

Corporate Social Responsibility

05.

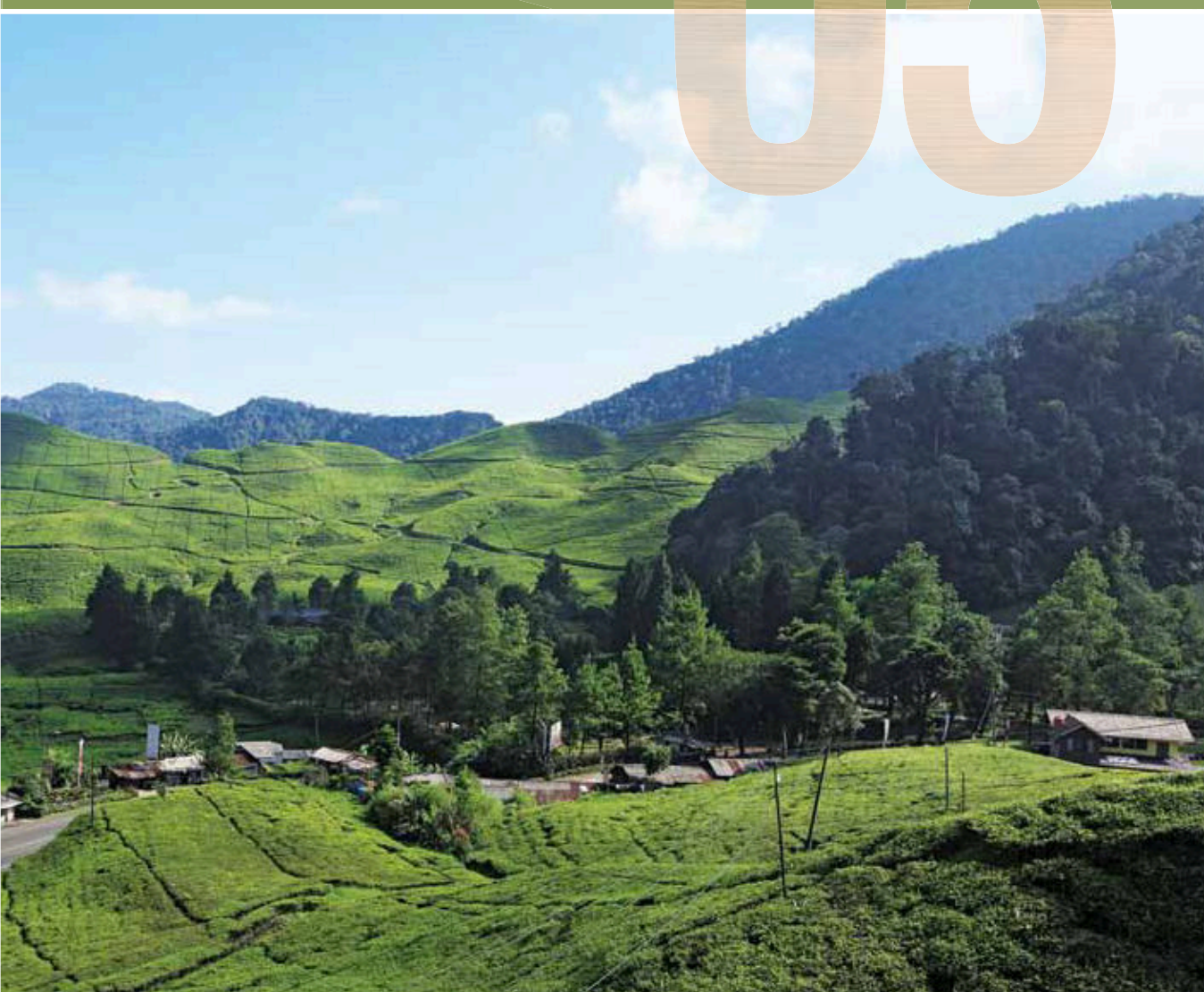
My Clean, Healthy and Prosperous Market 235.

Danamon Go Green 243.

Relief, Recovery and Reconstruction
Program 251.



05



Corporate Social Responsibility





1,219

number of activities in My Clean, Healthy and Prosperous Market program that were undertaken throughout 2009.

My Clean, Healthy and Prosperous Market

A Helping Hand

Because a large part of Danamon's revenues is derived from the mass-market segment, we place special emphasis to form partnerships with members and leaders of our local communities, to help improve the overall quality of life, health and economies of these communities.



Through our Yayasan Danamon Peduli (Danamon Care Foundation), a non-profit organization that was formed in 2006 for the sole purpose of carrying out Danamon's Corporate Social Responsibility (CSR) programs, Danamon engages local communities in specific initiatives. These programs are simple to undertake, provide immediate and tangible benefits, draw multi stakeholders and are self-sustaining in nature.

Two such programs that have recently drawn national and international attention are "My Clean Market" and "Danamon Go Green" (organic waste fertilizer). The first is an initiative by Danamon to improve the overall cleanliness of traditional markets. The second collects and converts organic waste into compost to be used as organic fertilizers.

Corporate Social Responsibility



In My Clean Market program, Danamon engages sellers and stall owners in traditional markets to improve the general cleanliness of the traditional markets. These involve, among others, renovating clean latrines, placing concrete blocks on pavement, and managing waste properly.

In the Danamon Go Green program, Danamon provides a simple, easy-to-operate composting unit that readily turns organic waste into high quality compost fertilizers. The composting facility provides a ready outlet for organic waste generated by market-stall owners and are collected on a daily basis.

In three years, both programs have gained wide attention. By end-2009, the My Clean Market program had 803 market participants in 32 provinces across Indonesia, and made it into the official records book of Indonesia, MURI, for the pioneering activities and organization of improving the cleanliness and condition of traditional markets simultaneously with the largest number of participants. The date on which a ceremony was held to mark the adoption of the program by all provinces in Indonesia, July 18, 2009, was marked with the commemoration of the National Clean Market Day II by the Minister of Trade.

Meanwhile, the Danamon Go Green program, which began in 2007, had 29 composting units installed in several



"As market traders, we are grateful to Danamon for providing a day care center where our children are looked after, while we tend to our trades in the market." ►

Mustajib, Trader at the Kramat Jati Market



regencies by end-2009. Each of these composting units converts an average of 1-3 tons into 300 kg to a ton of compost fertilizers daily. Throughout 2009, all of these composting units converted 4,500 tons of organic waste into 1,300 tons of high quality compost fertilizers. All of these composting units have also improved the rating of each regional government in their Adipura score for municipal cleanliness.

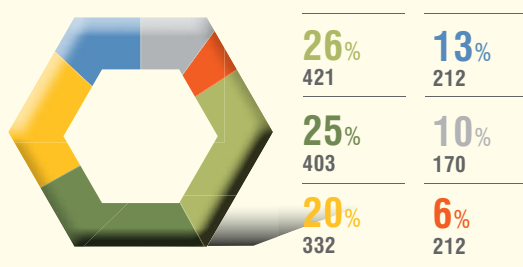
In December 2009, the Danamon Go Green program won international recognition when it garnered the BBC World Challenge 2009 Award as first runner-up in the worldwide contest. During the same year, this program received the Metro TV-Millennium Development Goals Award for the category of Poverty Reduction category

of the United Nations Development Program (UNDP).

Aside from the clean market and go-green programs, Danamon Peduli's third program is providing assistance to victims of natural disasters, the most prominent of which was the Padang earthquake in September 2009.

In fact, 2009 was a busy year for the Foundation. All told, it undertook 1,219 activities of My Clean Market program; helped victims of 55 natural disasters across Indonesia; supervised the operations of 23 out of 29 composting units; and enhanced the IT capabilities of schools in North Sumatera, Lampung, South Sulawesi, East Java, and Central Java.

Survey Result on Benefit for the Communities



- Know Danamon Better
- Feel more comfortable in the market
- Participate actively to keep the market clean
- Optimize the utilization of market facilities
- Get free medical check ups
- Other

Corporate Social Responsibility

These activities provided direct benefits to more than 299,000 beneficiaries, and involved over 11,000 Danamon volunteers. They also drew active participation from wide ranging stakeholders other than the participating communities. The Ministry of Trade, Ministry of Health, Association of Traditional Market Vendors, provincial governments, from Governors down to Village Heads, have all been supportive of Danamon's My Clean Market program. On our Danamon Go Green initiative, no less than 32 Regents and Mayors of areas that have not received Danamon's composting units have pledged to replicate the Danamon Go Green program in their respective areas.

There are other key stakeholders whose roles are equally indispensable to the success of Danamon CSR programs, for instance, the Indonesian Biotechnology Research Institute for Estate Crops, the Siliwangi University, the Bogor Institute of Agriculture, and Klinik Tani Indonesia. In the distribution of personal computers to schools, Danamon also collaborated with the Indonesian Association of Open Source.

The Danamon Peduli Foundation operates out of a small office on 7th floor of one of Danamon's buildings in Jl. H. R. Rasuna Said, Jakarta. It is

staffed by 11 personnel who coordinate all activities; collect, analyze and disseminate data and information related to the programs; liaise with Danamon branch offices throughout Indonesia; and engage all stakeholders of Danamon Peduli.

In 2009, Danamon Peduli disbursed budget amounted to Rp10 billion.

My Clean Market Program

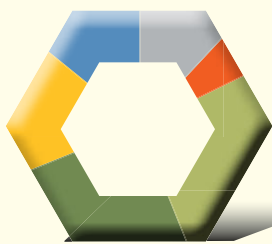
- Undertook sanitary programs in 803 traditional markets involving 10,219 Danamon volunteers for 269,112 beneficiaries; total donation amounted to Rp4.5 billion.
- July 18 declared as National Clean Market Day by the Minister of Trade of the Republic of Indonesia.
- Organized a Clean Market Competition in Banjarnegara, Medan and Yogyakarta.
- Developed a health-rating database of traditional markets in Yogyakarta in cooperation with the Indonesian Association of Environmental Health Expert (HAKLI), Yogyakarta Chapter; a total of 300 markets were rated, with GPS mapping. Launching and press conference were held on December 21, 2009.

| No. | PROVINCE | ACTIVITIES | | | | | |
|-------|--------------------|-------------------------------|---------------------------|--------------------------------|-------------------------------------------|----------------------------------|-------|
| | | Providing Sanitary Equipments | Hosting Free Health Check | Renovate/ Build Public Toilets | Painting of Facilities and Planting Trees | Improving other Infra-structures | Total |
| 1. | NAD | 8 | 1 | 0 | 0 | 0 | 9 |
| 2. | North Sumatra | 49 | 11 | 5 | 2 | 5 | 72 |
| 3. | West Sumatra | 11 | 5 | 1 | 2 | 1 | 20 |
| 4. | Jambi | 12 | 1 | 1 | 0 | 3 | 17 |
| 5. | Riau | 25 | 9 | 1 | 0 | 2 | 37 |
| 6. | South Sumatra | 24 | 3 | 1 | 0 | 5 | 33 |
| 7. | Riau | 8 | 3 | 0 | 0 | 1 | 12 |
| 8. | Bengkulu | 8 | 0 | 1 | 0 | 1 | 10 |
| 9. | Bangka Belitung | 9 | 2 | 1 | 0 | 2 | 14 |
| 10. | Lampung | 15 | 1 | 0 | 3 | 8 | 27 |
| 11. | DKI Jakarta | 36 | 4 | 1 | 2 | 1 | 44 |
| 12. | Banten | 13 | 9 | 0 | 0 | 0 | 22 |
| 13. | West Java | 68 | 28 | 2 | 4 | 21 | 123 |
| 14. | Central Java | 143 | 54 | 12 | 19 | 50 | 278 |
| 15. | DI Yogyakarta | 6 | 2 | 1 | 4 | 6 | 19 |
| 16. | East Java | 113 | 29 | 14 | 36 | 70 | 262 |
| 17. | Bali | 10 | 8 | 1 | 1 | 7 | 27 |
| 18. | West Kalimantan | 15 | 8 | 2 | 1 | 7 | 33 |
| 19. | South Kalimantan | 13 | 2 | 0 | 1 | 1 | 17 |
| 20. | Central Kalimantan | 4 | 0 | 0 | 0 | 0 | 4 |
| 21. | East Kalimantan | 12 | 9 | 2 | 0 | 2 | 25 |
| 22. | West Nusa Tenggara | 8 | 0 | 2 | 0 | 1 | 11 |
| 23. | South Sulawesi | 19 | 1 | 4 | 3 | 8 | 35 |
| 24. | West Sulawesi | 1 | 0 | 1 | 1 | 0 | 3 |
| 25. | Central Sulawesi | 8 | 3 | 0 | 0 | 2 | 13 |
| 26. | Sulawesi Tenggara | 6 | 0 | 1 | 1 | 1 | 9 |
| 27. | North Sulawesi | 8 | 0 | 0 | 0 | 1 | 9 |
| 28. | Gorontalo | 5 | 0 | 2 | 0 | 2 | 9 |
| 29. | Maluku | 5 | 0 | 3 | 1 | 1 | 10 |
| 30. | North Maluku | 3 | 0 | 0 | 0 | 2 | 5 |
| 31. | West Papua | 2 | 0 | 0 | 1 | 0 | 3 |
| 32. | Papua | 6 | 0 | 0 | 0 | 1 | 7 |
| Total | | 673 | 193 | 59 | 82 | 212 | 1,219 |

Corporate Social Responsibility

- The breakdown of activities for 803 traditional markets in 32 provinces in 2009 were as shown in the charts on page 239. The chart on page 241 also shows the progression of the My Clean Market program between 2007 and 2009.
- A survey of 803 DSP units has been undertaken to measure stakeholders' perception on the benefits of the My Clean Market program that accrue to the respective communities, government institutions and DSP branch units themselves (the charts on pages 237, 240 and 241 at bottom show the various benefits).
- For communities, My Clean Market program is perceived to have improved market convenience, enabling members (of the community) to maintain a cleaner market, providing access to better public facilities, and increasing community awareness of Danamon.
- For related government offices such as Dinas Pasar (Office of Public Market) and Dinas Kebersihan (Office of Public Hygiene), the My Clean Market program has helped improve market infrastructure, brought

Survey Result on Benefit for Local Government

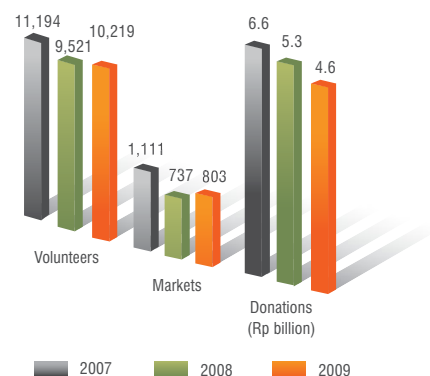


- Being assisted in improving market facilities
- Better relationship with Danamon
- Being helped in education community be aware about cleanliness
- Being assisted in achieving government program
- Being assisted in enhancing government's positive role in the community
- Other

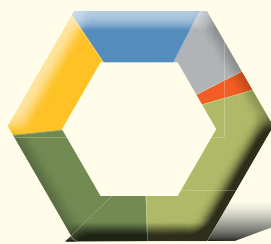
members of the market communities closer to the social welfare targets set by these government offices, and made the task of communicating the importance of public cleanliness easier.

- For the DSP units, the My Clean Market program has proven to be an effective marketing tool, and helped foster good relations with everyone in the market community. In addition, the program is perceived to have supported the DSP business, increased debtors' loyalty, and instilled a greater 'caring' attitude among DSP personnel.

My Clean, Healthy & Prosperous Market



Survey Result on Benefit for Danamon Branches



- As a promotional event
- Better relationship with community
- Build awareness and caring relationship among employee
- Support Danamon's business
- Increase customer loyalty
- Other

Corporate Social Responsibility



Key Performance Indicators are used in Danamon Go Green's Balanced Scorecard to measure the program's impact and sustainability

Danamon Go Green

The first national evaluation meeting on the Danamon Go Green program was held on 16-17 December 2008 in Bantul, Yogyakarta, attended by 31 regional governments and officially opened by the Governor of Yogyakarta, Sri Sultan Hamengkubuwono X. All parties agreed on the use of the balanced scorecard to measure the key performance indicators of the program.

Since its introduction in 2007, the Danamon Go Green program that converts traditional market wastes into fertilizers has attracted the support and interest of a growing number of stakeholders including related government ministries and provincial governments. Since then, a total of 29 composting units were installed in various provinces, including training and laboratory testing facilities.

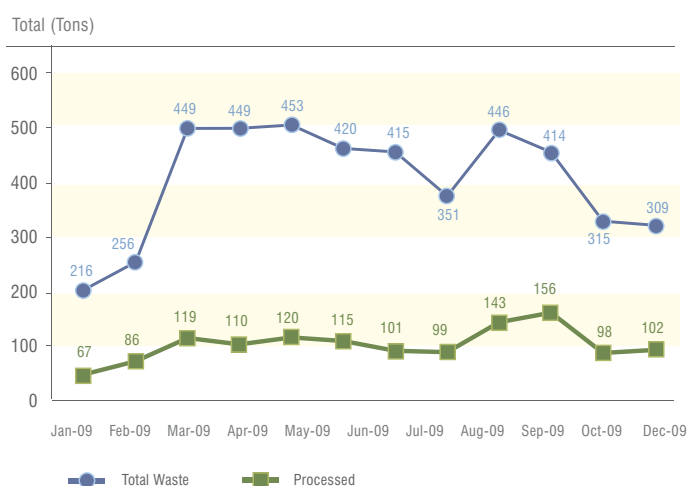
Advanced training on knowledge management and on-line reporting were undertaken, with 29 local governments reporting their progress on a regular basis.

The second national evaluation meeting on the Danamon Go Green was held on 17-18 November 2009 in Bandungan, Semarang. Chaired by the Governor of Central Java, Bibit Waluyo, the meeting was attended by 71 participants from 32 regencies.

Corporate Social Responsibility



The following table shows the amount of waste that was processed and converted into compost



Balanced Scorecard to Measure Impact and Sustainability of Danamon Go Green

The Balanced Scorecard method is used to monitor 14 key performance indicators in the areas of marketing, production, compost quality, human resources and the commitment of local government authorities. Success is indicated by the colour green. The greener the scorecard the more successful the program is being implemented.

Each month, progress reports are sent by the local authorities to be processed at the knowledge management centre of the Danamon Peduli Office. Every three months, replies are sent back to the local authorities, comparing their achievements with others. These achievements are categorized as 'dark green' if they achieve 85% of KPIs, 'medium green' for 60%-85%, and 'light green' for less than 60%.

Once a year, Danamon Peduli organizes a National Convention for all regencies that have replicated the 'Danamon Go Green' program. In these conventions, local government representatives share their experience and knowledge in managing the program. These conventions also strengthen their sense of ownership of the program as well as cooperation between and among the participating regencies.

"We have tested the use of a ton of compost fertilizers on a 0.3 hectare plot. The results showed improved harvests. Without the compost fertilizers, we were able to grow 27-32 stalks in each rice plant. Whereas with the market-generated compost fertilizers, we grew 40-56 stalks per rice plant. This holds true also for the number of rice grain in a single stalk. Without the compost fertilizers, the stalk yielded an average of 114 grains of rice; but with the use of the compost fertilizers, each stalk can yield up to 156-160 rice grains. "

Abdul Rasyid, Coordinating Agricultural Mentor of Probolinggo Regency.



Moreover, the balanced scorecard measurement results that are always presented in the convention heighten a sense of healthy competition among the participants, which makes the program very exciting for each local government to make continuous improvements to the program. The following table highlights the indicators of success and sustainability of the program.

INDICATORS OF SUCCESS AND SUSTAINABILITY FOR 'DANAMON GO GREEN' PROGRAM

| No. | Standard Measurements | Indicators |
|-----|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Success and sustainability of program | 1. Reduction of waste dumped in Final Disposal Site 2. Compost production reaches Break Even Point 3. Distribution reaches communities and local government 4. Local government or community independently replicates programs in other markets or communities using their own budget |
| 2. | Added values of high quality compost for the consumers | 5. Laboratory test results of the compost meet National Industry Standard 6. Local government develops demonstration plots using the compost |
| 3. | Efficient and professional production process and management | 7. Waste separation done at the market traders level 8. Machine breakdown/other obstacles can be handled without interrupting the production process 9. Production and distribution recorded daily in logbook 10. Monthly report sent monthly to Danamon Peduli Foundation and local government heads 11. Communication with Danamon Peduli Foundation done through e-mails |
| 4. | Commitment from local government, capable human resources, and sustainable learning process | 12. The program is incorporated into Local Government's strategic plan; compost purchasing and program replications are budgeted in the local government's state budget 13. Program manager and operators on the field have necessary capabilities 14. Lessons learned and best practices are disseminated to various multi stakeholders |

Corporate Social Responsibility

Breakdown of Achievements of Each Indicator as of October 2009

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1. There are reductions of organic waste transported to final dumping sites: 90% (29 units) | 5. Laboratory test has met national quality standard: 100% (29 units, except for pH and water content) | 12. Danamon Go Green Program entered into local government strategic planning: 62% (18 units) |
| <ul style="list-style-type: none"> Highest reduction per market: 50 tons; lowest: 0.8 tons | 6. The local government has established demonstration plots: 69% (20 units) | 13. Capability of human resources to manage and operate the program professionally: 90% (26 units) |
| 2. Operational costs are covered by the sales of compost: 21% (6 units) | 7. Segregation of waste has been done at the vendor sites: 69% (20 units) | 14. Best practices and lessons learned to be shared with others: 62% (18 units) |
| <ul style="list-style-type: none"> Highest production per market: 15.2 tons; lowest: 0.168 tons Highest production cost per kg: Rp2,250; lowest: Rp175 Highest selling price per kg: Rp1,200; lowest: Rp300 | 8. Ability to handle machine breakdown and other operational problems: 90% (26 units) | |
| 3. The marketing of compost has reached government and general markets: 48% (14 units) | 9. Daily record on production and marketing: 79% (23 units) | |
| 4. Self-financed replication plan 2009: 83% (24 units) | 10. Monthly report sent to Danamon Peduli and Head of local government: 97% (28 units) | |
| | 11. Communications with Danamon Peduli via email: 90% (26 units) | |

Local Government Financial Commitments to Support Danamon Go Green 2009

- 16 local governments have pledged to ensure the sustainability of the Danamon Go Green program, as shown on table on page 247:

Challenges Faced by Local Government/Management of Danamon Go Green

- Challenges on compost processing
 - Market waste has very high water content
 - Need large space for a composting unit

| Regency/Municipality | Commitments |
|----------------------|--------------------------------------------|
| Bantul | Replication in 3 markets |
| Pacitan | Replication in 4 markets |
| Grobogan | Replication in 3 locations |
| Kendal | Operational cost in 2 locations |
| Kota Probolinggo | Operational cost & improve unit's facility |
| Kab Probolinggo | Compost purchase; replication in 2010 |
| Payakumbuh | Operational cost |
| Pemalang | To complete and improve unit's facility |
| Barro | Operational cost |
| Soppeng | Operational cost |
| Jepara | Operational cost, develop program, demplot |
| Pekanbaru | Operational cost, demplot, public training |
| South Tapanuli | Replication in 2 locations |
| Tanjung Balai | Building/renovation composting unit |
| Klaten | Operational cost |
| Bitung | Operational cost |

2. Cultural challenges

- Change in mind-set and way of farming from using chemical into organic fertilizer
- Change in behavior in separating organic and inorganic waste at traditional markets

3. Competition with government subsidized organic fertilizers:

- The Government subsidizes Rp1,000 per kg of fertilizers from large factories, by buying their fertilizers at Rp1,500 per kg and sell these fertilizers to farmers at Rp500 per kg.

Key Success Factors of Danamon Go Green

1. Very high level of commitments from 29 local governments as they see that self sufficiency in fertilizer should be built at community level to overcome scarcity of fertilizer.
2. Local governments appreciation for Danamon Peduli's way of monitoring, evaluating and coaching them to improve their performance.

Corporate Social Responsibility

3. Organic products have higher value added; farmers in several regencies have moved into organic farming.
4. Innovative way of government budget: from social spending into social investment; from spending in transporting waste into investment on production facility and waste management system. Same amount of budget produce very different results.
5. Through this program local governments are able to translate Law No. 18/2008 about waste management into action.
6. Our composting facilities boosted the local governments' score for cleanest city (Adipura award).

Innovations in Compost Production:

1. Combining market waste with other organic materials to improve quality of compost, reducing water content, and reducing cost of production.
2. Fermentation process using aerated methods to handle large amount of materials with the same manpower.
3. Producing liquid fertilizer as by-product.
4. Utilizing scavengers to sort waste at the beginning of the process.



Innovation on Compost Marketing:

1. Better coordination among local government offices, cooperatives and farmers group to improve supply chain.
2. Join government trade shows and conduct promotion campaign.
3. Develop website and blogs to educate people and promote the product.
4. Partnerships with more established producers and marketers.



Corporate Social Responsibility





8,600

the number of beneficiaries of Danamon Peduli's 3R Program up to December 2009

Relief, Recovery & Reconstruction Programs

Through our 3R program, Danamon Peduli aims to be the first from the private sector to assist victims of natural disasters.



Throughout 2009, Danamon Peduli Foundation had provided relief and recovery assistance to victims of 55 disasters nationwide, including the major earthquake in Padang. The 3R program had involved over 500 volunteers who are employees of Danamon Bank branches that are spread out across the country. The total donation amounted to Rp360 million had benefitted 8,600 disaster victims.

2009 plan as approved by the Board of Trustees:

- To be the first to respond to help communities when disaster strikes in Danamon branch locations.

Highlights of 2009 Results:

- Received donation from the community: Rp38,646,900 for Padang earthquake and Rp750,000 for Tasikmalaya earthquake
- Assisted victims of 55 disasters nationwide, involving 556 volunteers, touching 8,600 beneficiaries, with donations of Rp360 millions
- Performance of 3R program from 2007 up to 2009 are shown on charts on page 252.
- In November and December 2009 Danamon Peduli will finalize assistance of Tasikmalaya and Padang earthquake, by disbursing additional funds from Danamon Peduli of Rp22 million to match the funds from the public
- Breakdown of Danamon Peduli's assistance for natural disasters are shown on page 252.

Corporate Social Responsibility

| No. | Disaster | Location | Date | Type of Relief |
|-----|---------------------------|------------------------------|---------------------------------|----------------------------------------------------------------|
| 1. | Earthquake at MANOKWARI | Papua | January 2009 | Food |
| 2. | Fire at PANNAMPU Market | Makassar | January 2009 | Food |
| 3. | Flood at RENGASDENGKLOK | Karawang | January 2009 | Food & Medicine |
| 4. | Flood at BOJONEGORO | East Java | February 2009 | Food |
| 5. | Earthquake at TALUD | North Sulawesi | March 2009 | Food |
| 6. | Fire at SAMARINDA Market | East Kalimantan | March 2009 | Food |
| 7. | Landslide at SITU GINTUNG | Tangerang | March - April 2009 | Food, Medicine, Clothing, Baby Supplies, School Supplies |
| 8. | Badai KOTA AGUNG | Lampung | May 2009 | Building Materials |
| 9. | Fire at TIMIKA Market | Papua | May 2009 | Temporary Market Booth |
| 10. | Fire at BANDAR Market | Batang - Central Java | July 2009 | Temporary Market Booth |
| 11. | Fire at MUARA TEWEH | Central Kalimantan | July 2009 | Food |
| 12. | Fire at TRAYEMAN | Tegal - Central Java | August 2009 | Temporary Market Booth |
| 13. | Earthquake at TASIKMALAYA | West Java | September 2009 | Food, Medicine, Public Toilets |
| 14. | Smoke Fog at PALANGKARAYA | Central Kalimantan | September 2009 | Mask & Oxygen Flask |
| 15. | Fire at PRAMBANAN | Yogyakarta | September 2009 | Food |
| 16. | Earthquake at PADANG | North Sumatra | September 2009- October 2009 | Food, Medicine, Clothing Temporary School |
| 17. | Fire at MATRAMAN | Jakarta | October 2009 | Food |
| 18. | Flood at TOLI-TOLI | Central Sulawesi | October 2009 | Food & Medicine |
| 19. | Fire at MASOMBA Market | Palu - Central Sulawesi | October 2009 | Food |
| 20. | Fire at GUBUG Market | Grobogan - Central Java | November 2009 | Temporary Market Boot |
| 21. | Fire at KLANDASAN Market | Balikpapan - East Kalimantan | December 2009 | Temporary Market Boot |

3R : Relief, Recovery, Reconstruction 2007-2009



Help Develop a Better Generation

1. The results that were achieved in 2009:

- Danamon Peduli has completed its commitment to provide scholarships to eight students of the Bogor Institute of Agriculture between the years of 2004-2008. Four students had graduated in October 2008. Three students graduated in February 2009, and the last remaining student graduated in September 2009.
- To bridge the digital divide and to increase the capabilities of students in underprivileged schools throughout Indonesia, the Danamon Peduli Foundation collaborated with the IT Team of Danamon to distribute 200 computers dan an IBM

Pentium 3 server ex-Danamon for schools in Sulawesi, East Java, Central Java, Lampung and North Sumatera.

- Following the scholarship program of 2009, Danamon Peduli focused its attention more on providing non-formal education to communities. Throughout 2009, Danamon had undertaken:
 - Training for 150 workers in 25 Regencies/Cities to produce high quality compost fertilizers.
 - Follow-up training for employees and staff of regional governments in 29 Regencies/Cities in on-line reporting and knowledge management system.



“ As Danamoners, we are particularly proud of our voluntary initiatives during disasters or simply to help folks get better education, healthcare and other social benefits. As volunteers, Danamoners are also drawn closer to one another, appreciating more the things that we often take for granted.”