

ASPIRING

► Corporate Social Responsibility

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📍 Corporate Social Responsibility

“Danamon understands that Corporate Social Responsibility (CSR) is a moral responsibility to stakeholders. CSR is not only intended to meet the interests of the Company and its shareholders but is a reflection of a strong commitment by the Company to play an active role in realizing national and global development objectives.”

In an effort to provide communities with access to meet better social and economic standards of living, Danamon and its subsidiaries established Danamon Peduli Foundation (Danamon Peduli) to be responsible in implementing Danamon's CSR programs activities.

All CSR initiatives are the Company's social investment in efforts to provide added value to all stakeholders by bringing the CSR program into alignment with Company strategy.

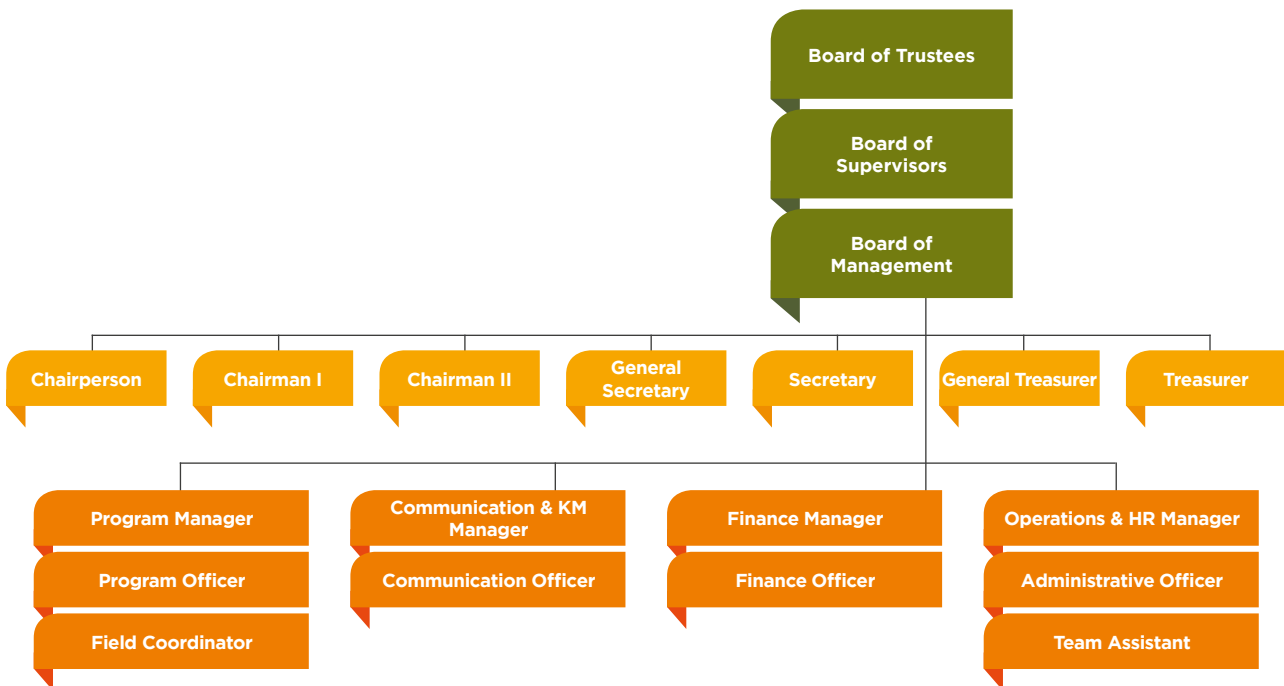
LEGAL BASIS OF CORPORATE SOCIAL RESPONSIBILITY

Implementation of Danamon's social responsibility activities is based on prevailing regulations and policies, including:

- Law No. 40 of 2007 on Limited Liability Companies;
- Financial Services Authority Circular No. 30/SEOJK.04/2016, concerning the form and content of the Annual Report of Public Companies;
- Financial Services Authority Regulation No. 51/POJK.03/2017 on Sustainable Finance Implementation for Financial Services Institutions, Issuers and Public Companies;
- Danamon Sustainability Policy V. 2014;
- The Articles of Association and Bylaws of the Foundation.



MANAGEMENT STRUCTURE



POLICIES AND STRATEGIES

Danamon’s social investment program is coordinated and implemented through Danamon Peduli, which has held legal status since 2006. Danamon Peduli is a social foundation that supports sustainable national and global development goals based on Danamon’s vision: “We care and enable millions to prosper.”

Danamon’s social investment program objectives and targets are to provide long-term positive impact and address the fundamental needs of stakeholders. Thus, since 2010, Danamon Peduli has played a strategic role as government development partner in the efforts to revitalize people’s markets (traditional market) through Pasar Sejahtera Program, which emphasizes on healthy, green, hygienic, and well maintained market environment.



People's market is center for economy, social, and cultural, and is one of the main indicators in measuring the welfare and growth of a region. Moreover, to ensure the welfare of the people through people's market development also means supporting Company's businesses and its development.

CORPORATE SOCIAL RESPONSIBILITY ON ENVIRONMENT ASPECTS

Management Policies

Recognizing the importance of maintaining environmental quality for future generations, Danamon pays special attention to environmental preservation and upkeep, and to efforts to reduce pollution. Company policy to support environmental protection and preservation starts from the internal, that is through formulation of various policies and initiatives, among others is the promotion of office waste management under the 3Rs concept (Reduce, Recycle, Reuse). The paper waste generated from business operations at Danamon Head Office is processed into ready-to-use products, to be used for business cards and Company calendars, among others.

In addition, Danamon, through Danamon Peduli, has a strong commitment to participate in tackling climate change. Without doubts, the issue of global warming and climate change is detrimental to environmental sustainability and life, and has a negative impact on business continuity, business community, customers, and Danamon. To this end, Danamon continues to support environmental initiatives, such as implementing eco-friendly office buildings, facilitating bicycles parking space for employees for local transportation, tree planting, environmental care activities, and providing waste collection centers for non-organic waste, as well as integrated waste processing facilities for organic waste.

Programs and Activities

Danamon's social investment for environmental programs are formulated with due regard to medium and long term impact. In 2017, Danamon's environmental programs activities are as follows:

1. Pasar Sejahtera Program

Improvement and Provision of People's Market Hygiene Facilities

Referring to Minister of Health Decision No. 519/2008 concerning the Implementation of Healthy Markets, and SNI 8152:2015 People's Market, Danamon Peduli supports physical improvement at selected people's market, such as provision of traders' stalls, especially for fresh commodities (meat, fish, vegetables, fruits) by replacing wooden counters with ceramic, provision of washing basin, wastewater disposal units, canopy/ventilation installations/repair, as well as provision of sanitary facilities, such as waste bins and garbage motor carts.

Waste Bank and Integrated Waste Treatment Plant

Given the fact that the people's market is one of the largest producers of waste in Indonesia, Danamon Peduli provided supports in waste bank and integrated waste disposal facility. The initiative included capacity building for waste bank and integrated waste disposal facility operators and revitalization of wet sections at Pasar Ibh

Payakumbuh, West Sumatra, Pasar Grogolan Pekalongan, Pasar Bunder, Sragen Regency, Central Java and Pasar Baru, Probolinggo, East Java.

In addition, Danamon assisted in the refurbishment of 3 integrated waste disposal facilities, in Jepara and Kendal, Central Java and in Pekanbaru, Riau. Through these supports of management of organic and non-organic waste at waste banks and integrated waste disposal facilities, in 2017 Danamon has contributed to the reduction of carbon dioxide (CO₂) emissions by 143.4 billion grams.

Health Posts

Danamon Peduli worked closely with the Local Office of Trade and Public Health to improve the existing health posts in people's markets, such as upgrading the capacity of health center staff as well as facilitating the health posts medical examination rooms and equipment.



Hygienic and Healthy Lifestyle Campaign

Working closely with the Local Health Office, Danamon Peduli facilitated education and safety training and encouraged behavioral change in market communities, particularly in the habit of waste sorting and disposing, hand washing, and market clean-up activities. To strengthen the message of hygienic and healthy lifestyle campaign in people's markets, Danamon Peduli facilitated the production of campaign materials, communication media, and educational information materials.

Care for Environmental Activities

Danamon and subsidiaries employees throughout Indonesia are involved in Care for Environmental activities. The activities are oriented towards improving the quality of the environment and the health of communities around people's markets in the vicinity of the Company's operation. They include reforestation, bio-pore rain water-absorption, water well construction, water and sanitation, renovation of public facilities, such as washrooms and garbage disposal, and the procurement of hygiene facilities and infrastructure.

Complaint Handling Mechanism Concerning the Environment

Danamon business activities in general do not directly cause negative environmental risks. Therefore, complaint reporting channel regarding the environment is currently not required.

Certificates Related to Corporate Social Responsibility on the Environment

Danamon does not yet have environmental certification, however all aspects of the Company's operational activities comply with applicable environmental regulations. One of them is the construction of Danamon's new energy-saving, environmentally friendly office building. Similarly, the

corporate social investment programs and activities are oriented towards improving the quality of environmental health.

CORPORATE SOCIAL RESPONSIBILITY ON LABOR, HEALTH AND SAFETY

Management Policies

Danamon realizes that Company business operations may have an adverse effect on health and safety, whether directly or indirectly.

Thus, Danamon has consistently ensured that health and safety systems are properly implemented. Consequently, all health and safety policies are able to minimize any adverse impact on Company business activities and foster a safe, comfortable and hygienic working environment, safeguarding the health and safety of employees.

Programs and Activities

Human Resources

By the end of 2017, Danamon had 36,410 employees, working throughout Indonesia.

Danamon grants equal rights and opportunities to all employees, including the rights to promotion, education, and other employees' rights contained within collective labor agreements and prevailing laws and regulations.

In line with remuneration policy and employee rights and benefits, Danamon assures appropriate income for employees in accordance with applicable rules and standards. The Company does not distinguish between gender, ethnicity, religion, race or social

status concerning remuneration. Differentiation in remuneration only occurs when based on performance, competence and work experience.

CORPORATE SOCIAL RESPONSIBILITY FOR COMMUNITY DEVELOPMENT

Management Policies

Danamon acknowledges that community welfare is crucial to sustainable operations, as it directly or indirectly requires the involvement of communities. Danamon believes that prosperous society will support sustainable Company business growth.

Therefore, Danamon's social investment policy aims to empower communities with a sustainable approach by paying particular attention to improve the capacity of communities and their existing facilities, both tangible and intangible. The policy requires Danamon Peduli to formulate the targeted programs, delivering maximum benefit to stakeholders and communities.

Programs and Activities

Social and community programs and activities are conducted through Danamon Peduli, they include:

- Pasar Sejahtera
Pasar Sejahtera Program provides assistance in improving market environment quality, both tangible and intangible, as well as empowerment of market stakeholders.

In 2017, the Danamon Pasar Sejahtera Program succeeded in encouraging SNI 8152:2015 Pasar Rakyat certification in 4 assisted people's markets. These were Pasar Ibh, Pasar Bunder, Pasar Baru, and Pasar Lambocca. In addition, the Market Prosperity Program successfully organized 6 national activities, namely Financial Literacy,

Disaster Mitigation Training and Fire Handling, People's Market Festivals, the Pancawara Award, and Open Discussion.

Danamon Peduli encouraged three main community-based activities, such as group discussions, cross-sectoral meetings for offices with key tasks and functions in market, and market clean up at people's markets, that involved 8,792 volunteers and benefited 114,542 people across Indonesia.

Pasar Sejahtera Pilot Projects are located at:

1. Pasar Ibh, Payakumbuh, West Sumatra
2. Pasar Grogolan, Pekalongan, Central Java
3. Pasar Bunder, Sragen, Central Java
4. Pasar Karangwaru, DI Yogyakarta
5. Pasar Baru, Probolinggo, East Java
6. Pasar Pandansari, Balikpapan, East Kalimantan
7. Pasar Lambocca, Bantaeng, South Sulawesi

Financial Literacy

In accordance with Financial Services Authority (OJK) directive and regulation No.76/POJK.07/2016 on improving financial literacy and inclusion in the financial services sector for consumers and the community, Danamon through Danamon Peduli organized Financial Literacy training for small and medium enterprises (UMKM) with the aim to improve personal and business financial management.

By the end of 2017, Danamon Peduli had conducted 12 financial literacy training activities in seven different cities, followed by 410 SME practitioners on a number of key topics, such as the introduction of banking products and services, taxation, and marketing strategies in the digital era.

- Rapid Disaster Response
Danamon Peduli, through its Rapid Disaster Response Program actively responds to disasters, both natural and man-made, throughout Indonesia, by means of aid distribution for victims. Supported by more than 1,900 branches and units throughout Indonesia, Danamon employees are able to distribute emergency assistance to disaster location.

During 2017, Danamon Peduli responded to 23 natural disasters across Indonesia with 45,880 beneficiaries. In addition, Danamon Peduli organized nine Disaster Mitigation and Fire Handling Trainings for people's market communities.

Work Program and Strategy 2018

In 2018, Danamon Peduli will continue to strengthen social investment programs that conform with the Company's core business, and support the government's development program - Nawacita, and, on a global scale, Sustainable Development Goals.

Danamon Peduli's work program will focus more on the following themes: community-based capacity building, learning resources, financial literacy and business development. Through market revitalization program - Pasar Sejahtera (healthy, green, clean, well maintained), Danamon Peduli encourages local governments to certify their market with SNI 8152:2015 Pasar Rakyat. The certification is not only for the welfare of traders, but also to increase people's market competitiveness. In addition, in 2018, Danamon Peduli plans to add new pilot markets, and

will hand over some people's market to be managed by local governments. Financial literacy activities will concentrate on improving the skills of small and medium enterprises in managing business finances.

Moreover, Danamon Peduli will be more active in facilitating employees volunteer for corporate social activities. One of the Danamon corporate values, namely 'caring,' is no longer considered as providing good products and services that respond to the needs, but more on to encouraging employees to play a role in ensuring sustainability for better environment.

With regard to knowledge management and communication, Danamon Peduli will strengthen its role as learning resource through platforms and websites that are more informative and will be continuously active in forums to share best practices, collaborating with partners in order to disseminate social messages, and experience gained to stakeholders.





On the financial side, in 2018, Danamon will remain 100% focused on effective disbursement of funds, monitoring budget utilization, providing maximum support for program activities, and delivering comprehensive and timely reports. Danamon Peduli

also aims to obtain a “unqualified opinion” audit report on its operational activities, in collaboration with the procurement division and implement information management system.

Pasar Sejahtera Market Revitalization Program - 2017

Physical Intervention

No	Market Name	Location	Physical Intervention
1	Pasar Ibhuh	Payakumbuh, West Sumatera	<ol style="list-style-type: none"> 1. Improvement of meat counters 2. Improvement of seafood counters 3. Improvement of canopy 4. Provision of weighing center
2	Pasar Grogolan	Pekalongan, Central Java	<ol style="list-style-type: none"> 1. Improvement of integrated waste management 2. Provision of Integrated Waste Management Machine 3. Provision of zoning signage
3	Pasar Bunder	Sragen, Central Java	<ol style="list-style-type: none"> 1. Improvement of toilets 2. Improvement of welcome gate at market, weighing, and security centers 3. Provision of fire extinguisher
4	Pasar Baru (Market building is being total revitalized)	Probolinggo, East Java	-
5	Pasar Pandansari	Balikpapan, East Kalimantan	Improvement of seafood counters
6	Pasar Lambocca	Bantaeng, South Sulawesi	<ol style="list-style-type: none"> 1. Provision of handicapped ramp 2. Provision of zoning signage
7	Pasar Karangwaru	DI Yogyakarta	<ol style="list-style-type: none"> 1. Provision of price information signage at market 2. Provision of loudspeaker

Non Physical Intervention - at 8 (eight) Assisted Market Education | Capacity Building

No	Type of Activities	Frequency	#Participant
1	Market community group discussions	220	2,674
2	Training - Financial Literacy	9	356
3	Cooperative Training	3	38
4	Community Radio Training	1	10

Public Engagement | Community Mobilization

No	Type of Activities	Frequency	#Participant
1	Across sectors - Regional Work Units	14	312
2	Mutual Cooperation	39	1,756

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

No	Type of Activities	Pasar Sejahtera Location	#Kg	CO ₂ Reduction
1	Waste Bank	1. Pasar Ibhuh 2. Pasar Grogolan 3. Pasar Bunder 4. Pasar Baru	17,201	847,555,520 gr
2	Integrated Waste Management	1. Pasar Ibhuh 2. Pasar Bunder 3. Pasar Baru	535,189	200,695,875 gr

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	Festival Pasar Rakyat Kota Pontianak	Non Assisted	√	√	±3,580
2	Festival Pasar Rakyat Kota Mataram	Non Assisted	√	√	±810

Communication & Knowledge Management | Public Relation

No	Type of Activities	Results
1	Advocacy (Resource/Speaker)	Open Discussion - Sustainable Development Goals, Goal 11
2	Event	1. Anugerah Pancawara 2017 2. People's Market Learning Forum
3	PR Value	Rp15.6 billion
4	Billboard	1. Kota Payakumbuh, West Sumatera 2. Kota Pekalongan, Central Java 3. Kabupaten Sragen, Central Java
5	Videotron	1. Kabupaten Bantaeng, South Sulawesi 2. Kabupaten Sragen, Central Java

Communication & Knowledge Management | Public Relation

No	Type of Activities	Results
6	Communication Channel	Internal Communication 1. Internal Magazine 2. Email Blast External Communication 1. Editorial 2. Advertorial 3. Media Gathering 4. Press Conference 5. Website 6. Danamon social media

Care for the Environment Activity

No	Region	Volunteer	Beneficiary
1	SND 1-4 Jakarta, Lampung, Bekasi, Cilegon, Bogor	365	18,700
2	SND 5 - Jawa Barat	412	5,170
3	SND 6 - Jawa Tengah, Yogyakarta	247	4,200
4	SND 7 - Jawa Timur	282	2,200
5	SND 8 - Bali, Nusa Tenggara	270	2,600
6	SND 9 - Aceh, Medan, Padang, Riau	94	6,300
7	SND 10- Pekanbaru, Jambi, Bengkulu, Palembang	149	4,700
8	SND 11- Kalimantan	278	7,390
9	SND 12- Sulawesi, Ambon, Irian	350	3,700
	TOTAL	2,447	54,960

SND : Sales and Distribution

Rapid Disaster Response Program - 2017

Distribution of Disaster Relief Response

No	Number of Disasters	Volunteer	Beneficiaries
	23	616	45,880

Disaster Mitigation and Fire Management Training (Non Assisted Markets)

No	Name of Market	Location	Number of Market Participants	Number of Participants	Number of Fire Extinguisher
1	Pasar Kota, Kendal	Kendal	12	60	20
2	Pasar Bunder	Sragen	3	30	0
3	Pasar Mangunrejo	Probolinggo	5	80	0
4	Pasar Petisah	Medan	33	115	66
5	Pasar Ciawitali	Garut	16	95	65
6	Pasar Antasari	Banjarmasin	13	72	110
7	Pasar Dasan Agung	Mataram	16	55	50
8	Pasar Bengkong	Batam	3	48	25
	TOTAL		101	555	336