

# INCREASING MARKET QUALITY, BRINGING PROSPERITY TO COMMUNITY



# INCREASING MARKET QUALITY, BRINGING PROSPERITY TO COMMUNITY



Through this theme, we would like to highlight the Foundation's understanding on the significant role of Public Market in national economic growth and, in turns, in making the involved actors more prosperous.

We believe that the increase of public market's environment quality, both physically and non-physically, in accordance with the National Standards of Public Market will increase the number of visitors, transactions and, in turns, the prosperity of the merchants, stakeholders and the region. The increase of transaction and prosperity of all stakeholders will in the end bring more activities of small-, medium- and large-scaled business, which will accelerate the development of regional and national development growth.

Finally, all those developments would reflect Public Market's central position in showcasing regional development, as growth center as well as regional and national economic resilience centers. This comes from integration of human resources competence and availability of natural resources in the surrounding.

Due to the strategic value of development, through Prosperous Market, Environmental Care and Disaster Response programs, we aim to develop public market continuously and transform it into a main facility to increase the prosperity of the beneficiaries. We also aim to show the Foundation's commitment in participating in global-scaled development efforts as contained in the Sustainable Development Goals.

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# ABOUT THE REPORT

The Danamon Peduli Annual Report – 2016 (“Report” or “Danamon Peduli Report”) is compiled to describe works and report of the Foundation’s performance in 2016. The Report also informs the quality of grants management and its allocation in order to realise the Foundation’s vision and mission: ‘We care and enable millions to prosper’ and meeting the expectations of our stakeholders.

## GRI REPORTING STANDARDS AND CONTENT INDEX

In compiling the 2016 report, we refer to the most recent GRI Standard issued by the Global Reporting Initiative (“GRI”) and the GRI-core format. We have marked the applicable GRI-Core indicators in red on the relevant pages and included the GRI-Core content index on the last page to facilitate our readers.

In this report we only present information pertaining to the principles of transparency and accountability of organisational management. We include neither data on business profits nor discussions on profitability in this report. Further, we do not present information pertaining business prospects since Danamon Peduli is a non-profit organization.

This Report is a continuation of the report that we have presented in 2015. There are no significant changes in the programmes organised and thus there are no significant changes in the scope and boundary in the reporting period. [GRI 102-10, 102-48, 102-49]

## REPORTING PERIOD AND CYCLE

The 2016 Annual Report is the sixth edition since publication of the first report in 2007. The period covered in this Report is from 1 January to 31 December 2016. The report is to be published annually. The previous edition was published on 20 October 2016. [GRI 102-50, 102-51, 102-52]

## VALIDATION AND ASSURANCE OF THE REPORT

In the spirit of implementing the principle of transparency and balanced reporting, we will describe the challenges and obstacles we have faced and performances which require further development. We will also detail our successes and achievements during the reporting period. We ensure the validity of the information presented in this Report by using audited financial data in reporting financial performance. We also use supporting data presented directly by the relevant units which has been verified internally.

Our technique of measuring financial data is based on the Indonesian Financial Accounting Standards Statement (IFASS). As for sustainable data, we use internationally-recognised data measurement techniques, such as the equivalent gram/kilogram of CO<sub>2</sub> emissions to measure carbon dioxide emissions savings. In accordance with GRI Standard Guidelines on reporting quality, we apply the principles of balance, accuracy, timeliness, clarity, and reliability.

We have carried out internal verification and review in three stages, namely 1) initial draft verification; 2) secondary draft verification during the design process; and, 3) final draft verification prior to publication. In this 2016 Annual Report, we have not yet to appointed an independent assurer to assure the content of this report. Nonetheless, we have appointed an external party, the NCSR, to carry out accordance checks against the GRI index compliance. The accordance check statement can be seen on page 135. We assure that all information presented in this Report is free from material errors. [GRI 102-54]

## SCOPE OF CONTENT AND BOUNDARY OF THE REPORT [GRI 102-45, 102-46]

Our method of determining the scope of this Report follows the 4 (four) steps outlined in the GRI Standard, namely:

1. Identify the material and boundary aspects (Identification);
2. List the priorities of the aspects identified in the previous stage (Priority);
3. Validate the material aspects (Validation);
4. Review the Report after publication to improve the quality of the following year's annual report (Review).

The process outlined above is in accordance with the principles outlined in the GRI Standard: stakeholders inclusiveness, materiality, sustainability context, and completeness.

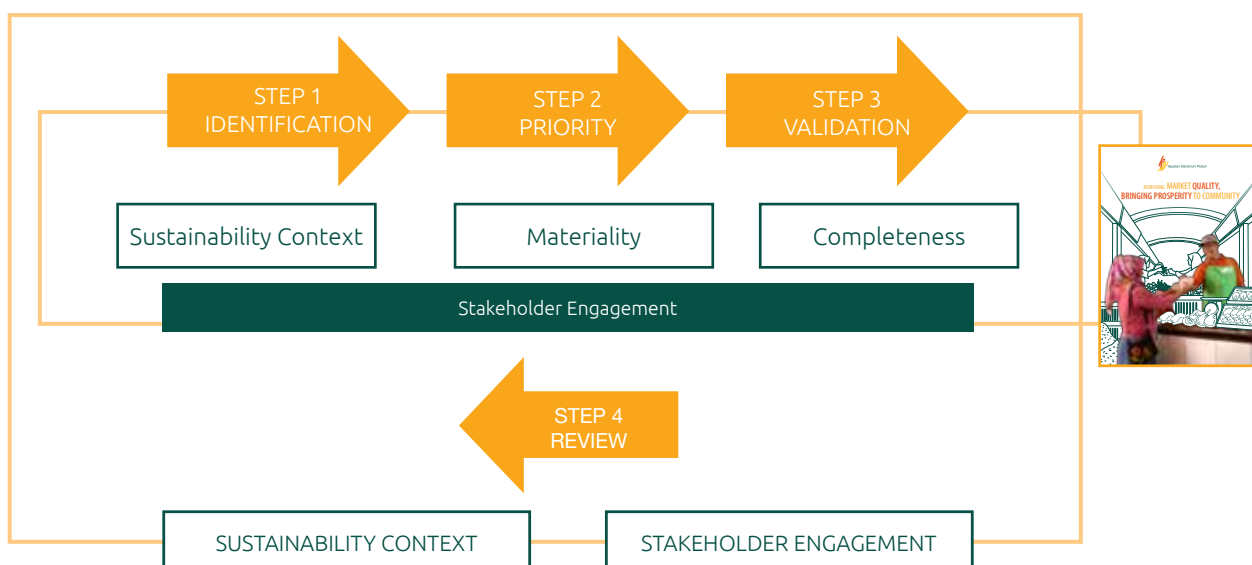
This Report only pertains to the Foundation's programmes and activities, given that we do not operate any subsidiaries. References to financial data is based on the Audited Foundation Report compiled at the end of each period and has been audited by a competent Public Accounting Firm.

## SIGNIFICANT IMPACTS AND DETERMINING MATERIALITY [GRI 102-46, 102-47, 103-1]

We have studied the material impacts of the Foundation's operations in internal discussions with respect to regulations on procurement, labour practices, community development, and other sustainability-related aspects. In determining the materiality of the Report, we strive to conduct internal studies according to due needs and with due consideration to the principles of transparency, accountability, and relevance of the materials to be reported.

We have also considered the relative reporting priority conducted by Danamon as the parent entity of Danamon Peduli Foundation. The distribution of the materiality aspect is as follows: 1. Regulator; 2. Stakeholders; 3. Analysts; 4. Media; 5. Vendor; 6. Customers; 7. NGOs; an, 8. Beneficiaries (CSR).

## REPORT CONTENT DETERMINATION FLOW PROCESS



## ABOUT THIS REPORT

Based on the study, we have determined a number of material aspects by their group and the relevant GRI-specific indices to guide the compilation of this Report, as follows:

### Material Aspects and Relevant GRI-Standards Indicators Implemented [GRI 102-47]

| Material Aspect Categories                        | Material Aspects of GRI-Standard | GRI-Standard Indicators Implemented |
|---|----------------------------------|-------------------------------------|
| Economic Category                                 | Economic Performance             | GRI 201-1                           |
|   | Ethical funding                  | G4-NGO8                             |
| Environmental Category                            | Emissions                        | GRI 305-5                           |
| Social Category - Labour Practice and Decent Work | Employment                       | GRI 401-1                           |
|   | Occupational Health and Safety   | GRI 403-2, GRI 403-3                |
|   | Training and Education           | GRI 404-1, GRI 404-3                |
| Society Category - Society                        | Anti-corruption                  | GRI 205-1,                          |

The specific indicators stated above only pertain to Danamon Peduli and do not apply to parties outside of the Foundation, such as vendors. Given that the Foundation does not operate any subsidiaries, we do not present the boundary table concerning external parties.

### ACCESSIBILITY AND FEEDBACK

We guarantee accessibility of the 2016 Annual Report and preceding years to our stakeholders. The reports are available for download from our website at [www.danamonpeduli.or.id](http://www.danamonpeduli.or.id).

We are fully committed to improve the quality of

this Report. We cordially invite our readers and stakeholders to provide their suggestions, ideas, criticisms, and opinions to the contact person below directly or via the Feedback Form.

### CONTACT [GRI 102-53]

If you wish to obtain further information or have questions regarding this Report, please contact:

#### Yayasan Danamon Peduli

Menara Bank Danamon, 21 floor  
Jl. H.R. Rasuna Said Kav. C-10, Kuningan  
Jakarta 12940 - Indonesia  
Phone : +6221 80645000  
Email : [yayasan.peduli@danamon.co.id](mailto:yayasan.peduli@danamon.co.id)  
[www.danamonpeduli.or.id](http://www.danamonpeduli.or.id)



# PERFORMANCE SUMMARY



- Financial Performance Summary
- Awards
- Highlights
- Statement of The Board of Supervisors and Board of Management

# FINANCIAL PERFORMANCE SUMMARY

## PROGRAMME PERFORMANCE SUMMARY

### Prosperous Market Programme

1. Assisted eight (8) pilot people's markets
2. Improved physical and non-physical infrastructure with reference to SNI 8152: 2015
3. Facilitated workshops and socialisations of SNI 8152: 2015 for four pilot people's markets.
4. Market waste collected through integrated waste management amounted to 307,543 kg, equivalent reducing CO<sub>2</sub> emissions 17,202 tons.
5. Held of 67 group discussions, financial literacy, cooperatives assistance, radioland, and disaster mitigation trainings with 2,209 participants involved.
6. Held the People's Market Festival at four (4) assisted markets and two (2) non-assisted markets.
7. Facilitated capacity building exercises for people's market community.
8. Organised a total 169 public market-related activities and benefitted 172,937 beneficiaries.

### Environmental Care

1. Organised 60 Environmental Care activities at 62 people's markets across Indonesia. Involved 3,657 Danamon and Adira volunteers.
3. Benefitted a total of 172,937 beneficiaries as part of the Prosperous Market programme.

### Knowledge Sharing

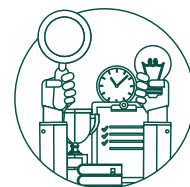
1. Spoke in five (5) national forums and one (1) international forum.
2. Released articles in national and local print media with a PR value exceeding Rp12.2 billion.
3. Held six (6) discussions and sharing sessions on public markets.

### Rapid Disaster Response

1. Provided relief for 30 disasters, consisting of floods, earthquakes, landslides, and market fires.
2. Facilitated market fire mitigation trainings at 81 markets involving 680 participants.
3. Provided mitigation assistance and training worth Rp543 million.
4. Benefitted a total of 38,500 beneficiaries.

### Organisational Governance

1. Restructured the Board of Trustees and Board of Supervisors of Danamon Peduli Foundation.
2. Reformed operating guidelines.
3. Trained head office employees and on-site field coordinators.



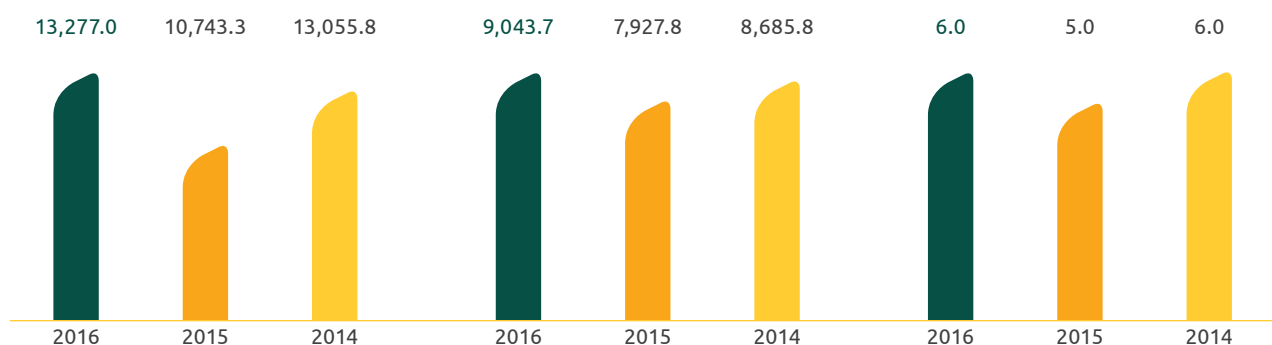
In Thousand Rupiah

| Summary of Consolidated Financial Position                    | 2016        | 2015        | 2014        | 2013        |
|---|-------------|-------------|-------------|-------------|
| Current accounts - Cash and Bank                              | 1,551,690   | 1,145,587   | 2,745,141   | 1,384,507   |
| Fixed Assests - Net   | 75,310      | 58,526      | 71,340      | 145,280     |
| Other Deferred Assets   | 326,865     | 376,388     | 271,141     | 349,647     |
| Total Assets  | 1,953,865   | 1,580,501   | 3,087,621   | 1,879,434   |
| Short-Term Liabilities  | 1,416,795   | 807,950     | 1,187,011   | 825,053     |
| Other Liabilities   | 350,404     | 622,732     | 627,118     | 262,410     |
| Total Liabilities   | 1,767,200   | 1,430,682   | 1,814,128   | 1,087,463   |
| Net Assets  | 186,665     | 149,819     | 1,273,493   | 791,971     |
| Liabilities and Net Assets                                    | 1,953,865   | 1,580,501   | 3,087,621   | 1,879,434   |
| Summary of Activity Report                                    | 2016        | 2015        | 2014        | 2013        |
| Total contribution and other incomes                          | 13,276,965  | 10,743,296  | 13,055,769  | 13,097,651  |
| General Costs and Administration                              | (4,225,013) | (3,898,916) | (3,756,155) | (3,191,431) |
| Funds Allocated for Programmes                                | 9,051,952   | 6,844,380   | 9,299,615   | 9,906,221   |
| Net Assets exempt from limitations - Utilised Programme Funds | (9,043,731) | (7,927,776) | (8,685,773) | (9,812,306) |
| Net asset (decrease) / increase before tax                    | 8,221       | (1,083,395) | 613,842     | 93,915      |
| Tax expense   | 28,624      | (40,279)    | (132,320)   | (32,501)    |
| Net asset increase - after tax                                | 36,846      | (1,123,674) | 481,522     | 61,414      |
| Initial Net Asset Total                                       | 149,819     | 1,273,493   | 791,971     | 730,558     |
| Final Net Asset Total   | 186,665     | 149,819     | 1,273,493   | 791,971     |
| Ratios  | 2016        | 2015        | 2014        | 2013        |
| Operating Cost to Programme Fund Ratio (%)                    | 9%          | 8%          | 8%          | 7%          |
| Overhead Cost to Progamme Fund Ratio (%)                      | 38%         | 41%         | 35%         | 26%         |
| Operating Cost to Total Expense Ratio (%)                     | 6%          | 5%          | 6%          | 5%          |
| Overhead Cost to Total Expense Ratio (%)                      | 26%         | 27%         | 24%         | 19%         |

Total Contribution & Other Incomes  
(Rp Millions)

Total Programme Fund  
(Rp Millions)

Operating Cost Ratio -  
Total Costs (%)



# AWARDS

In recent years, Danamon Peduli Foundation has received numerous awards from independent institutions.

2016



Speaker at United Nation Habitat III, Quito Ecuador-United Nation



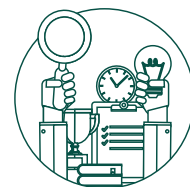
Social Innovation Award-Warta Ekonomi



CECT CSR Awards "Special Achievement Delivering Successful CSR Projects"- Universitas Trisakti



Commendation for Best Practice on Combined Report of Foundation-NCSR



2015

1. Silver Winner For Overall CSR Performance for Banking Sector  
From the MM CSR Programme, Trisakti University
2. Charter on West Java Development Partner – Governor of West Java
3. Certificate of Acknowledgement for Development of Padang in Market Organisation – Municipal Government of Padang
4. Denpasar CSR Award – Municipal Government of Denpasar
5. Top 100 Indonesia Social Enterprises from SWA Magazine – Public Market Activities
6. First Runner Up – Best Sustainability Report 2015
7. From the National Center for Sustainability Reporting (NCSR)

2014

1. First Sustainability Business Innovation from Warta Ekonomi
2. Denpasar CSR Award – Municipal Government of Denpasar
3. Best Annual Reporting from the Financial Services Authority (Otoritas Jasa Keuangan)

# HIGHLIGHTS

27  
February  
2016



## IBUH PEOPLE'S MARKET FESTIVAL, PAYAKUMBUH, WEST SUMATERA

Kicking off 2016, Danamon Peduli Foundation held a people's market Festival at Ibh Market, Payakumbuh, West Sumatera. The event was fully supported by the Local Government of Payakumbuh. A number of activities were featured, including a cooking demo of the legendary culinary named 'Pengek Lapuak'.

3  
April  
2016



## GROGOLAN PEOPLE'S MARKET FESTIVAL, PEKALONGAN, CENTRAL JAVA

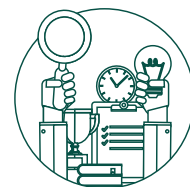
The People's Market Festival at Grogolan, Pekalongan, Central Java, was attended by the Mayor of Pekalongan, Mr H. Achmad Alf Arslan Djunaid, SE, President Director of PT Adira Dinamika Multi Finance Willy S. Dharma and Director of Micro Banking Satinder Pal Singh Ahluwalia. Danamon Peduli has assisted the Grogolan Market since 2010.

20  
April  
2016



## COOPERATION AGREEMENT BETWEEN YAYASAN DANAMON PEDULI WITH NATIONAL STANDARDIZATION AGENCY

Yayasan Danamon Peduli (Danamon Peduli) hosted a limited discussion titled "Improving the Protection of Consumer Rights through SNI 8152:2015 Public Market" at the same time with "National Consumer Day" on April 20th. Danamon Peduli also did a cooperation agreement with National Standardization Agency in order to the implementation process of SNI 8152:2015 in selected market on Prosperous Market program (Health, Green, Clean and Maintained).



21  
May  
2016



#### **BUNDER PEOPLE'S MARKET FESTIVAL SRAGEN, CENTRAL JAVA**

Danamon Peduli Foundation held the people's market festival at Bunder Market, Sragen, Central Java, on 15 and 21 May 2016. The mainline events include a culinary fest and contests featuring local wisdom, such as batik wrapping. The Festival was supported by the Local Government of Sragen and Bank Indonesia Solo Chapter. Attending the Festival was Regent of Sragen, Dr. Hj. Kusdinar Untung Yuni Sukowati. The Bunder Market has been become one of Prosperous Market pilot markets since 2010.

30  
July  
2016



#### **PEOPLE'S MARKET FESTIVAL AT 16 ILIR MARKET, PALEMBANG, SOUTH SUMATRA**

The 16 Ilir Market is a non-assisted market. The market was promoted for being the oldest market in Palembang. On the occasion, Palembang's rich culinary heritage was the highlight of the micro and SME bazaar. The 16 Ilir People's Market Festival was attended by the Secretary General of the Ministry of Trade, Srie Agustina and Mayor of Palembang, H. Harnojoyo.

27  
August  
2016



#### **PANDANSARI PEOPLE'S MARKET FESTIVAL, BALIKPAPAN, EAST KALIMANTAN**

The Public Market Festival at Pandansari Market marked the inauguration of the Prosperous Market programme in Balikpapan. One of the main agenda of the event was empowering micro - SME entrepreneurs. The Mayor of Balikpapan, Mr. H. M. Rizal Effendi officially inaugurated the Pandansari Market as the first Danamon Peduli-assisted market in East Kalimantan.

## HIGHLIGHTS



2  
October  
2016

### BESAR PEOPLE'S MARKET FESTIVAL, BATU, EAST JAVA

The event line-up at the Besar People's Market Festival in Batu, East Java, was slightly different since it featured a study tour for students and partnership with Indofood, the event also featured bread and noodle making demonstration and train the market traders. The Festival was attended by the Director of Distribution and Logistical Facilities, Directorate General of Domestic Trade, Ministry of Trade, Sihard Hadjopan Pohan, SH and Deputy Mayor of Batu, Ir. Punjul Santoso SH, MM. The event concluded the People's Market Festival series in 2016.

17-20  
October  
2016



### THE UNITED NATIONS CONFERENCE ON HOUSING AND SUSTAINABLE URBAN DEVELOPMENT (UN HABITAT III), QUITO ECUADOR, SOUTH AMERICA

Danamon Peduli Foundation is the only Indonesian corporate foundation representation in the United Nations Conference on Housing and Sustainable Urban Development/UN Habitat III held in Quito, Ecuador, on 17-20 October 2016. Danamon Peduli's flagship people's market revitalisation programme, Prosperous Market, is considered realising sustainable urban development set out in the New Urban Agenda and Sustainable Development Goals.



21  
December  
2016

### DANAMON PEDULI FOUNDATION END OF YEAR REFLECTION

On 21 December 2016, Danamon Peduli Foundation held discussions and end of year reflection with "People's Market Festival, Celebrating Harmony of Life" as its theme. The discussions were aimed to build awareness the importance of having a National Public Market Day. In the event, Danamon Peduli reflected the reality that traditional markets or people's markets are the civilisation of Indonesian social change.



# STATEMENT OF THE BOARD OF SUPERVISORS AND BOARD OF MANAGEMENT

We, the undersigned, hereby declare that all information in the 2016 Annual Report of Danamon Peduli Foundation has been approved and we are fully responsible for the accuracy of the content of this Annual Report.

This statement is hereby made truthfully.

## THE BOARD OF SUPERVISORS

MANGGI T. HABIR

Chair of the Board of Supervisors

MULIADI RAHARDJA

Member

HERRY HYKMANTO

Member

MADE SUKADA

Member

MICHELLINA L. TRIWARDHANY

Member

## BOARD OF MANAGEMENT

RESTU PRATIWI

Chair of the Board of Management

SWANDAJANI GUNADI

Deputy I of the Board of Management

REZA P. RUSLY

Deputy II of the Board of Management

ALEXANDER C. SETJADI

General Secretary

TONI DARUSMAN

Secretary

THERESIA ADRIANA

General Treasurer

TAUFAN ARIJANTONO

Treasurer

# MANAGEMENT REPORT





*“Improving the quality of implementation of Yayasan Danamon Peduli’s work programs and activities, namely Prosperous Market also Environmental Care and Disaster Response programs, are in line with national development program priorities, i.e., Nawacita, as well as global-scaled Sustainable Development Goals (SDG) framework. Thus hopefully the Danamon Peduli program could provide real contribution to the acceleration of people’s prosperity improvement and encourage development progress”*

Left → Right

**Bayu Krisnamurthi**

Chair of Board of Trustees

**Restu Pratiwi**

Chairman

**Manggi T. Habir**

Head of Supervisory Board

- Message From Chair of Board of Trustees
- Message from Head of Supervisory Board
- Report from The Board of Management

# MESSAGE FROM CHAIR OF BOARD OF TRUSTEES [GRI 102-14]

## Dear Honoured Stakeholders,

First of all, let us, representing the Board of Trustees, convey our gratitude to God Almighty and greetings to all of us. Due to God's blessing, the Foundation managed to make maximum efforts in 2016 to realize the social program and investment activity in order to realize Danamon's vision, "We care and enable millions to prosper" and meet the expectations of all the stakeholders in general.

The business conditions in 2016 were signals of improving national economic growth. The Government's efforts to encourage economic activities through the realisation of infrastructure development, macro-economic condition improvement, interest rate decrease and bureaucracy streamlining started to bear fruits. National banks and financial institutions started showing better performance. PT Bank Danamon Indonesia Tbk and PT Adira Dinamika MultiFinance (hereinafter referred to as Danamon and Adira) as the founder of the Foundation, were able to increase their social investment contribution.

Such support increases the quality and scope of the programs. In turn, this would make the Foundation to have better competence in synchronizing its programs with the national development program priorities and SDGs. The Foundation's existence as the only corporate foundation, which represents Indonesia in the United Nations Conference on Housing and Sustainable Development, (Habitat III) held on October 17-20, 2016 in Quito, Ecuador, South America, manifests Danamon's commitment in the realization of partnership for the SDGs.

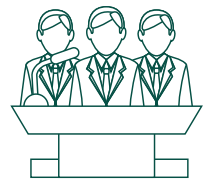
The participation at the international event brought us to strengthen our understanding and intention to synchronize programs so as to give optimum results for the beneficiaries and the general society. In addition, Danamon's presence strengthens the cooperation

and experience exchange as part of the learning process of basic aspects in development sector and challenges that can be more effectively and efficiently overcome together. The purpose of the cooperation is to maximize efforts of the social investment programs, hence yields optimum results to the stakeholders as well as increase prosperity level and distribute development output in sustainable way.

## DANAMON PEDULI'S ACTIVITIES

It is regarded that the work programs and activities that the Foundation has been conducting – the Prosperous Market and the Environmental Care as well as Disaster Response – are in line with the points of development program priorities both at national-scaled Nawacita and global-scaled SDGs.

The Prosperous Market program, whose main purposes are improvement of environmental health at public market, improvement of knowledge at market community through, among others, opening financial access, is relevant to the Nawacita Development Goal number 6. We believe that improvement of physical and non-physical condition standards of assisted market in accordance with SNI 8152:2015 on Public Market, would place traditional market in a more strategic position in the context of regional and national economic growth. Public market will be able to emphasize its presence as one of the regional economic drives and a pillar of national economic resilience, which can accelerate the improvement of people prosperity. It is expected that public market, through the Prosperous Market program, would become a showcase and barometer of the rising people's economy and regional development.



Prosperous Market Program with the main objective is to improve the health of market environment and increasing the knowledge of market community such as cooperative training and financial literacy. This program, we value as with the purpose of Nawacita development number 6.



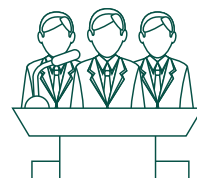
## MESSAGE FROM CHAIR OF BOARD OF TRUSTEES

We believe that the integration of Environmental Care activity and Prosperous Market program would widen the benefits that the Foundation provides through the activities of public market environment health improvement in the surrounding locations of Danamon - Adira's branches and units throughout Indonesia. Healthy, comfortable and safe market environment will eventually attract more visitors to regularly shop at the markets. Furthermore, the better condition would turn markets into tourist destination that offer unique experience. At the same time, the integrated waste management facility and waste bank in the markets are not only able to provide economic benefit, but also effectively reduce CO<sub>2</sub> emission. In 2016, a total of 17,202 tons eq CO<sub>2</sub> of emission reduction was resulted from these two activities.

We would also like to improve the capacity of market managers and merchants in mitigating and handling the risk of fire, which remains to be the main risk for public markets in Indonesia.

Apart from disaster mitigation and fire handling, we also call for providing fire extinguishers to be placed at selected public markets. Above all, considering the large risk of natural disaster in Indonesia, we give a mandate to the Management to be always ready to distribute emergency aid at affected locations, together with Danamon and Adira volunteers throughout Indonesia. We also assign the Management of the Foundation to maintain close relationship with the Indonesian National Board for Disaster Management (BNPB) and its regional board as well as the organizations that have disaster management capacity so that the aid distribution through the Disaster Response Program can be effective and efficient.





### CHANGE IN BOARD OF TRUSTEES PERSONNEL

In 2016, the composition of Yayasan Danamon Peduli Board of Trustees personnel was changed. The purpose of this is to strengthen the Trustees function. New members joined the board are Ibu Kartini Muljadi, SH and Bapak Palgunadi T. Setyawan, previously member of Supervisory Board. We would like to congratulate and welcome the two of them aboard.

### TOWARD TO FUTURE

We wish that the Foundation's presence at the UN HABITAT III can expand and improve partnerships, both with the Government and other similar organizations at local and global scales. Sharing of experience and learning from similar social investment programs with partners would widen the horizon and create new more efficient approach, so that future programs could provide better results to more beneficiaries and stakeholders.

We would like to entrust the commencement of Prosperous Market Plus in 2017 by involving SME actors and practitioners beyond the public market scope so as to wider beneficiaries. We believe that the experiences gained through time and sharing experience will provide the Foundation's Management better options of activity. This is, again, aimed at providing optimum benefits and involving more parties and eventually realize the company's principal vision.

### CLOSING

Finally, on behalf of the Board of Trustees, we would like to convey our gratitude to the Supervisory Board, the Management and the staff of the Foundation for their dedication and hard work in managing and running the organization. We would also like to show our appreciation to the volunteers, executing partners, work partners, governmental body and other stakeholders who have participated and cooperated closely in supporting the programs.

We hope that this harmonious cooperation can be improved in the future so that we can together continue contributing to the improvement of prosperity of all Indonesian people.

Jakarta, 31 May 2017

Chair of Board of Trustees  
Yayasan Danamon Peduli

Bayu Krisnamurthi

Chairman

# MESSAGE FROM HEAD OF SUPERVISORY BOARD [GRI 102-14]

Dear Stakeholders,

Representing the Supervisory Board, I would like to convey gratitude to God because His blessings permit Yayasan Danamon Peduli to successfully complete the company's social investment programs in line with the mandate for budget year 2016.

We are committed to the supervision over the Foundation's program execution to make sure it runs effectively, efficiently and accountably. The goal is that the allocated additional budget can produce optimum results for beneficiaries, directly or indirectly.

## **SUPERVISION OVER YAYASAN DANAMON PEDULI'S ACTIVITY**

During the supervision over the realization of Prosperous Market Program and Care for Environment activity, we closely observed that the key factor to the success of the programs is discipline in the budget management. We also observed the evaluation process and we hope that the recommendations delivered at the end of the period can serve as recommendations for the coming reporting years.

As regards the Indonesian National Standard 8152:2015 Public Market that has come into effect, we observed the efforts to meet the required standard parameters in measuring the success of the Prosperous Market program. Therefore, we fully support the follow-up to the MOU with the Indonesian National Standardization Agency and the assignment of four assisted markets as pilot project of the public market standardization as elucidated in the standard. We hope that the standardization of assisted market that the Foundation is running under the Public Private Partnership scheme can be a model of national standards market. This should be inspiration for private sector to also participate in the efforts of improving public market in Indonesia.

As for the Rapid Disaster Response Program, we focus our supervision over the accordance between the aid types and the beneficiary's needs as well as aid distribution and reporting completeness. We pay more attention to the mitigation and fire management that frequently occurred at markets and recommend the increase of frequency and intensity of training as well as fulfilment of the needs of easily operated fire extinguisher that comes with evacuation signages.

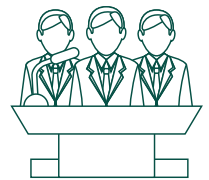
We hope that the integration of the two programs can evoke Danamon and Adira employees' awareness of the company's social investment and thus be involved in the programs by volunteering.

We would like to highlight the efforts of improving the operational management and the reporting of Foundation's financial management report. Improving the program implementation would go hand in hand with improving the Foundation's operational activity, and this indicates good application of Good Corporate Governance (GCG) basic principles.

We hold meeting quarterly with the Management to synchronize the realization of activities, conduct evaluation and assure the compliance to regulations, articles of association and the Advisory Council's special mandate.

## **PERSONNEL CHANGE IN SUPERVISORY BOARD**

During the operational year 2016, there was some changes in the composition of the Foundation's Supervisory Board. Mrs. Fransiska Oei resigned from member of the Board and was replaced by Mrs. Michellina L. Triwardhany. The change was aimed at efficiency and effectiveness of the Foundation's management.



## CLOSING

Finally, on behalf of the Supervisory Board I would like to thank the Advisory Board for their guide in the management of the Foundation. We would also like to thank the Management and the staff for their cooperation, dedication and robust work in conducting all the organization's activities. We hope that the harmonious cooperation that has been built through time can improve so that all of us can provide values and significance to the improvement of the prosperity of beneficiary and other stakeholders in Indonesia.

Jakarta, 31 May 2017

Supervisory Board  
Yayasan Danamon Peduli

MANGGI T. HABIR

Chairman

# REPORT OF THE BOARD OF MANAGEMENT [GRI 102-14]

## Our esteemed stakeholders,

We hereby present the Danamon Peduli Foundation (Foundation) Annual Report to update you with our efforts in realising the company's social investment programmes.

In this year's report, we have adopted the latest GRI Reporting Standard for Non-governmental Organizations. We expect that the newly adopted format allows the Annual Report's to be more informative and assists its readers to better understand how we organise, plan, execute, and evaluate our programmes.

In 2016 we received a number of awards for our initiatives and efforts in the Prosperous Market Programme, among which were the Social Innovation Award from Warta Ekonomi and Special Achievement Delivering Successful CSR Projects from Trisakti University.

## PROSPEROUS MARKETS FOR A PROSPEROUS NATION

We have worked on the Prosperous Market Programme since 2010, with the focus on revitalising selected public markets towards the SNI 8152: 2015 on Public Markets standard. We understand that public markets' roles and value are irreplaceable – they not only contribute to the public's economy, but also preserve its society and culture. Ultimately, public markets improve the quality of life for all and contribute to Indonesia's development agenda.

We ardently believe that the Prosperous Market programme can bolster the nation's economic resilience and stimulate its growth, given that there are 9,559 public markets supplies at least 60% of Indonesians' household needs according to data from the Ministry of Trade. The figure, however, is a decline from at least 14,000 public markets in 2007.

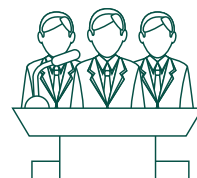
The Prosperous Market programme becomes ever-more significant for national economic resilience as public markets serves as an economic link between 12.5 million Indonesians and farmers, fishermen, cattlemen, day labourers, and micro, small, and medium enterprises who rely on public markets. In the larger economic chain, more than 30 million Indonesians are dependent on public markets.

Under the Prosperous Market umbrella, we organise the Environmental Care sub-programme with emphasis on mobilising employee-volunteers of Danamon and its subsidiaries and involving them in public markets in Danamon's service areas. Through the Disaster Response programme, we have been actively involved in selected disaster zones in Indonesia.

## Prosperous Market

The year 2016 marks the sixth anniversary of our flagship Prosperous Market programme. The programme is a testament of our social investment and is a priority given its economic and socio-cultural impacts for its beneficiaries and to national growth. Public markets, alongside micro, small, and medium enterprises, contributed significantly towards national economic resilience in times of great financial crises – such as in 1998 and 2008 – by serving as centres of trade and marketing.

In 2016, we managed eight model of public markets together with regional governments across Indonesia to be developed into SNI 8152: 2015 compliant markets. The assisted public markets are Ibuh Market, Payakumbuh; Tejoagung Market, Metro Lampung; Grogolan Market, Pekalongan; Bunder Market, Sragen; Baru Market, Probolinggo; Pandansari Market, Balikpapan; Lambocca Market, Bantaeng; and, Karangwaru Market, Yogyakarta.



We organise five activities at each assisted public markets, as follows:

1. Setting-up Prosperous Market model units;
2. Cross-sector integrated planning and budgeting;
3. Public campaigns and promotions;
4. Stakeholder capacity building; and
5. Educating market communities.

In our effort towards obtaining the SNI 8152: 2015 on Public Markets certification, we have initiated the certification process for four assisted markets, namely the Ibuh Market, Payakumbuh, Bunder Market, Sragen, Baru Market, Probolinggo, and Lambocca Market, Bantaeng, following on the MoU agreed with the National Standardization Body. We also held workshops on SNI 8152: 2015 on Public Markets at the assisted markets.

At the end of the operating year, we have conducted an overall evaluation of our programmes based on findings of routine monitoring since the beginning of the year. From the overall evaluation, we have arrived at a number of recommendations to improve our programmes.

### **Environmental Care**

Environmental Care, a Prosperous Market sub-programme, is based on the desire to improve environmental health in public markets across Indonesia. The sub-programme also offers employees of Danamon and its subsidiaries opportunities to realize 'Care' of the corporate value.

Our priority is improving environmental health of public markets by planting trees, building biopores, providing clean water, rehabilitating public facilities in markets, and procuring sanitation supplies. In 2016, there were 3,657 Danamon and Adira volunteers across Indonesia.

Environmental Care activities in 2016 have provided tangible benefits to 172,937 beneficiaries and reduced carbon dioxide emissions by 17,202 tons.

### **Rapid Disaster Response**

We reserve funds for Disaster Response programmes as Indonesia is prone to disasters due to its geographical setting. Under the Disaster Response programme, we have organised trainings on disaster mitigation and fire management in public markets. In 2016, we were actively involved in mobilising 350 Danamon and Adira employees to provide relief to a combined 38,500 victims affected by 30 disasters.

### **Knowledge Management**

We evaluate and assess the success of our programmes, which then became learning experience we share in discussions, seminars, media gatherings, or articles. Accordingly, we held an end-of-year reflection entitled "People's Market Festival, Celebrating Harmony of Life" to raise awareness of the social imperative of a "People's Market National Day."

Since the media plays strategic roles in disseminating social messages, we are continuously establish good working relationships with the media to publish positive stories on public markets. In 2016, there were 245 editorials in national, local, print, and online media with a PR value exceeding Rp12.2 billion.

## REPORT OF THE BOARD OF MANAGEMENT

More importantly in 2016, Danamon Peduli Foundation is the only Indonesian corporate foundation representation in the United Nations Conference on Housing and Sustainable Urban Development/UN Habitat III held in Quito, Ecuador, on 17-20 October 2016. In the conference, we demonstrated that the Prosperous Market is all the more relevant in realising sustainable urban development set out in the New Urban Agenda and Sustainable Development Goals.

### IMPROVING QUALITY OF GOVERNANCE

In 2016, we continued to work to improve the quality of governance by rewriting a Management Handbook as guidance in conducting our duties, particularly on employee affairs. The handbook supplements current rules, SOP, and organisational chart. Improvements in both management and organisation quality have allowed for increased programme effectiveness and efficiency. Our total contribution rose 28% from Rp7,069 million in 2015 to Rp9,046 million in 2016. The increase has allowed us to concurrently increase spending for our programmes, including Disaster Response, by 14% from Rp7,928 million in 2015 to Rp9,043 million in 2016. In 2016, we have successfully realised 249 activities, involved 9,838 volunteers, and benefitted 207,437 beneficiaries.

We were also successful in maintaining our programmes' operating cost efficiency, having to allocate only 7% of the budget to operating costs excluding employee remuneration. Operating costs allocation in 2015 was 5% of the budget.

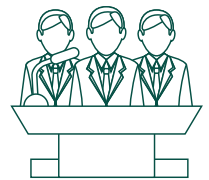
### CHANGES IN BOARD OF MANAGEMENT

In 2016, Mr. Reza P. Rusly replaced Mr. Stenly Oktavianus as Deputy II of the Foundation and Mr Toni Darusman replaced Mrs. Marta Jonatan as Secretary. There were no changes in other positions.

### FUTURE OUTLOOK

We are still concentrating on developing and implementing the Prosperous Market to elevate the public's quality of life, which reflects the level of regional progress. We will be revitalising more markets with reference to SNI 8152:2015 on Public Markets. We will also intensify other social investments through Environmental Care and Disaster Response.

We are consistently building the Foundation's role as a knowledge hub by organising more discussion forums, establishing better partnerships, and sharing deeper knowledge in relevant occasions. We target to increase spending by up to 5% over the realisation made in 2016.



### CLOSING REMARKS

On behalf of the Board of Management, we would like to express our sincere gratitude to the Board of Trustees and Board of Supervisors for their assistance and guidance. We would also like to extend our recognition to our stakeholders for their unwavering support and involvement in every programme we organise. We are sincerely thankful for the hard work, dedication, commitment, and integrity of everyone in the Foundation to ensure that the social investment programmes we have planned are a success.

We look forward to hearing constructive suggestions, inputs, and criticisms in our programmes and annual reports to come.

Jakarta, 31 May 2017

On behalf of  
The Board of Management  
Danamon Peduli Foundation

RESTU PRATIWI

Chairman

# FOUNDATION PROFILE





- Foundation Profile
- Activities
- Motto, Vision Mission, and Culture
- Danamon Peduli Foundation at A Glance
- Milestone
- Economic Scale of Danamon Peduli Foundation
- Organisational Structure
- Areas Served by The Foundation
- Human Resources

# FOUNDATION PROFILE

**Danamon Peduli Foundation** is a non-profit organisation established on 17 February 2006 working primarily in social and community development. It aims to improve social welfare, particularly of those in proximity of PT Bank Danamon Indonesia Tbk. and its subsidiaries, PT Adira Dinamika Multi Finance Tbk and PT Asuransi Adira Dinamika.

## BRIEF PROFILE

### Name

Yayasan Danamon Peduli [GRI 102-1]

### Address

Menara Bank Danamon [GRI 102-3]  
Lantai 21 Jl. H.R. Rasuna Said Kav. C-10  
Jakarta Selatan - 12940, Indonesia  
Tel: (62 - 21) 8064 5299  
Fax: (62 - 21) 8064 5289  
www.danamonpeduli.or.id

### Founder & Administrator

PT Bank Danamon Indonesia Tbk (75%)  
and PT Adira Dinamika Multi Finance (25%)  
[GRI 102-5]

## Type of Entity/Legal Basis of Establishment

Foundation – Non-profit Organisation. Its Deed of Establishment No. 05 was drawn up by Putut Mahendra, SH on 6 October 2005 and approved by the Approval of the Minister of Justice and Human Rights Affairs No. C.322. HT.01.02.Th 2006 dated 17 February 2006. The approval was published in the Official Gazette of the Republic of Indonesia No. 32 dated 21 April 2006, Supplement No. 282/2006.

[GRI 102-5]

## External Initiatives & Association Commitments

We always apply the precautionary principle to prevent environmental impacts in our traditional markets activities or when responding to disasters. We always conduct routine briefings to our volunteer employees. We also conduct routine evaluations on environmental impact mitigations. [GRI 102-11]

We do not implement any operational processes based on particular external initiatives in our primary guidelines. However, we strive to manage our activities in accordance with common organisational management norms. [GRI 102-12]

Danamon Peduli is member of the Indonesian Philanthropy Association (IPA) and is active in local, national, and international forums. It is also actively working with the Ministry of Trade, Ministry of Health, Indonesian Standardization Body, National/Regional Disaster Response Management Agency, Institute of State Administration, CCPHI, and GIZ. [GRI 102-13]



## ACTIVITIES [GRI 102-2, 102-4]

Danamon Peduli activities consist of two primary programmes:

### Prosperous Market (Healthy, Green, Clean, Maintained) Programme

An assistance programme to develop traditional markets using model markets with emphasis on physical and non-physical revitalisation of traditional markets.

The Prosperous Market Programme is carried out at select locations in Indonesia.

#### Sub programme: Environmental Care

Consisting of conservation efforts, such as waste management for recycling, conservation education, green spaces, and environment support facilities (such as waste bins, biodigesters, afforestation, creation of biopore infiltration holes, clean water holding tanks, and sanitation), all of which are conducted at the traditional markets.

### Disaster Response Programme

Disaster Response is a first response team ran by volunteer employees of Danamon, Adira Finance, and Adira Insurance to provide relief in disaster areas.

The operational areas of Disaster Response Program are areas affected by disaster and disaster-prone areas around the operational areas of Bank Danamon and its subsidiaries. This indicates the culture of the company's concern over the disasters that occur in the operational areas of Danamon/Adira.

In addition to the aid distribution to victims of disaster, Yayasan Danamon Peduli holds educational activity for employees and volunteers related to the efforts to help the victims and mitigate the impacts of disaster.

In the context of disaster affecting public market, the Foundation facilitates the Training of Disaster Mitigation and Fire Handling for communities and market management throughout Indonesia.

## Supply Chain [102-9]

With a limited variety of activities, the need for supply of goods or services is also limited, such as ATK and companion execution in market revitalization activities.

As regards chain supply, the Foundation focuses on specific goods and services that are in line with the ongoing and future activities. This the suppliers involved are those within the scope or principal partners in the neighbouring areas of the activity. Complying with the policy of the Foundation's founder, we apply the policy of selection and assessment of partner or supplier of the holding company, by considering the program and activity location.

As the realization of the policy, in 2016, we only involved 112 suppliers from total of 530 registered suppliers list in the Holding Company. The transaction value of supply of goods and services to support Danamon Peduli activities in 2016 amounted to IDR 6,152.13 million. The majority of the value in the transaction involves local suppliers, which Danamon Peduli activities are implemented.



# MOTTO, VISION MISSION, AND CULTURE [GRI 102-16]

## MOTTO

From Vision to Action

## VISION

We Care and Enable Millions to Prosper.

## MISSION

Be a trusted development partner capable of bringing sustainable change to improve the public's quality of life by aligning and utilizing entrusted resources.



## ORGANISATIONAL VALUES AND CULTURE

Danamon Peduli adopts the following Danamon corporate values

### Caring

Sincere attention towards the common good and advancement encourages us to be the best.

### Honesty

Steadfast to ourselves and others without malice.

### Striving for the Best:

Continuously improve our methods to deliver the best results by taking calculated risks, without risking the company's integrity.

### Cooperation

Making diversity our strength to achieve common goals.

### Disciplined professionalism

Working at the highest standards and professional ethics through disciplined discipline, disciplined mind-set, and disciplined actions.



## DANAMON PEDULI FOUNDATION AT A GLANCE



Danamon Peduli Foundation (Danamon Peduli, Foundation, or We) is a non-profit organisation established on 17 February 2006 working primarily in social and community development. It aims to improve social welfare, particularly of those residing in areas served by PT Bank Danamon Indonesia Tbk. and PT Adira Dinamika Multi Finance Tbk. Danamon Peduli was established with the mandate of conducting corporate social responsibility programmes of its parent entity.

Since our establishment, we are highly committed to carry out corporate social responsibility/CSR programmes which could create positive and actual changes in the public's quality of life in terms of its social and economic standing, improve environmental health, and develop sustainable culture. We refer to these efforts as social investments. In realising our vision and mission, we act as the development partner, change catalyst, and knowledge hub.

We interpret the social investment visions into two primary programmes: 1) the Prosperous Market (Healthy, Green, Clean, Maintained) Programme with Environmental Care as its Sub-programme; and, 2) the Disaster Response Programme with Disaster Mitigation as its Sub-programme. As a knowledge hub, we facilitate a number of activities such as expert-led discussions on issues in traditional markets. We

are also active in knowledge sharing by speaking in various events to share our experience and explore opportunities to form new partnerships and collaborations.

We plan and design our programmes meticulously, conduct routine monitoring, evaluate successes and areas of improvement, impacts of our programmes, analyse risks, and prepare mitigating measures with our partners. We evaluate our programmes qualitatively and quantitatively. Since its establishment, Danamon Peduli focuses on organisational restructuring before working on improving and perfecting its procedures and programme organisation. In recent years, we have been striving to improve the quality of our monitoring and evaluation of the Foundation's overall activities.

Since 2016, we began compiling the Foundation's activity reports based on the GRI Non-Government Organization reporting standard. The aims are to improve the quality of programme organisation and its accountability. We believe that improving accountability leads to increased trust from our financial contributors to further support sustainable programmes and, in turn, leads to improved welfare of our beneficiaries and the public.

# MILESTONES YAYASAN DANAMON PEDULI

## 2005

October - Establishment of Danamon Peduli Foundation

## 2006

- Year 2006 is the ratification of Yayasan Danamon Peduli by the Ministry of Justice and Human Rights
- The first year of Yayasan Danamon Peduli's activities.
- Completing the formation of management and organization.

## 2007

- Planning of two primary programmes: My Market – Clean, Healthy, Prosperous (MCHP) and Disaster Rapid Response (DRR)
- Activities:
  - » Construction of the Meeting Hall at Syiah Kuala Model High School.
  - » Construction of waste composting facilities at Bantul Market – Yogyakarta.

## 2008

- Planning of additional primary programmes: Market Compost Programme, aiming to construct 5 composting units.
- Activities:
  - » Initiating the National Clean Market Day.
  - » Won the Millennium Development Goals (MDGs) Award from Metro TV and Best CSR Implementation Award 2008 from NCSR.

## 2009

- National Clean Market Day – second year.
- Runner-up of BBC World Challenge 2009 for the Nothing Wasted Programme.
- Indonesian World Records Museum for "Cleaning 750 Markets in a Day"; and
- Won the ISR Award.

## 2010

- National Clean Market Day – third year.
- Indonesian World Records Museum for "Cleaning 800 Markets in a Day"
- Consolidation of the 4 primary programmes into Prosperous Market, Disaster Response, Danamon Go Green, Knowledge Management.
- Preparation of a Standard Operating Procedure based on ISO 9000 followed by organisational consolidation

## 2011

- Consolidation of the 4 Primary Programmes: Prosperous Market, My Environment Care Month, Disaster Response, Knowledge Management & Capacity Building.
- Initial stage of implementing the Integrated Programme and Information Management System /IPIMS.
- Won the Asia Responsible Entrepreneurship Award in Green Leadership.

## 2012

- Consolidation of principles, organisational strategy, and operational procedure into an integrated framework.
- Organisation of the 4 Primary Programmes: Prosperous Market, Disaster Response, Regional Icon Conservation, and My Environment Care Month
- Renovation and revitalisation of the Si Pitung House – Marunda, Jakarta.
- Organised 465 activities, involving 10,175 volunteers and up to 167,465 beneficiaries.

## 2013

- Initiating the Market Waste Bank as part of the Prosperous Market Programme and My Environment Care Month.
- Realisation of the Banking Education programme for communities in partner markets.
- Organised 222 activities, involving 8,617 volunteers and up to 156,768 beneficiaries.



## 2014

- Programmes:
  - » Formation of the Market Cooperation of Prosperous Market partner markets.
  - » Intensifying qualitative and quantitative programme monitoring.
  - » Continuation of renovation and revitalisation of the Si Pitung House, Marunda, Jakarta.
  - » Organisation of 223 activities, involving 8,011 volunteers and up to 174,259 beneficiaries.
- Governance:
  - » Alignment with Danamon Peduli's parent entity.

## 2015

- Programmes:
  - » Conclusion of the Regional Icon Conservation in Marunda, Cilincing, Jakarta.
  - » Commencement of the Nusantara Traditional Market Exploration as part of the 'Traditional Market Festival' national campaign in eight regions.
  - » Proposing the Disaster Resilient Markets as follow up on the Prosperous Market and Disaster Response programmes.
  - » Renaming My Environment Care Month into Environmental Care.
  - » Initiating the Danamon Initiatives Recycled Paper to manage paper waste from corporate activities using reduce, recycle, reuse (3R) approach.
  - » Pojok Bisa financial literacy for communities in assisted markets.
  - » Organised 303 activities, involving 6,257 volunteers and up to 287,889 beneficiaries.
  - » Strengthening the intents of corporate social investment in corporate communications in conjunction with the Public Affairs Division of PT Bank Danamon Indonesia Tbk.

- Governance:
  - » Governance Consolidation: Appointment of Mr. Bayu Krisnamurthi as Chair of the Board of Trustees to replace Mr. Mari'e Muhammad.
  - » Cooperation with the Legal Affairs Division of PT Bank Danamon Indonesia Tbk on partner and vendor cooperation agreement administration documents.

## 2016

- Programmes:
  - » Realisation of 2 primary programmes: Prosperous Market and Disaster Response and their sub-programmes
  - » Signing of the Cooperation Agreement between Danamon Peduli Foundation and Indonesian Standardization Body on assistance to participants of the Prosperous Market programme towards SNI-certification.
  - » Continuation and quality improvement of the Nusantara Traditional Market Exploration as part of the 'Traditional Market Festival' national campaign.
  - » Managing and revitalising eight assisted traditional markets based on SNI 8152:2015 Traditional Markets.
  - » Speaker in the United Nations HABITAT III Conference, an international initiative to improve the quality of life in urban areas in accordance with Sustainable Development Goals (SDGs).
  - » Organised 249 activities, involving 9,838 volunteers and up to 207,437 beneficiaries.
  - » Procedure consolidation and improvement from program aspect, i.e. Disaster Response Guidelines, Environmental Care Guidelines; and goods and service procurement from operational aspect.
  - » Closing of Prosperous Market Program in Kota Metro, Lampung.



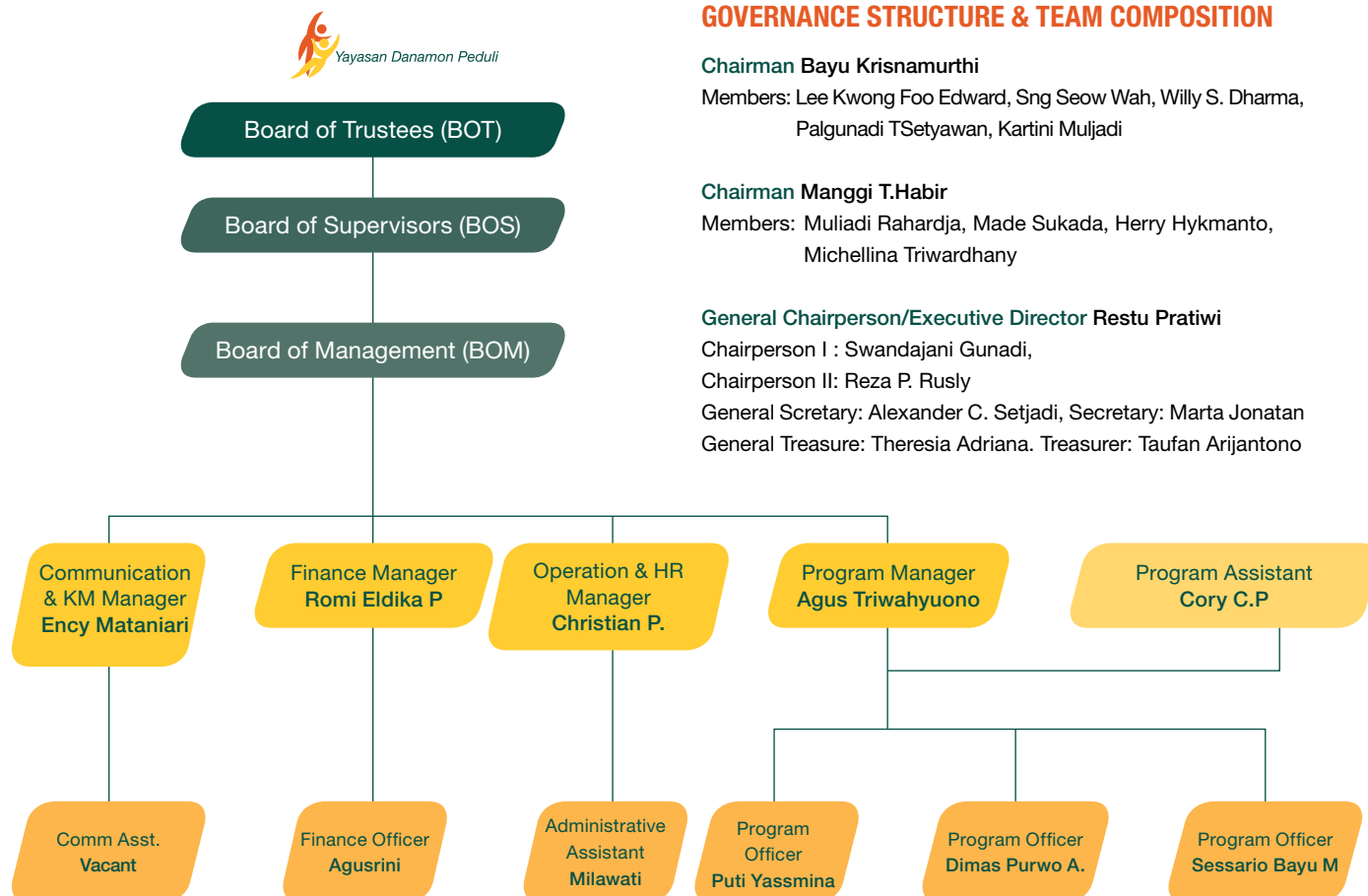
Danamon Peduli's activities in 2016 were supported by 12 employees, 8 field coordinators, and 9,838 volunteers – up from 6,257 volunteers in 2015. The Foundation channelled a total of Rp9,043.7 million in 2016, up from Rp7,927.8 million in 2015. The Foundation's economic scale is as follows:

**Economic Scale of Danamon Peduli Foundation [GRI 102-7]**

| Description                             | Period    |           |
|---|-----------|-----------|
|   | 2016      | 2015      |
| Employees                               | 12        | 13        |
| Volunteers                              | 9,838     | 6,257     |
| Endowment for Activities (Rp thousands) | 9,043,731 | 7,927,776 |
| Managed Assets (Rp thousands):          | 1,953,865 | 1,580,501 |
| - Liabilities (Rp thousands):           | 1,767,200 | 1,430,682 |
| - Net Assets (Rp thousands):            | 186,665   | 149,819   |
| Frequency/total Activities              | 249       | 303       |
| Beneficiaries (Persons)                 | 207,437   | 287,889   |



## ORGANISATIONAL STRUCTURE



## GOVERNANCE STRUCTURE & TEAM COMPOSITION

### Chairman Bayu Krisnamurthi

Members: Lee Kwong Foo Edward, Sng Seow Wah, Willy S. Dharma, Palgunadi TSetyawan, Kartini Muljadi

### Chairman Manggi T.Habir

Members: Muliadi Rahardja, Made Sukada, Herry Hykmanto, Michellina Triwardhany

### General Chairperson/Executive Director Restu Pratiwi

Chairperson I : Swandajani Gunadi,  
Chairperson II: Reza P. Rusly  
General Scretary: Alexander C. Setjadi, Secretary: Marta Jonatan  
General Treasure: Theresia Adriana. Treasurer: Taufan Arijantono

**AREAS SERVED BY THE FOUNDATION** [GRI 102-4] [GRI 102-6]

Our social investment programmes are realised in areas served by PT Bank Danamon Indonesia Tbk and its subsidiaries' branch offices and units across Indonesia. We also operate in disaster areas where Danamon Peduli can provide relief and mitigation. To improve the public's quality of life, Danamon Peduli strives to improve the management quality and health of traditional markets through creation of model Healthy Markets or SNI-certified markets. Areas served by the Danamon Peduli Prosperous Market programme are as follows:

**LOCATION OF ASSISTED MARKETS**



- |   |  |   |   |
|---|--|---|---|
| 1 | Ibuh Market Payakumbuh, West Sumatra     | 6 | Baru Market Probolinggo, East Java            |
| 2 | Tejoagung Market Metro, Lampung          | 7 | Kemuning Market Pontianak, West Kalimantan    |
| 3 | Grogolan Market Pekalongan, Central Java | 8 | Pandansari Market Balikpapan, East Kalimantan |
| 4 | Bunder Market Sragen, Central Java       | 9 | Lambocca Market Bantaeng, South Sulawesi      |
| 5 | Karangwaru Market Yogyakarta             |   |   |



## HUMAN RESOURCES [GRI 102-4, 102-6, 102-41, 103-1, 103-2, 103-3]

**“We are committed to improve human resources quality through routine trainings, performance-based compensation, and conducive working environment in accordance with the human resources assessment indicators implemented by the parent entity of Danamon Peduli Foundation”**

The quality of programmes greatly influences the satisfaction of our beneficiaries and the improvement to their quality of life. In general, the quality of programmes is highly determined by the competence of the human resources.

In this light, we are committed to improve human resources quality through routine trainings, performance-based compensation, and conducive working environment to ensure that every level of the organisation contributed their best to materialise the organisation’s vision and mission.

We have adopted human resources assessment indicators, career advancement, and remuneration system implemented in the parent entity of Danamon Peduli Foundation. In addition, we have implemented a performance-based assessment criteria based on a given programme’s accuracy and quality, its financial management, reporting accountability, and number of beneficiaries.

We conduct routine performance appraisals of Danamon Peduli employees. In 2016, 100% of Foundation employees’ performance has been assessed and their performance compensated. [GRI 404-3]

Owing to conducive working conditions, the composition of Danamon Peduli employees has seen little changes in the recent years. By the end of 2016, we were supported by 12 Temporary Work Agreement (TWA) employees, one employee less than the previous year. We currently employ 6 male and 6 female employees. Owing to their TWA status, Danamon Peduli employees are not part of any labour unions. [GRI 102-8]

However, employees’ rights are collectively complied through Company Regulations which is distributed and signed by employees, as the basis for respectful management of employment relationships. The terms of Company Regulations basically included a general matters that contained in a Collective labour Agreement.

The termination of one employee resulted in an employee turnover rate of 7% in 2016. The Foundation did not recruit new employees in 2016. [GRI 401-1]

Our activities were greatly supported by volunteers. We always involve volunteers in every activity and programme realisations. We have identified three groups of volunteers who were always involved in organising Danamon Peduli programmes: internal volunteers or employees of Danamon and its subsidiaries, partner volunteers, and free volunteers. The latter is external parties and is usually involved in one activity only. We do not have any procedures to assess the performance of volunteers involved in Danamon Peduli activities.



The human resources involved in every Danamon Peduli activities in the last two years are as follows :

#### Total Human Resources in DPF Activities [GRI 102-8, 401-1]

| Year | Prosperous Market |               | Total Activities | Environmental Care |               | Total Activities | Disaster Response |               | Total Activities | Danamon Peduli Employees |
|------|-------------------|---------------|------------------|--------------------|---------------|------------------|-------------------|---------------|------------------|--------------------------|
|      | Volunteers        | Beneficiaries |                  | Volunteers         | Beneficiaries |                  | Volunteers        | Beneficiaries |                  |                          |
| 2015 | 1,478             | 76,002        | 225              | 3,612              | 178,900       | 38               | 1,478             | 76,002        | 40               | 13                       |
| 2016 | 350               | 38,500        | 169              | 3,657              | Part of PSJ   | 60               | 350               | 38,500        | 36               | 12                       |

#### EDUCATION AND TRAINING [GRI 404-1, 404-3]

We organise education and training programmes which align with the aims and activities of a given programme. Every employee enjoys equal opportunities to enrol in the education and training programmes. For the purpose of efficiency, education and training programmes are regularly facilitated by the Human Resources Division of our parent entity, PT Bank Danamon Indonesia, in addition to external facilitators.

Education and training materials are tailored towards micro-project management with regard to its planning, evaluation, reporting, and leadership. To broaden our employees' insight, we occasionally invite volunteers

to participate in certain trainings. The Foundation also offers training in other skills for professional development and knowledge building.

In 2016, we have organised a number of training programmes for employees and management of Danamon Peduli Foundation. The total average time in training was 9.25 hours per participant. The time in training average among genders was broadly similar, in accordance with the principle of equal opportunity embraced by the Foundation.

#### Average time in training by position and gender of participants [GRI 404-1]

| Group                        | 2016  |        |       | 2015  |        |       |
|------------------------------|-------|--------|-------|-------|--------|-------|
|                              | Male  | Female | Total | Male  | Female | Total |
| Executive Director & Manager | 10.00 | 8.00   | 9.45  | 14,86 | 13,33  | 14,40 |
| Staff                        | 8.00  | 10.00  | 9.14  | 12,27 | 12,00  | 12,14 |
| Average Time in Training     | 8.94  | 9.60   | 9.25  | 13,09 | 12,24  | 12.72 |



# SUSTAINABILITY STRATEGY



*"We design sustainable development strategies based on the competencies and conditions as well as interrelated activities among the three main aspects: good governance, social progress, and environmental, prioritizing Foundation's position as a non-profit organization oriented to the realization of social investments".*



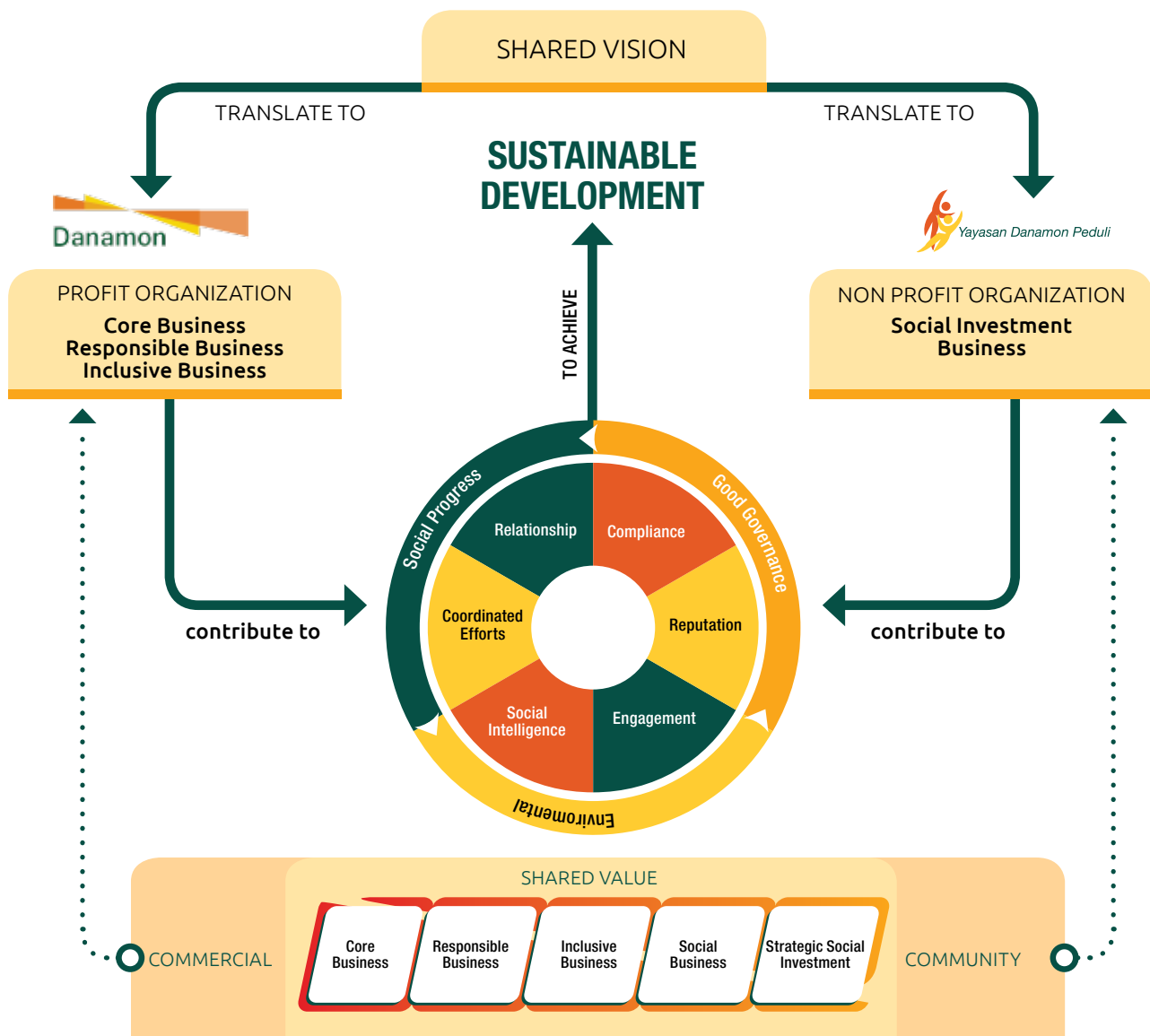
- Sustainability Basis
- Framework
- Organisation Development
- Stakeholder Management

## SUSTAINABILITY BASIS [GRI 102-21]

We have designed sustainable development strategies in line with the competencies and conditions available. Our sustainability strategies are built on interrelated activities among the three main aspects: good governance, social progress, and environmental.

We drafted the strategies by referring to the Foundation's vision, "We Care and Enable Millions to Prosper", the same vision of our founding organisation, with Danamon Peduli's position as a non-profit organisation oriented to the realisation of corporate social investments. This is illustrated in the following chart.

### WE CARE AND ENABLE MILLIONS TO PROSPER





The governance aspect is the first foundation, we embody through institutional strengthening. It also means improving the quality of basic principles of good governance practices. Our explanation of this management aspect is provided in more details in the "Good Foundation Governance" Chapter.

## SOCIAL PROGRESS

Our main resources in realising social investments are funds and human resources. Therefore, gradually and continuously we work to improve the competence and knowledge of our team members, to be more responsive in the face of change. We also seek an open and sustainable dialogue in running the programs, such as focus group discussions, i.e., dialogue forums with market communities and cross-sectoral meetings with local government as a place for sharing views and inputs, and to increase participation.

## ENVIRONMENTAL

We are gradually "going green", by applying a clean and healthy behaviour campaign through various activities, including waste separation and recycling, and reducing the use of new papers to nearly 70%, energy use and overtime. We also undertake various forms of environmental awareness activities, as evidenced by our two main programs.

In the realisation of Prosperous Market program, we make improvements in environmental health in the people's markets. While on Environmental Care and Disaster Response programs, we emphasise on the maintaining and taking care of surrounding environment to prevent further disasters from human negligence in order to preserve the future of the earth.

Through our Environmental Care activities, we collaborate with other corporations as well as Danamon customers to jointly implement waste reduction programs and recycling activities, by collecting office paper waste, books, unused equipment for processing into recycled papers ready to use.

## FRAMEWORK

### ROLES

Catalyst  
Development partner  
Knowledge hub



### GUIDING PRINCIPLES

Holistic & Integrated  
Engagement & Ownership  
Networking & Partnerships  
Knowledge & resource sharing

## SUSTAINABILITY BASIS

To ensure the implementation of the vision, we have developed a framework by positioning the role of the Foundation as:

### 1. Development Partner

In understanding the development context in respective operational areas, Danamon Peduli recognises the need to position itself as a development partner focusing on the growth and implementation of programs that make a significant contribution to development priorities on a national and/or regional scale. Such an approach places the Foundation no longer simply a one-time contribution, but also as an input to sustainable development in accordance with local/regional resources.

### 2. Catalyst

We design and develop programs that can be widely adopted by other players. This catalytic approach aims to accelerate the expansion of benefits to reach more diverse stakeholders.

### 3. Knowledge Hub

We initiate information exchange and consultative mechanisms by positioning our organisation as one of the Learning Resources Liaison. We work with other partners to enrich a broader understanding of social investment programs that can benefit the wider community and give credibility to Danamon Peduli.

Our approach to developing effective work programs includes:

1. Coherence – emphasising the joint efforts of all parties to prioritise a logical and consistent approach
2. Coalition – collaborating with stakeholders through cooperations and partnerships for common goals

3. Communication – engaging in constructive dialogues to communicate the programs
4. Capacity building – ensuring program sustainability through capacity building, including increased sense of belonging, financing capabilities and institutional development.

The main principle of our program development is how goals are achieved through increased supports and close cooperation. These objectives as the basis for us to determine program priorities, designs, and implementation mechanisms are as follows:

1. Effective - All programs must effectively meet the needs of beneficiaries and the achievement of their measurable targets.
2. Adoptable and sustainable - Programs must be ensured for their sustainability so that they can benefit continuously and can be enjoyed by other beneficiaries. Therefore, the programs should be developed in a way that allows for easy application and replication by institutions in other areas.
3. Influential – Every program is a manifestation of the vision of "We Care and Enable Millions to Prosper", and is therefore expected to have a positive influence on the Foundation's good name.

## PROGRAM DEVELOPMENT STRATEGIES [GRI 103-2]

The key strategies we use to ensure the program development to meet the three main objectives include:

### 1. Holistic Approach

We believe that holistic approach, aligning Danamon Peduli's support programs with local and national development programs, will make the implementation more effective. Therefore, we strive for a harmonious support program in both the downstream and upstream development programs.

### 2. Integrated

This approach is done by integrating Danamon Peduli programs into local development programs, not as a mere donation.



### 3. Stakeholders' Participation and Sense of Belonging

The success and sustainability of any development scheme depend largely on the engagement of the stakeholders. This condition can only be done through the active involvement, which means getting views, inputs and involving their participation so that all parties are fully committed to achieving the goal.

### 4. Expanded Support

The more expanded the support for a program, the greater the positive impact it will generate. Therefore, we continually strive to build partnerships and cooperation with various stakeholders for broader support.

### 5. Resources and Knowledge Sharing

Sharing knowledge and learning enables the best experience and best practices in program implementation

### 6. Mobilisation of Corporate Participation

We develop programs that enable increased corporate participation. This is one way to internalise caring values as a shared vision, and to enhance relationships with stakeholders.

### PROGRAMS [GRI 103-1]

In accordance with the focus, social investment programs are set up in three forms:

#### 1. Humanitarian Response

Spontaneous programs are emphasised on efforts to meet the basic needs of affected communities, for example in the case of disasters.

#### 2. Community Empowerment

We engage in continuous involvement in community welfare development, working with local partners to address social issues, even though is not necessarily in harmony with corporate business development objectives.

#### 3. Knowledge Management

We develop programs that enable the exchange of experience and information among similar institutions, for better and more effective programs based on the experience of other institutions that have run similar programs.



## SUSTAINABILITY BASIS

### EVALUATION [GRI 103-3]

To measure the success and impact of a program, we conduct periodic and thorough monitoring and evaluation. Monitoring and evaluation are implemented by using two approaches: qualitative and quantitative.

#### 1. Qualitative

We understand that goals must be achieved through multiple stages. Therefore, we describe targets according to the organisation's ability to disseminate, create consensus, and other approaches that may summarise partners' aspirations as well as the ability in adapting to the environment that continue to grow. Thus, our social investment programs are run with a good capacity and cultivated in order to increase and be able to reach the target. Every activity must go through the assessment process, consultation and discussion with the stakeholders so that the implementation shall be targeted.

#### 2. Quantitative

In quantitative perspective, monitoring the performance of our social investment programs is done through:

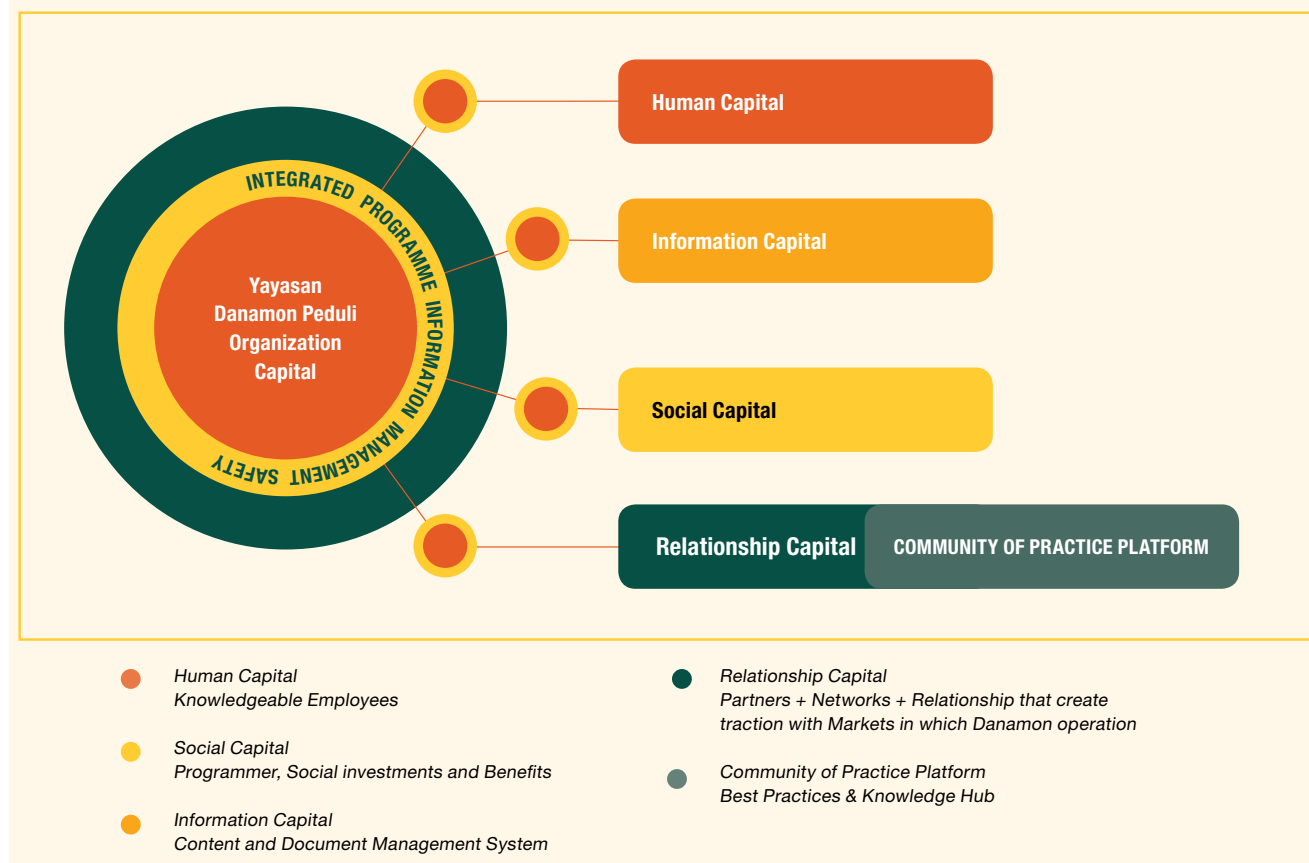
- a. Baseline survey: conducted to measure initial indicator before the program is implemented
- b. Rapid assessment: conducted to measure the impact of the program, as well as data sources in mapping and analysis in terms of constraints and opportunities
- c. Absorption of program budget as an indicator to measure the effectiveness and efficiency of funds in achieving targets
- d. Involvement of volunteers and stakeholders outside Danamon Peduli staff as evidence of active role and long-term commitment and partnership
- e. Carbon footprint calculation as program impact and environmental sustainability
- f. PR value as a benchmark for the media to view the programs and activities with news value for the public.





# ORGANISATION DEVELOPMENT

## KNOWLEDGE MANAGEMENT PLATFORM



Danamon Peduli is constantly striving to be a social investment management organisation that is capable of delivering the programs effectively and sustainably in accordance with the vision and mission. We view improving the quality of program management as mandatory, as it also demonstrates the credibility of the institution to address the development challenges and to facilitate partnerships, resulting in recognition that will ultimately have a positive impact on the corporation.

We therefore periodically review the progress of organisational development programs to ensure improvements to a trustworthy, accountable, and credible organisation with international standards. To that end, we are fully committed to investing in developing key capacity within our institution, namely: human resources, social progress, information, and partnership.

To support the improvement, we set up organisational development programs through facilitation of series of activities that must be implemented in stages and putting them into a workplan, including a regular review plan.

### MANAJEMEN PEMANGKU KEPENTINGAN [GRI 102-40, 102-42, 102-43, 102-44]

We believe that the good program implementation depends on good relations with all stakeholders are established. Therefore, we always maintain good communication and ensure stakeholder participation and involvement.

To that end, we identify carefully the key stakeholder groups that have an influence on the program and its sustainability while striving to meet expectations related to the agreements and available resources. These stakeholders are the surrounding communities/

## ORGANISATION DEVELOPMENT

beneficiaries, government, funders, members/ employees of the Foundation, volunteers, media, business partners/suppliers, academic institutions, similar organisations and other networks.

Some of the mechanisms employed to establish intense communication include placing a competent field coordinator in program location, Board Meetings, focus group discussions, cross-sectoral meetings, media meetings, volunteer meetings, information exchange, program evaluation and program implementation.

Through management of reciprocal relationships, we strive to understand the expectations of the stakeholders. We also hope that stakeholders can engage directly and indirectly in identifying the efforts that have met their expectations, understand the key constraints, plan for solutions and mitigation measures, and together assess how far their expectations have been met.

A brief description of interaction and engagement of the Foundation's programs are:

### 1. Communities/Beneficiaries

In planning market revitalisation program, we involve local government, market communities and people to explore and develop the concept of activities so that it can be implemented properly. We also maintain good relationships with several partner institutions, controllers, and liaisons, the government, and the community by looking at the conditions before and after the implementation of the program.

We believe that community engagement will increase the sense of belonging and effectiveness in the implementation; thus, the impact of the program can be more quickly experienced by many parties.

### 2. Government

We seek to comply with the rules and regulations and to work to align Foundation programs with government development programs.

Through group discussions with community or cross-sectoral meetings involving the government together with other stakeholders, we identify program priorities to be implemented in a selected location, including its monitoring and evaluation for improvement.

### 3. Funders

We regularly conduct the General Meeting of the Board of Trustees, as representatives of Founders of the Foundation at least once a year as required by the Articles of Association to report on the performance in carrying out the mandate, including the adoption of the workplan and budget approval of the Foundation.

### 4. Employees/Members of Foundation

We regularly hold meetings with the Foundation's of employee to coordinate and discuss issues concerning employment for the common good.

We implement various strategic steps in HR management to improve employee competence while ensuring the improvement of Foundation's management quality, including: capacity building, project management, and discussion forums.



## 5. Volunteers

Volunteers are part of the supporting elements in achieving our vision and mission. Therefore, we strive to meet their expectations at its best. For that we establish intensive communication with them and provide an overview of the purpose of the program, schedule of implementation activities, and targets.

We provide a brief orientation of the tasks for the volunteers, including aspects of occupational safety and health encountered in the field and introduction to their operational supports.

## 6. Media

Media has a strategic role in addressing issues promoted by the Foundation. They can provide a comprehensive and independent picture of the success and rooms for improvement in every program, so it can be a counterweight to each implementation report to related parties.

Therefore we build and maintain relationship with the media. They are provided with news to be communicated to the public. Similarly, the Foundation needs media to convey the information about the progress of the program with social messages that are expected to inspire and motivate others to take part in the roles and responsibilities. We organise certain activities with the media, including:

- a. Press release: to deliver the news about activities and progress of the program
- b. Press conference: to deliver the information on program activities through the resources from the Foundation which is considered to have strong news and message value in the format of question and answer session
- c. Media visit: to facilitate media visits to the location of activities, or to visit the media editor as an attempt to equalise the perception of social messages.
- d. All three events are organised as needed.

## 7. Business Partner/Supplier

We have work and ethics guidelines in executing cooperation with all partners for the common good. Every issue of cooperation is always discussed and consulted by adhering to ethical guidelines. Settled agreements are set forth in contractual treaties that are mutually respectful and executed to govern a good working relationship. We also apply requirements that include quality standards and pricing, prioritising local vendors and on-time delivery. We focus on relationships based on the principles of accountability, fairness and transparency, and provide equal opportunities to all partners/suppliers in the selection of goods/services. Specifically for the procurement, we prefer the use of local resources in where activities will be/ is carried out in keeping with the procurement and ethical processes as equalisation and support to the economic rotation of the region.

For partners in a program, we put forward the mutual understanding of the intent and purpose of a program preparation and implementation

## 8. Academic Institutions

Academic institutions act as a reference of program issues and its implementation. Therefore, we establish relationships with academic institutions and resort to them as resources in program planning.

To improve the quality of future relationships, we organise activities involving academic institutions, both directly and indirectly.

## ORGANISATION DEVELOPMENT

### 9. Similar Organisations

We view similar organisations as partners for sharing knowledge and exchanging information on the factors of success and learning that can support our objectives. Therefore, we regularly establish and maintain communication, exchange information and share suggestions, so that the implementation of a program becomes more effective and better and have impact particularly in improving people's welfare.

### 10. Network and Collaboration

To improve the quality of programs, activities and resources, as well as to accelerate the achievement of program objectives, it is necessary to build a network and collaborate with qualified partners with common goals. For that we hold periodic meetings in the form of audiences, limited discussions, or other non-formal events.

Recapitulation of relationship management with stakeholders is presented in the following brief form  
[GRI 102-40, 102-42, 102-43, 102-44]

| Stakeholder Type              | Arrangement Basis  | Method of Engagement   | Frequency   | Stakeholder Expectation  |
|-------------------------------|--|--|---|--|
| Communities/<br>Beneficiaries | <ul style="list-style-type: none"> <li>Representatives</li> <li>Familiarity</li> <li>Influence</li> </ul>                    | <ul style="list-style-type: none"> <li>Deliberation in planning</li> <li>Supervising the realisation of the program together</li> <li>Additional activities</li> </ul>                                     | <ul style="list-style-type: none"> <li>Adjusted</li> <li>Adjusted</li> <li>Adjusted</li> </ul>                        | <ul style="list-style-type: none"> <li>Harmonious and compatible relationship</li> <li>Participation in environmental preservation</li> <li>Effectiveness and efficiency of program implementation</li> <li>Positive contribution to the economic and social aspects of the people surrounding targeted location</li> <li>Overcome impacts of disasters</li> </ul>           |
| Government                    | <ul style="list-style-type: none"> <li>1. Representatives</li> <li>2. Influence</li> <li>3. Key task and function</li> </ul> | <ul style="list-style-type: none"> <li>Bipartite meetings/ development planning congress</li> <li>Visits to the location</li> </ul>  | <ul style="list-style-type: none"> <li>Adjusted</li> <li>Adjusted</li> </ul>  | <ul style="list-style-type: none"> <li>Harmonious and constructive relationship</li> <li>Harmonisation of regional development planning and program implementation planning</li> <li>Effective and efficient program realisation</li> </ul>  |
| Funders/<br>Founders          | Responsibilities   | <ul style="list-style-type: none"> <li>Board of Trustees Meeting</li> <li>Annual Report</li> <li>Task Implementation Report</li> <li>Preparation and proposal for activity budget and work plan</li> </ul> | <ul style="list-style-type: none"> <li>Once (minimal)</li> <li>Once</li> <li>Adjusted</li> <li>Once a year</li> </ul> | <ul style="list-style-type: none"> <li>Disclosure of information to substantial matters and clear direction of Foundation development</li> <li>Increased welfare of beneficiaries</li> <li>Improved corporate brand and business opportunity</li> </ul>  |
| Members/<br>Employees         | Responsibilities   | <ul style="list-style-type: none"> <li>Organisational alignment</li> <li>Regular training/hearing</li> <li>Meeting</li> <li>Regular performance assessment</li> </ul>                                      | <ul style="list-style-type: none"> <li>At least once a year or as needed</li> </ul>                                   | <ul style="list-style-type: none"> <li>1. Clarity of rights and obligations</li> <li>2. Transparency of competence assessment and balance of remuneration with the performance</li> <li>3. Equality</li> <li>4. Non-discriminatory practices</li> <li>5. Guarantee on occupational safety, health, and security</li> <li>6. Comfortability of working environment</li> </ul> |



| Stakeholder Type  | Arrangement Basis  | Method of Engagement   | Frequency  | Stakeholder Expectation  |
|---|--|--|--|--|
| Volunteers  | Responsibilities   | <ul style="list-style-type: none"> <li>Email blast</li> <li>Focus group discussion,</li> <li>Meeting for briefing</li> <li>Basic safety and health training</li> </ul> | <ul style="list-style-type: none"> <li>Adjusted</li> <li>Adjusted</li> <li>Adjusted</li> <li>Adjusted</li> </ul>       | <ul style="list-style-type: none"> <li>Clarity of purposes and goals of the running program</li> <li>Program completed on schedule</li> <li>Positive impacts of the program for beneficiaries</li> <li>Maintenance of safety and health</li> </ul>   |
| Business partners (vendors, suppliers, agents, resellers, installers) | Influence Dependency   | <ul style="list-style-type: none"> <li>Performance assessment of the suppliers</li> <li>Vendor management</li> <li>Supplier selection</li> </ul>                       | <ul style="list-style-type: none"> <li>at least once a year</li> <li>adjusted</li> <li>at least once a year</li> </ul> | <ul style="list-style-type: none"> <li>Fair and transparent procurement process</li> <li>Objective selection and evaluation in selecting partners</li> <li>Accurate yet simple administrative procedure for procurement</li> <li>On-schedule payment for goods and services</li> <li>Mutually beneficial growth</li> </ul>     |
| Academic institutions   | <ul style="list-style-type: none"> <li>Influence</li> <li>Shared goals</li> </ul>                              | <ul style="list-style-type: none"> <li>Focus group discussion</li> <li>Information exchange</li> <li>As associate</li> <li>As consultant</li> </ul>                    | <ul style="list-style-type: none"> <li>Adjusted</li> <li>Adjusted</li> <li>Adjusted</li> <li>Adjusted</li> </ul>       | <ul style="list-style-type: none"> <li>Clarity of purposes and goals of the program</li> <li>Program completed on schedule</li> <li>Positive impacts of the program for beneficiaries</li> </ul>   |
| Similar organisations   | <ul style="list-style-type: none"> <li>Influence</li> <li>Shared goals</li> </ul>                              | <ul style="list-style-type: none"> <li>Focus group discussion</li> <li>Information exchange</li> </ul>   | <ul style="list-style-type: none"> <li>Adjusted</li> <li>Adjusted</li> </ul>   | <ul style="list-style-type: none"> <li>Program completed on schedule</li> <li>Improved effectiveness and efficiency</li> <li>Compatibility of the program and targeted beneficiaries</li> <li>Positive impacts of the program for beneficiaries</li> <li>Best practices to support each other in the implementation</li> </ul> |
| Network and collaboration   | <ul style="list-style-type: none"> <li>Influence</li> <li>Shared goals</li> </ul>                              | <ul style="list-style-type: none"> <li>Focus group discussion</li> <li>Information exchange</li> </ul>   | <ul style="list-style-type: none"> <li>1. Adjusted</li> <li>2. Adjusted</li> </ul>                                     | <ul style="list-style-type: none"> <li>Program completed on schedule</li> <li>Improved effectiveness and efficiency</li> <li>Compatibility of the program and targeted beneficiaries</li> <li>Positive impacts of the program for beneficiaries</li> </ul>   |
| Media   | <ul style="list-style-type: none"> <li>Press release</li> <li>Media visit</li> <li>Press conference</li> </ul> | <ul style="list-style-type: none"> <li>Visit and coverage</li> <li>Interview</li> <li>Distribution of press release</li> </ul>   | <ul style="list-style-type: none"> <li>Adjusted</li> <li>Adjusted</li> <li>Adjusted</li> </ul>                         | <ul style="list-style-type: none"> <li>Accuracy of news object</li> <li>Latest information</li> <li>News covered on schedule</li> <li>Transparency of results from the program</li> </ul>  |

# PERFORMANCE ANALYSIS AND DISCUSSION



*"Danamon Peduli Foundation is committed to continuous improvements of the public's quality of life through its social investment programmes. In 2016, we have facilitated 249 activities benefitting 207,437 beneficiaries and have channelled Rp13.3 billion, an increase of 12.2% compared with 2015".*



- Financial Performance Overview
- Operating Performance Overview
- Prosperous Market Programme
- Cross-Sector Integrated Planning and Budgeting
- Public Campaign and Promotion
- Stakeholder Capacity Build
- Market Communities Education
- Environmental Care Activities
- Rapid Disaster Response
- Knowledge Hub/Knowledge Sharing

# FINANCIAL PERFORMANCE OVERVIEW

## FINANCIAL AND ECONOMIC PERFORMANCE SUMMARY

### Economic Value Generated and Distributed [GRI 201-1]

The following table shows the Foundation's efforts as a non-profit organisation to improve effectiveness and efficiency of funding its programmes.

The costs of community development programmes in 2016, consisting of the Prosperous Market (Pasar Sejahtera) and Environmental Care (Peduli Lingkungan), increased 12.3% to Rp8,470.0 million.

| ECONOMIC PERFORMANCE                             | 2016              | 2015               | Change           |
|--|-------------------|--------------------|------------------|
| Economic Value Generated                         | (Rp thousand)     | (Rp thousand)      | %                |
| Fund from Contributors                           |                   |                    |                  |
| - Fund from Contributors                         | 4,173,000         | 3,608,821          | 15.6%            |
| - Unrestricted contribution                      | 9,046,184         | 7,068,622          | 27.98%           |
| Interest Income from bank and deposits           | 57,781            | 65,853             | (12.26%)         |
| <b>Total Economic Value Generated</b>            | <b>13,276,965</b> | <b>10,743,296</b>  | <b>23.58%</b>    |
| <b>Economic Value Distributed</b>                |                   |                    |                  |
| Program Cost for Communities                     | 8,470,039         | 7,544,266          | 12.27%           |
| Direct Rapid Disaster Contribution               | 573,692           | 383,510            | 49.59%           |
| Operating Costs                                  | 703,129           | 650,254            | 8.12%            |
| <b>Total employee's salary and other benefit</b> | <b>3,521,983</b>  | <b>3,248,661</b>   | <b>8.41%</b>     |
| <b>Distribution of Economic's Value</b>          | <b>13,268,743</b> | <b>11,826,691</b>  | <b>12.19%</b>    |
| Income tax benefit (expenses)                    | 28,625            | (40,279)           | (100.00%)        |
| Economic value after tax Income                  | 13,240,118        | 11,866,970         | 11.57%           |
| <b>Economic Value Retained</b>                   | <b>36,847</b>     | <b>(1,123,674)</b> | <b>(103.28%)</b> |

In 2016, the economic value received was increased 23.6% to Rp13,227.0 million compared with 2015, indicating that national economic recovery positively affects the Foundation's contributors. Accordingly, we have adjusted our employees' compensation (salary) and/or benefits to demonstrate our commitment of paying optimum living wages to our employees. The adjustment is reflected in the increase in "unrestricted contribution" and "employee's salary and other benefit."

Similarly, the Rapid Disaster Response programme (Cepat Tanggap Bencana) and disaster mitigation activities increase by 49.6% to Rp573.6 million. The significant increase was due to the addition of fire management training in the Disaster Response programme. The training was organised to anticipate fires in public markets.

The Foundation is committed to improve productivity. In 2016, it organised 249 events benefitting 207,437 beneficiaries. We have been successful in improving efficiency and effectiveness in distributing economic value through improved management methods. As a result, the Foundation's operating costs only increased by 8.1%, amounting to Rp703.0 million.



The total economic value distributed (contribution), including taxes, was Rp13,268.7 million. As shown in the table above, the economic value retained at the end of 2016 was Rp36.8 million. In other words, the economic value distributed was relatively similar to the economic value received in 2016.

#### PROGRAMME EXPENSES

The Prosperous Market Programme focuses on improving quality of life by supporting grassroots economic activity in people's markets, with emphasis on improving trader behaviour and ancillary facilities, promoting people's markets, and monitoring and evaluation. The Prosperous Market Programme acquired 43% of the total budget.

In 2016, spending on Environmental Care, the Prosperous Market sub-programme, was the third largest, taking 18% of the total budget. The sub-programme emphasises on rehabilitating public facilities, waste collection, and afforestation of public markets in areas served by Danamon and Adira. Spending on the Prosperous Market and its sub-programme is 64% of the total budget.

Whereas the Rapid Disaster Response took 4% of the total budget.

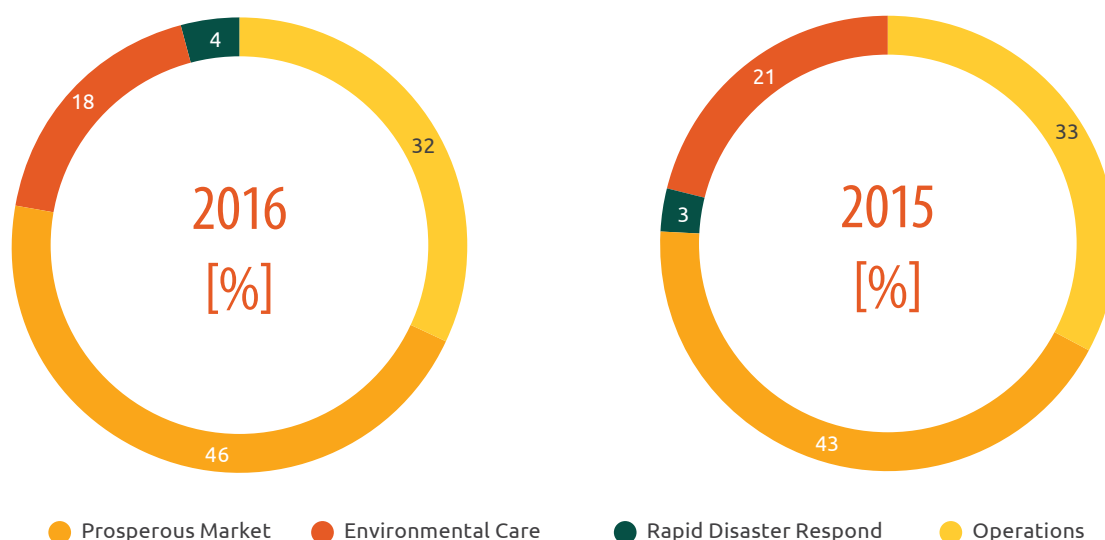
Foundation operating costs took 32% of the budget realisation in 2016. The breakdown of expenses by activity is shown in the following table:

#### Expenses by Activity, 2015-2016

| Budget Realisation by Primary Programmes           | 2016       | %    | 2015       | %    |
|--|------------|------|------------|------|
| Prosperous Market Programme                        | 8,470,039  | 64%  | 7,544,266  | 64%  |
| a. Prosperous Market                               | 6,018,416  | 46%  | 5,063,425  | 43%  |
| b. Environmental Care Activities                   | 2,451,623  | 18%  | 2,480,841  | 21%  |
| Disaster Response (Mitigation + Direct Assistance) | 573,692    | 4%   | 383,510    | 3%   |
| Operations   | 4,215,012  | 32%  | 3,939,194  | 33%  |
| Total Expenses                                     | 13,268,743 | 100% | 11,866,970 | 100% |

## FINANCIAL PERFORMANCE OVERVIEW

### EXPENSES BY ACTIVITY



### Budget Realisation

Budget realisation affects the quality of programme management. We strive to improve internal mechanisms and management such that budget realisation is in proportion with our programmes' design and plan. The table below shows that the 2016 budget is 100% realised, an improvement from 97% realisation in 2015.

#### Quarterly Budget Realisation, 2015 & 2016 (in Rp millions)

| Budget Cluster                                       | 2016    |         |         |         |         |         |         |         |        |        | % Actual to Budget |
|--|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|--------------------|
|  | Q1      |         | Q2      |         | Q3      |         | Q4      |         | Total  |        |                    |
|  | Budget  | Actual  | Budget  | Actual  | Budget  | Actual  | Budget  | Actual  | Budget | Actual |                    |
| Physical Improvement                                 | 1,091.0 | 202.3   | 1,276.0 | 520.8   | 925.0   | 2,054.7 | 611.0   | 1,249.8 | 3,903  | 4,028  | 103%               |
| Capacity Building                                    | 105.0   | 48.2    | 89.6    | 89.1    | 97.9    | 80.0    | 73.5    | 180.4   | 366    | 398    | 109%               |
| Community Mobilization                               | 78.5    | 9.8     | 163.0   | 72.2    | 166.5   | 117.1   | 134.0   | 258.2   | 542    | 457    | 84%                |
| Public Outreach                                      | 957.2   | 242.8   | 881.0   | 1,100.4 | 665.0   | 684.8   | 470.2   | 975.4   | 2,973  | 3,004  | 101%               |
| Studies (Baseline Survey & External Rapid Appraisal) | 110.0   | 12.4    | -       | 55.9    | 60.0    | 18.4    | 52.0    | -       | 222    | 87     | 39%                |
| Monitoring Evaluation                                | 68.0    | 58.8    | 68.0    | 30.4    |         | 9.4     |         | 39.0    | 136    | 138    | 101%               |
| Assessment (Pasar Sejahtera and Jelajah Pasar)       | 30.0    | -       | 30.0    | -       | 30.0    | 1.1     | 10.0    | 11.2    | 100    | 12     | 12%                |
| Communication  | 150.0   | 21.9    | 20.0    | 0.6     | -       | 37.5    | 80.0    | 209.2   | 250    | 269    | 108%               |
| Rapid Disaster Respond                               | 62.7    | 48.2    | 62.5    | 29.8    | 212.4   | 39.6    | 216.2   | 529.1   | 554    | 647    | 117%               |
| OPEX   | 1,125.7 | 893.6   | 887.4   | 1,061.9 | 1,066.6 | 820.7   | 1,093.3 | 1,453.9 | 4,173  | 4,230  | 101%               |
| Total  | 3,778.1 | 1,538.2 | 3,478   | 2,961   | 3,223.4 | 3,863.4 | 2,740.2 | 4,906.2 | 13,219 | 13,269 | 100%               |
| % Total Budget                                       | 29%     | 12%     | 26%     | 22%     | 24%     | 29%     | 21%     | 37%     | 100%   | 100%   | -                  |
| % Actual To Quarterly Budget                         | -       | 41%     | -       | 85%     | -       | 120%    | -       | 179%    | -      | -      | -                  |



## PROMOTING REGIONAL ECONOMIC GROWTH

The Foundation's mission and vision dictate that programmes positively contribute to the improvement of life quality of its stakeholders. While improvements of life quality are aimed at the beneficiaries of the Foundation's programme, they must also be beneficial to the surrounding communities and regional economy. Optimising utilisation of local resources is a way to meet that goal. We firmly believe that stimulating the local economy in the Foundation's work areas, thus improving the quality of life of the local communities, is done best by utilising local workforce and suppliers.

Given that the Prosperous Market Programme has been running for more than a year, we conduct periodic evaluation of our suppliers and organisers to ensure that the programme effectively meets its objectives. The Foundation's partnerships with its partners are based on professionalism with due consideration given to quality standards, competitive pricing, credibility, accountability, and accuracy of goods supplied or services rendered.

Evaluation is conducted from the beginning to the end of their contract period. Assessment of eligible partners is conducted transparently and accountably. To ensure accountability of the process, we have an established workflow to select organising and supplying partners.

## ETHICAL FUNDRAISING POLICY

Foundation's social investments are primarily aimed to improve social welfare, particularly of those residing near to the areas served by Danamon and Adira. As a non-profit organisation, the Foundation's budget is obtained from contributions from its founders, Danamon and Adira. Nonetheless, we are open to other sources of financing by partnering with institutions keen on realising similar social investment goals.

We apply the following criteria to ensure that the contributions are intended solely for social investment:

- Contributing institutions are reputable entities and not in dispute;
- Contributions are not obtained from illegal, unethical, or amoral dealings;
- Donations are given with the sole purpose of supporting the Foundation's vision and mission;
- Donations given are in the form of goods and/or services at fair value.

## Foundation's Contributors

In accordance with its fundraising policy, the Foundation's contributors are:

- PT Bank Danamon Indonesia Tbk., as founder, contributes 72-82% to the Foundation's budget;
- PT AdiraDinamika Multi Finance Tbk., as founder, contributes 15%-25% to the Foundation's budget;
- Contributions from other companies and volunteers, amounting to 1-4% to the Foundation's donation receipts.

The Foundation's contributors in 2016 are as follows

| Name  | Nominal<br>(Rp thousand) | %       |
|---|--------------------------|---------|
| PT Bank Danamon Indonesia Tbk                       | 12.500.000               | 94,56%  |
| PT Bank Danamon Indonesia Tbk<br>(Consumer Banking) | 457.184                  | 3,46%   |
| PT Bank Danamon Syariah                             | 250.000                  | 1,89%   |
| PT Adira Dinamika Finance Tbk                       | 12.000                   | 0,09%   |
| Total   | 13.219.184               | 100,00% |

# OPERATING PERFORMANCE OVERVIEW

The Foundation realises a number of social investments aimed to improve the quality of life of communities in areas served by its founders, as stipulated by PT Danamon Indonesia Tbk. and PT Adira Dinamika Multifinance. We design, plan, organise, and evaluate the realisation of programmes following the strategy laid out in the Foundation's Articles of Association.

Article 3 in the latest amendment of the Foundation's Articles of Association stipulated that the scope of our programmes is:

1. Empowering public markets and their competitiveness by improving their sanitation and health through support, facilitation, and capacity building without charging any fees whatsoever;
2. Organising humanitarian aid by providing relief for disaster victims, mitigating disasters, and promoting disaster preparedness;
3. Contributing directly and indirectly to meeting national Sustainable Development Goals (SDGs) through social and economic empowerment.

Our programmes consist of two main groups: the Prosperous Market Programme (Pasar Sejahtera) with Environmental Care as its sub-programme and the Rapid Disaster Response Programme. The following is a description of each programme and its developments in 2016:

## PARTICIPATION IN SUSTAINABLE DEVELOPMENT GOALS

We believe in the importance of being part of national and global development agenda. Each of Danamon Peduli programme is in line with the 17 goals of the Sustainable Development Goals (SDGs), following conclusion of the eight Millennium Development Goals (MDGs) in late 2015.

Specifically, our programmes are in line with five of the 17 SDGs, as follows:

1. 3<sup>rd</sup> Goal → Good Health and Well-being - Ensure healthy lives and promote well-being for all at all ages.
2. 6<sup>th</sup> Goal → Clean Water and Sanitation - Ensure availability and sustainable management of water and sanitation for all.
3. 11<sup>th</sup> Goal → Sustainable Cities and Communities - Make cities and human settlements inclusive, safe, resilient and sustainable.
4. 13<sup>th</sup> Goal → Climate Action - Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy
5. 17<sup>th</sup> Goal → Partnerships for the Goals.

Further, our programmes are also in line indirectly with two of the 17 SDGs, as follows:

1. 1<sup>st</sup> Goal → No Poverty - End poverty in all its forms everywhere.
2. 8<sup>th</sup> Goal → Decent Work and Economic Growth - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Given the relevance of the SDGs in Indonesia since its adoption in 2016, we are continuously optimising our programmes' reach and organisation to contribute to the global sustainability effort.



### DANAMON PEDULI FOUNDATION REPRESENTED INDONESIA IN UN HABITAT III

Danamon Peduli Foundation is the only Indonesian corporate foundation representation in the United Nations Conference on Housing and Sustainable Urban Development/UN Habitat III held in Quito, Ecuador, on 17-20 October 2016. Danamon Peduli's flagship public market revitalisation programme, Prosperous Market, is highly relevant in realising sustainable urban development set out in the New Urban Agenda and Sustainable Development Goals.

The Prosperous Market and Disaster Response programmes are tied in the good health and well-being (3<sup>rd</sup> goal), clean water and sanitation (6<sup>th</sup> goal), sustainable cities and communities (11<sup>th</sup> goal), climate action (13<sup>th</sup> goal), and partnership for the goals

(17<sup>th</sup> goal) of the Sustainable Development Goals (SDGs). The Foundation believes that the success of its CSR programmes is a step towards meeting the goals of ending poverty (1<sup>st</sup> goal) and promoting sustained, inclusive and sustainable economic growth (8<sup>th</sup> goal).

Danamon Peduli Foundation believes that attending such as global event boosts its programmes' implementation in the future thanks to renewed performance and better partnerships.

# PROSPEROUS MARKET PROGRAMME

## INTRODUCTION

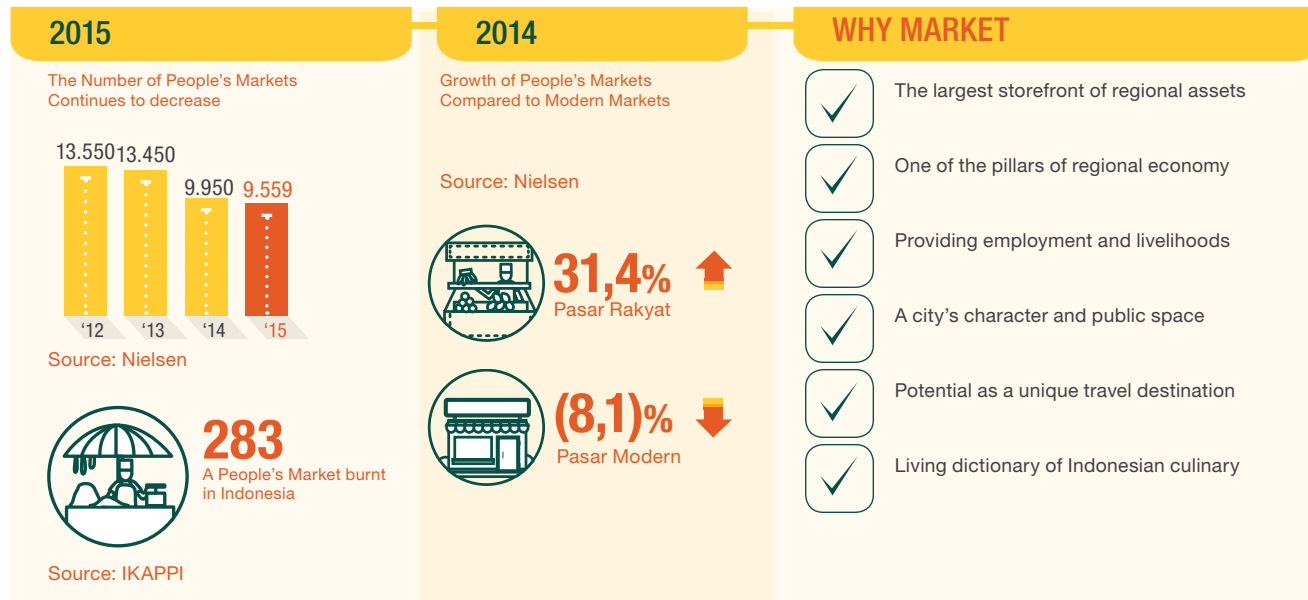
### Overview

The Prosperous Market Programme is a concentrated effort to eradicate health issues in public markets to meet SNI (Indonesian National Standard) certification for public markets. Danamon Peduli saw the programme as a social investment. In concert with central and regional governments as the primary stakeholders, the programme aims to provide solutions to social issues in public market management and improve the quality of life of its beneficiaries – namely micro, small, and medium enterprises (SME). On a larger scale, improvements in market health and management quality are expected to maintain and increase public loyalty and willingness to shop in public markets, in turn improves regional welfare.

The programme is part of the public market revitalisation scheme proposed by the central government to be carried out by regional governments.

### Background

Traditionally, SMEs in public markets hold an important role in the national economy. Public markets contribute significantly towards resilience of the national economy in times of national and global crises – such as in 1998 and 2008 – by supporting SME growth and maintaining household spending.





Government of Indonesia via the Ministry of Trade has given considerable efforts to develop people's markets given the important roles of people's markets in economic growth and their ability to influence their stakeholders' welfare. Part of the effort is replacing the term "Traditional Markets" with "Public Market" in Law Number 7 of 2014 on Trade. Further in the effort, President Joko Widodo's Nawacita development agenda seeks to revitalise 5,000 public markets in the next five years. In late 2015, the Government via the National Standardization Agency (BSN – Badan Standardisasi Nasional) has established the SNI 8152:2015 on People's Markets as market management standard.

Data obtained from the Ministry of Trade shows that as of December 2015, there are 9,559 people's markets in operation, 30% of which have been operated more than 25 years and in need of renovations. The markets serve some 60% of the public's basic needs and provide a means of livelihood for more than 30 million people from trade. If the figure includes supporting professions such as farmers, pastoralists, fishermen,

day labourers, and transporters, markets provide a means of livelihood for approximately 100 million people. However, current trends in social development place public markets in an awkward position as they have to compete with the broad reach of supermarkets and modern retailers.

Since public markets play a significant role in regional and national economic development, the government strives to revitalise 5,000 such markets by 2019. In 2016, the government plans to revitalise 1,000 public markets.

#### **Danamon Peduli's Role**

People's markets are one of the key elements to promote regional growth and improve public welfare. We are proud that our programme is now a national programme. The Prosperous Market's developments have encouraged us to continuously improve its quality and promote others to replicate the programme, bringing quality of life improvements sooner and quicker.

### **Diskusi Terbatas Pasar Rakyat dan Penandatanganan Perjanjian Kerjasama Yayasan Danamon Peduli - Badan Standardisasi Nasional** Jakarta, 20 November 2016



## PROSPEROUS MARKET PROGRAMME

Well-managed people's markets in sound physical condition should be able to meet public demand and promote people's spending. In turn, such spending is expected to stimulate grassroots and regional economies, support sales and production chains, and establish markets as interactive public spaces. Danamon Peduli Foundation augments the government's efforts by organising a more comprehensive assistance programme to revitalise both physical and non-physical aspects of markets.

We are committed in our role as catalyst and development partner in supporting the government's market revitalisation programmes currently underway. We believe that physically and non-physically revitalised public markets are able to compete with supermarkets and modern retailers.

We have been implementing the Prosperous Market Programme since 2010 with the following objectives:

1. Improve and rehabilitate environmental health in markets to meet the SNI 8152: 2015;
2. Develop model units to promote its application, in turn accelerating the nationwide market revitalisation programme.

The focuses of the Prosperous Market Programme are: (i) physical revitalisation; and, (ii) market management improvements by transforming trader and ancillary market communities' behaviour.

The programme's focuses primarily on five aspects, namely:

1. Preparing model units based on SNI 8152: 2015;
2. Integrated planning and budgeting through cross-sector meetings of government-owned market administration services and agencies;

3. Public campaigns to raise public awareness and support on continuous development of public markets.
4. Capacity building of stakeholders through integrated community-based projects through the establishment of Market Working Group, facilitation of trainings on, among others, management of market community radio, cooperatives, financial literacy, and mapping stakeholders aspiration in group discussions;
5. Education for market communities/Behaviour Change Campaign (BCC); the education discusses clean and healthy lifestyles, public service announcements, and routine community work.

Initially, the Prosperous Market programme was based on the Minister of Health Decree No. 519 of 2008 on Organisation of Healthy Markets. Since 2015, we have gradually applied the requirements of SNI 8152:2015 on Public Markets. In addition, we monitor behaviour changes in market communities in maintaining cleanliness and personal health by tracking usage of cleaning facilities we provide, such as waste bins and wash basins.

We periodically evaluate the overall results of the programme to ensure that we receive accurate feedback to further improve the programme's implementation. The methods we employ to evaluate the Prosperous Market are surveys, physical and non-physical monitoring and support, and rapid appraisal against baseline data.



## IMPLEMENTING SNI 8152:2015 ON PEOPLE'S MARKETS

Since 2015, the Ministry of Trade began promoting the Indonesian National Standard (INS) for people's markets to protect market traders, consumers, and managers as well as to improve public market competitiveness. The SNI 8152:2015 on Public Markets contains 44 parameters on physical, non-physical, and cultural and social revitalisation which has to be complied.

Since 2015, Danamon Peduli Foundation has gradually applied the standard in assisted markets under the Prosperous Market Programme.

The Foundation has signed an MoU with the National Standardization Agency, after which the Foundation and Agency conducted socialisation of SNI 8152:2015 on People's Market at four Danamon Peduli's assisted markets. The socialisation is a first stage in which the criteria of SNI 8152:2015 are informed to regional government and market communities, including regional funding and human resources preparedness. Given that the SNI 8152:2015 on People's Markets is still relatively new, Danamon

Peduli advocates regional governments to be consistent and ensure the programme's success. Currently, the Foundation is supporting four assisted markets to receive their SNI 8152:2015 on People's Markets certification, namely: Ibh Market, Payakumbuh, Bunder Market, Sragen, Baru Market, Probolinggo, and Lambocca Market, Bantaeng.

Following socialisation of the standard, the next step involves gap analysis through field observations. Based on the result of gap analysis, physical or administrative recommendations are then proposed to the local government.

The Foundation has facilitated the formation of local SNI Task Teams headed by the Market Division Leader to ensure support of the certification process. Currently, the local teams are working on administrative improvements by drafting standard operating procedures (SOP) on, among others, sanitation, security, and retribution.

## PROSPEROUS MARKET PROGRAMME

### MARKET CRITERIA

In our effort to improve the programme's efficiency, effectiveness, and impact using available resources, we have set a number of eligibility criteria for Prosperous Market candidates, as follows:

| No                    | General Criteria   |
|-----------------------|--|
| 1.                    | Markets are located in areas served by Danamon and its subsidiaries;   |
| 2.                    | Preference is given to markets managed by regional governments;  |
| 3.                    | Market locations are on fixed land (with official permits, non-mobile) and not in dispute;   |
| 4.                    | Preference is given to markets selling agricultural produce;   |
| 5.                    | Regional governments' support of public markets is determined from: <ul style="list-style-type: none"> <li>• Regional budget for markets</li> <li>• Number of public markets and supermarkets</li> <li>• Regional Government's development plans for public markets</li> </ul> |
| 6.                    | Market administrators are committed to maintain continuous support from Danamon Peduli;  |
| 7.                    | Market area and scope are manageable by Danamon Peduli.  |
| Supplemental Criteria |  |
| 1.                    | Minimum market area is 500 m <sup>2</sup>  |
| 2.                    | Markets have unique history, local wisdom, architecture, and commodity variety, among others.  |

In adopting the SNI 8152:2015, the Foundation has implemented a number of standard-specific criteria, as follows:

1. General requirements:
  - a. Markets are required to have legal ownership documents;
  - b. Markets meet local spatial plans.
2. Management requirements; and,
3. Technical requirements.

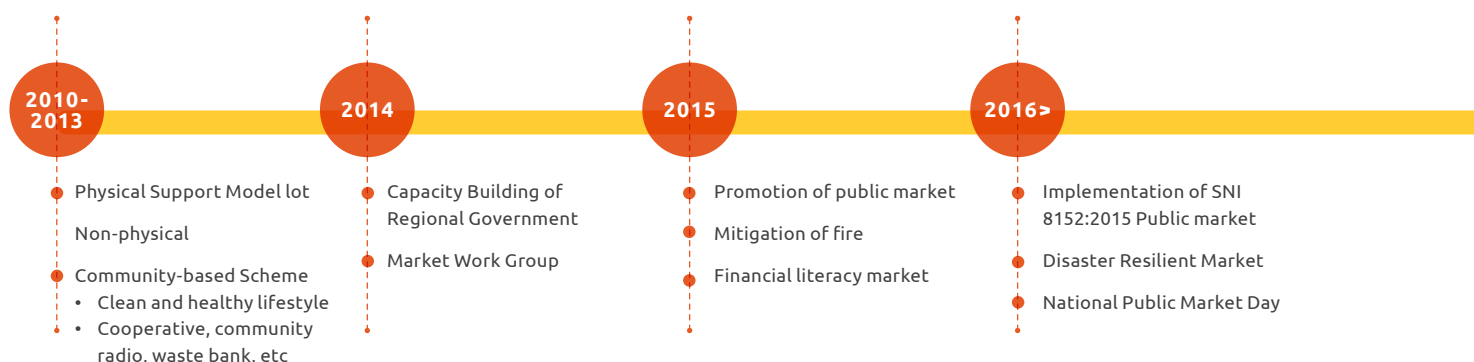
Danamon Peduli assesses eligible Prosperous Market candidates based on the requirements above.

### Programme Milestones

Changes in reference standards and main activities in the Prosperous Market Program since its launching are as follows:

Reference: Kemenkes No.519/2008

Reference: SNI 8152:2015 Pasar Rakyat





## PROGRAMME REALISATIONS

Since its inception in 2010, we have revitalised 11 Prosperous Market model markets, as follows:

| Market Name                | Location                    |
|----------------------------|-----------------------------|
| Ibuh Market                | Payakumbuh, West Sumatera   |
| Tejoagung Market           | Metro, Lampung              |
| Sindangkasih Market*       | Majalengka, West Java       |
| Grogolan Market            | Pekalongan, Central Java    |
| Bunder Market              | Sragen, Central Java        |
| Karangwaru Market          | Yogyakarta                  |
| Semampir- Kraksaan Market* | Probolinggo, East Java      |
| Baru Market                | Probolinggo, East Java      |
| Kemuning Market*           | Pontianak, West Kalimantan  |
| Pandansari Market          | Balikpapan, East Kalimantan |
| Lambocca Market            | Bantaeng, South Sulawesi    |

Note: \*) Administration has been handed over to the local government

Market revitalisation is tailored to each market's physical (initial condition and repairs required) and non-physical (management improvements and stakeholders' capacity building) conditions. Government partnerships generally are effective for two years and may be extended as needed depending on the local government's commitment. From 2010 to 2016, we have transferred administration of three assisted markets to their respective local governments, namely the Sindangkasih Market (Majalengka, West Java), Semampir Market – Kraksaan (Probolinggo, East Java) dan Kemuning Market (Pontianak, West Kalimantan).

In 2016, we have realised the Prosperous Market Programme in eight people's markets across Indonesia, as follows:

| Market Name                                     | Physical Improvements   | Non-physical Improvements   |
|---|---|---|
| Ibuh Market -Payahkumbuh, West Sumatera         | <ol style="list-style-type: none"> <li>1. Development of pilot units and public facilities <ul style="list-style-type: none"> <li>• Basic improvements</li> <li>• Lot renovation</li> <li>• Waste water treatment repairs</li> <li>• Canopy improvements</li> </ul> </li> <li>2. Procurement of sanitation facilities and infrastructure: <ul style="list-style-type: none"> <li>• Waste bank</li> <li>• Integrated Waste Management</li> <li>• Wash basin</li> <li>• Waste sorting facility</li> </ul> </li> <li>3. Procurement of light fire extinguisher and evacuation signage</li> </ol> | <ol style="list-style-type: none"> <li>1. Capacity Building <ul style="list-style-type: none"> <li>• Group discussions</li> <li>• Financial literacy</li> <li>• Training on management of cooperatives, community radio, and waste bins</li> <li>• Disaster Resilient Markets disaster mitigation training</li> </ul> </li> <li>2. Community Mobilisation <ul style="list-style-type: none"> <li>• Cross municipality/regency sectors</li> <li>• Catalyst Cadre (Kader Penggerak) recruitment</li> <li>• Healthy and Clean Lifestyle Campaign</li> <li>• Public Market Festival/Public Market Campaign</li> </ul> </li> </ol> |
| Tejoagung Market -Metro, Lampung                |   |   |
| Grogolan Market, Pekalongan – Central Java      |   |   |
| Bunder Market -Sragen, Central Java             |   |   |
| Baru Market -Probolinggo, East Java             |   |   |
| Pandansari Market, Balikpapan – East Kalimantan |   |   |
| Lambocca Market - Bantaeng, South Sulawesi      |   |   |
| Karangwaru Market, Yogyakarta – Yogyakarta      |   |   |

## PROSPEROUS MARKET PROGRAMME

### Waste Bank Programme

We facilitate the formation of traders-managed waste banks. The banks sort organic waste, such as paper, plastic, glass, and tin to be recycled and up-cycled into crafts to give economic value to what was wasted products. Another benefit of the waste bank programme is instilling willingness to sort and dispose waste properly for conservation purposes. We refer to these volunteer-traders who manage the waste banks as "Catalyst Cadres."

Generally, waste banks are established according to the following steps:

#### 1. Preparation

##### a. Survey

Surveys determine if waste banks are actually necessary. Items to consider in surveys are, among others, waste volume and type as well as waste bank location.

##### b. Resources

Resources refer to whether the human resources involved in waste bank management are available, salaried or volunteers, etc.

##### c. Network

Waste bank operates smoothly if the waste is traded at reasonable prices. To that end, waste bank administrators have to establish strong networks with waste middlemen.

#### 2. Promotion

##### a. Socialisation Materials

Inform the waste bank's services.

##### b. Campaign

Educate market communities of the importance of participating in waste banks.

#### 3. Operations

##### a. Facilities and infrastructure such as land, offices, and scale.

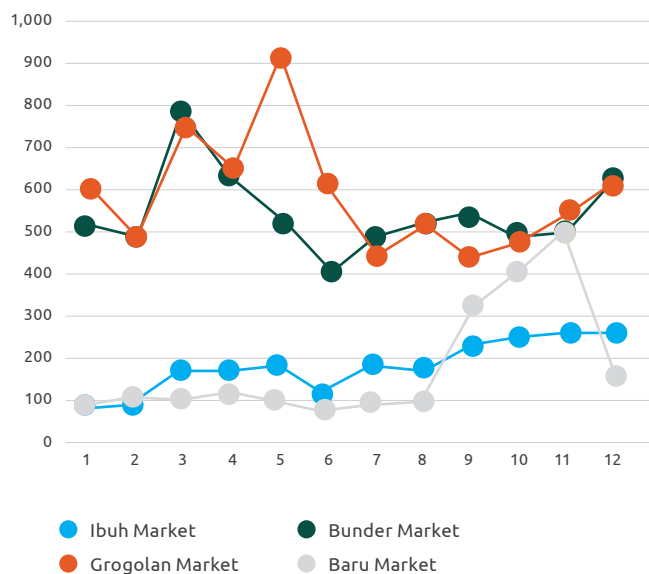
##### b. Waste bank activity cycles such as operating hours, weighing process, and others such as:

- Periodic evaluation of waste bank performance
- Waste bank development plans.

Not every assisted market features waste banks; they are established if market stakeholders deem them necessary. Furthermore, for waste banks to be effective, there should be sufficient space to store inorganic waste. Four Prosperous Market locations operate their own waste banks, namely the Ibuh Market, Payakumbuh, Grogolan Market, Pekalongan, Bunder Market, Sragen, and Baru Market, Probolinggo.

The graph below shows the volume of inorganic waste collected every month during the reporting period:

Waste Bank Performance - Prosperous Market  
Non-organic Waste Collection (in kilograms), 2016



The fluctuations in the graph are due to establishment of independent waste banks which adopted the Prosperous Market waste bank template. Waste banks serve as an alternative waste disposal for market communities. More waste banks in operation, regardless of trader- or independently-managed, means more support for environmental protection as they reduce the volume of waste disposed in landfills.



To raise awareness of this method of waste collection, we give out tokens of appreciation such as apparels, mugs, or certificates for the best bank customers.

Waste banks positively affect the environment by reducing CO<sub>2</sub> (carbon dioxide) emissions from rubbish which would otherwise be burned. Using standard emissions calculations, we found that CO<sub>2</sub> reduction from the now recycled inorganic waste is as follows:

Waste Bank CO<sub>2</sub> Emissions Reduction, 2016  
[GRI 305-5]

| Location                    | Waste Volume (kg) | CO <sub>2</sub> Emission (Grams) |
|-----------------------------|-------------------|----------------------------------|
| Ibuh Market -Payakumbuh     | 2,069             | 107,441,537                      |
| Grogolan Market, Pekalongan | 6,936             | 359,879,310                      |
| Bunder Market, Sragen       | 6,478             | 303,998,394                      |
| Baru Market, Probolinggo    | 2,093             | 108,593,793                      |
| Total                       | 17,576            | 879,913,034                      |

In addition to waste bank monitoring, we also monitor composting activity, which is now managed by a third-party. The organic waste to compost initiative was started by Danamon Peduli in 2008. Our assessment shows that the Integrated Waste Management is effective in reducing accumulation of organic waste in markets, in turn reducing landfill footprint. Previously, uncollected waste accumulated, decayed, and aggravated market health.

Integrated Waste Management currently operating at Ibuh Market, Payakumbuh, Bunder Market, Sragen, and Baru Market, Probolinggo. Throughout 2016, the three locations combined have composted 307,543 kg of waste and reduced CO<sub>2</sub> emissions equivalent of 15,957 tons. [GRI 305-5]

## Occupational Health and Safety (OHS) Provision

The Foundation organises occupational health and safety campaigns for market traders. To that end, we have built health clinics in conjunction with the Health Office. Market OHS provides free check-ups for both market communities and public during market hours. The supporting facility supplements other healthcare provision programmes, such as wash basin procurement and renovation/rehabilitation of public washrooms at model public markets.

In 2016, we have realised OHS at six assisted markets. We are proud to say that OHS involve Danamon-assisted traders as Catalyst Cadres and volunteers. OHS details at model Prosperous Market units are as follows:

OHS Activities at assisted markets, 2016

| Location                                  | # Operational       |
|---|---------------------|
| Ibuh Market Health Centre, Payakumbuh     | Daily               |
| Grogolan Market Health Centre, Pekalongan | Tuesdays            |
| Bunder Market Health Centre, Sragen       | Daily               |
| Baru Market OHS Probolinggo               | Monday – Saturday   |
| Pandansari Market OHS, Balikpapan         | Monday – Friday     |
| Lambocca Market OHS, Bantaeng             | Monday and Thursday |

Danamon Peduli facilitates routine training for volunteers, traders, and market communities as OHS Catalyst Cadres from the Health Board to prepare them to:

1. provide health outreach;
2. perform first aid in work-related accidents;
3. maintain cleanliness and health of OHS locations.

## PROSPEROUS MARKET DEVELOPMENTS IN MODEL MARKET UNITS



### Ibuh Market, Payakumbuh

1. In 2016, the Payakumbuh Municipality replicated the Prosperous Market programme by opening the government funded Payakumbuh 2 Public Market (Padang Kaduduak) according to SNI 8152:2015 on Public Markets.
2. Construction of a parking lot at Ibuh Market to meet SNI 8152:2015 on Public Markets requirement.
3. Ibuh Public Market Festival promotes the market as a public space, featuring events and contests involving the municipal government, market communities, students, and public.

### Tejoagung Market, Metro

1. The Foundation installed new pipes and water tower to supply clean water to fish lots.
2. Rehabilitation of prayer facilities at markets proved beneficial for fish mongers wishing to observe prayers before opening for business.





### Grogolan Market, Pekalongan

1. The regional government replicated the Integrated Waste Management (IWM) initially facilitated by Danamon Peduli. The new IMW was built at Grogolan Market.
2. Rehabilitation of wash basins and prayer facilities.
3. Education and promotion in talkshows hosted by the Radio Kota Batik Pekalongan on the roles and value of public markets to the public.
4. Part of the operational proceeds was allocated to provide waste bank administrators with employee insurance.
5. The Grogolan Public Market Festival revived markets' role as centre of entertainment for the public, in addition to centre of commerce.



### Bunder Market, Sragen

1. Radioland or Bunder Market community radio, in conjunction with government service offices of Sragen, socialises regional government policies for consumers and market actors.
2. The Regional Trade Office is committed to certify the Bunder Market with support from Danamon Peduli.
3. The Bunder Public Market Festival and Youth Goes to Market study tour promote public markets as educative, creative, and cultural public spaces.



### Karangwaru Market, Yogyakarta

1. Danamon Peduli urged the Yogyakarta Municipality to conduct fire mitigation trainings in public markets participated by traders and market administrators.
2. Participatory Hygiene and Sanitation Transformation (PHAST) training was held to build health knowledge and insight.



### Baru Market, Probolinggo

1. The establishment of radioland in Madurese dialect aims to spread social messages to Madurese traders and consumers.
2. The Baru Market Cooperative enjoyed a significant asset boost to Rp302,700,000 in December from Rp44,770,000 in January. The increase was due to an 89% membership upsurge in 2016.



### **Pandansari Market, Balikpapan**

1. Train 25 trader as health cadres for the Pandansari Market OHS.
2. Rehabilitation of Waste Water Treatment Installation for the Pandansari Market wet lots.
3. Inauguration of Pandansari Market as Prosperous Market model market by holding the Pandansari Public Market Festival.



### **Lambocca, Bantaeng**

1. Improvement of OHS facilities by adding two nursing rooms.
2. Rehabilitating clean water supply for on-market prayer facilities.

### **Cross-sector Integrated Planning and Budgeting**

Cross-sector integration maps the duties and responsibilities of regional governments and the Foundation in the Prosperous Market programme.

1. Integrated cross-sector meetings of government-owned market administration services and agencies;

2. Establish cross-local government agencies to formulate a common plan and budget for public market development;
3. Develop standardised integrated planning mechanism by, among others, forming Market Working Groups.

## PROSPEROUS MARKET PROGRAMME

### Cross-sector Participants and Locations, 2016

| Location          | Cross-sector Participant |
|-------------------|--------------------------|
| Ibuh Market       | 15 participants          |
| Tejoagung Market  | 20 participants          |
| Grogolan Market   | 10 participants          |
| Bunder Market     | 15 participants          |
| Karangwaru Market | 30 participants          |
| Baru Market       | 20 participants          |
| Pandansari Market | 50 participants          |
| Lambocca Market   | 10 participants          |
| <b>TOTAL</b>      | <b>170 participants</b>  |

### PUBLIC CAMPAIGN AND PROMOTION

In 2016, we continued strategic measures in promoting the Prosperous Market Programme by initiating a national campaign.

1. The National People's Market Expedition, part of the 'People's Market Festival.'

The campaign is aimed to raise public awareness and promote the roles and values of markets for the local economy. In addition, the campaign raised public awareness of markets' position as public spaces rather than merely places of commerce.

The campaign involved local governments, private sector, civil movements, and the public. We organised the campaigns at model markets and non-Danamon Peduli assisted public markets.

In 2016, we have added a number of additional events in the Public Market Festival, as follows:

1. Local Culinary Festival

The Archipelago's culinary treasures are highly dependent on public markets providing its ingredients. The variety of cuisine presented signifies that markets are living culinary dictionaries.

2. Youth Goes to Markets (Generasi Muda Goes to Pasar)

The study tour invites middle and high school students to visit and interact with market communities. In the occasions, participants observe market dynamics to be reported on their school's wall magazine.

3. Know Your Rupiah Education

Market communities are in dire need of orientation on authentic bank notes and money care tips from Bank Indonesia, given markets engage in large volume cash transactions.

There are six participants of the Public Market Festival in 2016, as follows:

### Public Market Festival Participants, 2016

| Market Name                 | Location                    | Public Participation |
|-----------------------------|-----------------------------|----------------------|
| Ibuh Market                 | Payakumbuh, West Sumatera   | 500                  |
| Grogolan Market             | Pekalongan, Central Java    | 1.000                |
| Bunder Market               | Sragen, Central Java        | 500                  |
| Ilir Market (non-assisted)  | Palembang, South Sumatera   | 800                  |
| Pandansari Market           | Balikpapan, East Kalimantan | 800                  |
| Besar Market (non-assisted) | Batu, East Java             | 600                  |
| <b>Total participation</b>  |                             | <b>4,200</b>         |

### Talk Show Frequency on Local Radio Stations

| Assisted Market | Frequency |
|-----------------|-----------|
| Pasar Grogolan  | 3         |
| Pasar Baru      | 6         |
| <b>Total</b>    | <b>9</b>  |

2. "Visit Public Market" Campaign Billboards

To further disseminate social messages on public markets, the Foundation has billboards installed inviting the public to shop at Prosperous Market locations. Regional governments participated by giving tax breaks on the billboards at the following locations:

| Assisted Market Location | Billboard             |
|--------------------------|-----------------------|
| Payakumbuh Market        | 1 location, 1 design  |
| Grogolan Market          | 1 location, 5 designs |
| Bunder Market            | 1 location, 2 designs |
| <b>Total</b>             | <b>3 locations</b>    |



## FESTIVAL PASAR RAKYAT

Through the Public Market Festival held in assisted and non-assisted markets, we demonstrate that public markets are not solely commercial centres, but also function as creative, educative, and cultural spaces.



### People's Market Festival – Ibuh Market

The People's Market Festival at the Foundation assisted Ibuh Market was held on 27 February 2016.

Present at the People's Market Festival was Payakumbuh Municipal Secretary Ir. H. Benny Warlis, MM and Payakumbuh Family Welfare Programme Head Dr Henny Yusnita. Danamon was represented by Director of Micro Banking Satinder Pal Singh Ahluwalia and Regional Corporate Officer Danamon Sumatra Hartono Teguh Wijaya. The Foundation was represented by Danamon Peduli Foundation Chair Restu Pratiwi.

The Festival featured Ibuh Market's uniqueness and local wisdom, such as garendong (motorcycle peddlers) decoration, giliang lado (chili grinding), cooking competition, t-shirt design competition for students, pengek lapuak cooking demo, and the Basandi Award, a waste bank acknowledgement award.

The Festival featured SME Bazaar and traditional and modern dance. Bank Danamon used the Festival to promote products and services for SMEs.

Some 500 visitors attended the day-long Ibuh Public Market Festival, most of whom were local SME actors, public, students, and volunteers.



### People's Market Festival – Grogolan Market

The People's Market Festival at the Foundation assisted Grogolan Market was held on 3 April 2016.

The Grogolan People's Market Festival featured cacah cecek (young jackfruit) contest, market community quiz, local cuisine cooking competition, public market mural competition, and inorganic waste decoration contest for students. To further promote waste bank utilisation, the Festival awarded the Waste Bank Award. The Festival also featured traditional dances and entertainment shows.

As part of the financial literacy programme, Danamon socialised its SME-oriented products and services.

Present at the People's Market Festival was Pekalongan Mayor H. Achmad Alf Arslan Djunai, SE. Representing Danamon and Director of Micro Banking Satinder Pal Singh Ahluwalia, President Director of PT Adira Dinamika Multi Finance Willy S. Dharma, Regional Corporate Officer Danamon Central Java Irwan Yoga, and Danamon Peduli Foundation Chair Restu Pratiwi.

Some 1,000 visitors attended the Grogolan Public Market Festival, most of whom were local SME actors, public, students, and volunteers.



#### People's Market Festival – Bunder Market

The People's Market Festival at the Foundation assisted Bunder Market was held on 15 and 21 May 2016. Attending the Festival was Sragen Regent dr. Hj. Kusdinar Untung Yuni Sukowati, Director of Environmental Health at the Ministry of Health dr. Imran Agus Nurali, Sp.KO, National Sales Distribution Head Danamon Simpan Pinjam Reza Rusly, Regional Corporate Officer Danamon for Central Java Irwan Yoga, and Danamon Peduli Foundation Chair Restu Pratiwi.

The Festival inauguration featured culinary fest and competition, talk show and healthy eating, cultural and entertainment stage, study tour to Bunder Market, "Know Your Rupiah" presentation by Bank Indonesia, and bank note exchange. The mainline events include discussion with the Sragen Regent on "Strategies

and Development of Public Markets," games, batik wrapping contest for students, Javanese traditional dress contest, Waste Bank Award, entertainment, t-shirt design contest to commemorate the anniversary of Sragen, market community radio contest, and market community trivia quiz. As part of the financial literacy programme, Danamon socialised its SME-oriented products and services.

Some 1,250 visitors attended the Bunder People's Market Festival, most of whom were local SME actors, public, students, and volunteers.



#### **People's Market Festival – 16 Ilir Market Palembang – Non-assisted Market**

The South Sumatra Public Market Festival was held in Palembang's oldest market, the 16 Ilir. The Festival, held on 24 and 30 June 2016, was attended by the Secretary General of the Ministry of Trade Srie Agustina, Palembang Mayor H. Harnojoyo, Director of Regional Market Palembang Jaya Asnawi P Ratu, Danamon Peduli Foundation Board of Trustee Chair Bayu Krisnamurthi, National Sales Distribution Head Danamon Simpan Pinjam Reza Rusly, Regional Corporate Officer Danamon for Sumatera Hartono Teguh Wijaya, Regional Head of Sumatera II Farid Munandar, and Danamon Peduli Foundation Chair Restu Pratiwi.

Held at 16 Ilir Market's courtyard, the Festival featured culinary fest and competition, talk show on "Healthy Cuisine for the Family" and "Developments in Healthy People's Markets," cultural and entertainment stage, study tour to the 16 Ilir Market, People's Market journalism contest, banking literacy presentation by Bank Indonesia and Danamon, SME flagship product bazaar, traditional song contest, and fish cuisine cooking contest.

Danamon Palembang took opportunity of the 16 Ilir People's Market Festival to hand over cleaning facilities for Environmental Care.

Some 800 visitors attended the 16 Ilir People's Market Festival.



#### **People's Market Festival – Pandansari Market – Balikpapan, East Kalimantan**

The Pandansari Public Market Festival was held on 27 August 2016, marking inauguration of the Pandansari Market as a Danamon Peduli Prosperous Market assisted market. Present at the Public Market Festival was Balikpapan Mayor H. M. Rizal Effendy, Deputy Director of Bank Indonesia Representative Office Suharman Tabrani, Director of Micro Banking Satinder Pal Singh Ahluwalia, Regional Corporate Officer Danamon for Kalimantan Eka Dinata, and Danamon Peduli Foundation Chair Restu Pratiwi.

Inauguration of Pandansari Market was marked with handing over of motorised waste bins from Danamon Peduli to the Balikpapan Municipality. The Pandansari Public Market Festival featured a SME bazaar promoting local products, culinary festival, cultural and entertainment stage, talk show on “Developing Micro Businesses,” wellness exercise, quiz, sports competition, Independence Day games, public market-themed wall magazines, study tour to Pandansari Market, and banking literacy presentation by Bank Indonesia and Danamon. Some 800 visitors attended the Public Market Festival.



#### **People's Public Market Festival – Besar Market, Batu, East Java – Non-assisted Market**

The Besar People's Market Festival, held on 1 and 2 October 2016 in Batu, East Java, closed the People's Market Festival and National Public Market Trail in 2016. The Festival was attended by the Director of Distribution and Logistical Facilities, Directorate General of Domestic Trade, Ministry of Trade Sihard Hadjopan Pohan SH, Deputy Batu Mayor Ir. Punjul Santoso SH, MM, Family Welfare Programme of Batu Deputy Head Wibi Asri Fianti, Head of Education and Consumer Protection Subsection of OJK Malang Fetr iAndriani, Head of Bank Indonesia Malang Dudi Herawadi, and Danamon Peduli Foundation Chair Restu Pratiwi.

In closing the 2016 Public Market Festival, there was more variety in the events held in two day proceedings. Indofood was the working partner of the Festival. In line with Batu's positioning as a tourist destination, the festival's main highlight

was gastronomy. The events range from talk show on "Self-preparation towards Culinary Excellence," making noodle from organic vegetables, bread baking demonstration, and creative noodle contest for students and the public. The culinary trainings are expected to stimulate culinary SMEs, which in turn supports commerce in public markets.

In addition to cookery, the Festival featured SME bazaar, cultural and entertainment stage, zumba, study tour to Besar Market, 3D wall magazine contest, word guess quiz, and banking literacy presentation by Bank Indonesia and Danamon. Some 600 visitors attended the Batu People's Market Festival.



### STUDY TOUR – PROSPEROUS MARKET

“Student’s study tour as part of the People’s Market Festival is a breakthrough from Danamon Peduli Foundation. We believe that the tours are very beneficial and instil students as young people a sense of care in people’s markets,” commented Mulyanto, Head of the Bunder Market, Sragen.

### STAKEHOLDER CAPACITY BUILDING

We realise knowledge and skills building for public markets stakeholders through integrated community-based projects. These collected market communities’ aspirations, which are then summarised and incorporated into regional governments programmes on markets. Market communities and municipal governments are the primary agents of change in public markets.

Our capacity building efforts include:

#### 1. Formation and Development of Trade Cooperatives

Danamon Peduli assists the formation and development of trade cooperatives at model markets to meet savings and loan needs of market communities. Currently, there are five cooperatives operating in Prosperous Market locations, namely at Tejoagung Metro Market, Bunder Market, Sragen, Baru Market, Probolinggo, Kemuning Market, Pontianak, and Lambocca Market, Bantaeng. In support of the cooperatives, Danamon Syariah has contributed a qard al-hasan amounting to Rp250,000,000.

We support the cooperatives’ business development by organising trainings on, among others, basics of cooperatives, business development strategies, and procuring facilities such computers.

#### 2. Market Trader Capacity Building

We conduct trader capacity building thorough a series of trainings, consisting of:

- a. Financial literacy, initiated by the parent entity to comply with Financial Services Authority regulations. Traders are taught best practices in planning and managing personal and business finances.
- b. Radioland development and training  
Radioland is a community radio initiative which intended to spread messages and information by and for market communities. In addition to its formation, we also provide technical assistance in the radio’s management, such as trainings and visits to other market community radios.



### 3. Disaster Mitigation Training and Fire Management

We facilitate disaster mitigation and fire management trainings to mitigate the risks of disaster and fires in markets. Since the trainings are not limited to assisted markets, 89 markets and more than 684 participants consisting of traders, security personnel, and market administrators have taken part in the nationwide training from 2015 to 2016.

The trainings are organised in partnership with the Regional Disaster Management Agency (RDMA) and fire departments. In addition to trainings, we sponsored light fire extinguisher for public markets.

#### Training Participation, 2016

| No | Training                                | Frequency | #Participant |
|----|---|-----------|--------------|
| 1  | Financial literacy                      | 16        | 449          |
| 2  | Cooperatives Training                   | 2         | 42           |
| 3  | Radioland Training                      | 2         | 19           |
| 4  | Disaster Mitigation and Fire Management | 4         | 162          |
| 5  | 2016 TOTAL                              | 24        | 672          |

### MARKET COMMUNITIES EDUCATION

Market communities education takes place in group or directed discussions with the aim to instil traders' with a sense of ownership in the market's environment. In every group discussion, we encourage participants to play an active role in presenting their aspirations, mapping environmental issues, and planning common actions such as routine community work.

#### Peserta Kegiatan Diskusi Kelompok dan Gotong Royong, 2016

| No    | Location          | Discussion Participants | Community Work Participants |
|-------|-------------------|-------------------------|-----------------------------|
| 1     | Ibuh Market       | 84 participants         | 485 participants            |
| 2     | Tejoagung Market  | 200 participants        | 300 participants            |
| 3     | Grogolan Market   | 150 participants        | 40 participants             |
| 4     | Bunder Market     | 225 participants        | 954 participants            |
| 5     | Karangwaru Market | 320 participants        | 140 participants            |
| 6     | Baru Market       | 212 participants        | 160 participants            |
| 7     | Pandansari Market | 260 participants        | 270 participants            |
| 8     | Lambocca Market   | 51 participants         | 40 participants             |
| Total |                   | 1.502 participants      | 2.389 participants          |

## PROSPEROUS MARKET PROGRAMME

### PROSPEROUS MARKET SUMMARY OF ACTIVITIES, 2016

A summary of Prosperous Market projects we have organised are as follows:

1. 8 Prosperous Market model markets
2. Rp7.8 billion allocated for the Prosperous Market programme in 2016
3. Market waste collected in the Integrated Waste Treatment Facility (IWTF) programme amounted to 307.5 tons, slashing CO2 emissions equivalent from IWTF by 15,957 tons.
4. Together with the National Standardization Agency, Danamon Peduli organised socialisation to and assistance for regional governments on SNI 8152:2015 on Public Markets implementation for assisted markets.
5. Prepared supporting facilities for waste banks, in addition to procuring waste disposals and wash basins to support the hygienic lifestyle campaign.
6. Organised hygienic and healthy lifestyle campaigns for market communities to instil hand washing and waste sorting habits.
7. Organised campaigns to raise public awareness and support on the continuity and development of public markets. The campaigns were done through Public Market Festivals at assisted model and selected markets, radio talk shows, press releases, and billboards.
8. Organised market communities education in various feedback forums. The forums took place over 63 discussions/meetings, 16 financial literacy sessions, 27 community works, 9 Clean Market contests, and trader union training involving 4,717 unionists. Complete breakdown is as follows:





## Prosperous Market Summary of Activities, 2016

| Activity                               | Prosperous Market Location |     |     |       |     |     |     |     | Total | Note                       |
|--|----------------------------|-----|-----|-------|-----|-----|-----|-----|-------|----------------------------|
|  | PYH                        | MET | PKL | SGN   | YYK | PBL | BPP | BAN |       |                            |
| Discussion/Meeting                     | 5                          | 8   | 8   | 11    | 5   | 9   | 12  | 5   | 63    | Activity frequency in 2016 |
| <b>Institutional Capacity Building</b> |                            |     |     |       |     |     |     |     |       |                            |
| - Fire Mitigation                      | -                          | 1   | -   | 1     | -   | 1   | 1   | -   | 4     | Frequency                  |
| - Financial Literacy                   | 2                          | 2   | 2   | 2     | 2   | 2   | 2   | 2   | 16    |                            |
| - Waste Bank Training                  | -                          | -   | -   | -     | -   | -   | -   | -   | -     |                            |
| - Radioland Training                   | 1                          | -   | -   | -     | -   | 1   | -   | -   | 2     |                            |
| - Cooperatives Training                | -                          | -   | 1   | -     | -   | -   | 1   | -   | 2     |                            |
| - Community Work                       | 5                          | 4   | 2   | 7     | 2   | 3   | 3   | 1   | 27    |                            |
| - Clean Market Contest                 | 1                          | 4   | 1   | 1     | 1   | 1   | -   | -   | 9     |                            |
| - Trader Union Training Participants   | 607                        | 662 | 260 | 1,285 | 661 | 436 | 645 | 161 | 4,717 | Total participants         |

Note: PYH: Payakumbuh, MET: Metro, PKL: Pekalongan, SGN: Sragen, YYK: Yogyakarta, PBL: Probolinggo, BPP: Balikpapan, BAN: Bantaeng.

## EVALUATION AND RECOMMENDATION FOR THE PROSPEROUS MARKET PROGRAMME [102-29] [GRI 102-29]

In our effort to improve the Prosperous Market Programme on an on-going basis, we conduct routine internal monitoring evaluations throughout the reporting year followed by an external rapid appraisal at the end of the year.

The evaluations yielded the following key findings, among others:

1. Key to the success of the Prosperous Market Programme is active involvement from regional governments and traders with whom Danamon Peduli partnered.  
Indeed, traders are highly involved in the programme. Key to their participation is the direct effect of the Prosperous Market programme, such as cleaner markets, waste banks, radioland, improved market zones, and steady flow of customers.
2. There are strong indications that regional governments' involvement in the Prosperous Market programme is inconsistent. They tend to be give great attention to public markets if the Adipura Award is at stake as market scores make or

break their chances of winning. Market issues tend to be shelved if regional governments are cutting spending.

3. There is increased utilisation of savings and loan cooperatives. Nonetheless, traders stand to benefit more from actual banking products and services.

Recommendations for improvement include:

1. To encourage the central government, in particular the Ministry of Trade, to take concrete measures to adopt the SNI 8152:2015 on Public Markets.
2. To continue advocacy to leaders of regional governments and public as consumers on the importance of markets in their role of supporting grassroots, regional, and, ultimately, national economic resilience. In essence, public market performance indicates regional economic development.
3. To build the capacity of market cadres to rejuvenate and sustain the movement and improve recruit quality and quantity.

## ENVIRONMENTAL CARE ACTIVITIES

Environmental Care, part of the Prosperous Market Programme, is organised by employees of Danamon and its subsidiaries. Since 2015, Environmental Care has focused on improving the environment of public markets in areas served by Danamon and Adira. Environmental Care is one of the most important media to develop and impart corporate values, particularly 'Care,' in the company's employees.

In the sub-programme, we manage and mobilise Danamon, Adira Finance, and Adira Insurance's resources to map environmental needs and formulate actions to improve market community health. Common Environmental Care actions include afforestation, rehabilitation of physical, waste management, and sanitation facilities.

In addition to public market related actions, the Foundation also works to reduce carbon dioxide (CO<sub>2</sub>) emissions through the Danamon Initiatives Recycled Paper (DRPI) – managing paper waste from corporate

operations by reducing, recycling, and reusing (3R) paper. The initiative demonstrates Danamon Peduli's commitment to ensure a better environment for future generations.

### ENVIRONMENTAL CARE IN 2016

In 2016, there were 60 Environmental Care events held in commemoration of Danamon's 60th anniversary. Danamon Peduli Foundation coordinated closely with each Danamon regional leaders to mobilise their volunteers and employees, thus ensuring that the campaign were carried out effectively and efficiently. We succeeded in meeting the target thanks to improved coordination.

The 2016 Environmental Care Programme followed an identical scheme used in 2015, shown below.





The conservation focus shifted towards empowering communities to maintain cleanliness. The new focus involves, among others, construction of inorganic office waste treatment facility and tree planting.

Our efforts in 2016 resulted in reduction of 266,423,428 gram CO<sub>2</sub> equivalent as shown in the table below.

[GRI 305-5]

#### Carbon Emission Reduction from DPF Environmental Care Programme

| Activity   | Item     | 2016  |                                       | 2015    |                                       |
|--|----------|-------|---------------------------------------|---------|---------------------------------------|
|  |          | Total | CO <sub>2</sub> Reduction (Gram/Year) | Total   | CO <sub>2</sub> Reduction (Gram/Year) |
| Tree Planting  | Trees    | 305   | 213,500,000                           | 2,636   | 1,894,600,000                         |
| Integrated Waste Treatment Facility Organic Waste                                  | Gram     | -     | -                                     | 247,643 | 94,866,125                            |
| Waste Bank: Paper waste  | Kilogram | -     | -                                     | 10,167  | 994,601,826                           |
| Integrated Non-organic Office Waste Treatment Facility: Paper Waste and R4R Events | Kilogram | 1,020 | 52,923,428                            | 3,120   | 161,883,429                           |
| Total CO <sub>2</sub> Emissions Reduction  |          |       | 266,423,428                           |         | 3,146,001,380                         |

Environmental Care throughout 2016 involved all Danamon and Adira units with a budget realisation of Rp2,452,034,962. There were 3,612 volunteers and 172,937 beneficiaries involved. Environmental Care in 2016 consisted of rehabilitating municipal parks public lavatories, and waste bins, participating in urban plantation, and procuring cleaning supplies.

### ENVIRONMENTAL CARE – MARKET ENVIRONMENT IMPROVEMENTS - DENPASAR

Given the importance of public markets in Bali and Denpasar's position as a unique tourist destination, Danamon Indonesia Foundation, Danamon and Adira Denpasar, and Denpasar Market Administration carried out an Environmental Care Programme at Gunung Agung Market and Denpasar Municipal Market.

Both markets are a short distance between one another yet have different environmental needs. Initially, Danamon and Adira coordinated with market administrators to map the needs

of each market. Having mapped both markets' needs, our plan included the procuring facilities and infrastructure needed by both markets. Despite their differences, the ultimate aim is to improve market health, safety, and mitigate market fire risks. By the end of the programme, it is expected that the markets will be a safer place where trade and tourism go hand in hand.

Berikut adalah ringkasan dari pelaksanaan kegiatan Program Peduli Lingkungan di kedua pasar dimaksud:

The following is a summary of the Environmental Care projects for both markets.



| Service Area  | Danamon & Adira Denpasar, Bali   |
|---------------|--|
| Budget        | Rp 81,320,850  |
| Volunteers    | 150  |
| Realisation   | 6 August 2016  |
| Beneficiaries | 5,000  |
| Partner       | Denpasar Market Administration   |
| Location      | <b>Gunung Agung Market</b> <ul style="list-style-type: none"> <li>- Procurement of plants</li> <li>- Renovation of bath, wash, and lavatory facilities</li> <li>- Installation of market signs</li> <li>- Procurement of waste bins.</li> </ul> <b>Denpasar Municipal Market:</b> <ul style="list-style-type: none"> <li>- Disaster mitigation and fire management training</li> <li>- Procurement of light fire extinguisher</li> </ul> |



## RAPID DISASTER RESPONSE

With five major islands, a sprawling archipelago sitting on top of three major tectonic plates surrounded by a ring of fire under tropical, hot, and humid climate, Indonesia is very fertile yet prone to disasters. Floods and landslides are the most common disaster due to heavy rains caused by damaged forest ecosystem and volcanic eruptions.

The Data and Information Centre and Public Relations of the National Disaster Management Agency stressed that Indonesia is prone to tsunamis, landslides, volcanic eruptions, earthquakes, and floods.

Disasters from natural causes or human negligence may happen at any time and affect anyone. Regardless of cause, disasters cause adverse economic, social, and environmental suffering, not to mention post-disaster issues.

Given the potential risks, Danamon Peduli Foundation's Disaster Response Programme provides immediate relief to disaster zones. Furthermore, the Disaster Response programme provides trainings on disaster preparedness, prevention, and management with emphasis on market fires. We are also directly involved in providing relief to disaster victims.

Under the Disaster Response umbrella, we coordinate and mobilise Danamon and Adira employee-volunteers. We are one of the first private institutions to respond effectively to disasters.

To optimise aid, we are focusing to:

1. Establish partnerships with disaster management agencies
2. Build capacity and preparedness of SME market communities and/or Danamon/Adira units.
3. Provide emergency relief to disaster victims.

In addition, we are actively introducing disaster mitigation trainings, particularly to prevent and manage the still common fires in public markets. Mitigation is aimed towards preventing, isolating, and extinguishing fires as quickly as possible. The trainings are supplemented by furnishing fire prevention and management facilities, such as assembly point and evacuation route signs, light fire fighting equipment, and fire equipment training. Fire mitigation trainings were conducted in public markets across Indonesia.

Disaster mitigation training is aimed to:

1. Improve disaster preparedness and raise disaster awareness in market communities;
2. Prepare disaster resilient markets.

### RAPID DISASTER RESPONSE TARGETS

#### 1. External

- a. Respond to disasters in areas served by Danamon/Adira by mobilising internal volunteers.
- b. Employee-volunteers respond to major disasters in areas not served by Danamon/Adira through partnerships with third parties (Indonesian Red Cross, Regional Disaster Management Agency)
- c. Organise fire mitigation trainings at public markets in partnership with the National Disaster Management Agency, Regional Disaster Management Agency, and fire departments.

#### 2. Internal

- a. Increase active participation from every Danamon and Adira units across Indonesia.
- b. Improve employee volunteerism in Disaster Response programmes.

## RAPID DISASTER RESPONSE

### RAPID DISASTER RESPONSE REALISATIONS

Thanks to the support of 1,901 branch offices and more than 50,000 employees across Indonesia, we are able to distribute relief quickly to disaster areas. Danamon Peduli Foundation strives to improve its volunteers' capacity to provide disaster-suitable support and organise more trainings on disaster mitigation.

Thanks to its ardent commitment, the Foundation in 2016 has more than 350 Danamon and Adira employee-volunteers serving in Disaster Response programmes and assist natural disaster victims across Indonesia.

In addition to facilitating internal volunteers, we have established partnerships with competent bodies such as the Indonesian Red Cross Society and National Disaster Management Agency (NDMA).

In 2016, Rapid Disaster Response donated Rp266,085,495, not including on-site contributions from volunteers. We have mobilised relief to a combined 20 floods, earthquakes, landslides, and market fires. In 2016, the Disaster Response programme benefitted 34,500 people and supported by 365 volunteers.

### Disaster Response Realisations, 2016

| Disaster Type | Total Incidents | Total Aid     |
|---------------|-----------------|---------------|
| Floods        | 14              | Rp173,840,895 |
| Earthquakes   | 2               | Rp51,817,000  |
| Market Fires  | 2               | Rp14,677,600  |
| Landslide     | 2               | Rp25,750,000  |
| TOTAL         | 20              | Rp266,085,495 |

In addition to providing relief, we have also organised six fire mitigation trainings participated by 89 markets, some of whom were from nearby markets where training was held. Trainings were also held in non-assisted markets. The total number of participants was 680 people, as follows:

| Location                    | Participants | Market |
|-----------------------------|--------------|--------|
| Bersehati Market, Manado    | 150          | 5      |
| Tanah Abang Market, Jakarta | 240          | 25     |
| Gubah Market, Palembang     | 70           | 15     |
| Kemuning Market, Pontianak  | 89           | 11     |
| Lap. Rendeng, Kudus         | 75           | 3      |
| Gerung, Lombok Barat        | 56           | 22     |
| TOTAL 2015                  | 680          | 81     |
| TOTAL 2016                  | 758          | 44     |
|                             | ↓10%         | ↑84%   |



## RAPID DISASTER RESPONSE



"Thank you very much, Yayasan Danamon Peduli for the Disaster Mitigation and Management Training and the light fire extinguisher provision to public market community in Pontianak City.

Two of our markets, i.e. Pasar Kemuning and Pasar Flamboyan, nearly caught fire after the training due to short circuit. However, we managed to put off the fire immediately as the merchants had owned fire extinguisher and understood the technique of use. The merchants faced the two incidents calmly without involving the Fire Department "

**Haryadi S Triwibowo**

Head of Trade Industry Department  
Pontianak Municipal Government

# KNOWLEDGE HUB/KNOWLEDGE SHARING

In our commitment to establish Danamon Peduli Foundation as a source of learning, we manage and share information and experience with other institutions and the public. Programme evaluations are summarised to expedite absorption of information.

In addition to seminars, we actively share of our experience in a number of opportunities and mediums.

We expect that our role as a knowledge hub expands our network of partners and inspires others to follow suit. The following is a list of the Foundation's sharing experience, growing communication network, and expanding partnerships with competent parties.

## Danamon Peduli Foundation Knowledge Sharing and Communications Realisations, 2016

### 1. Internal Communication, *the primary means of raising employee awareness.*

| Activity              | Achievement |      |
|-----------------------|-------------|------|
|                       | 2016        | 2015 |
| Email Blast           | 14          | 23   |
| Articles              | 9           | 9    |
| Total Activities      | 9           | 8    |
| Employee Participants | 372         | 620  |

### 2. External Communication, aimed to build, maintain, and protect the organisation's reputation.

| Activity             | Achievement        |               |
|----------------------|--------------------|---------------|
|                      | 2016               | 2015          |
| Conventional Media   |                    |               |
| Press Release        | 15                 | 17            |
| Advertorial          | 16                 | 18            |
| Media Digital/Online | 3x/ a week         | -             |
| PR Value             | 245*<br>Rp12.2 bio | 300<br>Rp bio |

### 3. Advocacy, aimed to build knowledge, attitude, and behaviour towards the organisation's programmes.

| Activity         | Achievement |      |
|------------------|-------------|------|
|                  | 2016        | 2015 |
| Speaker          | 12          | 2    |
| Media Advocacy   | 3           | 3    |
| Tematic Campaign | 8           | 6    |

### 4. Networking & Alliances, aimed to build extra-organisational leverages towards mutual goals.

| Activity        | Achievement |           |
|-----------------|-------------|-----------|
|                 | 2016        | 2015      |
| Kemitraan       |             |           |
| Mitra Eksternal | 5           | 3         |
| Mitra Internal  | 7           | 24        |
| Partner Value   |             |           |
| Eksternal       | Rp900 mio   | Rp649 mio |
| Internal        | Rp843 mio   | Rp433 mio |



5. Knowledge Management, aimed to share and expand knowledge.

| Activity                    | Achievement |      |
|-----------------------------|-------------|------|
|                             | 2016        | 2015 |
| Discussion Forum            | 9           | 1    |
| Reporting Fact Sheet /Model | 2           | 8    |

In 2016, Danamon Peduli Foundation held a series of seminars and discussions as follows:

1. Discussion with the National Standardization Agency to assist implementation of SNI 8152:2015 on People's Markets.
2. Commemorate the National Consumer Day (20 April) with a limited discussion on "Improving Consumer Protection under SNI 8152:2015 on People's Markets."
3. Discussion on "Urgency for the National Public Market Day" featuring Balikpapan Mayor Rizal Effendy. His city won the Adipura Paripurna, the highest accolade in conservation where public markets are part of the assessment.
4. Discussion on "Market Colour in Pictures" and "Markets in the National Gastronomic Map." Speaking in the discussion was professional photographer Arbain Rambey and historian JJ Rizal.
5. Discussion on "Markets in Youth Movements and People's Market Transformation." Speaking in the discussion was Vice Chair of the Creative Economy Agency, Ricky Pesik, Editor-in-Chief of Kompas Daily, NinukPambudy, and Santa Market, Jakarta promoter, Teddy Kusuma.
6. Sharing session on corporate social investment performance and experience representing Indonesia in the UN Habitat III Conference in Quito, Ecuador.

In late 2016, we held a Danamon Peduli Foundation End of Year Reflection entitled "Public Market Festival, Celebrating Harmony of Life" in conjunction with Kompasiana.

The reflection was intended to promote the role of public markets. It also was intended to accelerate SNI 8152:2015 on People's Markets certification in Prosperous Market markets assisted to improve their competitiveness and strengthen national economic resilience against unabashed globalisation.



# IMPROVING THE QUALITY OF GOVERNANCE MANAGEMENT



*"As part of our effort to improve the quality of the organisational governance, we complement the organisational structure and working mechanisms with regulatory apparatus, such as the Board Manual, Working Guidelines and Audit Charter that enable regular monitoring and evaluation processes to ensure the optimal achievement of Danamon Peduli's vision and mission".*



- Structure and Mechanism of Foundation's Governance
- Board of Trustees
- Board of Supervisors
- Board of Management
- Points of Foundation's Management Policy
- Internal Controls
- Procurement Policy
- Code of Ethic

The improvement for the implementation of the principles of organisational governance at the Danamon Peduli Foundation generates positive benefits, including:

1. Increased performance of the Foundation through a better and more efficient decision-making process
2. Increased trust of funders and stakeholders
3. Increased accountability of Foundation management, and
4. The fulfillment of the expectations of the stakeholders.

Therefore, we consistently improve and upgrade the quality of the governance practices in all operational aspects of the Foundation through Transparency, Accountability, Responsibility, Independence and Fairness, with a view to:

1. Build a relationship to a greater degree among the Founders, Board of Trustees, Board of Supervisors, Board of Management, and all stakeholders of the Foundation;
2. Support improved quality of internal controls in managing all resources more responsibly;
3. Improve welfare by optimally utilising the available resources for the beneficiaries and other stakeholders on an on-going basis.

As part of our effort to improve the quality of the implementation of governance, we have improved an organisational structure, working mechanisms with regulatory apparatus, such as the Board Manual, Working Guidelines, Procurement Procedures, Audit Charter, etc. allowing the process of periodic monitoring and evaluation for the optimal achievement of Danamon Peduli's vision and mission.



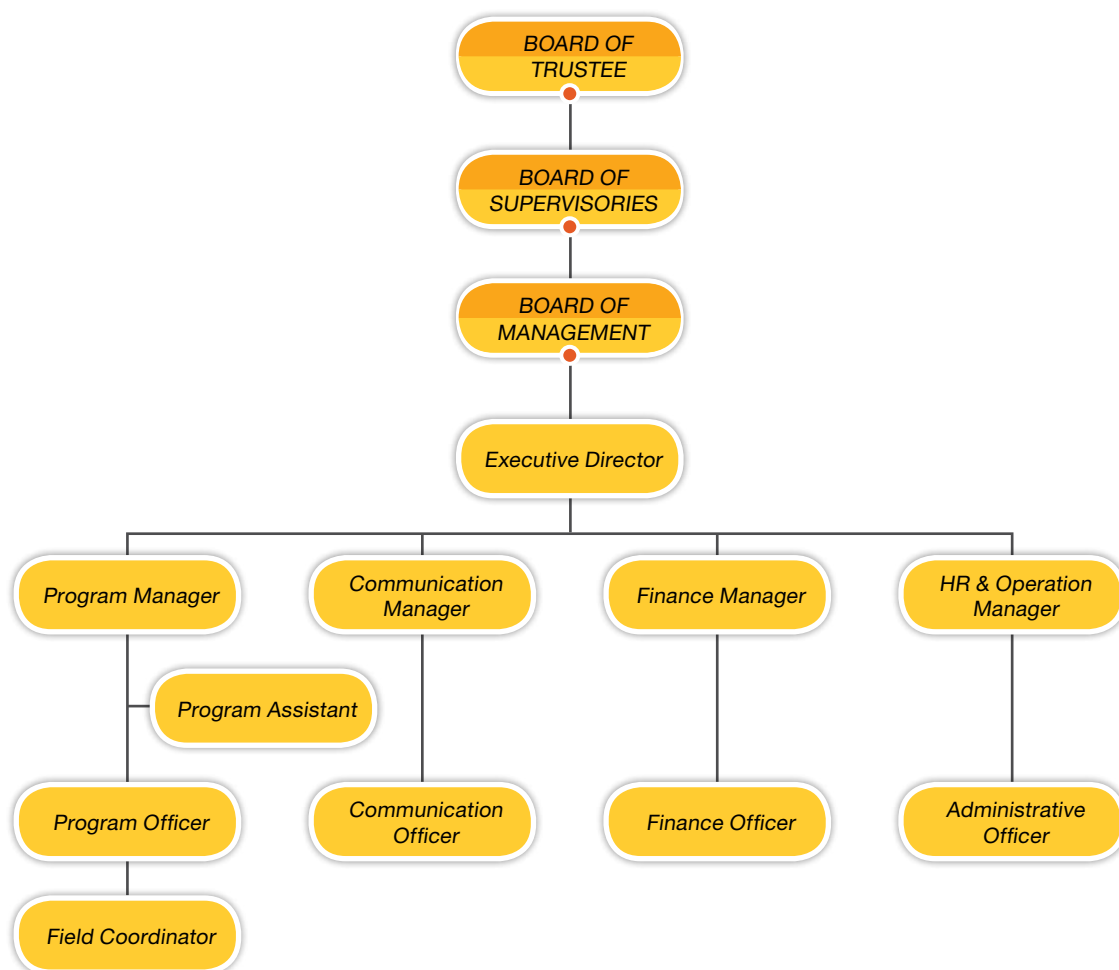


# STRUCTURE AND MECHANISM OF FOUNDATION'S GOVERNANCE [GRI 102-18, 102-23]

Danamon Peduli organisational structure and governance comprise of Board of Trustees, Board of Supervisors, and Board of Management. The Board of Management serves as the manager of Danamon Peduli's daily operations. Each Board plays certain functions in support of the Foundation and overall and shares its commitment to ensure the successful management and implementation of the Foundation's programs.

Danamon Peduli holds Board of Trustees meeting at least annually to give direction of the overall policy advice, whereas Board of Supervisors and Board of Management conducts meeting bimonthly or as needed for various objectives, including to plan, to report, and to evaluate the overall program management and implementation.

**Danamon Peduli Foundation Governance Structure Chart**



## BOARD OF TRUSTEES [GRI 102-18, 102-22, 102-23, 102-24]

The Board of Trustees (BOT) is responsible for providing overall policy advice and direction, as well as establishing the vision and framework for the Foundation. BOT has the rights and obligations, as follows:

1. Making decisions regarding the amendment of the Foundation's Articles of Association
2. Appointing and dismissing members of Management and members of Supervisors
3. Establishing Foundation's general policy based on the Foundation's Articles of Association
4. Approving the annual work program and budget of the Foundation submitted by Board of Management
5. Approving the annual report submitted by Board of Management with the approval of the Supervisors Board
6. Appointing a liquidator in case of Foundation's liquidation
7. Together with the Management and Supervisors Boards drafting and enacting the Foundation's Bylaws,

Given such strategic roles, the Trustee members consist of individuals holding high-level positions from founding organisations and other institutions, having a good track record and are professionals in their respective fields.

The personnel structure of the Board of Trustees at the end of 2016 has changed compared to the previous year with the following details:

Table of Board of Trustees Personnels, 2016

| Personnel | 2016                  | 2015                 |
|-----------|-----------------------|----------------------|
| Chief     | Bayu Krisnamurthi     | Bayu Krisnamurthi    |
| Member    | Lee Kwong Foo Edward  | Lee Kwong Foo Edward |
| Member    | Sng Seow Wah          | Sng Seow Wah         |
| Member    | Willy S. Dharma I     | Willy S. Dharma I    |
| Member    | Kartini Muljadi, SH   |                      |
| Member    | Palgunadi T. Setyawan |                      |

### BOARD OF TRUSTEES MEETING [GRI 102-29]

The Board of Trustees Meeting is the highest body in the Foundation's management hierarchy. Through the Meeting, which is held once a year, the Foundation's strategic objectives, evaluation of achievements, and accountability reports of the Foundation's management are conducted.

There are two types of meetings involving the Board of Trustees, as follows:

1. Annual Meeting
  - a. The Annual Board of Trustees Meeting must be held at least once in 1 year, no later than 5 months after each Foundation's year book is closed.
  - b. At the Annual Meeting, Trustees oversees:
    - Evaluation of Foundation's assets
    - Annual Report approval
    - Determination of Foundation's general policy for the coming year.
  - c. Annual Meeting decisions are taken based on deliberations for consensus.
2. Board Meeting
  - a. Board Meeting is held at any time deemed necessary by the Chair of the Board or upon written request of one or more members of the Trustees, Managers or Supervisors.
  - b. Board Meeting is valid and entitled to take decisions that are legitimate and binding if attended by at least 2/3 of the total members of the Board.
  - c. Board Meeting decisions are taken based on deliberations for consensus.
  - d. If a consensus decision is not reached, then a decision is taken by vote and must be taken if it is approved by more than ½ the number of votes issued legally.



If the Board of Trustees Meeting cannot be conducted, then the Board may take a valid and binding decision by means of a Circular Resolution (CR) mechanism signed by all members of the Board of Trustees and decisions taken through CR shall have the same legal force as those legally adopted in the Board Meeting.

During 2016, Board of Trustees conducted two meetings, with the following agenda

Table of Board of Trustees Meetings and Agenda, 2016

| Date              | Place           | Agenda   | Agenda  |
|-------------------|-----------------|--|---|
| Board Meeting - 1 | 19 May 2016     | Board of Commissioner Room, Bank Danamon Tower, 12 <sup>th</sup> Floor | <ul style="list-style-type: none"> <li>• Ratification of Danamon Peduli Foundation's Annual and Financial Report 2015</li> <li>• Acceptance of the resignation of Mrs Marta Jonatan from her position as Board Secretary of Danamon Peduli Foundation</li> <li>• Acceptance of the resignation of Mrs Fransiska Oei from her position as a Member of Supervisors of the Foundation</li> <li>• Acceptance of the resignation of Mr Stanley Oktavianus from his position as Deputy II of Management of the Foundation</li> <li>• Acceptance of the resignation of Mrs Kartini Muljadi from her position as Member of Supervisors</li> <li>• Acceptance of the resignation of Mr Palgunadi Tatit Setyawan from his position as Member of Supervisors</li> <li>• Appointment of Mr Toni Darusman as the Board Secretary</li> <li>• Appointment of Mrs Michellina Laksmi Triwardhany as Member of Supervisors</li> <li>• Appointment of Mr Reza Pely Rusly Deputy II of Management of the Foundation</li> <li>• Appointment of Mrs Kartini Muljadi as Member of Trustees</li> <li>• Appointment of Mr Palgunadi T Setyawan as Member of Trustees</li> <li>• Development of Work Plan 2016</li> <li>• Other agenda</li> </ul> |
| Board Meeting - 2 | 2 December 2016 | Board of Commissioner Room, Bank Danamon Tower, 12 <sup>th</sup> Floor | <ul style="list-style-type: none"> <li>• Development of activities and the re-allocation of the 2016 budget</li> <li>• Working and Budget Plan for 2017</li> <li>• Other agenda</li> </ul>  |

Meeting Frequency and Attendance Level of Board of Trustees

| Position | 2016                  | Average Attendance Level of Two Board Meetings |
|----------|-----------------------|--|
| Chief    | Bayu Krisnamurthi     | 70%  |
| Member   | Edward Lee            |  |
| Member   | Sng Seow Wah          |  |
| Member   | Willy S. Dharma I     |  |
| Member   | Kartini Muljadi, SH   |  |
| Member   | Palgunadi T. Setyawan |  |

# BOARD OF SUPERVISORS [GRI 102-22, 102-23, 102-24]

The Board of Supervisors is responsible for overseeing the performance of all members of Board of Management and Executive Secretariat, providing regular feedback to ensure good governance in accordance with frameworks and regulations. The authority and duties of the Board of Supervisors include: applicable

1. Enter the Foundation's premises, yard or other places used or occupied by the Foundation
2. Examine the Foundation documents or anything associated with the Foundation
3. Check the Foundation's book and other related aspects
4. Obtain all information regarding actions taken by the Management
5. May temporarily suspend one or more members of the Management if the member is acting contrary to the Foundation's Articles of Association and/or any applicable legislation

In relation to the delegation of authority, any transaction with third parties conducted by the Board of Management shall be reported to the Supervisors Board for further submission to the Board of Trustees. Appointment of Supervisors Board personnel is determined through assignment by the Trustees and PT Danamon Indonesia Tbk as founder of the Foundation.

The appointment is based on equal opportunity and competence.

The structure of Board of Supervisors personnel in 2016 has changed from the previous year, as follows:

Table of Board of Supervisory Personnels, 2016

| Personnel | 2016                      | 2015                  |
|-----------|---------------------------|-----------------------|
| Chief     | Manggi T. Habir           | Manggi T. Habir       |
| Member    | Muliadi Rahardja          | Muliadi Rahardja      |
| Member    | Made Sukada               | Fransiska Oei         |
| Member    | Herry Hykmanto            | Made Sukada           |
| Member    | Michellina L. Triwardhany | Herry Hykmanto        |
| Member    |                           | Kartini Muljadi, SH   |
|           |                           | Palgunadi T. Setyawan |

## BOARD OF SUPERVISORY MEETING

To carry out its duties, the Board of Supervisor (BoS) holds regular meetings or as required. The meetings are always attended by Board of Management. General provisions of the Meeting are

1. The BoS Meeting is chaired by the Chair of the Board.
2. The BoS Meeting is valid and entitled to take a valid and binding decision if it is attended by at least 2/3 the number of members of the Supervisors.
3. Board of Supervisor's decisions are taken based on deliberations for consensus.
4. If deliberation is not reached, the decision shall be taken by vote which must be approved by more than ½ the number of votes issued legally.



In addition to the provisions of the Board of Supervisors Meeting, the Foundation's Articles of Association stipulates the rules of the Joint Meeting of Board of Supervisors and Board of Management, with the following general provisions:

1. Joint meetings are held by the Board of Supervisors and Board of Management for the purpose of appointing the Trustees as necessary.
2. Joint meetings shall be held no later than 30 days from the time the Foundation no longer has members of the Trustees.
3. A Joint meeting call is made by the Management.
4. A Joint meeting is valid and is entitled to take a valid and binding decision if it is attended by at least 2/3 the number of members of the Management and 2/3 the number of members of the Supervisors.
5. Joint meeting decisions are taken based on deliberation for consensus.
6. If decisions based on deliberations are not reached then decisions are made by vote.

During 2016, Board of Supervisors conducted 4 meetings which were also attended by Board of Management, with the following agenda:

Table of Board of Supervisory and Management Meetings, 2016

|  | Date             | Place   | Agenda  |
|--|------------------|---|---|
| Supervisory and Management Meeting - 1 | 10 March 2016    | Nakula Room<br>Bank Danamon Tower, 5 <sup>th</sup> Floor                  | <ul style="list-style-type: none"> <li>Programs Update: Pasar Sejahtera (Prosperous Market); Peduli Lingkungan (Environmental Care); Festival Rakyat (Folk Festival); Kontes Foto (Photo Contest); Regional Government's Participation; Joint Program with PD Pasar Jaya.</li> <li>Outreach: Calendar of Foundation's Events.</li> <li>Operational: Resignation of Martha Jonatan; Foundation's Internal Audit Unit 22 Feb to 15 Mar 2016.</li> </ul> |
| Supervisory and Management Meeting - 2 | 2 August 2016    | Board of Commissioner Room,<br>Bank Danamon Tower, 12 <sup>th</sup> Floor | <ul style="list-style-type: none"> <li>Programs Update:</li> <li>Budget Vs Actual 2016 Update</li> <li>Internal Audit Unit's findings update of 1 January 2013 – 31 January 2016</li> <li>Fixed assets update</li> </ul>  |
| Supervisory and Management Meeting - 3 | 6 October 2016   | Board of Commissioner Room,<br>Bank Danamon Tower, 12 <sup>th</sup> Floor | <ul style="list-style-type: none"> <li>Programs Update and new initiatives</li> <li>Budget Performance of 2016 and Budget Plan of 2017.</li> <li>Internal Audit Unit's findings update of 1 January 2013 – 31 January 2016</li> </ul>   |
| Supervisory and Management Meeting - 4 | 29 November 2016 | Board of Commissioner Room,<br>Bank Danamon Tower, 12 <sup>th</sup> Floor | Evaluation of Realisation 2016 and Approval for Work Plan 2017  |

## BOARD OF MANAGEMENT [GRI 102-22, 102-23]

Board of Management is responsible for representing and acting for and on behalf of the Foundation to implement the annual workplan and budget approved by the Board of Trustees together with the Board of Supervisors as mandated.

Board of Management conducts consultations with Board of Supervisors and Board of Trustees through regular meetings. Meetings with Board of Supervisors are held on a regular basis (monthly/bimonthly), while annual meeting with the Board of Trustees is conducted at least once a year.

In accordance with its function, the Board of Management's personnel composition consists of individuals with professional experience in their respective fields, holding the position of senior Vice President/Executive Vice President at Bank Danamon, having high integrity to manage all of the Foundation's assets and carry out the mandate.

The structure of the Board of Management of Danamon Peduli as of the end of 2016 is as follows:

Table of Board of Management Personnels, 2016

| Personnel         | 2016                 | 2015                 |
|-------------------|----------------------|----------------------|
| Chief             | Restu Pratiwi        | Restu Pratiwi        |
| Deputy I          | Swandajani Gunadi    | Swandajani Gunadi    |
| Deputy II         | Reza P. Rusly        | Stenly Oktavianus    |
| General Secretary | Alexander C. Setjadi | Alexander C. Setjadi |
| Secretary         | Toni Darusman        | Marta Jonatan        |
| General Treasurer | Theresia Adriana     | Theresia Adriana     |
| Treasurer         | Taufan Arijantono    | Taufan Arijantono    |

Board of Management routinely provides guidance to the Executive Board and provides support to the Executive Director of the Foundation in determining the direction of the Foundation's future development. As part of the operational management of Danamon Peduli, the Management conducts regular meetings with the Board of Supervisors, submits work plans,

approvals and reports on program implementation.

In accordance with the authority given by Board of Trustees and Board of Supervisors, Board of Management has the following rights and obligations:

1. The Management is fully responsible for the Foundation's stewardship
2. Each member of the Management shall be in good faith and full responsibility in carrying out their duties in accordance with the prevailing laws and regulations.
3. Giving explanation and information about the Foundation as requested by the Board of Trustees
4. Having the eligibility to represent and act for and on behalf of the Foundation, either inside or outside the Court with prior approval from the Board of Trustees Meeting, for the following actions and transactions
  - a. Borrowing or lending money on behalf of the Foundation
  - b. Establishing a business entity and/or legal entity by the Foundation or for the Foundation, establishing cooperation agreements with other parties, or engaging in any kind of business whether in Indonesia or abroad
  - c. Any purchase in any way acquires/obtains immovable assets or movable assets on behalf of the Foundation with the determination of the price limit set by the Trustees
  - d. Any sale or disposal of Foundation's assets
  - e. Renting, leasing, and/or mortgaging the Foundation's immovable or moveable assets with the determination of the price limit set by the Trustees
  - f. Entering into an agreement with an organisation affiliated with the Foundation or with a member of the Management, or with a person working with the Foundation under the terms that the agreement is strategic for the Foundation's strategic objectives



- g. Accepting or hiring a manager and or a consultant and/or an employee paid or will be paid on par with an annual wage equivalent to US\$ 25,000 or more.
  - h. Division of duties and authority of each member of the Management shall be established by the Trustees through the Meeting.
5. For certain actions, the Management shall be entitled to appoint one or more as its representative or proxy by virtue of a special power of attorney.
  6. The Management is prohibited from issuing a general power of attorney.
  7. The Management appoints and dismisses the Executive of the Foundation Activities based on the Board of Management Meeting.

Furthermore, one of the tasks of the Chair of the Foundation/Executive Director is to take a lead in the overall program implementation. As for the responsibilities, they are periodically submitted as reports at the meeting with the Supervisors and annual meeting with the Trustees.

#### BOARD OF MANAGEMENT MEETING

1. Board of Management Meetings may be held at any time as deemed necessary by one or more members of the Management, or Supervisors, or Trustees.
2. The invitation for the meeting is made and sent by or on behalf of the Management.
3. The Board of Management Meeting is valid and entitled to take a valid and binding decision if it is attended by at least 2/3 the number of members of the Management.
4. Board of Management decisions are taken based on deliberations for consensus.
5. If deliberation is not reached, then the decision shall be taken by vote which must be approved by more than ½ the number of votes issued legally.

#### Meeting Frequency and Attendance Level of Board of Supervisory and Management

| Position             | 2016   | Attendance of meeting out of 4 times |
|----------------------|--|--------------------------------------|
| Board of Supervisory |  |                                      |
| Chief                | Manggi T. Habir                                  | 57%                                  |
| Member               | Muliadi Rahardja                                 |                                      |
| Member               | Fransiska Oei*<br>Michellina L<br>Triwardhany*** |                                      |
| Member               | Made Sukada                                      |                                      |
| Member               | Herry Hykmanto                                   |                                      |
| Board of Trustee     |  |                                      |
| Chief                | Restu Pratiwi                                    | 57%                                  |
| Deputy I             | Swandajani Gunadi                                |                                      |
| Deputy II            | Stenly Oktavianus *<br>Reza P Rusly ***          |                                      |
| General Secretary    | Alexander C. Setjadi                             |                                      |
| Secretary            | Marta Jonatan * *<br>Toni Darusman **            |                                      |
| General Treasurer    | Theresia Adriana                                 |                                      |
| Bendahara            | Taufan Arijantono                                |                                      |

\* Officially on duty until 19 May 2016.

\*\* Resigned as of 15 February 2016.

\*\*\* Officially on duty until 19 May 2016.

#### REMUNERATION SYSTEM FOR BOARD OF TRUSTEES, BOARD OF SUPERVISORS, AND BOARD OF MANAGEMENT

All members of the Boards do not get wages or salaries in carrying out their roles and responsibilities in the Foundation.



### EXECUTIVE SECRETARIAT OFFICE

The Executive Secretariat Office is responsible for organising and coordinating the implementation of field works, including facilitating dialogue and preparing the program framework and undertaking community development activities, which involve multiple stakeholders in order to succeed the implementation of the Foundation's programs.

In each program realisation, Danamon Peduli prepares the reports as part of its commitment to apply good and open governance.

Good and open governance are important, as they become one of the key elements in building stakeholder trust, particularly in mobilising resources from parties other than the parent company. Therefore, every year we publish audited financial statements to show transparent and accountable financial practices. Other steps we have taken to support the implementation of good and open governance principles include:

1. Preparation of Monthly update to the Board of Supervisors
2. Preparation and Issuance of Danamon Peduli's Annual Report that reflects the performance of the Foundation and becomes an input to Bank Danamon's annual report
3. Issuance of Financial Statements audited by Public Accounting Firm, in this case by KPMG and published in national print media
4. Regular "Standard Operating Procedures" improvements for major program activities, which outline clear criteria for the Website display and content updates in line with the progress of the Danamon Peduli's programs
5. Establishing an Integrated Program and Information Management System (IPIMS) to support all of these efforts, to improve efficiency, accessibility and transparency.



## POINTS OF FOUNDATION'S MANAGEMENT POLICY [GRI 103-1, 103-2]

### WORKING GUIDELINES

In 2016, Foundation has completed the preparation and performed of the Working Guidelines, containing the main provisions which become the guidance for the Management to carry out its duties in managing the Foundation, particularly in employee management. The purposes of the Working Guidelines are to:

1. Explain the rights and obligations of the Foundation Staff
2. Create a harmonious collegueship amongst all employees.

The Working Guidelines consist of fourteen chapters; each of which contains specific key descriptions in accordance with the intent and purpose of the manual. The official Working Guidelines are effective at the end of 2016 and bind all levels of management and employees and become the reference in carrying out their respective duties and obligations in coordinating between the two parties.

### INTEGRATED PROGRAM AND INFORMATION MANAGEMENT SYSTEM (IPIMS) (102-11, 102-12)

Until the end of 2015 we have not received accredited operating standards, such as the International Organisation for Standardisation (ISO), nor the Occupational Health and Safety Assessment Series (OHSAS) in implementing the Foundation's programs. Nevertheless, we have begun to adopt these accredited operational standards, by drawing up the Integrated Management Program and Information System (IPIMS), as the basis for reporting on the implementation of activities.

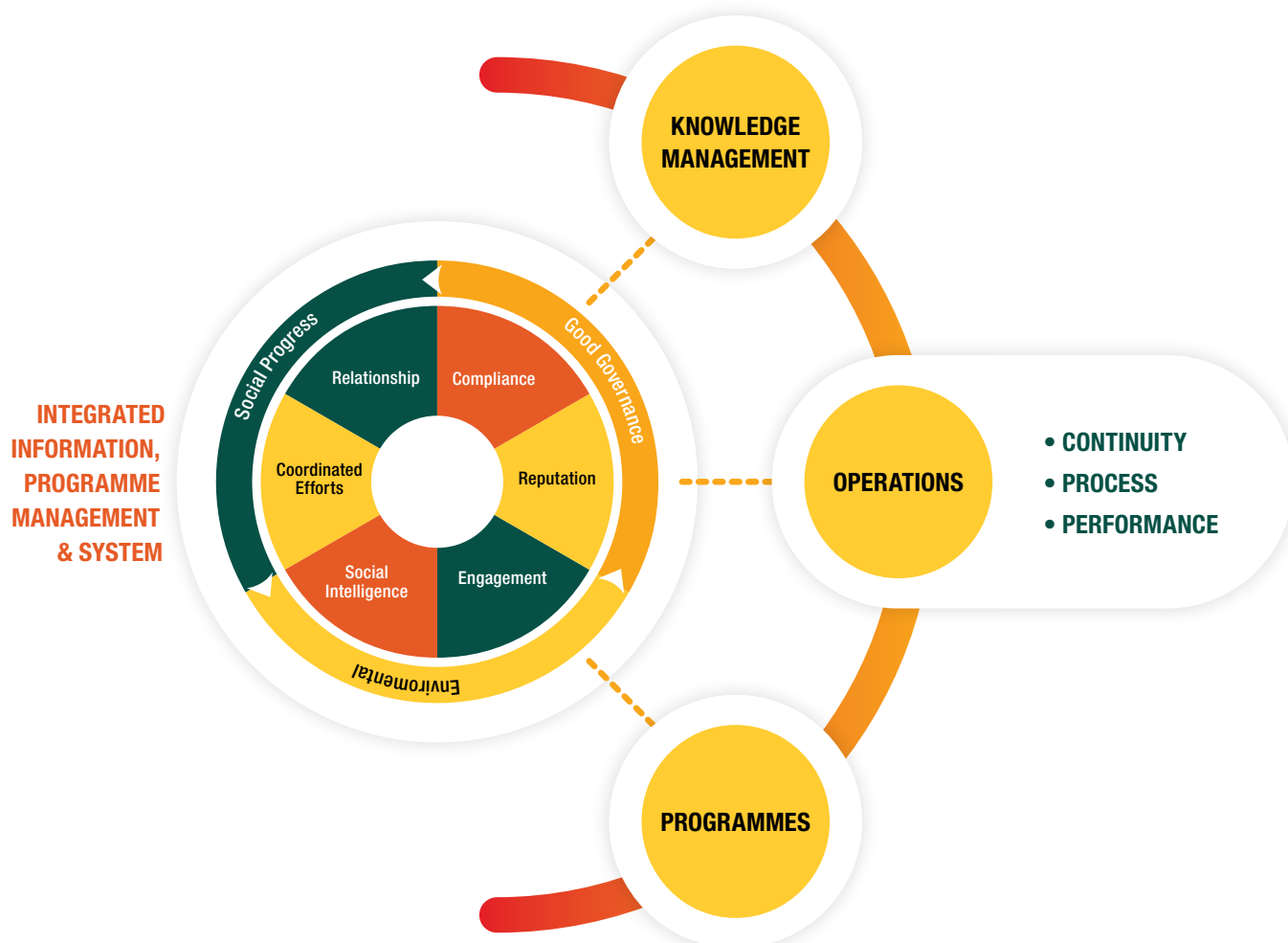
Our IPIMS has been developed since 2011 and has been improved continuously. Through the system a wide range of information (annual reports, surveys, ratings, media articles and more) is integrated into a single standard platform. As for report preparation, surveys and assessment processes, we do so by referring to nationally and internationally recognised standard guidelines. In this way, we have managed the accredited standards.

The application of IPIMS is also aimed at improving the quality of implementation as a principle of transparency and accountability of the whole series of Foundation activities, ranging from monitoring and practices of the programs and fund management.

IPIMS merupakan bagian dari upaya yang kami lakukan untuk memperkuat fungsi kelembagaan dalam pengelolaan Yayasan. Melalui IPIMS kami juga berupaya untuk memastikan konsistensi, sinkronisasi, dan keserasian pengelolaan seluruh program yang dijalankan dengan memperhatikan seluruh aspek-aspek yang mempengaruhi keberhasilan program serta tercapainya visi dan misi Yayasan, meliputi: IPIMS is part of our efforts to strengthen institutional functions in the Foundation management. Through IPIMS we also strive to ensure consistency, synchronisation, and harmonious management of all programs by taking into account all aspects that affect the success of the programs and the achievement of the Foundation's vision and mission, including:

1. Increased quality and effectiveness of the program implementation
2. Evaluation
3. Simplification of work methods to improve the effectiveness of program implementation
4. Availability of access to monitor transparent and accountable operational processes
5. Open communication among the employees and enabling intra, inter-partner learning processes
6. Reduced operational costs due to increased efficiency.

## POINTS OF FOUNDATION'S MANAGEMENT POLICY



### CONTRIBUTIONS

Foundation's contributions consist of two major groups:

1. **Unconditional Contributions**  
Represents contributions from PT Bank Danamon Indonesia Tbk and PT Adira Dinamika Multi Finance Tbk received to support the Foundation's programs and operational activities.
2. **Contributions with Temporary Bond**  
Represents contributions from PT Bank Danamon Indonesia Tbk and other parties to support the implementation of activities initiated or approved in advance by PT Bank Danamon Indonesia Tbk and other parties.

Other party's contributions and the required activities must be in harmony with the Foundation's vision and mission.

Pembukuan sumbangan tanpa ikatan dilakukan dalam periode pembukuan sebagai pendapatan pada Laporan Keuangan Yayasan, sementara sumbangan dengan ikatan sementara dibukukan sebagai pendapatan tangguhan, dan baru akan dibukukan saat program terkait selesai dilaksanakan. The bookkeeping of the unconditional contributions is prepared in the bookkeeping period as income in the Foundation's Financial Statement, while contributions with temporary bond are recorded as deferred income, and will be recorded only when the related program is completed.

### COMMUNICATION AND DISCLOSURE

As a non-profit organisation whose the main activities are aimed at improving the welfare of the community through several programs and effective and efficient fund management, the ability to communicate with



various parties with their own backgrounds becomes one of the main components to support the successful implementation of the programs. The Foundation, therefore, must have good communication skills.

Accordingly, we have developed and implemented a policy on communication guidelines with all related parties, including general limits on subjects that must be mastered and can be communicated by/with related parties. We believe in good communication, we can demonstrate transparency in the management of the Foundation in the corridors of good governance, thereby enhancing management accountability that ultimately increases stakeholder trust.

#### **FRAUD RISK AND OCCUPATIONAL HAZARD MANAGEMENT** [GRI 102-11, 205-1, 403-2, 403-3]

We develop and implement the prevention and mitigation of fraud risk as part of the internal control system with the objective of minimising potential losses, maintaining stakeholders trust and preserving the sustainability of the programs. Fraud risk control as our main concern is the risk of irregularities in procurement for the program implementation in the field and the realisation of other related assistance.

As a mitigation measure, we require non-cash transactions in the process of purchasing activity support materials, and open special accounts to accommodate donation funds. In addition, the Foundation has developed standard operating procedures for purchasing goods by instituting the principle of check and balances in granting approvals, creating a list of procurement partners and evaluating performance and procurement process periodically. We also set out other standard operating procedures, such as official travel, advance submission/payment, etc., complete with procedures for the preparation of accountability reports. At each reporting period, we apply the audit process by involving internal and external auditors for the Financial Statements by the end of the period.

Occupational hazard and health in workplace are other aspects of concern for risk management. Field activities requiring considerable mobilisation in land, water and air, intense connections to adverse traditional market's health and environment, and the provision of immediate

disaster relief make our employees prone to both health and workplace risks.

The mitigation effort is to provide routine training on the aspects of OHAS in the implementation of the Foundation activities, in addition to providing adequate equipment to team members who carry out activities directly in the field.

As the result of the training and counseling of the work-accident awareness culture, in our report this year we recorded a zero accident. same as previous years.

#### **Internal Controls** [GRI 103-3]

We apply internal controls as part of the principles of accountability and transparency from GCG basic principles. Management provides assurance on the operational effectiveness and efficiency, the implementation of all operational standards, compliance with rules and legislation, and the accuracy and reliability of financial reporting through the application of adequate system of recording procedures and accounting systems.

In order to increase the quality of financial bookkeeping with the applicable accounting and auditing standards, bookkeeping personnel constantly improve their competence through refresher trainings. In addition, to prevent and minimise frauds, we periodically review all work units prone to such crimes, such as procurement and finance units.

#### **Procurement Policy** [GRI 102-9]

As part of our efforts to prevent frauds and to improve accountability of Foundation management, we have developed and implemented the Procurement Policy. The purpose of the enforcement is to ensure that the procurement of goods/services partially or wholly financed by Danamon Peduli budget is carried out efficiently, effectively, openly, transparently, fairly/non-discriminatory and accountably. We also emphasise that all parties involved in the procurement process uphold the Ethics of Procurement Practices as guidance in the process. In the selection of third-party vendors, we prioritise using local resources which are further consulted and coordinated with the parent company to guarantee compliance with the rules and conditions and to get the best quality vendors and the best price.

## CODE OF ETHIC (GRI102-16)

As the Foundation's commitment in improving the quality governance practices, we implement the Code of Ethics through "Statement of Commitment" for all Boards and executors to comply with and apply all of the provisions contained therein. Code of Ethic contains the commitment of all employees at all levels to always uphold and apply good work ethics and morale in performing their duties. In the Code of Ethics, we set out the introduction programs and most importantly, we exercise sanctions for violations.

The implementation of the provisions in the Code of Ethic indicates the Foundation's commitment in maintaining trust and long-term working relationship. It is part of our efforts to meet our stakeholders' expectations in accordance with the prevailing norms. Some of the rules set out in the Code of Ethic include:

### CONFLICT OF INTEREST

All units should avoid the occurrence of situations that contain conflict of interest in carrying out their duties.

### HONOUR RESPONSIBLE RELATIONSHIPS BETWEEN EMPLOYEES AND FOUNDATION

We implement policies that govern the relationship between employees and the Foundation, which essentially emphasises the constructive and responsible relationship between the two parties. Employees are entitled to their rights, but also must be able to perform their obligations to all applicable regulations, including the ability to maintain/preserve all Foundation's assets and property.

### GOOD RELATIONSHIP WITH THIRD PARTIES

We set rules that give clear restrictions on ethics in dealing with third parties. The objective is to maintain professional working relationships, to prevent the occurrence of incidents that may affect Foundation's condition, ultimately reducing the trust from the parties: funders, law enforcers, partners, and beneficiaries to the Foundation. Some ethical rules that must be obeyed include:

1. Prevention of supplier/vendor/third party selection as partners based on personal interests, family relations, friendships or decisions without other professional foundations.
2. Prohibition of gift giving and gift/grant receiving.
3. Requiring all levels to maintain relationships by applying entertainment fees to a reasonable extent and in accordance with the Foundation's rules.
4. Prohibition of all forms of bribery and fraud.
5. Separation of personal activities with Foundation performed outside the duty.

### RELATIONSHIP AMONG EMPLOYEES

Regulating the ethics of employment relations among employees, including general provision on the marital condition between Foundation employees.

### INFORMATION DISCLOSURE ETHICS

As part of our disclosure principle, the Foundation implements appropriate information security arrangements that are not feasible to deliver or are only accessible in a limited way, including internal documents, such as tickets, memos, policies, internal correspondence, SOPs and the like.

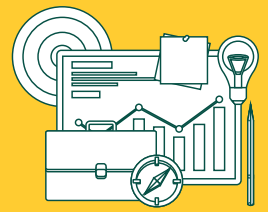
While information that can or must be submitted includes Audited Financial Report and Activity Implementation Report, including Foundation Annual Report.



# OUTLOOK 2017



*Following the success of programme implementations in the previous year, we have drafted a work plan and planned activities for the following year. The plan is based on pooled evaluation recommendations and inputs from our stakeholders.*



- Programme Objectives
- Work Plan and Budget

## OUTLOOK

We have drafted planned activities for the following year based on pooled evaluation recommendations in the last period. We also considered potential gains from standardisation of traditional markets, continuous infrastructure development, and economic zone growth. Danamon Peduli will continue its role as: (i) development partner; (ii) catalyst; and, (iii) knowledge hub; and its mission of “Realising Vision through Action, From Mission to Results.”

### PROGRAMME OBJECTIVES

The general objectives of the 2016 work plan are summarised as follows:

1. Prosperous Market Plus:
  - a. To develop base beneficiaries, i.e. small-medium enterprise (SME) communities, through education/capacity building
  - b. To foster partnerships with central and regional government, such as: Ministry of Cooperatives and Small and Medium Enterprises, Ministry of Public Works, and Ministry of Tourism
2. Prosperous Market:
  - a. To develop certified people's market based on SNI 8152:2015.
  - b. The Public Market Festival implementation scheme was developed by Regional Government and local communities.
3. Environmental Care:
  - a. To integrate support for the environment with the Prosperous Market programme
  - b. To expand participation of internal and external volunteers to manifest the corporate value
  - c. To take an active role in preserving environment and promoting sustainability.
4. Disaster Response:
  - a. Partner with parties competent in responding and managing disasters.
  - b. Capacity building for employee volunteers of Danamon and Adira.
  - c. Increase frequency and involvement of internal and external volunteers in disaster mitigation training to realise Disaster Resilient Markets.

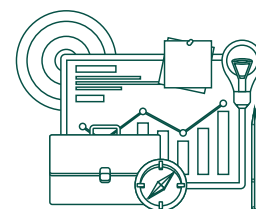
5. Cooperation and Knowledge Sharing:  
Expand Danamon Peduli's role as a “Knowledge Hub” promoting collaborations and partnerships. Development of learning sources from best practice forums.
6. Development of learning resources out of best practice forum Fully functioning, efficient, accessible and transparent information system.

### WORK PLAN AND BUDGET

Taking the programme objectives outlined above, we have drafted the following work plan outline of each primary activity:

#### I. Prosperous Market

1. Objectives:
  - Improve assistance the quality of 7 model markets.
  - Assist and revitalise three assisted markets for SNI 8152:2015 Traditional Markets certification, namely: Ibuh, Payakumbuh, West Sumatera; Lambocca Market, Bantaeng, South Sulawesi Selatan; Bunder Market, Sragen, Central Java.
  - Facilitate and coordinate every Danamon and Adira branch units to participate in Environmental Care in accordance with the needs of each location
  - Develop learning sources from best practice forums and present the Pancawara Award, an award for people's market.
  - Build the capacity of market SME communities and general businesses by presenting:
    - Products and services for SMEs partnering with Danamon at Prosperous Market locations
    - Pojok Bisa, financial literacy and training programme to build the capacity of SMEs based on their respective needs.



- Intensify public campaigns on the role and value of Prosperous Market traditional markets by:
  - Outdoor promotion media, such as banners and billboards.
  - Talk shows and adlibs on social message and financial literacy on radioland.
  - Media visits.

## 2. Activities:

- a. Physical improvements, particularly for wet lots of a market
- b. Non-physical improvements:
  - Cross-sector Workshops, including involvement of Regional Governments in market management;
  - Capacity building, such as: community radio, cooperative management, and waste bank management, among others;
  - Environmental Action;
  - Community-based schemes; and,
  - Public campaigns.

## II. Environmental Care

1. Improve and reform integrated waste management.
2. Participate in disaster management activities.
3. Significantly reduce CO2 emissions by recycling waste paper; widespread collection of waste paper in Danamon business unit offices, and employee involvement.

## III. Disaster Response

1. Partner with disaster management bodies such as National Agency for Disaster Management (NDMA), Regional Disaster Management Agency (RDMA), and Indonesian Red Cross, among others. Capacity building and preparedness of market communities.

2. Provide rapid relief assistance to disaster victims in areas served by Danamon/Adira
3. Test and furnish the Disaster Resilient Market concept at selected Sejahtera Market locations in partnership with the NDMA.

## IV. Cooperation and Knowledge Sharing

The initiatives intended to expand Danamon Peduli's role as a "Knowledge Hub" are:

1. Organise the Traditional Market Innovations Learning Forum.  
A forum to share experience with those having successfully developed traditional markets.
2. Present the Pancawara Market Award  
The Award is presented to those whose innovations have successfully developed traditional markets.
3. Work with Regional Governments and local communities to conceptualise and organise the Traditional Market Festival.

## V. Capacity/Organisation Building.

Danamon Peduli Foundation shows its capacity building commitments through facilitation of trainings, workshops, and/or seminars and strategic planning workshops. We also present to our employees opportunities of collegial knowledge sharing.

For organisational development purposes, the Foundation conducts routine organisational meetings, such as the Trustees, Supervisors, and Management Boards meetings. The Foundation is also actively involved in development forums at local, national, and international levels.

## OUTLOOK

### BUDGET

The budget prepared to support the activities outlined above amounted to Rp12.5 billion, a 6% reduction compared with for similar undertakings in 2016, as follows:

Foundation Budget, 2017

| No  | Activity                      | 2016 Realisation | 2017 Budget    | Difference |
|-----|-------------------------------|------------------|----------------|------------|
| I   | PROSPEROUS MARKET             |                  |                |            |
| 1   | Physical Improvements         | 4,027,574,687    | 3,629,000,000  | (11)%      |
| 2   | Capacity Building             | 397,621,038      | 818,200,000    | 51%        |
| 3   | Community Mobilisation        | 457,317,056      | 421,400,000    | (9)%       |
| 4   | Public Outreach               | 3,003,524,383    | 1,930,000,000  | (56)%      |
| 5   | Research                      | 86,735,150       | 0              | 0          |
| 6   | Monitoring and Evaluation     | 137,630,650      | 300,000,000    | 54%        |
| 7   | Assessment                    | 12,290,500       | 55,000,000     | 78%        |
| 8   | Communication/Reporting       | 269,145,045      | 415,000,000    | 35%        |
|     | Prosperous Market Subtotal    | 8,391,838,509    | 7,568,600,000  | (11)%      |
| II  | CEPAT TANGGAP BENCANA         |                  |                |            |
| 1   | Contingency Funds             | 383,968,146      | 200,000,000    | (92)%      |
| 2   | Mitigation                    | 262,868,550      | 250,000,000    | (5)%       |
|     | Disaster Response Subtotal    | 646,836,696      | 450,000,000    | (44)%      |
| III | OPERATIONAL COSTS             |                  |                |            |
| 1   | Personnel                     | 3,275,404,360    | 3,751,100,000  | 13%        |
| 2   | Equipment and Office Lease    | 394,777,896      | 512,700,000    | 23%        |
| 3   | Stationery                    | 38,490,774       | 51,600,000     | 25%        |
| 4   | Operations and Administration | 506,025,692      | 166,000,000    | (205)%     |
|     | Operational Subtotal          | 4,214,698,722    | 4,481,400,000  | 6%         |
|     | GRAND TOTAL                   | 13,253,373,927   | 12,500,000,000 | (6)%       |



# FINANCIAL REPORT

## STATEMENT GRI STANDARDS IN ACCORDANCE CHECK BY NCSR



NATIONAL  
CENTER FOR  
SUSTAINABILITY  
REPORTING

### **Statement GRI Standards in Accordance Check**

The National Center for Sustainability Reporting (NCSR) has conducted a GRI Standards in Accordance Check on the Yayasan Danamon Peduli 2016 Annual Report 2016 ("Report"). The check communicates the extent to which the GRI Standards has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.

We conclude that this Report has been prepared in accordance with the GRI Standards: Core Option.

Jakarta, 20 May 2017

**National Center for Sustainability Reporting**

**Dewi Fitriasaki, Ph.D., CSRA, CMA**  
**Director**

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| <br>2   | Zero Hunger<br>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.   | n.a  |
| <br>3   | Good Health and Wellbeing<br>Ensure healthy lives and promote well-being for all at all ages.  | 58   |
| <br>4 | Quality Education<br>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.                               | n.a  |
| <br>5 | Gender Equality<br>Achieve gender equality and empower all women and girls.  | n.a  |
| <br>6 | Clean Water and Sanitation<br>Ensure availability and sustainable management of water and sanitation for all.  | 58   |
| <br>7 | Clean Affordable Energy<br>Ensure access to affordable, reliable, sustainable and modern energy for all.   | n.a  |
| <br>8 | Decent Work and Economic Growth<br>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. | 58   |
| <br>9 | Industry, Innovation and Infrastructure<br>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.    | n.a  |

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|    | 10                             | Reduced Inequalities<br>Reduce inequality within and among countries.  | n.a  |
|    | 11                             | Sustainable Cities and Communities<br>Make cities and human settlements inclusive, safe, resilient and sustainable.  | 58   |
|    | 12                             | Responsible Consumption and Production<br>Ensure sustainable consumption and production patterns.  | n.a  |
|    | 13                             | Climate Action<br>Take urgent action to combat climate change and its impact.  | 58   |
|  | 14                             | Life Below Water<br>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.  | n.a  |
|  | 15                             | Life on Land<br>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.                | n.a  |
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