

AUDIT COMMITTEE

- d. Monitoring and evaluating the appropriateness of the implementation of financial policies of the Company and Financial Services Institutions (FSIs) within the Financial Conglomeration.
 - e. Provide recommendations to the Board of Commissioners on matters that support the effectiveness and accuracy of the financial reporting process of the Company and FSIs within the Financial Conglomeration.
2. Internal Control
- a. Internal Control Process and System
 - i) Monitoring and reviewing:
 - » The Company's standardized internal control system in accordance with applicable best practices.
 - » Audit reports of the Internal Audit Unit and External Auditors that audit the Company to ensure that internal control has been properly implemented.
 - » Implementation of the Board of Directors' follow-up on the findings of the Internal Audit Unit, public accountants and the results of regulatory supervision.
 - » The adequacy of internal control in the Financial Services Institutions within the Financial Conglomerate.
 - b. Internal Audit
 - i) To monitor, review and assess:
 - » Audit Plan, Scope and Budget of the Internal Audit Unit.
 - » Implementation of internal audit activities and results as well as the effectiveness of internal audit implementation.
 - » Performance of the Internal Audit Unit.
 - » Audit Result Reports, particularly significant findings and ensuring the Board of Directors takes the necessary corrective actions quickly to address control weaknesses, fraud, compliance issues with policies, laws and regulations, or other issues identified and reported by the Internal Audit Unit.
 - » Suitability of the implementation of the Internal Audit policies of the Company and FSIs in the Financial Conglomeration.
 - » Implementation of other Internal Audit Unit functions in accordance with the provisions of laws and regulations, articles of association, and/or decisions of the GMS/Minister of SOEs.
 - ii) Ensure that the Internal Audit Unit works objectively, independently, and upholds integrity in carrying out its duties.
 - iii) Request assistance from the Internal Audit Unit to conduct special audits/investigations if there are audit findings and/or information relating to violations of prevailing laws and regulations and provide input deemed necessary in the implementation of the audit.
 - iv) Ensure that the Internal Audit Unit communicates with the Board of Directors, Board of Commissioners, External Auditors, and Regulators.
 - v) Provide recommendations to the Board of Commissioners regarding:
 - » Appointment and dismissal of the Head of the Company's Internal Audit Unit proposed by the Board of Directors.
 - » Audit Plan, Scope, and Budget of the Internal Audit Unit.
 - » Provision of annual remuneration for the Internal Audit Unit as a whole and as a performance awards.
 - » Corrective actions to address control weaknesses, fraud, compliance issues with policies and laws and regulations or other issues identified and reported by the Internal Audit Unit.
 - » Improvement of the management control system and its implementation.
 - vi) Conduct communication/meetings with the Internal Audit Unit (periodically or as needed) to discuss matters including the following:
 - » Realization of the Annual Audit Plan and Budget of the Internal Audit Unit.
 - » Significant audit findings and no further Internal Audit recommendations.
 - » Other matters that require clarification or explanation.
 - c. External Audit
 - i) Monitoring, reviewing, and assessing the effectiveness of audit implementation by AP and/or KAP.
 - ii) Ensure the objectivity and independence of AP, KAP, and KAP insiders.
 - iii) Provide recommendations on:
 - » Appointment of Public Accountant (AP) and Public Accounting Firm (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 preparing the recommendation, the Audit Committee may consider:

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- » Independence of AP, KAP, and KAP human resources;
 - » Audit scope;
 - » Audit service fees;
 - » Expertise and experience of AP, KAP, and Audit Team from KAP;
 - » Audit methodologies, techniques, and tools used by KAP;
 - » The benefits of new perspectives that will be obtained through the replacement of AP, KAP, and Audit Team from KAP;
 - » Potential risks of using audit services by the same KAP consecutively for a long period of time; and
 - » The result of evaluation on the implementation of audit services on annual historical financial information by AP and KAP in the previous period, if any.
In the event that the AP and/or KAP that has been decided by the GMS cannot complete the audit services on annual historical financial information during the professional assignment period, the appointment of a replacement of AP and/or KAP shall be carried out by the Board of Commissioners after obtaining approval from the GMS by taking into account the recommendations of the Audit Committee.
 - » Termination of AP and KAP.
- iv) Review and ensure that:
- » Bank Mandiri has a standardized procedure and is in accordance with the prevailing rules/regulations in the implementation of KAP selection.
 - » The process of KAP selection is in accordance with standardized procedures.
- v) The Audit Committee evaluated the implementation of audit services on annual historical financial information by AP and/or KAP. The evaluation is conducted through:
- » Compliance of audit implementation by AP and/or KAP with applicable audit standards.
 - » Adequacy of field work time.
 - » Assessment of the scope of services provided and the adequacy of the audit.
 - » Recommendations for improvement provided by the AP and/or KAP.
- vi) Communicating periodically with KAP who is auditing Bank Mandiri to discuss matters that need to be communicated, including the following:
- » Progress of inspection implementation.
 - » Important findings.
 - » Changes in accounting and financial regulations/rules from authorized institutions.
 - » Adjustments made based on the examination results.
 - » Constraints/obstacles encountered in the implementation of the audit.
- vii) Reviewing and monitoring:
- » All significant findings from the examination results of the External Auditor and other auditing institutions.
 - » The auditee's follow-up to the results of the audit conducted by the external auditor.
- viii) Providing an independent opinion in the event of a difference of opinion between the Board of Directors and the AP and/or KAP on the services provided.
- ix) Specifically for the procurement of non-audit services that will invite KAP who is auditing the Company's financial statements in the current year and its affiliates, and based on Management's review there is no conflict of interest, Management must submit a proposal for approval to the Audit Committee regarding the partners invited to the procurement of consulting services.

3. Compliance

Monitoring and reviewing:

- a. The Company's compliance with laws and regulations, both internal and external, relating to the Company's business activities.
- b. Audit reports related to the Company's compliance with internal and external regulations issued by the Internal and External Audit Unit.
- c. Suitability of audit implementation by the Public Accounting Firm with applicable audit standards.
- d. Conformity of financial statements with applicable accounting standards.
- e. Potential conflict of interest of the Company.