

EXECUTIVE SUMMARY

About This Report

PT Dharma Satya Nusantara Tbk and its group companies, referred to as DSN Group (DSNG) have established NDPE Policy (No Deforestation, No Peat and No Exploitation) or the policy of not clearing forests, not cultivating peatlands and not exploiting on March 20, 2020. DSNG set a goal of 100% NDPE compliance by 2025 for fresh fruit bunches (FFB) suppliers. From 2020 to 2025, efforts were made to fulfill the NDPE Policy, both in business units under DSNG's control and in its main suppliers.

Since the establishment of the NDPE Policy, the implementation of NDPE Policy compliance in the DSNG group has been carried out for more than two years. During this period, the DSNG Agro Business Unit (DSNG SBU-Agro) has published NDPE reports for the implementation of NDPE compliance in the palm oil business units in 2020 and 2021. This report is the 3rd year NDPE report of DSNG SBU-Agro, covering NDPE implementation from January 1 - December 31, 2022.

As in previous years, this report is designed to demonstrate the implementation of the DSNG NDPE policy in the current year. This annual report contains the achievements of the implementation year and serves as material for management review in managing the implementation of activities and constraints.

Summary of DSNG NDPE Policy

As of March 2020, DSNG has made the following commitments:

Palm Oil Plantation and Mill Certification

DSNG is committed to obtaining RSPO certification for plantations and mills by 2022.

Environmental and Social Performance, with a focus on:

- a. Legal compliance and code of conduct
- b. Positive environmental performance (including HCV/HCS and peatland conservation)
- c. Workplace safety and health promotion
- d. Community development, smallholder inclusion, and social impact management

New Planting, Acquisition, and Developments

Commitment to respect land tenure and rights of indigenous peoples and local communities by the implementation of the FPIC principle in all new planting, acquisitions, and developments.

Traceability and Transparency in the Supply Chain

DSNG has committed to increasing traceability and transparency in palm oil production and supply chain, as well as proactive communication and engagement with its key stakeholders.

Specific traceability for FFB supply is defined as traceable production to the supplier's plantation level. DSNG has committed to ensuring that whole volumes of palm oil and palm oil fractions for 15 concessions in four provinces will be 100% traceable by the end of 2025.

Transparency

DSNG has committed to providing a published sustainability roadmap, indicates the targets and progress of NDPE implementation. DSNG also implements a grievance mechanism to allow stakeholders to communicate grievance with DSNG in safe and effective manner.

Stakeholder Engagement

- a. Consult, collaborate, and strengthen partnerships with governments, communities, industry partners, and other stakeholders.
- b. Welcome and consider stakeholder feedback and opportunities to advance this policy; and
- c. Resolve all grievances and conflicts related to this policy through a transparent and amicable grievance resolution mechanism that is agreed upon with stakeholders.

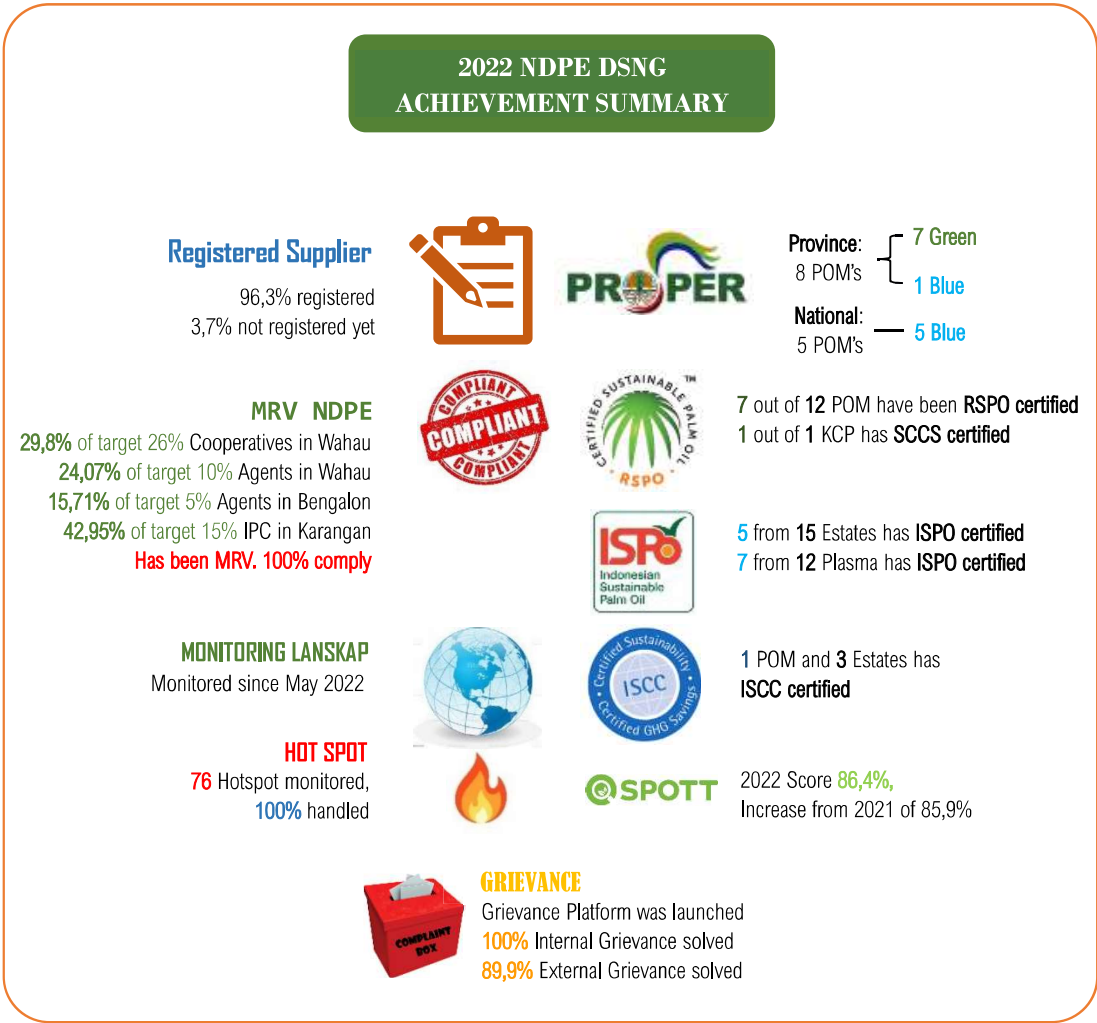


Figure 1. 2022 DSNG Achievement Summary

Table 1. 2022 NDPE Implementation Priorities

| No | Priority Activities | Target | Achievement Criteria and Indicators | Status* |
|----|---|--|--|---|
| 1 | External supplier registration and declaration of NDPE and Supplier Code of Conduct compliance. | Complete supplier registration (100%) in all DSNG operational areas | <p>All suppliers completed and signed the Supplier Registration Form, which included their location and work area coordinates.</p> <p>All suppliers agreed and signed the Code of Conduct and NDPE Compliance statement.</p> <p>Socialization of the NDPE DSNG Policy was conveyed to all suppliers.</p> | <p>Partially done</p> <p>96.3% of suppliers were registered.</p> <p>3.7% of suppliers were not yet registered.</p> |
| 2 | Preparation of an NDPE Compliance Roadmap for suppliers based on annual targets | <p>2 Cooperatives and 1 Agent at Muara Wahau Site (26%)</p> <p>1 Agent at Bengalon Site (5%)</p> <p>1 IPC in Karanganyang Site (15%)</p> | <p>Self-Assessment and gap analysis were carried out</p> <p>An action Plan for the implementation of NDPE compliance was available</p> | <p>Done</p> <p>Self-Assessment Process, Gap Analysis, and Action Plan for all suppliers according to the target available</p> |

| No | Priority Activities | Target | Achievement Criteria and Indicators | Status* |
|----|--|--|---|--|
| 3 | Landscape monitoring | SOP Monitoring Landscape application | Deforestation alerts were available monthly Verification of deforestation alerts was carried out Landscape monitoring was reported | Partially done GFW Pro encountered data issues from January to April 2022. Landscape monitoring using GFW Pro began in May 2022. The field verification team verified the deforestation alerts for July, September, and October. |
| 4 | Staff Supplier Engagement and Sustainability Operation Fulfillment | Staff Supplier Engagement is available in every landscape Sustainability Operation staff is available in each area (East Kalimantan 1, East Kalimantan 2, and West Kalimantan-Central Kalimantan) | Fulfillment of Supplier Engagement staff in each location and Sustainability Operation in each Area. | Done Staff fulfillment of Supplier Engagement and Sustainability Operation in 2022 was complete. DSNG currently employs SE staff in Wahau (3 people), Bengalon, Karangan, Lamandau, and Sekadau, as well as SO staff in East Kalimantan-1, East Kalimantan-2, and West Kalimantan-Central Kalimantan. |
| 5 | External FFB Traceability Application | FFB supply can be traced according to SOP: AGR-079-R00 (Third Party FFB reception) | Application systems for farmer data collection could be used Application systems for external FFB reception could be used | Partially done Farmer data collection application with FarmXtension from Koltiva is being tested at the Muara Wahau and Karangan Sites, specifically for external FFB suppliers to POM 7 of PT KPAS and POM 10 of PT BAS An application for external FFB reception (New-Weighbridge System/New-WBS) has been implemented for 6 cooperatives in Wahau while will be detail coverage to farmer's plantation level |
| 6 | Grievance mechanism | External communication and grievance mechanisms are available | SOP-AGR-096-R00 Handling of External Complaints has been established The platform used to manage external grievances was the Grievance Management System | Done There have been no supply chain-related grievances submitted through the latest platform or directly to PIC. |
| 7 | MRV Process | MRV audit for suppliers is carried out | The MRV audit process could be carried out according to SOP-AGR-094-R00 | Done MRV Audits for 2 Cooperatives and 1 Agent at Muara Wahau Site, 1 Agent at Bengalon Site, and 1 IPC at Karangan Site have been carried out |

* until December 31, 2022