Procurement of Good and Services

good / services is listed therein has been registered as a BRI Partner, as a condition for participating in the procurement of good / services at BRI.

b. BRI has a list of suppliers of good / services that can be used in the process of procuring goods/services at BRI. The list of partners is obtained from the selection of qualifications and requirements determined by BRI. The requirements set out to become BRI partners to suppliers of goods / services that have passed the selection become partners have been carried out transparently, in order to apply the principles of Good Corporate Governance.

c. The requirements set for the partners of BRI has been done in accordance pinsip procurement such as:
1) Have a valid business legality
2) Financial performance report partner in both categories
3) Having the experience of the field work to be done.

d. Partner Management Application, BRI has developed application management TDR (Associate Registration) that is integrated with BRISMILE starting from partner registration conducted independently by vendors (via BRI intranet), legality and vendor business evaluation process to issuance of BRI Partner Signs (BRI TDR) by BRI.

Explanation on Transparency of Procurement of Good and Services and Implementation of e-procurement

BRI carries out the procurement of quality goods and services by always emphasizing the importance of implementing the Good Corporate Governance Principles. Therefore, to create a quality procurement process, one of the steps taken is to maintain transparency in every implementation of the procurement process.

The work program that has been carried out to support the transparency of the implementation of goods and services is as follows:

1. Implementation of Financial Assessment using the E-Procurement E-Procurement Module Application.
2. Announcement of procurement auctions through various print and electronic media.

ISO 9001:2015

The certification has been achieved by the Procurement of Good and Services Cq Division of Inventory and Payment Management in the process of inventory management, procurement administration, and payment. With the achievement of ISO 9001: 2015 Certification, it is expected that the trust level of partners to BRI will increase due to transparency in better procurement procedures.

<table>
<thead>
<tr>
<th>Name of Certification</th>
<th>ISO 9001:2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Issuance</td>
<td>13 January 2018</td>
</tr>
<tr>
<td>Certification body</td>
<td>LQRA</td>
</tr>
<tr>
<td>Validity</td>
<td>9 December 2020</td>
</tr>
</tbody>
</table>
Procurement of Good and Services

2018 Procurement of Good and Services Report
Until December 2018, the total procurement and the total value of special procurement for renovation and/or building construction work carried out by BRI Head Office is 82 procurement and the total procurement value is Rp. 191,466,210,000.

In the framework of applying the precautionary principle, then the procurement decision mechanism is carried out for the procurement of goods and services by the Procurement Officers in a forum for the Procurement of Goods and Services.

With the Decision of the Procurement of Goods and Services Committee, it is expected that the decisions on the procurement of goods and services can be given more carefully, accountable while taking into account the principles of effectiveness and efficiency and in the process of procurement of goods and services.

The following are data on the Procurement of Goods and Services Committee in BRI during 2018 as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Procurement Committee</th>
<th>Procurement Value</th>
<th>Total Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>1</td>
<td>Procurement Committee I</td>
<td>&gt; Rp. 200 Billion</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Procurement Committee II</td>
<td>&gt; Rp. 75 Billion sd. Rp. 200 Billion</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Procurement Committee III</td>
<td>&gt; Rp. 20 Billion sd. Rp. 75 Billion</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Procurement Committee IV</td>
<td>&gt; Rp. 7,5 Billion sd. Rp. 20 Billion</td>
<td>1</td>
</tr>
</tbody>
</table>

2018 Strategy and Work Program for Procurement of Goods and Services Division
The Procurement of Good and Services Division acts as a supporter of BRI's business and operations. In an effort to provide the best service and heed the Principles of Good Corporate Governance, BRI is determined to create a safe, effective and efficient procurement process.

The following are some of the strategies implemented during 2018:

1. **Procurement with multi vendors**
   Multi vendor strategies accelerate the process of fulfilling goods and / or services.

2. **Procurement with blanket order**
   The implementation of this strategy accelerates the process of fulfilling routine goods and services with a relatively large amount, as well as streamlining procurement operational costs.

3. **SOE Synergy**

4. **BRI SMILE Application Utilization**
   By using the system, monitoring processes and reporting on the results of procurement can be done electronically/system.

Responsibilities to Suppliers

1. **Audit on Procurement of Good and Services**
   To ensure the procurement process of goods and services has been carried out in accordance with applicable regulations and procedures, Bank BRI always conducts regular audits conducted by BRI's internal auditors and external auditors.

2. **Vendor Gathering**
   In 2018, BRI has performed Vendor Gathering through Focus Group Discussion (FGD) and Business Partner Gathering BRI partners. The exposure of the material from the vendor gathering activities were carried out as follows:
   a. Sharing the vision and mission of Bank BRI forward.
   b. Means to strengthen the fabric of harmonious cooperation between BRI and BRI partners.
   c. Communication forums to get input from vendors to improve the procurement process in BRI.
   d. Cross selling/ Sharing product knowledge BRI
3. **Internal and External Customer Satisfaction Index**

In improving the quality standard in the process of procuring goods and services at Bank, BRI has surveyed suppliers/vendors with the following survey results:

<table>
<thead>
<tr>
<th>No.</th>
<th>Survey</th>
<th>Respondent</th>
<th>FGD Survey Result Stage I 1018</th>
<th>FGD Survey Result Stage II 1018</th>
<th>Max Scale</th>
<th>Desc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BRI Internal Service</td>
<td>Head office Division</td>
<td>4.48</td>
<td>4.60 Very Satisfied</td>
<td>5.00</td>
<td>0.12</td>
</tr>
<tr>
<td></td>
<td>Survey (BISS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>BRI External Service</td>
<td>Partners</td>
<td>4.15 Very Satisfied</td>
<td>4.50 Very Satisfied</td>
<td>5.00</td>
<td>0.35</td>
</tr>
<tr>
<td></td>
<td>Survey (RESS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Current management of fixed assets BRI uses the BRISmile (Electronic Logistics Information Management System) application which is an improvement from the previous application, namely the Logistics Portal which was developed inhouse by the TSI Planning and Development Division. In the application there are several modules, namely

1. Module for procurement of fixed assets.
2. The management module for fixed assets consisting of, among others, insurance for fixed assets, relocation, reclassifying fixed assets and write-off of fixed assets.

Unlike the previous SIM AT, which is SAP Fixed asset management (FAM), which can only be accessed at the BRI Regional Office and Kanpus level. BRISmile can be accessed at the Kanca / Campus level so that the management of fixed assets can be more efficient and effective. The efficiency obtained for managing AT through BRISmile is as follows:

1. BRI work unit can view and monitor the recording of fixed assets in their work units on line so that problems, especially those related to the difference between the physical assets and details of data in BRISmile, can be immediately resolved. The work unit can ensure that the fixed assets received are recorded in the BRIS file.
2. The increase in BRI work units and the supervision of BRI work units requires decentralized management of fixed assets, especially those related to the relocation (transfer) of fixed assets between work units. BRI Branches can relocate their fixed assets without going through Kanwil or Kanpus so that the problems mainly related to the difference between the physical assets and details of the data in BRISmile can be minimized.
3. The insurance process for fixed assets includes the closing of insurance and payment of insurance claims for loss of fixed assets can be done on line with the guarantor (asuradur) so that the process of closing insurance can be done faster than when done manually so as to reduce the risk of loss of assets still BRI. In addition, the progress of insurance claims for loss of BRI fixed assets can be monitored by the work unit that submits an insurance claim through BRISmile. Furthermore, after there is an agreement claim from asuradur, the claim payment is made automatically to the GL Titipan Claim account at the work unit of the owner of the fixed assets. Thus, the work unit does not need to carry out the transfer from the IA bank account to the GL Claim AT.
4. The write-off process can be carried out by the BRI work unit itself starting from the proposal until the deletion from the registration in BRISmile. This process makes it easy for the work unit to monitor the progress of each proposed write-off submitted.
5. The budget module in BRISmile provides convenience in the preparation of the RKAP. This is because the proposals from each work unit are carried out through a system so that the work unit needs can be directly monitored and analyzed by the Head Office for BRI RKAP preparation.
6. The process of procuring fixed assets starts from the input of principle procurement licenses, permits the principle of the procurement and creation of Work Order (SPK) until the delivery / distribution of fixed assets to BRI work units can be done through the BRISmile Application so that progress can be made currently being carried out or done in Kanpus, Kanwil, Kanins, and BRI Corporate University according to the authority granted. Thus an evaluation of each procurement of fixed assets can be carried out including the time and constraints faced.