



THE BOARD OF COMMISSIONERS REPORT ON AGM 2022

Dear Sir or Madam, Dear Shareholders,

On behalf of the Board of Commissioners, allow us to submit the Report on the Supervisory Duties of the Board of Commissioners that have been carried out throughout 2021.

In 2021, the Board of Commissioners has carried out its duties and supervision in accordance with the applicable laws and regulations, both institutionally by the Board of Commissioners and through the functions under it, such as the Audit Committee.

This responsibility is carried out through Board of Commissioners meetings, Joint Meetings of the Board of Commissioners and Directors, as well as Committee meetings under the Board of Commissioners such as the Audit Committee. In addition, the Commissioner also provides direct advice to the Board of Directors which is carried out at every opportunity and makes visits to the operational areas of the Company's business lines, both in SBU Agro and Wood Products.

Dear Sir or Madam,

As we knew, in 2021, many business sectors in Indonesia were still facing difficulties in running their business due to the prolonged impacts of the Covid-19 pandemic, despite the national and many international countries showing signs of economic recovery. As a result, thousands of national companies experienced a decline in their financial performance from losing essential contracts. Many companies even terminated their employees following financial hardship and liquidity crisis.

We are still grateful because, in such a situation, DSNG still positively performed over the last couple of years. Its financial results even grew even though the palm oil industry sector still suffered from the lagging impact of El Nino occurring in 2019.

The increasing CPO price in the global market has brought blessings to the company. In addition, the economic recovery of developed countries also benefits the wood product business segment. Such positive performance was driven by the external factors and the management's capability in setting priorities and making systematic efforts.

The Board of Commissioners (BoC) highly appreciated the DSNG's Board of Directors (BoD) and management's efforts to generate added value to its shareholders following higher profit and conducive business environment, both social and economic.

Dear Sir or Madam,

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In 2021, the Board of Director continued implementing the strategic initiatives from the previous years, such as applying information technology and innovations and reinforcing the commitment to the Environment, Social, and Governance (ESG).

The Board of Commissioners believed the Board of Director had adequately and measurably implemented such strategic policies. As a result, DSNG managed to grow its revenue in the wood product segment and create efficiency from automation programs implemented throughout the factory and other business processes. Consequently, the contribution from the wood product segment to the consolidated revenue increased against the previous years.

Similarly, the consistent implementation of ESG in the palm oil business segment has driven the company up to a higher level for the recognition of international institutions like SPOTT. In 2021, SPOTT ranked DSNG at the 7th over 100 global palm oil companies for ESG practices. This suggests DSNG is on the right track in its ESG strategy.

In terms of corporate governance, the BoC keeps encouraging and evaluating the implementation of Good Corporate Governance (GCG) in the company's environment. In 2021, the BoC encouraged the completion of governance guidance revision where independent parties were involved, BoD and BoC guidance revision, and improvement of information transparency that have been well managed by the BoD, ensuring DSNG compliance with the applicable laws and regulations.

Dear Sir or Madam,

In 2021, the Board of Commissioners has recommended and appointed the new members of the Audit Committee following the terms of office completion of the previous committee. Mr. Danny Walla, the Independent Commissioner, is now the Chief of the Audit Committee, along with two new members from external, with significant auditing experiences.

We expect the new Audit Committee will assist the company in improving the implementation of corporate governance and managing corporate risk factors. As a result, the company can maintain good performance and business continuity.

As its final words, the BoC expresses its highest support and appreciation to DSNG management for their efforts to improve the company's business performance through measurable efforts throughout 2021. The BoC also thanked the investors and stakeholders who lent their constant support for a successful 2021.

Thank you