2019 GCG Improvement Plan

The following are BRI GCG improvement plans in 2019:
1. Review the GCG and Integrated GCG guidelines.
2. Implementation of Whistleblowing System application.
3. Enhance the anti corruption culture awareness.
4. Dissemination of compliance culture into all employees.

GCG Implementation Monitoring
The implementation monitoring of Bank BRI GCG is conducted by several company organs, among others are:

1. Compliance Function
   Has the function to assist the Director in charge of Compliance Function on the identification, measurement, monitoring and control of Compliance Risk by referring to the prevailing rules and regulations.

2. Internal Audit Unit
   The Internal Audit Unit has the function to evaluate and improve the effectiveness of risk management, internal control and governance process.

3. Audit Committee
   The Committee under the Board of Commissioners. The Audit Committee has the duties and responsibilities to assist and facilitate the Board of Commissioners in its duties and oversight function. This includes matters related to the financial information, internal control system, audit effectiveness by the external and internal auditors, risk management as well as compliance with the prevailing laws and regulations.

4. Integrated GCG Committee
   The Committee under the Board of Commissioners. The Integrated GCG Committee has the duties and responsibilities to assist and facilitate the Board of Commissioners in its duties and oversight function. This include the oversight on each Financial Services Institution (UK) in the Financial Conglomeration.
The Board of Commissioners

   The NRC presented recommendations regarding the results of the Review on the Implementation of Labor Policy to the Board of Commissioners. The recommendations are material for the Board of Commissioners in order to provide opinions and suggestions to the Board of Directors to ensure that the Company always establishes employment policies in accordance with the Company’s vision and mission. The review was conducted by evaluating the implementation of Human Capital Architecture, Human Capital Policy and reports and the presentation of the Director of Human Capital and the BRI Employee remuneration system.

The implementation and realization of reviews on the implementation of Workers’ remuneration and Employment Policy are as follows:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Time Realization</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of Employment Policy</td>
<td>18 December 2018</td>
<td>The written recommendations in the form of opinions and suggestions of the Board of Commissioners to the Board of Directors are conveyed in a letter of the Board of Commissioners to the Board of Directors Number: R.85-KOM / 12/2018 dated 18 December 2018 concerning Recommendations on Labor Policy and Remuneration of BRI Workers.</td>
</tr>
</tbody>
</table>

Matters that are a concern of the NRC and the Board of Commissioners related to BRI’s Human Capital policies and management include the following:

a. Develop innovative programs to reach the best talents and encourage BRI to be the first choice for the best talent to work.
b. Develop an integrated Talent Management System (ITMS) in an integrated manner both at BRI and with Subsidiaries as well as assess employee career paths to strengthen long-term performance and career relationships.
c. Management’s strategies and plans in managing HR face the era of digital banking and fintech.
d. Redesign performance assessments to ensure a fair and transparent process.
e. Re-align the remuneration mechanism to reward employees and work distribution that is fair.
f. Review the structure of employee remuneration, specifically the amount of remuneration received each month, so that it is more attractive for the best talent to join BRI.
g. Remuneration for workers at every level of position is comparable with industry, which encourages worker productivity.
h. Acceleration of structural positions formation fulfilling, management is expected to relax by giving trust to good and affirmative young talents for workers in the region to be able to fulfill the position formation.
i. Develop strategies and design training in conglomerate with subsidiaries that support workers’ knowledge and capabilities in a conglomerate manner.

7. Review of Company’s Vision / Mission and Approval of Long-Term Plans (Corporate Plans), Bank Business Plans (RBB) and Corporate RKA
   Review of the company’s Vision / Mission is carried out periodically along with the preparation of the Long Term Plan (CPR), while reviewing the company’s strategy is carried out together with the preparation of the Bank Business Plan (RBB).

In order to direct the bank’s operational activities according to its vision and mission, the bank needs to set strategic objectives and a set of corporate values that are further elaborated in the business plan. Based on the Financial Services Authority Regulation No. 5 / POJK.03 / 2016 Regarding the Bank’s Business Plan, the Board of Directors is obliged to prepare a Business Plan and must obtain approval for the Company’s Business plan.
The Board of Commissioners

Before approving the bank's business plan, the Board of Commissioners reviews the proposed Business Plan to ensure that the plan has been prepared carefully and realistically based on prudential principles and the application of risk management, and takes into account internal and external aspects with comprehensive coverage and banking principles.

Besides giving approval, the Board of Commissioners supervises the Realization of the Company's Business Plan which will be submitted to the Financial Services Authority no later than two months after the reporting period.

The discussion and approval of the Business Plan carried out by the Board of Commissioners during 2018 are as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Subject</th>
<th>Time Realization</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Approval of Revision of 2018-2020 RBB and 2018 RKAP</td>
<td>6 June 2018</td>
<td>Letter of the Board of Commissioners of BRI Number: R.43-KOM / 06/2018 concerning Approval of the 2018-2022 BRI Long-Term Plan</td>
</tr>
</tbody>
</table>

8. Review of Financial Statements

The Board of Commissioners reviews the financial statements that will be published by the Company, including quarterly and annual financial reports. The results of the review can be in the form of responses to the Board of Directors for improvement or improvement of the report before publication.

Review's realization of the financial statements 2018 is as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Study Material</th>
<th>Time Realization</th>
<th>Financial Statement Review Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Final Financial Report 2017</td>
<td>18 January 2018</td>
<td>There are no matters that are of concern to KAP that cause KAP to believe that the consolidated financial information does not present fairly, in all material respects, the financial performance and consolidated cash flow of PT. BRI (Persero) Tbk. and its subsidiaries for the six-month period ending December 31, 2017, in accordance with Indonesian Financial Accounting standards. Review and discussion are stated in minutes of meeting No.: B.02-KA / 01/2018.</td>
</tr>
<tr>
<td>2</td>
<td>2018 First Quarter Financial Report</td>
<td>17 April 2018</td>
<td>Based on the review and discussion of the Internal Audit Unit and the Audit Committee, there was no indication of the need for material modification due to inconsistency in the presentation of posts in the Draft of Financial Statements of PT BRI (Persero) Tbk. TW I Year 2018. Review and discussion are set forth in minutes of meeting No.: 10 - KA / 04/2018.</td>
</tr>
</tbody>
</table>
MONITORING AND EVALUATION STRATEGY

The Board of Directors and the Board of Commissioners jointly carry out monitoring and evaluation of the 2018 strategy contained in the Bank’s Business Plan, the Company’s Work Plan and Budget as well as the Partnership and Community Development and Work Program and Budget Plan (PKBL).

The monitoring and evaluation of the 2018 strategy was implemented in:

- Directors and Board of Commissioners perform tasks according to the corporate governance structure, namely the executive and supervisory functions including the monitoring and evaluation of the Bank’s strategy. In this case both the Bank’s strategy in the form of CBP (annual), RBB (3 years) as well as the Corporate Plan (Long Term).
- Monitoring and evaluation are carried out in the semi-annual period, the evaluation carried out by the Board of Directors and then later requested the opinion and the decision together with the Board of Commissioners of BRI. It has been held regularly and subsequently if there are revisions will be requested in accordance with the applicable regulatory provisions.

BOARD OF DIRECTORS SUCCESSION PLAN

The succession of Directors of the company held by the company’s long-term goals. Implementation of Directors considers the succession of the various aspects of the field in terms of employment, work experience and leadership. The principle of the implementation of the succession of the Board of Directors based on the principles of good corporate governance in order to guarantee business continuity and long-term goals of the company.

BRI has a policy of candidate talent pool to select potential employees to occupy leadership positions in the Company or the Company’s other state-owned enterprises. In addition the company also periodicals evaluating executive officers and officials under it to become the next successor to the leadership and character remain relevant and appropriate to the capacity needed and required by the company.

Candidates who are selected are then proposed to the Nomination and Remuneration Committee for the nomination of Directors subsequently undergo procedures based POJK No. 33 / POJK.04 / 2014 and Regulation of the Minister of State-Owned Enterprises Enterprises No. PER-03 / MBU / 02/2015 regarding Requirements, Procedure for Appointment and Termination of Directors of State Owned Enterprises.