



THE COMPANY'S BOARD OF DIRECTOR REPORT ON AGM 2022

Dear Sir or Madam, Dear Shareholders,

On behalf of the Board of Directors, we will submit the Accountability Report on the management of the Company in 2021, as we have disclosed in the Annual Report, Sustainability Report and Consolidated Financial Statements of the Company for the year ended December 31, 2021, and we have published it on the Company's website. .

Dear Sir or Madam,

2021 marked the beginning of the recovery journey for Indonesia's economy after suffering from some construction due to the Covid-19 pandemic. Indonesia's economy grew about 3.7% following the gradual resume of business activities.

The palm oil industry showed a convincing performance following high CPO prices in the same year. However, many plantation companies were experiencing production drop due to the aftermath of El-Nino occurring in late 2019 to early 2020, such as what happened to the Company's plantations in East Kalimantan.

DSNG's wood product business also indicated a positive performance, triggered by the economic recovery of developed countries following the relaxation of the previous restriction on business activities.

The recovery of the national and global economies in 2021 also supported DSNG's financial performance. In 2021, DSNG booked its profit at IDR 740 billion, increasing by 55% from the previous year, mainly driven by the significant performance improvement in the wood product business segment and higher CPO and PKO selling prices.

Wood product segment demonstrated a pretty impressive performance throughout 2021 with an increase in sales value by 34% to IDR 1.3 trillion, following higher sales volume and average selling price, mainly driven by the recovering demands from markets in Japan, the US, and Canada.

Dear Sir or Madam,

In 2021, the Company set two strategic policies as its main priority. Firstly, to implement technology and innovations in the palm oil and wood product businesses to increase productivity and efficiency in all business lines and the organization. Secondly, to strengthen the implementation of Environmental, Social, and Governance (ESG) in all business segments.

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To ensure the appropriate implementation of such strategic policies, the BoD encourages all stakeholders to engage actively. The engagement can take the form of a significant investment in technology, policies on ESG practice implementation, coordination through internal meetings to ensure the work plans are in line with the set target, and information dissemination to stakeholders.

Internally, there were no significant obstacles in implementing such strategic policies. However, some external factors such as the pandemic, whose ending is unknown, may potentially obstruct the successful implementation of the Company's strategic initiatives.

Dear Sir or Madam,

In 2021, the Company proved its commitment to applying Environmental, Social, and Governance (ESG) aspects. In the same year, the Sustainability Policy Transparency Toolkit (SPOTT) ranked the Company at 7th place out of 100 global palm oil companies practicing ESG. The Company has become the only palm oil company with Indonesia headquarters that belongs to the top ten global leaderboards of the 2021 SPOTT list.

In 2021, DSNG stock became part of the constituents shares of two new stock indices with ESG-based performance from 20 December 2021 to 31 May 2022. These two indices were a collaboration between PT Bursa Efek Indonesia (BEI) and Keanekaragaman Hayati Foundation (KEHATI), namely ESG Quality 45 IDX KEHATI (ESGQ 45) and ESG Sector Leaders IDX KEHATI (ESGS KEHATI).

Another ESG commitment is related to the Greenhouse Gas (GHG) emission scoping and climate action project collaborating with two global companies. This project becomes the first milestone of DSNG's structured and measurable aspiration to reduce emission, adapt to climate change risks, and transition towards the low-carbon future.

In 2021, the Company also conducted a groundbreaking in 2021 for the second Bio-CNG plant in Muara Wahau that processes Palm Oil Mill Effluent (POME) into renewable energy. In the wood product business segment, the Company also installed solar panels covering an area of 16,000 m² in PT Tanjung Kreasi Parquet Industry, one of its subsidiaries, to utilize renewable energy in all lines of business.

In addition, the Company maintains the commitment to encourage Good Corporate Governance (GCG) in implementing its strategic policies. This commitment aligns with the effort to improve ESG implementation every year continuously. The Company enhances transparency through the improvement of GCG guidelines by engaging independent parties.

The comprehensive information about ESG aspects can be found in our Sustainability Report.

Dear Sir or Madam,

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In relation to the Company's treasury stock of 141,423,900 shares from buyback conducted in 2015 and 2016 due to the significantly fluctuating market, in 2021 the Company has reissued 141,423,900 buyback shares (the entire treasury shares) with average price of IDR615 per share, which was above the average buyback price. The reissuance was carried out through Indonesia Stock Exchange (IDX) in several transactions and has submitted an Information Disclosure to OJK.

Dear Sir or Madam,

In 2022, the Government estimated that the country's economic growth would be better than 2021. While the prospect of economy and industry may potentially get better in 2022, the challenges we are facing will not be easier than that in 2021.

In 2022, we expect to successfully implement the Company's strategic policies to create value-added to all stakeholders and benefit the public.

Finally, on behalf of the Board of Directors, we express our highest gratitude to the shareholders and all stakeholders for the support that has been given to the Company.

Thank You