

structure with certain values set by the Board of Commissioners in other companies, subsidiaries and joint ventures that are not in order to save accounts receivable, with due regard to provisions in the Capital Market sector.

4. Establishing a subsidiary and/or joint venture company with a certain value determined by the Board of Commissioners by taking into account the legislation in the Capital Market sector.
5. Proposing Company representatives to be candidates for members of the Board of Directors and Board of Commissioners in subsidiaries that make a significant contribution to the Company and/or strategic value according to the limits and/or criteria set by the Board of Commissioners.
6. Conducting merger, consolidation, expropriation, separation and dissolution of subsidiaries and joint ventures with certain values determined by the Board of Commissioners by observing the laws and regulations in the field of Capital Market.

## Tenure of Board of Commissioners

The Company's Articles of Association specifies that the members of the Board of Directors are appointed and dismissed by GMS. The GMS is attended by Holders of Series A Dwiwarna Share and the resolutions of the meeting must be approved by such Holders. Members of the Board of Commissioners are appointed by GMS from the candidates proposed by GMS, from the candidates proposed by Holders of series A Dwiwarna Share, and the candidacy is binding the GMS.

GMS resolutions on the appointment and dismissal of members of the Board of Commissioners also decide the time for the appointment and dismissal. In the event that GMS does not decide it, the appointment and dismissal of members of the Board of Commissioners are effective as of the closing of GMS by observing the laws and regulations.

Members of the Board of Commissioners were appointed for a period of time as of the date determined by GMS, who appointed them, and expired on the closing of the 5th (five) Annual GMS following the date of their appointment, provided that it may not exceed the 5 (five) years period of time, by observing the laws and regulations in the field of Capital Market, but without prejudice to the rights of GMS to dismiss members of the Board of Commissioners at any time before their tenures expires. After their tenure expires, members of the Board of Commissioners may be reappointed by GMS for one tenure.

## Criteria For Members of The Board of Commissioners

Criteria for the Board of Commissioners of Bank Mandiri that have been regulated in the Articles of Association of the Liability Company are as follows:

1. Having good character, morals, and integrity;
2. Being competent in performing legal acts;
3. Within 5 (five) years prior to appointment or during the office, he/she:
  - a. is never declared bankrupt;
  - b. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who is declared as guilty and causes a company to be declared as bankrupt;
  - c. is never penalized for committing a criminal act which causes adverse impact to the country's finance and/or to anything related to financial sector; and
  - d. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who, during his/her tenure:
    - never holds Annual GMS;
    - its responsibility as a member of the Board of Directors and/or members of the Board of Commissioners is never; accepted by the GMS or never giving accountability as a member of the Board of Directors; and/or members of the Board of Commissioners to the GMS; and
    - once caused the companies which obtains permission, approval, and registration from Financial Services Authority to fail in fulfilling their obligation to submit annual report and/or Financial Services Authority.
4. has commitment to comply to the laws and regulations;
5. has knowledge and/or expertise in the fields required by the Company; and
6. fulfills other specified requirements.

## Nomination and Selection Process of Board of Commissioners

The procedure for the appointment of Bank Mandiri Board of Commissioners refers to Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers or Public Companies as well as Minister of SOE Regulation No. PER-02/MBU/02/2015 concerning Requirements and Procedures for the Appointment and Dismissal of Members of Board of Commissioners and Supervisory Board of State-Owned Enterprises. The procedures for the appointment of Board of Commissioners include:



1. The source of candidates for the Board of Commissioners/Board of Commissioners of SOE comes from:
  - a. Former SOE Director.
  - b. SOE Board of Commissioners/Supervisory Board.
  - c. Structural Officials and Government Functional Officers.
  - d. Other sources.
2. Candidates who will be nominated as the candidates for Board of Commissioners are someone who has been declared to have fulfilled the Formal Requirements, Material Requirements and Other Requirements.
3. The assessment of Material Requirement fulfillment is carried out by: i. assessing curriculum vitae and supporting documents; and ii. a written statement required from the candidate concerned as listed in Attachment II to this Ministerial Regulation, specifically to assess integrity; and/or iii. Interview.
4. For certain SOEs determined by the Minister, the candidates for the President Commissioner/ Members of the Board of Commissioners must follow the fit and proper test conducted by Professional Institutions appointed by the Minister to conduct fit and proper tests on prospective Directors.
5. Especially for SOE Banks, prospective candidates who will be submitted at the GMS are assessed by a Team formed by the Minister by involving the Chair of Board of Commissioners who performs the Nomination function. If the Chairperson of Board of Commissioners as intended is absent, he can be replaced by a Committee member from the Independent Commissioner who performs the Nomination function.

The nomination and selection process of Board of Commissioners is carried out through the proposal of the members of Board of Directors to the GMS taking into account the recommendations of Board of Commissioners or the Nomination, Remuneration and Risk Committee. Before discussion of the appointment and dismissal of Board of Commissioners at the GMS, information has been provided about the profile of new and re-appointed candidates for Board of Commissioners.

## Board Charter of The Board of Commissioners

In carrying out its duties, the Board of Commissioners of Bank Mandiri is guided by the Board of Commissioners' Regulations ratified based on the Decree of the Board of Commissioners Number: KEP.KOM/005/2016 dated December 21, 2016. The Board of Commissioners Code

of Conduct contains instructions on how the Board of Commissioners works, among others, contains instructions on work procedures and explains the stages of activities in a structured and systematic manner and is easy to understand and can be implemented consistently. The Board of Commissioners' Code of Conduct is a reference for the Board of Commissioners in carrying out their respective duties to achieve the Company's objectives.

Board of Commissioners' Regulations govern the following matters.

1. General Provision
2. Duties, Responsibilities, and Authorities
  - a. Duties and Responsibilities
  - b. Obligations of the Board of Commissioners
  - c. Rights and Authorities of the Board of Commissioners
  - d. Information Transparency and Conflict of Interest
  - e. Committees
3. Board of Commissioners Meeting
  - a. Types and Quorums of the Meeting
  - b. Guest Participants of Board of Commissioners Meeting
  - c. Meeting Head
  - d. Meeting Materials
  - e. Meeting Resolutions
  - f. Meeting Minutes
  - g. Summons and Implementation of the Meeting
  - h. Secretary to the Board of Commissioners
4. Task Distribution
  - a. Task Divisions
  - b. Commissioners' Working Period
  - c. Document Execution
  - d. Business Trip
  - e. Evaluation to the Performance of the Board of Commissioners
5. Miscellaneous
  - a. Corporate Ethics and Culture
  - b. Continuous Education
  - c. Amendment
6. Closing

## Composition and Basis For Appointment of Board of Commissioners

The composition of the members of the Company's Board of Commissioners during 2018 has not changed. The number of the Board of Commissioners is 8 (eight) consisting of 1 (one) President Commissioner/ Independent Commissioner, 1 (one) Deputy President Commissioner, 3 (three) Independent Commissioners and 3 (three) Commissioners. All members of the Board