least 3 (three) members from Independent Commissioners and Independent Parties.
2. Audit Committee membership composition at least 1 (one) Independent Commissioner as Chairman and concurrently member, 1 (one) Independent Party who has expertise in finance or accounting and 1 (one) Independent Party who has expertise in the field of law or banking.
3. Must have at least 1 (one) member with an educational background and expertise in accounting and finance.
4. The Chairman of the Audit Committee can only hold concurrent positions as chairman of the committee at most in 1 (one) other committee.