

## Internal Control System

### Monitoring activities and deviation correction actions

BRI continuously monitors the overall effectiveness of internal control both by the operational work unit and the ranks of the Internal Audit Unit. The Internal Audit Unit has carried out monitoring of the internal control system submitted to the President Director, Compliance Director and Board of Commissioners.

### Review of Internal Control Systems 2018

BRI evaluate the effectiveness of the implementation of SPI on an ongoing basis, whether committed by 1st line of defense's function as the risk owners who evaluated continuously in bank operations and the 2nd line of defense's function that ranks Risk Management and Compliance periodically to ensure the adequacy of risk management and adherence to the rules and functions of 3rd line of defense who conducts audits.

SKAI carried out the evaluation of the adequacy of the internal control structure with the aim of assessing the reliability of the internal control system. It is expected to provide adequate assurance that the goals and objectives can be achieved efficiently and economically. Evaluation of adequacy of the internal control system carried out by studying the policies, regulations, systems or mechanisms developed by BRI in order to achieve compliance objectives, goals and objectives of operational information.

### Results Evaluation of Internal Control Systems

Based on the evaluation of SKAI, general adequacy of the internal control structure has been adequate BRI with evaluation results as follows:

1. Compliance Objectives  
BRI Compliance function has implemented the following things:
  - a. Tests on the precautionary principle policy plans and / or decision-BRI (including products and / or new activity).
  - b. Implementation of monitoring and follow-up on the results of testing of the precautionary principle (monitoring).
  - c. Review to the internal policies of BRI.
  - d. Conducted analysis of the impact of external conditions.

The results of all the above activities have been presented periodically as a report on the implementation of the compliance function BRI.

2. Information purpose  
BRI has established policies and procedures for implementing the transparency of financial and non-financial conditions.

Furthermore, BRI has had a policy on document management (document administration, management control / register, storage and retention of documents). In addition, BRI has a mechanism related to policy communication throughout the organization as follows:

- a. Policy makers division (policy owner) to upload the policy on the application BRI Share (Knowledge Management).
  - b. Policies related to the field of HR, disseminated through the HR Library BRISTARS application.
  - c. Related to policies on credit uploaded of the Business Application Information System (BIS).
  - d. Related operations, all policies are arranged Division of Policies and Procedures can be accessed via ftp://10.202.100.202.
  - e. BRI Application Information Management System (BRISIM) to provide the reports required by the Management and or BRI working units.
3. Operational Objectives  
BRI has a policy, regulations, systems and procedures that govern the business activities of BRI, among others:
    - a. Operational field  
Operational Manual has been prepared (BPO) and other operational policies as guidelines for workers in carrying out their tasks and responsibilities. BRI has had a policy of fixed assets management, procurement of goods and services.

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- b. Field of credit  
BRI has Credit Manual (PPK) and other credit policies as guidelines for Loan Officers in conducting lending.
  - c. HR field  
BRI has the architecture of human capital, human capital management policies, human capital policy development, performance appraisal and remuneration policies.
  - d. Information technology  
In order to develop and manage information technology operations, BRI has compiled information technology policy with reference to the principles of IT Governance.
4. Cultural Interest Risk  
BRI has adequate organizational structure to support the application of risk management. Furthermore, to optimize the application of risk management, there is a risk management function in each work unit responsible for coordinating the implementation of Risk Management processes in their respective Work Unit.

BRI has several policies, strategies and risk management framework include:

- a. General Risk Management Policy
- b. Guidelines for Implementation of the Action Plan (Recovery Plan)
- c. Environmental Risk Management Policy, Social, and Governance (LST) Palm Oil
- d. General policy and Implementation of Sustainability strategy (Sustainability)

BRI has ensured the implementation of corrective measures on operational issues through the updating books regularly top risk issues are communicated to all operational working units. In order to manage the risks faced, BRI is supported by a system application that integrates with core banking system, among others: BRIOPRA, LAS and Guava.

### Statement of Directors and Commissioners Adequacy of Internal Control Over BRI

Based on the review and based on discussions with management, the Audit Committee, Independent Auditor, Internal Auditor, and several Division Related that the Board of Directors and Board of Commissioners considers that the system of internal control and risk management company has been adequate in identifying the risks that the Company is able to identify and manage these risks.