



**Nobody can escape
the responsibility of
tomorrow by evading
it today**
(Abraham Lincoln)





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Corporate Social Responsibility

➤ Corporate Social Responsibility

“Danamon Peduli performed well in 2016, with effective and efficient budget utilization level of 99.9%.”

Danamon has prepared a 3-year Corporate Social Responsibility (“CSR”) roadmap with work programs in line with the Government of Indonesia Nawacita program plan and the United Nations Sustainable Development Goals (“UN SDG”). These goals endorsed by UN SDG are in line with the focus of Danamon Peduli program areas, namely: health and welfare, water supply and sanitation, sustainable development of cities and community, climate change and partnership to achieve common goals.

The program focuses on Pasar Sejahtera, Care for the Environment and Rapid Disaster Response. Pasar Sejahtera (Healthy, Green, Clean, Well-maintained) Program consists of various activities involving both physical and non-physical components. Physical support such as renovation of trade counters in wet unit of the market (meat, vegetables and fruits) that refers to the Indonesia National Standard 8152:2015 on People’s Market. Non-physical support comprises a series of community-based scheme activities including: community radio, bulletin boards, cooperatives, waste banks, integrated waste treatment facility, financial literacy and promotion activities on people’s market. These two components are designed and planned in partnership with various stakeholders such as local government and market merchants association/community.

Care for the Environment activities are specifically designed to be implemented by staff volunteers of Danamon, Adira Finance, and Adira Insurance nationwide to facilitate and help to solve various issues in the market environmental condition, including planting trees to help reduce CO2 emissions, making holes biopori, provision of clean water and cleaning equipments such as garbage collector motorcycle, trash bins and many others.

Further, Indonesia is a disaster prone area. Disasters such as earthquake, volcanic eruption, landslide, Tsunami, flood, etc., are a threat to this country. Therefore, it is important for any corporate citizen, including Danamon, to respond to disaster, both

natural and non-natural. There are two components included in Rapid Disaster Response: prevention/mitigation and distribution of aid to disaster victims. The objectives of disaster prevention/mitigation are to enhance capacity of community in the event of disaster, and Disaster Risk Reduction (“DRR”) to minimize material losses and casualties caused by a disaster. Rapid Disaster Response program conducted by staff volunteers from Danamon and its subsidiaries. This program is well coordinated with relevant stakeholders to map the needs of disaster victims and aid distribution in order to alleviate their suffering, as well as enabling the disaster victims to continue normal life.

The Bank’s CSR programs are carried out by Yayasan Danamon Peduli (“Danamon Peduli” or “Yayasan”), which was established on 17 February 2006 by PT Bank Danamon Indonesia, Tbk. and PT Adira Dinamika Multifinance, Tbk. The role of Danamon Peduli is social investment instrument for Danamon Group in areas where Danamon operates. In a bigger picture, Danamon Peduli serves as development partner that focuses on developing and implementing programs

that contribute to the development program priorities at the national and/or regional levels, and leverage local resources to support local development. More importantly, the social issues that Danamon Peduli addresses contribute to long term development objectives. Danamon Peduli develops a model that can be adopted by other CSR players. This way, Danamon Peduli serves as a catalyst to broaden the outreach of the CSR programs in a purposeful and well-directed manner.

The next role of Danamon Peduli is a learning source to encourage the exchange information and consultation, enabling synergy of ideas, opportunities to cooperate, which provides a balanced benefits to a larger society.

Governance Structure of Danamon Peduli

The governance structure of Danamon Peduli is based on internal policies in accordance with the Articles of Association of the Foundation and defined in Standard Operating Procedures (“SOP”s) that serve as guidelines for the execution of Danamon Peduli work programs.



To ensure accountability and good governance for effective implementation and good oversight, Danamon Peduli is governed by three tiers of boards, the Board of Trustees, the Board of Supervisors, and the Management. Each board has its roles, as described below:

The Board of Trustees

1. Decision making regarding changes in the Articles of Association of the Foundation;
2. Appointment and dismissal of the Boards of Supervisors and the Management
3. Determination of general policy
4. Approval on workplan and annual budget
5. Decision-making regarding merger, consolidation, or dissolution of the Foundation;
6. Approval of the annual report submitted by the Board of Management
7. The appointment of a liquidator if the Foundation is dissolved; and
8. Together with the Boards of Management and Supervisors draw up and enforce the Bylaws of the Foundation.

The Board of Trustees convenes once a year at a minimum.

The Board of Supervisors

Whereas the roles of Board of Supervisors are to supervise and give advice to the Board of Management in implementing program activities of the Foundation.

Board of Management

Board of Management is mandated to implement and execute the management of the Foundation. The Board of Management convenes a monthly meeting.

The Board of Supervisors and the Board of Management conduct quarterly meetings or at any time deemed necessary to report progress and update the implementation of work programs as well as budget. An internal audit process is performed once every 3-years or at any time deemed necessary, and external audit is performed annually. Furthermore, to promote transparency and good governance, Danamon Peduli publishes regular audited financial reports, conducted by an independent auditor.

2016 Performance

Overall, Danamon Peduli performed well in 2016, with effective and efficient budget utilization level at 99.9%. Danamon Peduli succeeded in implementing number of programs as planned, with 168 social activities as part of the program plan carried out by 3,657 volunteers from Danamon and Adira employees volunteers as well as 5,816 people/stakeholder and benefitting at minimum 211,437 people. Beneficiaries are either direct or indirect from Pasar Sejahtera, Care for The Environment and Rapid Disaster Response programs activities carried out in 2016.

Pasar Sejahtera (Healthy, Green, Clean, Well-Maintained Market)

The Pasar Sejahtera program consists of 4 main components, namely:

1. Development of pilot unit, particularly in the improvement of the market wet section (meat, vegetables, and others).
2. Integrated planning and budgeting through inter sector meetings with Agencies or bodies with main duties and functions in market management and oversight.
3. Capacity building for market stakeholders through community-based activities.
4. Public campaigns to raise the awareness and support people's market development and sustainability.

During 2016, Danamon Peduli has carried out Market Revitalization at eight people's markets, namely Pasar Ibu at Payakumbuh, West Sumatera; Pasar Tejoagung at Metro Lampung; Pasar Grogolan at Pekalongan, Central Java; Pasar Bunder at Sragen, Central Java; Pasar Karangwaru at Yogyakarta; Pasar Baru at Probolinggo, East Java; Pasar Pandansari at Balikpapan, East Kalimantan; and Pasar Lambocca at Bantaeng, South Sulawesi.

These market revitalization activities included 34 market improvement projects, such as repairs of trader stalls, waste drainage, water sanitation facilities, eco mapping around market, and repainting.

Furthermore, during 2016, the market revitalization programs included 67 sessions of training and education for members of market communities involving a total of 2,209 participants, in financial literacy, cooperatives and waste bank management trainings, as well as the socialization of SNI 8152:2015 on Indonesia National Standard for People's Market and facilitation of transformation process towards national-standards certified markets.

The Market Revitalization Program also included market campaign and promotion activities, such as advocacy, organizing of a number of market festivals, publications in media and billboards, etc.

Care for The Environment

The Danamon Care for The Environment activity is oriented to the environmental health improvement of the people's market where Danamon/Adira branch/unit operates, not limited to the assisted market. In its implementation, reforestation, making biopore holes, provision of clean water, improvement of public facilities in the market, and the procurement of sanitation facilities and infrastructures are the activities included.

In addition, Danamon's head office in Jakarta conducted the 3R activity (Reduce, Recycle, Reuse) from waste papers generated from operational activities. Collaborating with Danamon partners engaged in the paper processing sector, the paper waste was processed into raw materials (recycled paper), which then became the company's marketing collateral, such as paper bags as well as the cover for the company's annual report. During 2016, 1,020 kilograms of paper waste was collected to be recycled.

In 2016, Danamon Peduli also facilitated the processing of 14,725 kg and 297,193 kg of non-organic and organic wastes respectively, utilizing the waste bank concept and the integrated waste processing center ("TPST") facilities built at the selected markets. These activities succeeded in reducing CO2 level by 1,204,293 kilograms.

In the Care for the Environment, 60 activities were carried out in 2016, involving 3,612 volunteers from Danamon and Adira employees throughout Indonesia.

Rapid Disaster Response Program

There has been an increase in natural disasters in 2016, amounting to 2,342 occurrences, an increase of 35% from 2015. 92% of the natural disasters this year was dominated by hydrometeorology disasters, among others are floods, landslides, and tornados. To that account, Danamon Peduli through its Rapid Disaster Response program mobilized the employees of Danamon and its subsidiaries, namely Adira Finance and Adira Insurance to actively and effectively respond to natural disasters through the distribution of assistance needed by the victims. With an extensive network of over 1,900 branch offices and unit across Indonesia, assistance can be quickly channeled to the location of the disaster. In addition, Danamon Peduli also organizes disaster mitigation and fire management training for selected people's market communities.

The Danamon Peduli Rapid Disaster Response Program has provided assistance to various natural disaster in Indonesia, assisted by 365 volunteers from Danamon and its subsidiaries employees to deliver relief to approximately 34,500 disaster victims. In the implementation, Danamon Peduli collaborates with parties that have the competencies in the field of disaster management, such as the National Board for Disaster Management ("BNPBB").

On disaster mitigation, in partnership with Fire and Rescue Agency, Danamon Peduli organized disaster preparedness training to 89 people's markets attended by 684 participants. This training also covered fire drill and the use of fire extinguisher.

Throughout 2016, Danamon Peduli Rapid Disaster Response Program responded to 31 disasters in Indonesia, which include floods, smoke, and markets fire.

Recognition for 2016 Performance

In recognition for its CSR works in 2016, Danamon was invited as one of the speakers in the United Nations Conference on Housing and Sustainable Urban Development ("UN Habitat III") in Quito, Ecuador in October 2016, as the sole CSR institution representative from Indonesia. The Market Revitalization Program, namely Pasar Sejahtera, is the flagship CSR program of Danamon Peduli, received high points as a most relevant program towards the development of sustainable cities and communities as the #11 of Sustainable Development Goals.

The Bank also garnered the Social Innovation Award from Warta Ekonomi magazine, the Special Achievement for Delivering Successful CSR Project Award from Trisakti University, 1st runner-up in Sustainability Report Award and a Commendation for Best Practice in Combined Report of Foundations from NCSR.

2017 Strategy and Work Programs

In 2017, Danamon Peduli will focus on three primary areas: community-based capacity building programs, knowledge management and communication, as well as financial literacy. Program activities include new initiative in financial management for micro and SME. Danamon Peduli will cooperate with

BNPB in the development of the so-called Pasar Tangguh Bencana (Disaster Ready Market) in disaster mitigation component at people's markets, as well as cooperation with the Indonesian Red Cross in the disaster response component. To improve the competitiveness of people's markets, Danamon Peduli will push ahead with SNI 8152:2015 certification for people's markets in Pasar Sejahtera Program.

In knowledge management and communication, Danamon Peduli will continue to improve its capacity as a learning source through best practice forums, conduct research on the impact of social investment on corporate image, and to cooperate with more strategic partners, such as Ministry of Public Works, Ministry of Tourism, etc. in the promotion of people's market through Market Festivals and the proposal for a National People's Market Day.

In terms of financials, Danamon Peduli in 2017 will again focus on achieving 100% absorption of donated funds effectively, monitoring of budget utilization, providing maximum support for program activities, and presenting comprehensive and timely reports of its activities. Danamon Peduli will also target for an unqualified opinion in internal audit on its operations, cooperate with the Bank's procurement division in the procurement of goods and services, and implement a management information system.



Market Revitalization Program - 2016

Physical Intervention

No	Market Name	Location	Physical Intervention
1	Pasar Ibuh	Payakumbuh, West Sumatera	<ol style="list-style-type: none"> 1. Procurement of facilities and tools for market community radio (radioland) 2. Production of promotional billboards for public market 3. Maintenance of market health clinics 4. Provision of prayers room facility
2	Pasar Tejoagung	Metro, Lampung	<ol style="list-style-type: none"> 1. Improvement of water supply system 2. Production of promotional billboard sfor public market 3. Production and installation of behavior change campaign materials 4. Development of merchant cooperative offices 5. Development of nursing areas 6. Maintenance of facilities and provision of prayers room infrastructure
3	Pasar Grogolan	Pekalongan, Central Java	<ol style="list-style-type: none"> 1. Improvement of vegetable sections 2. Production of promotional billboards for public market 3. Provision of prayers room facility
4	Pasar Bunder	Sragen, Central Java	<ol style="list-style-type: none"> 1. Revitalization of stalls and waterways at meat section 2. Production of market promotional banners 3. Maintenance of facilities and provision of prayers room facility infrastructure 4. Procurement of trash bins 5. Procurement of equipment for merchants
5	Pasar Baru (the status of the building is under government's total revitalization)	Probolinggo, East Java	Procurement of computers for market cooperative
6	Pasar Pandansari	Balikpapan, East Kalimantan	<ol style="list-style-type: none"> 1. Maintenance of the wastewater disposal installation 2. Procurement of garbage motorcycle 3. Procurement of market communications infrastructure 4. Procurement of market cooperative infrastructure 5. Production and procurement of cooperative socialization media
7	Pasar Lambocca	Bantaeng, South Sulawesi	<ol style="list-style-type: none"> 1. Maintenance of public toilet 2. Integrated maintenance 3. Improvement of health clinics and breastfeeding corner 4. Improvement of waste disposal 5. Maintenance for places of worship 6. Production of market promotional banners 7. Procurement of cooperative office equipment
8	Pasar Karangwaru	DIY Yogyakarta	<ol style="list-style-type: none"> 1. Improvement of merchant table at vegetable section 2. Procurement of light fire extinguishers (APAR)

Non Physical Intervention - at 8 (eight) assisted market Education | Capacity Building

No	Type of Activities	Frequency	#Participant
1	Market community group discussions	44	1,544
2	Training - Financial Literacy	16	442
3	Cooperative Training	2	42
4	Community Radio Training	2	19
5	Disaster Mitigation and Fire Management Training	3	162

Public Engagement | Community Mobilization

No	Type of Activities	Frequency	#Participant
1	Across sectors - Regional Work Units	21	295
2	Mutual Cooperation	28	1312
3	People's Market Festival	6	5,090

Public Engagement | Community Mobilization | Waste Bank & Integrated Waste Management

No	Type of Activities	Pasar Sejahtera Location	#Kg	CO2 Reduction
1	Waste Bank	1. Pasar Ibu 2. Pasar Grogolan 3. Pasar Bunder 4. Pasar Baru	14,725	764,104,347 gr
2	Integrated Waste Management	1. Pasar Ibu 2. Pasar Bunder 3. Pasar Baru	297,193	440,188,752gr

Note:

1 adult tree absorb 36gr CO2/day

1,204,293,100 gr CO2 equivalent to 91,650 trees /year

Public Engagement | Community Mobilization | People's Market Festival

No	Name of Activities	Assisted/Non-Assisted	Partnerships		#Participant
			Local Government	Private	
1	FPR Ibu, Payakumbuh	Pasar Sejahtera	√	√	500
2	FPR Grogolan, Pekalongan	Pasar Sejahtera	√	√	700
3	FPR Bunder, Sragen	Pasar Sejahtera	√		560
4	FPR 16 Ilir, Palembang	Non Pasar Sejahtera	√	√	1,060
5	FPR Pandansari, Balikpapan	Pasar Sejahtera	√	√	1210
6	FPR Besar, Batu	Non Pasar Sejahtera	√	√	1,060

FPR: Festival Pasar Rakyat

Communication & Knowledge Management | Public Relation

No	Type of Activities	Frequency
1	Advocacy (Resource/Speaker)	<ul style="list-style-type: none"> • 4x, Jakarta • 1x, APEKSI Cirebon West Java • 1x Int. Day for Disaster Risk Reduction, Manado • 1x United Nation Habitat III, Quito, Ecuador
2	Event	<ul style="list-style-type: none"> • Photo Contest “Interaksi di Pasar Rakyat” (“People’s Market Interaction”) partnership with National Geography Indonesia • End of Year Reflection
3	PR Value	Rp12,223,682,000,-
4	Billboard	1. Pasar Ibuh 2. Pasar Grogolan 3. Pasar Bunder
5	Communication Channel	Social Media 1. Facebook 2. Twitter Internal Communication 1. Internal magazine 2. Email blast External Communication 1. Editorial 2. Advertorial 3. 1x Media Gathering 4. 3x Press Conference

Care for the Environment Activity

No	Region	Volunteer	Beneficiaries
1	Region 1 - Jabodetabek, Lampung	394	14,000
2	Region 2 - West Java	405	18,637
3	Region 3 - East Java, Bali, Nusa Tenggara	756	35,000
4	Region 4 - Sulawesi, Ambon, Papua	461	22,300
5	Region 5 - Kalimantan	504	17,000
6	Region 6 - Sumatera (exclude Lampung)	632	42,000
7	Region 7 - Central Java, DIY Yogyakarta	505	24,000

Rapid Disaster Response Program - 2016

Distribution of Disaster Relief Response

No	Number of Disasters	Volunteer	Beneficiaries
	31	365	34,500

Disaster Mitigation and Fire Management Training (Non Assisted Markets)

Name of Market	Location	Number of Market Participants	Number of Participants	Number of Fire Extinguisher
Pasar Tanah Abang	Jakarta	25	240	0
Pasar Bersehati	Manado	10	150	75
Pasar Kemuning	Pontianak	8	89	17
Pasar Gubah	Palembang	15	70	32
Lap. Rendeng	Kudus	3	75	16
Gerung	West Lombok	28	60	20