

Implementation of Corporate Governance Referring to Provisions of Financial Services Authority

No	Principle	Recommendation	Explanation of OJK Recommendation	Explanation and Implementation in the Company
		The Public Company has policy on fulfillment of creditor rights.	The policy on fulfillment of creditor rights is used as a guideline in providing loan to creditor. The purpose of the policy is to maintain the fulfillment of right and maintain creditor trust in the Public Company. The policy includes consideration in making agreement, as well as follow-up in fulfilling the obligation of the Public Company to creditor.	The Company has a policy on fulfillment of creditor rights as outlined in each Credit Agreement between BRI and the debtor. The agreement included the rights and obligations of both parties such as the transparency of financial statements to creditors. Remarks : Comply
		The Company has the Whistleblowing System	A well-developed Whistleblowing system policy will provide certainty of protection to witness or reporter for an indication of violation committed by employees or management of the Public Company. The implementation of the policy will have an impact on establishing a culture of good corporate governance. The Whistleblowing system policy includes, among others, type of violations that can be reported through the Whistleblowing system, complaint procedure, protection and guarantee of the confidentiality of the reporter, handling procedure for received complaints, parties that managing the complaints, and the results and follow-up of complaints handling.	The policy on Whistleblowing Systems at BRI is regulated by the Board of Directors Circular Number S.08-DIR/KPT/05/2018. BRI's Whistleblowing System policy regulates the types of violations reported, reporting facilities, protection & confidentiality of reporters, Whistleblowing System management units. Related discussion. Remarks : Comply
		The Public Company has a long term incentive policy for the Board of Directors and employees.	Long-term incentive is a given incentive based long-term performance achievement. The long-term incentive plan has the rationale that the long-term performance of the company is reflected in the growth of shares value or other long-term target of the company. Long-term incentive shall have the benefit to maintain loyalty and provide motivation to the The Board of Directors and employees to improve their performance or productivity which will have an impact on improving the company's performance in the long run. The availability of a long-term incentive policy is an actual commitment by the Public Company to encourage the implementation of long-term incentive to the Board of Directors and Employees with terms, procedures and forms being adjusted to the long-term objectives of the Public Company. The policy can include, amongst other, the purpose of objective in providing the long-term incentive, terms and procedures in providing the incentive, and condition as well as risks that must be considered by the Public Company in providing the incentives. This policy can also be included in the existing public company remuneration policy.	The Long-term incentive for employees are included in the Employees Welfare Section in the 2018 BRI Annual Report. Remarks : Comply

Board of Directors

DISCLOSURE ON AFFILIATES RELATIONSHIP

1. All Members of the Board of Directors of BRI does not have an affiliate relationship with other members of the Board of Directors both in terms of financial, family or management.
2. All members of the Board of Directors of BRI does not have an affiliate relationship with a member of the Board of Commissioners, both in terms of finances, family relationships, and relationship management.
3. All members of the Board of Commissioners of BRI does not have an affiliate relationship with fellow members of the Board of Commissioners, both in terms of finances, family relationships, and relationship management.

4. All members of the Board of Commissioners of BRI has no financial or family relationship with the Controlling Shareholder.
5. All members of the Committee who is not a member of the Board of Commissioners of BRI has no financial or family relationship with the Controlling Shareholder, Member of the Board of Commissioners and Board of Directors of the Bank.

As of December 31, 2018, there is no member of the Board of Directors with affiliates relationship with the controlling shareholder, or with fellow members of the Board of Directors and Board of Commissioners both financially, in management and in family relations.

Whereas Pursuant to the Articles of Association, Member of the Board of Directors and Board of Commissioners should not be related by blood to the third degree, either vertically or horizontally laterally or relationship by marriage / family relationships arising from matrimony, including the law or laws. The data can be explained in the table below:

Relations Board of Directors by the Board of Commissioners and the Controlling Shareholders Table

Name	Financial Relations with						Family Relations with					
	BOD		BOC		Controlling shareholders		BOD		BOC		Controlling shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Member of the Board of Directors (BOD)												
Suprajarto	√		√		√		√		√		√	
Priyastomo	√		√		√		√		√		√	
Kuswiyoto	√		√		√		√		√		√	
Indra Utoyo	√		√		√		√		√		√	
Mohammad Irfan	√		√		√		√		√		√	
Haru Koesmahargyo	√		√		√		√		√		√	
Susy Liestiowaty*			√		√		√		√		√	
Donsuwan Simatupang*			√		√		√		√		√	
Sis Apik Wijayanto	√		√		√		√		√		√	
Handayani	√		√		√		√		√		√	
R. Sophia Alizsa	√		√		√		√		√		√	
Suprajarto	√		√		√		√		√		√	
Priyastomo	√		√		√		√		√		√	
Kuswiyoto	√				√		√				√	
Osbal Saragi			√		√				√		√	
Rumahorbo**												
Ahmad Solichin			√		√				√		√	
Lutfiyanto**												

*) Effective January 1, 2018 ñ March 22, 2018

***) Appointed by the AGM on March 22, 2018

Conflict of Interests

Conflict of interest is a condition/situation in which a person because of the position or authority in BRI, has a personal interest that can affect the quality and performance of the implementation of objective mandated tasks.

Policy

To prevent the occurrence of a conflict of interest, the Bank has a policy stated in the BRI's Joint Decree of the Board of Commissioners and the Board of Directors No. 02-KOM/BRI/05/2012 and Nokep: S.104-DIR/ DKP/05/2012 on PT Bank Rakyat Indonesia (Persero) Tbk General Guidelines on Handling Conflict of Interest.

The basic principles to handle Conflict of Interest are:

1. Prioritizing public interest.
2. Creating transparency of handling and supervision of conflicts of interest.
3. Encouraging personal responsibility and exemplary attitude.
4. Creating and fostering an organizational culture capable of handling conflict of interests.

Commitment

The BOC, BOD and all BRI personnel are committed and professional in implementing the conflict of interest policy. As a manifestation of BRI's commitment to the implementation of policies and disclosure of conflicts of interest are as follows:

1. All BRI personnel are required to make an Annual Disclosure that has no conflict of interest with respect to any decisions made by them and has carried out the behavior set by the company.
2. Each work unit must submit a transaction/ decision report containing a conflict of interest.

Socialization

BRI continues to disseminate the GCG and conflict of interest policy to BRI employees through educational program, workshop, On House Training, Guidance and onsite Monitoring to BRI work units, e-learning through BRI's internal portal, and statement of conflict of interest.

2018 Conflict of Interest Transaction Report

During 2018, there were 4 (four) disclosures of conflict of interest transactions, namely 3 reports of office leases owned by BRI workers, 1 (one) report on procurement of good and service, and 2 (two) reports related to granting loans that contained conflicts of interest. Each conflict of interest report has been reported to the Head Office and submitted to the semester report to the Financial Services Authority.