



NDPE PROGRESS REPORT

2022

Creating a Sustainable Supply Chain



PT DHARMA SATYA NUSANTARA TBK.

SBU-Agro

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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.

2022 NDPE DSNG ACHIEVEMENT SUMMARY

Registered Supplier
96,3% registered
3,7% not registered yet



Province: 7
National: 1 Blue
5

MRV NDPE
29,8% of target 26% Cooperatives in Wahau
24,07% of target 10% Agents in Wahau
15,71% of target 5% Agents in



7 out of 12 POM have been **RSPO certified**



5 from 15 Estates has **ISPO certified**

MONITORING LANSKAP
Monitored since May



1 POM and 3 Estates has **ISCC certified**

HOT SPOT
76 Hotspot monitored,
100% handled



2022 Score **86,4%**,
Increase from 2021 of



GRIEVANCE

Grievance Platform was launched
100% Internal Grievance

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	All suppliers completed and signed the Supplier Registration Form, which included their location and work area coordinates. All suppliers agreed and signed the Code of Conduct and NDPE Compliance statement. Socialization of the NDPE DSNG Policy was conveyed to all suppliers.	Partially done 96.3% of suppliers were registered. 3.7% of suppliers were not yet registered.
2	Preparation of an NDPE Compliance Roadmap for suppliers based on annual targets	2 Cooperatives and 1 Agent at Muara Wahau Site (26%) 1 Agent at Bengalon Site (5%) 1 IPC in Karanganyar Site (15%)	Self-Assessment and gap analysis were carried out An action Plan for the implementation of NDPE compliance was available	Done Self-Assessment Process, Gap Analysis, and Action Plan for all suppliers according to the target available

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

DSN GROUP AT A GLANCE



PT Dharma Satya Nusantara Tbk (DSNG) has a palm oil plantation business unit (SBU-Agro) and a timber business unit (SBU-Wood Product/WP). This report covers NDPE implementation at SBU-Agro and its suppliers.

SBU-Agro DSNG operates plantations in four Kalimantan provinces, including East Kalimantan, North Kalimantan, Central Kalimantan, and West Kalimantan. The plantation has eight landscapes, including Wahau, Bengalon, Karangan, and Mahakam in East Kalimantan, Bulungan in North Kalimantan, Lamandau in Central Kalimantan, and Sintang-Sekadau and Ketungau in West Kalimantan. The total area of nucleus and plasma land managed for all of these locations is 134,861 Ha, with 112,463 Ha planted.

Detailed information on this can be seen in **Table 2**.

Table 2. DSNG Plantations By Region in 2022

Province	Landscape	Nucleus (ha)		Plasma* (ha)		Number of Plantations
		Concession Area	Planted Area	Concession Area	Planted Area	
East Kalimantan	Wahau	51,584	45,044	17,203	17,203	5
	Bengalon	11,662	10,249	1,364	1,364	1
	Karangan	5,222	4,578	826	826	1
	Mahakam	3,366	2,887	1,202	1,202	1
North Kalimantan	Bulungan	1,272	1,029	238	238	1
West Kalimantan	Sintang-Sekadau	16,641	7,980	2,156	2,156	4
	Ketungau	5,234	4,095	1,755	1,755	1
Central Kalimantan	Lamandau	11,580	8,302	3,555	3,555	1
Total		106,561	84,164	29,300	29,300	15

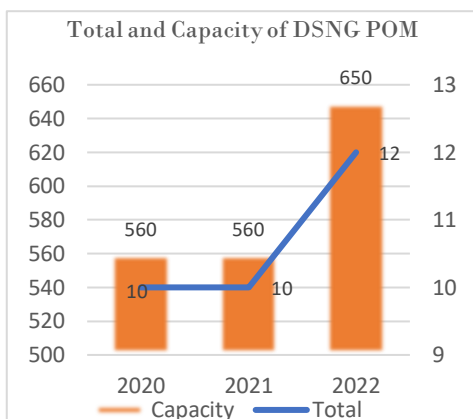
Note: The area of the Plasma Nucleus including Saprodi

Source: 2022 DSNG-SBU Agro Data

There are seven Palm Oil Mills (POMs) in East Kalimantan Province's Wahau landscape, and one in Bengalon and Karangan. There are two PKS in the Lamandau landscape in Central Kalimantan and one in the Sintang-Sekadau landscape in West Kalimantan. The total DSNG POMs that have been operated by the end of 2022 is 12 POMs.

In 2022, there are 2 new additional POMs, including POM 11 in Wahau under the management of PT DIN and POM 12 in Lamandau under the management of PT PWP. With these additions, the processing capacity of DSNG POMs has increased from previously 560 tons of FFB/hour in 2021 to 650 tons. This increase is shown in **Figure 2**.

In 2022, 7 POMs in East Kalimantan produced 499,913 Tons of Crude Palm Oil (CPO) and 95,159 Tons of Palm Kernel (PK). Overall, the 12 DSNG POMs produced 639,479 tons of CPO and 119,091 tons of PK in 2022, or an increase of 17.4% for CPO and 23.1% for PK, respectively. Detailed production information is provided in **Table 3**.



DSNG also operates a Kernel Crushing Plant (KCP). KCP DSNG is located Wahau landscape and produced 37,970 tons of PKO in the Wahau landscape in 2022. This PKO yield increased by 26.13% when compared to 2021 production of 30,103 tons of PKO.

This KCP only receives PK raw materials from POM in the DSN group.

Figure 2. Total and Capacity of POM

Table 3. Production Facilities and Production Achievements in 2022

Province	Landscape	Total POM		Total Capacity of POM (Ton/hour)		Production (Ton)					
		2021	2022	2021	2022	CPO		PK		KCP	
						2021	2022	2021	2022	2021	2022
East Kalimantan	Wahau	6	7	380	440	352,280	410,534	63,453	78,173	30,103	37,970
	Bengalon	1	1	60	60	48,783	55,420	8,789	10,548		
	Karangan	1	1	30	30	27,962	33,959	4,876	6,438		
	Total of East Kalimantan	8	9	470	530	429,025	499,913	77,118	95,159	30,103	37,970
West Kalimantan	Sintang-Sekadau	1	1	30	30	45,467	48,361	7,792	8,434		
Central Kalimantan	Lamandau	1	2	60	90	69,788	91,205	11,824	15,498		
Total		10	12	560	650	544,280	639,479	96,734	119,091	30,103	37,970

Source: 2022 DSNG-SBU Agro Data

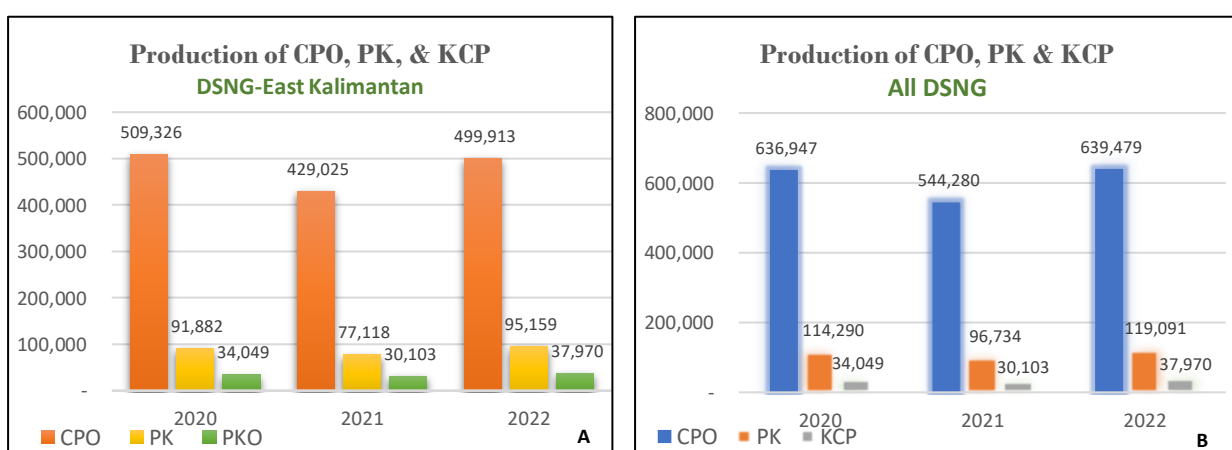


Figure 3. Production of CPO, PK, and CPO: A. East Kalimantan Region, B. All DSNG Production Facility

CPO, PK, and PKO production in 2022 came from sources other than the nucleus and plasma plantations. The majority of the FFB processed at the DSNG POM is obtained from external sources, including the Independent Plantation Company (IPC), Cooperatives, and Agents. IPC is a plantation

company that is not affiliated with DSNG. The cooperatives in question have permanent farmer membership. Agents are intermediary sellers of farmers' FFB to POM, who buy FFB from farmers freely. Some cooperatives act as agents because apart from obtaining FFB from their member farmers, they are also collectors of FFB for non-member farmers.

A summary of the supply of FFB to DSNG POM in 2022 for each type of supplier is provided in **Table 4**.

Table 4. Summary of FFB Supply to DSNG Palm Oil Mill

Supplier Type	2021 Planted Area (ha)	2021 FBS Supply (Ton)		2022 Planted Area (ha)	2022 FBS Supply (Ton)	
		Total	%		Total	%
Nucleus	84,547	1,544,318	65%	84,547	1,759,238	62%
Plasma	28,023	371,295	16%	28,023	455,760	16%
External Suppliers	-	442,827	19%	-	622,326	22%
Total	112,570	2,358,440	100%	112,570	2,837,324	100%

Source: DSNG-SBU Agro 2022 Data

Table 4 shows that the supply of FFB from all types of suppliers increased in 2022. FFB from nucleus estates increased by 13.9%, Plasma estates increased by 22.7%, and External Suppliers experienced a 40.5% increase in 2021 supply. This was due to the increased demand for FFB as a result of the operation of two new mills with a total capacity of 90 tons FFB/Hour.

External supply was obtained from 11 IPC-type plantations covering a total area of 70,253 Ha, Cooperatives covering 6,472 Ha, and Agents covering 13,395 Ha. However, only a portion of the plantation FFB production potential from these suppliers, especially for IPC, is sent to the DSNG POM. **Table 5** shows the number and area of the referred External Supplier's plantations.

External Supplier is bound by supply to DSNG POM through a Contract and Delivery Order or Long-term agreements with DSNG. Another External Suppliers is free. As a result, the number of IPC and Agent type external suppliers, as well as the volume of FFB supply fluctuates year after year.

The number of cooperative-type supplying farmers in Wahau appears to have decreased because the calculation was based on the number of parcels of farmer's plantations in 2022. Whereas in 2022, the number of farmers was determined by the number of farmers who own plantation plots, where one farmer may have multiple plantation plots.

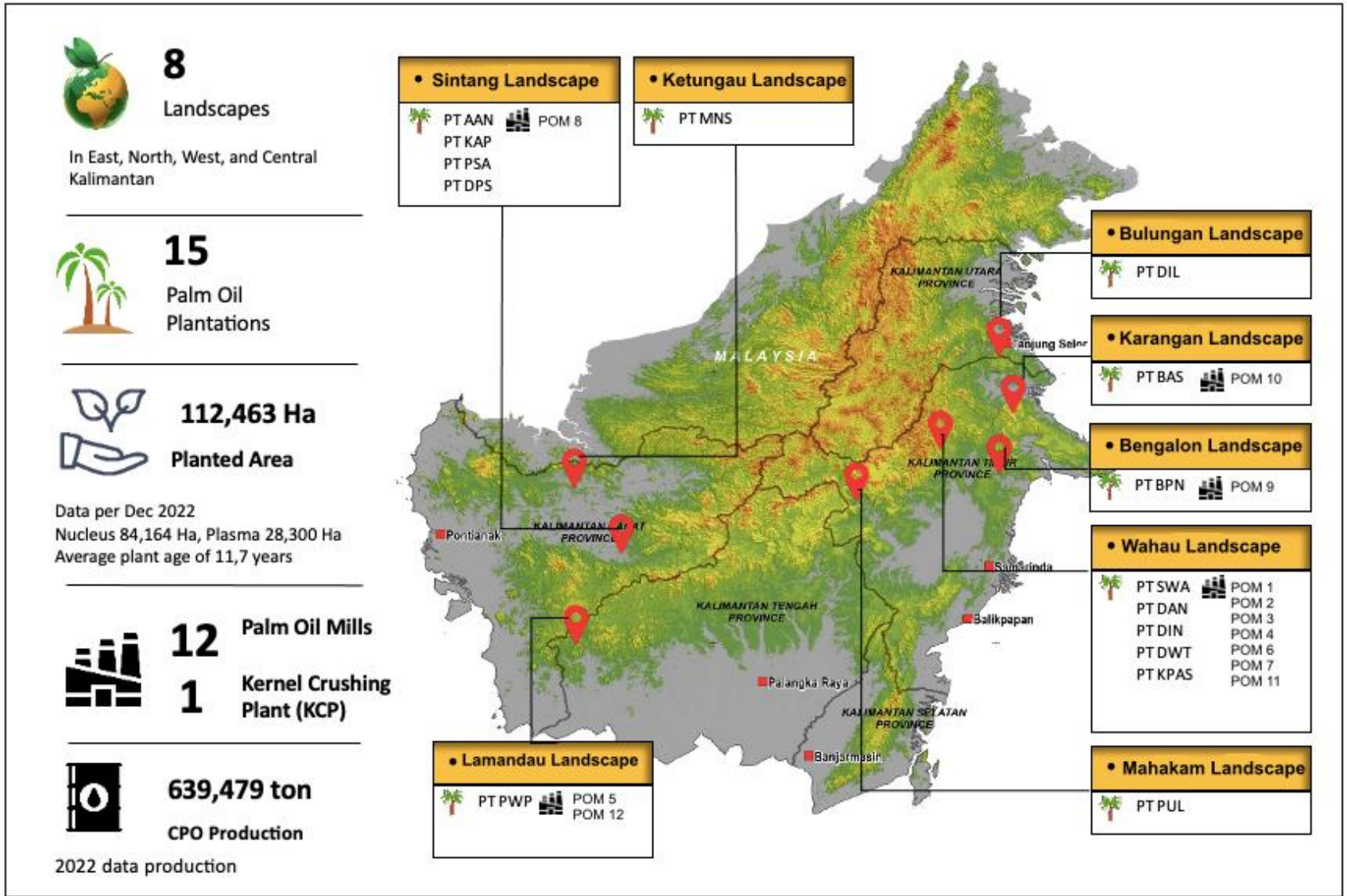


Figure 4. DSNG Operational Summary

Table 5. Total Number and Area of External Suppliers to DSNG POM

Area	Landscape	Supplier Type	Total		Farmers		Total Area (Ha)	
			2021	2022	2021	2022	2021	2022
East Kalimantan	WHU	IPC	3	2	n.a	n.a	-	10,510
		Cooperatives	11	16	2,824	2,331	5,336	5,189
		Agents	3	9	136	600	400	3,700
	BGL	IPC	3	2	n.a	n.a	-	13,531
		Agents	17	8	656	505	2,441	3,661
	KRG	IPC	9	4	n.a	n.a	-	38,613
		Cooperatives	2	3	102	110	149	490
Central Kalimantan	LMD	IPC	-	2	n.a	n.a	-	4,389
		Agent	12	19	775	1,055	2,911	3,280
	West Kalimantan	SKD	IPC	3	1	n.a	n.a	6,510
Cooperatives			1	5	50	363	215	793
Agents			6	4	169	98	1,329	1,214
Total		IPC	9	7	n.a	n.a	6,510	28,609
		Cooperatives	14	20	2,976	2,804	5,700	6,472
		Agents	86	61	2,387	2,520	9,007	13,395

Source: 2022 DSNG-SBU Agro Data

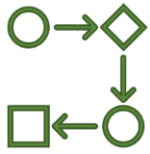
KEY DEVELOPMENTS IN 2022



Several activities can be carried out once the COVID-19 pandemic is under control in 2022. These circumstances make it possible for DSNG to carry out a number of important activities. These are the latest developments:

- Operation of 2 new POMs, including POM 11 with a capacity of 60 tons/hour located in Muara Wahau, East Kalimantan, under the control of PT Dharma Intisawit Nugraha and POM 12 with a capacity of 30 tons/hour located in Lamandau, Central Kalimantan, under the control of PT Pilar Wanapersada.
- Landscape Monitoring using GFW Pro started in May 2022. GFW Pro allows the detection of changes in land cover suspected of deforestation in registered Areas of Interest (AoI).
- Farmer data collection using FarmXtension and KoltiTrace applications from Koltiva was applied in POM 7 on the Wahau landscape and POM 10 on the Karangan landscape. DSNG decided to use these applications from Koltiva for farmer data collection in the following year.
- A new organizational structure for NDPE implementation, namely Sustainability Operations in the Head Office, and Areas of East Kalimantan-1 (Wahau landscape), East Kalimantan-2 (Bengalon and Karangan landscapes), and Central Kalimantan-West Kalimantan (Lamandau and Sintang-Sekadau landscapes) was added. There are Supplier Engagement and Outside Concession Conservation Area (OCCA) staff under the Sustainability Operation structure, specifically in Karangan and Bengalon.

1. APPROACH TO IMPLEMENTING NDPE IN DSNG



DSNG uses an NDPE implementation approach gradually, starting from internal implementation of the DSNG organization, then roll-out to External Suppliers.

The strategy for implementing NDPE internally begins with establishing policies, implementing NDPE-related SOP policies, fulfilling resources and organization, and measuring implementation results internally (through Internal Audit) and through external assessments (Certification Audit assessments and the PROPER scheme for compliance with environmental regulations).

DSNG rolled out NDPE implementation for External Suppliers with a target of NDPE fulfillment within 5 years, from 2021 to 2025. The target of 100% NDPE fulfillment for DSNG External Suppliers is at the end of 2025.

2. INTERNAL NDPE IMPLEMENTATION

Implementation of the DSNG NDPE Policy

As mentioned above, NDPE implementation internally began from the stipulation of the NDPE Policy in March 2020. The NDPE DSNG Policy stipulates that the implementation is carried out with several principles:

1. Compliance with laws and regulations and code of ethics
2. Implementation of high sustainability standards covering: environmental management; environment, health, and safety; human rights; community development; and social impact management
3. Establishing a traceable supply chain to ensure that all suppliers can meet NDPE and sustainability commitments
4. Implementation of high-level transparency and stakeholder engagement.

The process of implementing these principles is shown in **Figure 5** below.

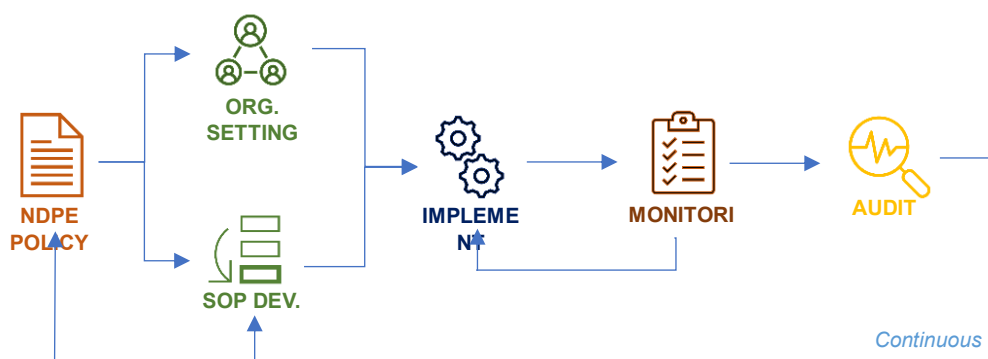


Figure 5. Internal NDPE Implementation Process

Following the establishment of the NDPE Policy, DSNG prepares a Standard Operating Procedure (SOP) to carry out NDPE implementation. As stated in the 2021 NDPE Report, in July 2021, DSNG updated its Sustainability Policy, incorporating the principles of the NDPE Policy as one of its important pillars.

The NDPE and Sustainability policies are implemented simultaneously, ad-hoc by the team appointed at each site before the organization responsible for implementing NDPE is formed in April 2022, namely the Sustainability Operations Department. Currently, the new Sustainability Operation (SO) structure consists of Department Heads in Head Office, SO-East Kalimantan Area-1, East Kalimantan Area-2 and West Kalimantan-Central Kalimantan Areas, Supplier Engagement (SE) Unit Head in East Kalimantan-1, SE-Staff in each landscape: Wahau, Bengalon, Karangan, Lamandau and Sekadau-Sintang and OCCA Staff in Karangan and Bengalon. This structure was fulfilled at the end of December 2022, as shown in **Figure 6**.

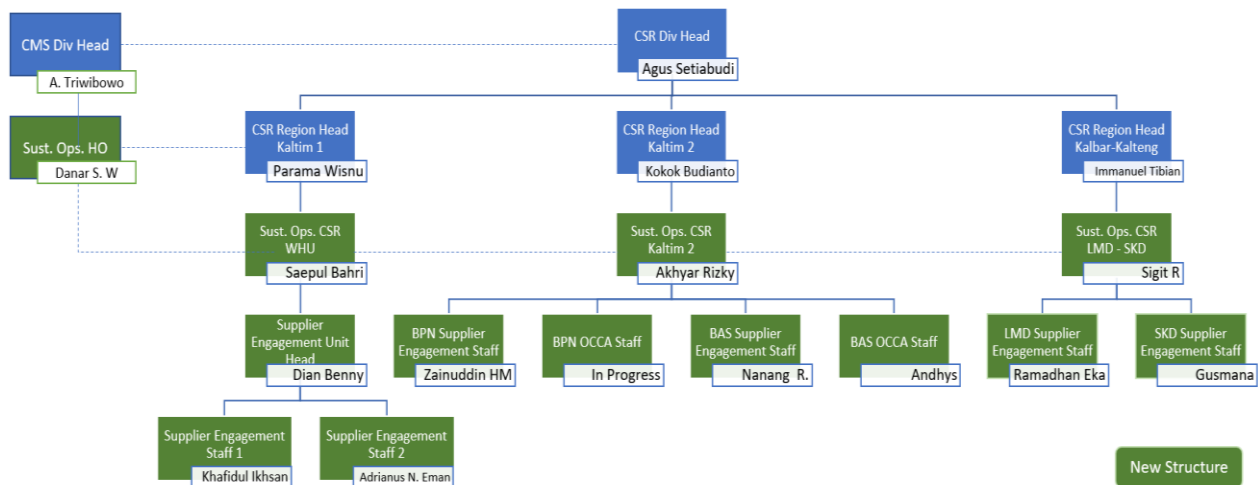


Figure 6. DSNG Operational Sustainability Structure

Procedures for internal NDPE implementation were created and implemented before the NDPE and Sustainability Policies were established. These procedures have been adapted to the policy, especially those related to:

- Compliance with laws and regulations, as stated in SOP-AGR-024-R01 Legal Identification and Other Legal Requirements
- HCV/HCS Assessment requirements on land clearing, as stated in SOP-AGR-071-R02 Land Acquisition
- Implementation of sustainability standards on environmental, health, and safety, social and conservation aspects, carried out with the guidance of the following SOPs:
 - o SOP-AGR-073-R00 Forest and Land Fire Control
 - o SOP-AGR-064-R00 Management of High Erosion Potential Areas
 - o SOP-AGR-065-R00 Management of Immovable Source Interference
 - o SOP-AGR-070-R00 Identification, Management, and Improvement of Water Quality
 - o SOP-AGR-035-R03 Waste Management
 - o SOP-AGR-075-R00 Measurement and Testing of Environmental Parameters
 - o SOP-AGR-072-R00 Employee Personal Protective Equipment
 - o SOP-AGR-037-R01 Health, Safety, Environment
 - o SOP-AGR-052-R04 Management of High Conservation Value Areas
 - o SOP-AGR-097-R00 Landscape Monitoring
 - o SOP-AGR-067-R00 Planning and Management of Corporate Social Responsibility (CSR) Programs

- SOP-AGR-105-R00 Review of Social Impact Management and Monitoring Implementation
- SOP-AGR-096-R00 Handling of External Grievance

Sustainability Operation collaborates with other departments to implement all of these procedures in the company. The implementation of Health, Safety, Environment (HSE) aspects is under the management of the HSE Staff in each PT, while the social aspects are under the responsibility of the CSR team in each landscape, and the conservation aspects are managed by the Conservation and OCCA Staff in each landscape. The SE team is responsible for NDPE engagement for suppliers.

Progress in the internal implementation of NDPE in 2022, especially in the revision of SOPs to conform with NDPE and Sustainability Policies include SOP for Landscape Monitoring, SOP for Reviewing Implementation of Social Management and Monitoring, and SOP for Handling External Grievance, as well as addition of new structures

The results of implementing the management of all aspects related to NDPE and Sustainability internally are examined in the Internal Audit. Compliance with regulations, particularly those pertaining to environmental aspects, will be tested for successful implementation in the Corporate Environmental Performance Rating Program (PROPER). Overall, NDPE implementation, the management of environmental and social impacts, and the implementation of other

sustainability aspects are assessed for their implementation in the ISPO (Indonesian Sustainable Palm Oil) and RSPO (Roundtable on Sustainable Palm Oil) audits. One POM in DSNG, namely POM 4, also applies ISCC (International Sustainability and Carbon Certification). PROPER Assessment, ISPO, RSPO, and ISCC are parameters for the successful implementation of NDPE implementation and sustainability in general.

HCV-HCS Assessment and Conservation Management

Two of the three main criteria for NDPE are No Deforestation (not clearing forests) and No Peat (not clearing peatlands). These two criteria are met by conducting HCV (High Conservation Value) and HCS (High Carbon Stock) assessments prior to land clearing. HCV and HCS assessments reveal which areas are high conservation value and high carbon stock forest areas, including peat forests. These areas are avoided during land clearing, preventing DSNG oil palm plantations from clearing forests and peatlands.

DSNG has conducted HCV assessments for all oil palm plantation concessions, as well as HCS assessments for four plantations required by the 2018 RSPO Principles and Criteria (P&C). Data on HCV and HCS assessments that have been conducted are provided in **Table 6**. DSNG's total conservation area in concessions (HGU) is 10,692 Ha.

The HCV-HCS areas identified in the concession are managed as conservation areas according to the Management Plan. In some areas that have experienced degradation, rehabilitation is carried out, either without human assistance (natural succession) or with assistance (restoration). Currently, of 37 Ha identified needing rehabilitation in 2020, the remaining 0.5 Ha are still being actively restored in 2022.

Table 6. HCV-HCS Implementation on DSNG Plantations

No	Company	Location	Implementation		Conservation Area (Ha)
			HCV	HCS	
1	PT Swakarsa Sinarsentosa	Wahau	Jan-12		490.0
2	PT Dharma Agrotama Nusantara	Wahau	Jan-12		496.0
3	PT Dharma Intisawit Nugraha	Wahau	Jan-12		646.0
4	PT Dewata Sawit Nusantara	Wahau	Jan-12		1,517.0
5	PT Karya Prima Agro Sejahtera	Wahau	Jul-13	Sep-15	131.0
6	PT Bima Palma Nugraha*	Bengalon	Feb-21	Feb-21	387.8
7	PT Bima Agri Sawit*	Karangan	Jul-20	Jul-20	416.0
8	PT Dharma Intisawit Lestari	Bulungan	Jan-13		10.0
9	PT Putra Utama Lestari	Mahakam	Feb-14		64.0
10	PT Pilar Wanapersada	Lamandau	Feb-13		2,274.0
11	PT Agro Andalan	Sintang-Sekadau	Jul-17	Feb-18	843.0
12	PT Dharma Persada Sejahtera	Sintang-Sekadau	Mar-12		312.0
13	PT Prima Sawit Andalan	Sintang-Sekadau	Jan-12		30.5
14	PT Kencana Alam Permai	Sintang-Sekadau	Sep-11		655.0
15	PT Mitra Nusa Sarana	Ketungau	Dec-17	Mar-18	391.8
Total Conservation Area within Concession					8,664.1

*Conservation Area is the area managed within the HGU

**HCV-HCS Integration

Source: 2022 DSNG-SBU Agro Data

Wildlife-Biodiversity Conservation



Orangutans are endemic to Southeast Asia, with the largest population in Sumatra and Kalimantan. According to several studies on the Bornean Orangutan, the largest population of Orangutans is in Central Kalimantan, and in several locations in East Kalimantan. The largest DSNG operational location in East Kutai, the Wehea-Lesan landscape, Kutai National Park, and Sangkulirang-Mangkalihat Karst is orangutan habitat areas.

The presence of orangutans indicates that the forest in that location is still in good condition. Orangutans need forests with a continuous canopy because they are arboreal animals (living in the forest canopy) and rarely come down to the ground. Therefore, in NDPE, the presence of orangutans that can be conserved is a sign that the forest in the landscape is still well preserved.

At DSNG, orangutans present the areas of PT BPN and PT BAS. At PT BPN, there is forest designated as a conservation area which is still quite good along the Bengalon and Mangkupa rivers covering an area of ± 300 Ha. The forest is part of PT BPN's total conservation area of 387.78 Ha. PT BPN conducted an Orangutan study in collaboration with ECOSITROP in 2022 and identified the presence of Orangutans in areas along the Bengalon river and on the plantations' boundaries. The identified population is around 40 around PT BPN. In the initial survey in 2022, a large population was discovered on the northern boundary of PT BAS's plantation. There is a PT BAS conservation area of 219.3 Ha at this location, which is part of the total area of PT BAS's conservation area of 416 Ha. The study of orangutans conducted by PT BAS in collaboration with ECOSITROP will continue in Q1 2023.

Efforts to address it have been ongoing since 2022. The important realizations are internal and local community outreach on handling orangutan conflicts, the establishment of an OU Task Force, installation of conservation warnings, routine patrols, and enrichment of tree nurseries.



Figure 7. Clockwise: Outreach and formation of the OU Task Force, Installation of warning signs, Forage tree nurseries, and OU Patrols

PROPER Fulfilment



Fulfillment of environmental and social performance based on applicable laws and regulations is assessed periodically by the Ministry of Environment and Forestry for National PROPER, and the Provincial Environmental Service for Provincial PROPER. The PROPER assessment produces 5 levels of value as follows:

- **Golden**, is the value obtained by companies that have met administrative requirements, environmental quality standards, social performance (CSR) and received the Green score 3 times
- **Green**, is the value obtained by a company that has met administrative requirements, environmental quality standards, and social performance (CSR) and received the Blue score 3 times
- **Blue**, is the value obtained by a company that has met administrative requirements and environmental quality standards according to applicable regulations
- **Red**, is the value obtained by a company that has not met the required environmental performance
- **Black**, is the value obtained by a company that does not carry out the required environmental management and monitoring.

In 2022, there was an additional 2 DSNG POMs whose environmental performance is assessed at the national level, including POM 7 in Wahau and POM 10 in Karang. Overall, DSNG POMs have met the minimum rating of compliance with environmental performance requirements, namely Blue. All POMs assessed at the National level received a Blue rating, and all POMs assessed at the Provincial level received a Green rating, except for POM 9 which received a Blue rating.

Table 7 shows the environmental performance rating of DSNG POMs in the 2020 – 2022 PROPER assessment.

Table 7. PROPER assessment results in DSNG POMs

Assessment Level	POM	POM Locations	2022 PROPER level	2021 PROPER level	2020 PROPER level	
Province	POM 1	Wahau, East Kalimantan	Green	Green	Green	
	POM 2	Wahau, East Kalimantan	Green	Green	Green	
	POM 3	Wahau, East Kalimantan	Green	Green	Green	
	POM 4	Wahau, East Kalimantan	Green	Green	Green	
	POM 6	Wahau, East Kalimantan	Green	Green	Green	
	POM 7	Wahau, East Kalimantan	Green	Green	Green	
	POM 9	Bengalon, East Kalimantan	Blue	Blue	Blue	
	POM 10	Karangan, East Kalimantan	Green	Green	Blue	
	National	POM 1	Wahau, East Kalimantan	Blue	Blue	Blue
		POM 4	Wahau, East Kalimantan	Blue	Blue	-
POM 5		Lamandau, Central Kalimantan	Blue	Blue	-	
POM 7		Wahau, East Kalimantan	Blue	-	-	
POM 10		Karangan, East Kalimantan	Blue	-	-	

Source: 2022 DSNG-SBU Agro Data

DSNG Sustainable Palm Oil Certification RSPO (Roundtable on Sustainable Palm Oil)



Figure 8. Pesticide Application Team during the Audit Process



Obtaining sustainable palm oil certification is important evidence for DSNG in implementing legal, health, safety, and environment, and social aspects in the management of palm oil plantations and mills. DSNG NDPE policy sets this certification target strictly, whereby the plan to fulfill RSPO certification is by the end of 2022.

This target has not been met by the end of this reporting period, due to 2 main reasons:

1. Issuance of HGU for PT MNS, PT DPS, PT PSA, and PT PUL plantations is still in process.
2. Preparation of a Remediation and Compensation Plan under the RSPO RaCP (Remediation and Compensation Procedure) scheme for 5 companies: PT BPN, PT BAS, PT PWP, PT DPS, and PT MNS are still in the stage of evaluating the Concept Note by the RSPO.

Both of these are processes related to other parties so DSNG’s management control over the process is limited to activities that are under DSNG’s control. It is hoped that this process can be completed in 2023, allowing RSPO certification to begin this year.

The RSPO certifications that have been carried out in 2022 are:

- POM 11 and its supply plantations
- PT DIL

POM 11 certification and its supply plantations were obtained in December 2022, with the Mass Balance (MB) type of certification. Meanwhile, an audit has been carried out for PT DIL, but the decision to close the audit results and issuance of certificates was not completed until the end of 2022. With the issuance of POM 11 certification, until 2022, RSPO-certified plantations reach 54,600 Ha (56.5%) for the nucleus estate and 6766 Ha (46.7%) for the Plasma estate. There are 7 certified POMs (58.3%) of the total DSNG POMs, and 1 KCP has been RSPO certified in 2022. The progress of achieving RSPO certification is shown in **Figure 9**.

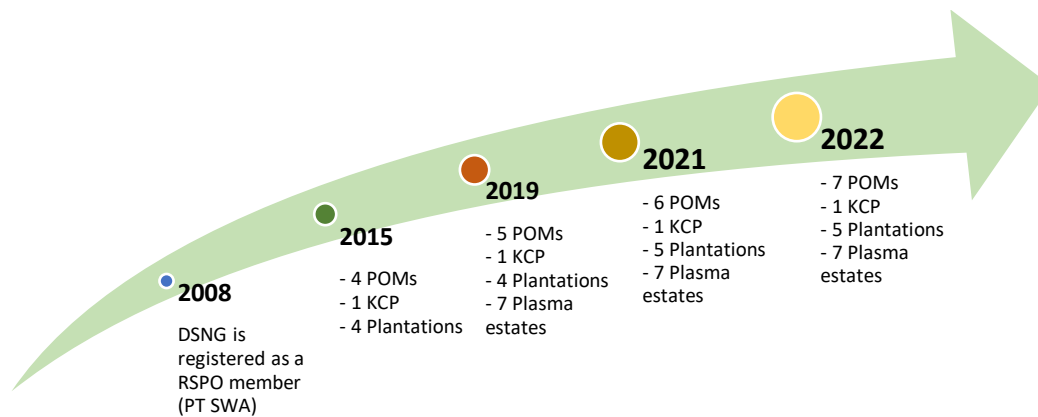


Figure 9. Milestone for Fulfillment of DSNG RSPO Certification

ISPO (Indonesian Sustainable Palm Oil)



The ISPO certification system has almost the same principles and criteria as the RSPO. The emphasis at ISPO is on complying with the established environmental and social regulations for the palm oil industry. During 2022, no additional ISPO certification was obtained by DSNG.

Until the end of 2022, 8 DSNG POMs and their supplying nucleus estates and 4 plantations as FFB suppliers have been ISPO certified.

ISCC (International Sustainability & Carbon Certification)



The ISCC (International Sustainability & Carbon Certification) demonstrates a broader DSNG commitment, not only in terms of sustainability but also efforts to reduce carbon emissions from managing oil palm plantations. DSNG POM 4 and its 3 supplying nucleus estates (PT SWA, PT DAN, PT DIN) have obtained ISCC certification since 2018.

Table 8 shows the fulfillment of RSPO, ISPO, and ISCC Certification for all DSNG subsidiaries until 2022.

Table 8. DSNG RSPO, ISPO, and ISCC Certifications

Certification	Management Unit	POM	Certification Type	Supplier Plantations
RSPO	PT Swakarsa Sinarsentosa	POM 1	RSPO	Estate JB2, KM3, KM5, KM11, KM12
	PT Dharma Satya Nusantara	POM 2	IP	Estate PU1, PU2, PU3
	PT Dharma Satya Nusantara	POM 3	IP	Estate LK1, LK2, LK3
	PT Dharma Satya Nusantara	POM 4	MB	Estate JB1, LJ1, LJ2
	PT Dharma Satya Nusantara	POM 6	IP	Estate ME1, ME2, ME3, ME4
	PT Dharma Satya Nusantara	POM 7	MB	Estate LTE
	PT Dharma Intisawit Nugraha	POM 11	MB	Estate KM6
	PT Dharma Intisawit Lestari		Plantation	-
ISPO	PT Swakarsa Sinarsentosa	POM 1		Estate JB1, JB2, LJ1, LJ2
	PT Dharma Satya Nusantara	POM 2		-
	PT Dharma Satya Nusantara	POM 3		-
	PT Dharma Satya Nusantara	POM 4		-
	PT Pilar Wanapersada	POM 5		-
	PT Dharma Satya Nusantara	POM 6		-
	PT Bima Palma Nugraha	POM 9		Estate TL1, DP1, SM1, SM2
	PT Bima Agri Sawit	POM 10		Estate BA1, MB1
	PT Dharma Agrotama Nusantara		Plantation	-
	PT Dharma Intisawit Nugraha		Plantation	-
	PT Dewata Sawit Nusantara		Plantation	-
	PT Pilar Wanapersada		Plantation	-
ISCC	PT Dharma Satya Nusantara	PKS 4		Estate JB1, JB2, LJ1, LJ2, PU2, PU3, LK1, LK2
SCCS	Bulking Labanan			-
	Kernel Crushing Plant (KCP)			-

Catatan:

- MB: Mass Balance, source of mixed FFB between certified and non-certified plantations
- IP: Identify Preserved, FFB sources only from certified plantations
- JB: Jabdan
- PU: Puhus
- LK: Long Kejiak
- LJ: Long Jenew
- ME: Melenyu
- LTE: Long Teman
- KM: Partnership
- TL: Tepian Langsung
- DP: Danau Padang
- SM: Sungai Mangkupa
- BA: Baay
- MB: Muara Bulan

Source: 2022 DSNG-SBU Agro Data

SPOTT (*Sustainability Policy Transparency Toolkit*)



SPOTT is an assessment tool for transparency in the management of sustainability aspects issued by the Zoological Society of London (ZSL).

In 2022, DSNG SPOTT Total value is 86.4%. This value has increased from 2021 which scored 85.9%.

The full results of the SPOTT assessment can be seen at <https://www.spott.org/palm-oil/dharma-satya-nusantara-tbk>

3. HUMAN RIGHTS, HEALTH, AND SAFETY



The third pillar of NDPE is No Exploitation – Meaning that there is no human exploitation. This pillar includes the principle of respect for human rights, safety, and health, both in the workplace and in the impact of the company’s existence on the surrounding community.

In both NDPE and Sustainability policies, DSNG places respect for human rights, health, and safety as one of its priorities. The scope of implementation includes internal DSNG workers and external community members, as well as the implementation of the No Exploitation principle carried out by the DSNG supply chain.

Internal implementation adheres to the rules in the laws and human rights principles that have been ratified by the Republic of Indonesia, which are derived from various SOPs including:

- SOP-AGR-037-R01 Health, Safety, Environment
- SOP-AGR-072-R02 Employee Personal Protective Equipment
- SOP-AGR-099-R00 Women Protection in the Workplace
- SOP-AGR-100-R00 Child Protection in the Workplace

Employment



DSNG has established a non-discrimination policy in labor recruitment. Manpower supply is determined by the company’s needs and the required competencies, which are open to both local workers (from around the plantation site) and workers from outside the location if local manpower is insufficient. Plantation workers from various ethnicities work on the DSNG plantation. There is no distinction between these ethnicities, just as there is no distinction between men and women.

The workforce involved in DSNG-Agro in 2022 was 14,201 people, both on the plantation and at the Head Office. There are 13,486 permanent workers and 733 contract workers in this group. **Table 9** shows the number of workers in the composition of men and women.

Table 9. Number of DSNG Workforce

Year	Men		Women		Total Workers
	People	%	People	%	
2022	14,201	77.47	4,129	22.53	18,330
2021	11,007	75.98	3,479	24.02	14,486
2020	10,980	76.16	3,437	23.84	14,417

Source: 2022 DSNG-SBU Agro Data



Of this number, 5,974 people (32.83%) who work in plantation locations are locals. The number of female workers at the management level at DSNG is 36 people or 4.56% of the total workers. Gender equality of opportunity for fulfilling positions at DSNG is shown by the presence of 4 women who occupy senior management positions.

According to Indonesian labor regulations and ILO (International Labor Organization) conventions on employment, all DSNG workers are 18 years old or older. Both permanent and non-permanent workers are bound by a mutually agreed work contract. All employees also receive health insurance protection, work accident insurance, pension plan, and insurance from BPJS Health and Employment.



Labor wages in DSNG are paid in accordance with government regulations governing District/Provincial Minimum Wages (UMK/UMP). Wages have also prioritized a decent standard of living. In addition to wages, plantation workers are provided with housing, clean water, electricity, and work tools that meet occupational safety standards.

Training and Capacity Building

Each DSNG employee is given the opportunity to attend various training in order to increase their capacity. In terms of health, safety, and environment, and social affairs, DSNG has enrolled the workforce in some training for 2022. The number of employees who attended training is provided in **Table 10**, and the type of training attended is provided in **Table 11**.

Table 10. DSNG Training Participants

Management Position Level	Participants and Training Hours				Total	
	Men	Number of Hours	Women	Number of Hours	Participants	Number of Hours
Staff	4,146	32,705	599	13,060	4,745	17,206
Non-Staff	2,671	15,585	858	3,406	5,004	7,552
SKU	359	1,436	1,079	4,316	5,225	8,462
Total	7,176	49,726	2,536	20,782	6,682	24,928
Average Training Hours		6.9		8.2		

Source: 2022 DSNG-SBU Agro Data

Table 11. DSNG Training Topics

Training Topics	Participants
Generator Operator and Hazardous and Toxic Waste Management	27
Person in Charge of Hazardous and Toxic Waste Management (PLB3)	6
Person in Charge of Water Pollution Management (PPPA)	6
Person in Charge of Air Pollution Management (PPPU)	5
Air Pollution Control Installation Operator (POPU)	7
Water Pollution Control Installation Operator (POPA)	7
Fire Fighting, First Aid, and Health, Safety, and Environment	298
Emergency Preparedness and Response (KTD)	135
First Aid (P3K)	22
SMART Patrol	35
Domestic Waste Management	43

Source: 2022 DSNG-SBU Agro Data

Safety and Health

Occupational safety and health (OSH) of employees is an essential capital for the company's operations. As a result, OSH is a top priority in DSNG operations. To ensure that OSH is met, increasing awareness of OSH is done on a regular basis through outreach and induction processes during joint forums with employees and morning briefings.

The achievement of occupational safety and health performance in 2022 was quite good. Performance parameter indicators of Severity index (SR), frequency rate (FR), and loss of working time (LWT) have decreased, although there is still 1 fatality at PT PWP. **Table 12** shows the DSNG OSH performance achievements in 2022.

Table 12. DSNG Occupational Health and Safety Performance

Parameter	2022	2021	2020
Severity Index (SR)	181.74	203.39	194.59
Frequency rate index (FR)	1.11	5,44	4.8
Total working hours	33,465,287	32,550,180	33,311,181
Total loss of working time (LWT)	36,492	39,702	38,892
Fatality	1	1	1
A subsidiary with zero accidents	6	2	1

Source: 2022 DSNG-SBU Agro Data

In addition to periodically socializing and increasing OSH awareness, improving public safety and health is also carried out through outreach, services, and socialization to the community. These activities are depicted in Table 13.

Table 13. DSNG Health Outreach and Services

Outreach and Service Topics	Participants
Safety Driving & Riding for Contractors and Communities around Wahau	65
Conflict Control Simulation	30
Health Service Outreach	22
Posyandu (Integrated Service Post) for Babies, Toddlers, and Pregnant Women	235
3M Counseling and PHBS Outreach	28
COVID-19 Vaccination	1013
Provision of Supplementary Food	111

Source: 2022 DSNG-SBU Agro Data

DSNG is also preparing a community access road that crosses the plantation to avoid accidents between production and community vehicles. On main roads that are often traversed, standard signs are updated to provide instructions and prohibitions to improve driving safety in the plantations.

In 2022, the prevalence of COVID-19 at all operating locations of DSNG companies has decreased. However, in accordance with the government's call, until mid-2022, DSNG is still conducting COVID-19 vaccinations for employees and the surrounding community.

Sanitation during work is a concern for DSNG. To support the provision of healthy, safe, and comfortable sanitation for workers in the field, since 2022 the construction of Field Toilets has been

realized. Field Toilet located in the plantation block. Construction began in the Wahau landscape: PT SWA, PT DAN, PT DIN and PT DWT. There are 14 Field Toilets that have been available, with the distribution of locations as shown in **Table 14** below.

Table 14. Location of Field Toilet in Estates

No	Company	Location
1	PT SWA	Jabdan-1
		Jabdan-2
		Long Jenew-1
		Long Jenew-2
2	PT DAN	Puhus-1
		Puhus-2
		Puhus-3
3	PT DIN	Long Kejiak-1
		Long Kejiak-2
		Long Kejiak-3
4	PT DWT	Melenyu-1
		Melenyu-2
		Melenyu-3
		Melenyu-4

Source: 2022 DSNG-SBU Agro Data



Figure 10. Field Toilet

Community Empowerment Program

DSNG engaged in a variety of community empowerment activities in 2022. The main objective of this program is for the community surrounding the plantation to benefit from the plantation's existence. Empowerment programs are primarily focused on education, socio-culture, infrastructure, and community economic development. **Table 15** summarizes the program.

Table 15. 2022 Community Empowerment Program

Sector	Program	Wahau		Karangan		Bengalon	
		Number of Beneficiaries	Unit	Number of Beneficiaries	Unit	Number of Beneficiaries	Unit
Educational Empowerment Program	Learning House	2	village	3	village	2	village
		50	students	312	students	37	students
	Transportation for School Children	4	village/hamlet	1	village/hamlet		
		9	school	2	school		
		180	students	19	students		
Educator Incentives	10	school	6	school	1	school	
	465	students	316	students	37	students	
Socio-Cultural Program	Social and Culture	7	village	5	village	2	village
		570	head of the family	2.370	head of the family	417.961	head of the family
		1.528	people	12.660	people	3.674	people

Sector	Program	Wahau		Karangan		Bengalon	
		Number of Beneficiaries	Unit	Number of Beneficiaries	Unit	Number of Beneficiaries	Unit
Infrastructure and Settlements	Village Road Repair	6	village	5	village	2	village
Economic Empowerment Program	Fully Operated Partnership	7	village	2	village	2	village
		19	cooperative	2	cooperative	1	cooperative
		6.688	member	513	member	617	member
	Saprodi Partnership	10	village				
		11	cooperative				
		2.140	member				

Source: 2022DSNG-SBU Agro Data

4. IMPLEMENTATION OF THIRD-PARTY NDPE

The process of implementing third-party NDPE follows the flow in Figure 10 below.

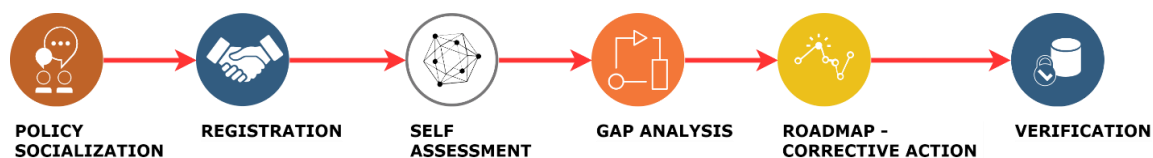


Figure 11. The Process to Ensure Suppliers are NDPE Compliant

Supply and Fulfillment Targets

In the early stages, DSNG identified External Suppliers who sent FFB to DSNG Palm Oil Mill. There have been changes in DSNG suppliers compared to 2021, occurring across landscapes and supplier types. These external suppliers are ad hoc and subject to change according to market conditions. Suppliers that tend to remain are cooperatives. The number of suppliers and farmers for each type of external supplier (IPC, Cooperative, and Agent) is provided in **Table 16**.

Table 16. Number of Suppliers and Farmers for Each Category

Landscape	Supplier Category	2022		2021		2020	
		Number of Suppliers	Number of Farmers	Number of Suppliers	Number of Farmers	Number of Suppliers	Number of Farmers
Wahau	IPC	2	n.a	4	n.a.	5	n.a.
	Cooperative	19	3,915	17	3,919	17	3,693
	Agent	7	750	3	313	3	313
	Total	28	4,665	24	4,232	25	4,006
Bengalon	IPC	1	n.a	3	n.a.	4	n.a.
	Agent	8	1,264	13	549	12	341
	Total	9	1,264	16	623	16	341
Karangan	IPC	4	n.a	9	n.a.	9	n.a.
	Cooperative	1	75	1	20	3	122
	Agent	23	312	34	352	42	485
	Total	27	387	53	526	54	607
Lamandau	IPC	2	n.a	0	n.a.	0	n.a.
	Cooperative	0	0	2	113	1	108
	Agent	14	1,055	9	607	9	607
	Total	16	1,055	11	720	10	715
Sintang-Sekadau	IPC	1	n.a	3	n.a.	3	n.a.
	Cooperative	5	363	0	0	0	0
	Agent	4	98	6	169	6	159

Total	10	461	9	169	9	159
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Source: 2022DSNG-SBU Agro Data

Table 15 shows that the number of IPC suppliers has decreased in Wahau, Bengalon, Karangan, and Sintang-Sekadau. The main reason is that many IPC suppliers are included in the Grievance NDPE Supply Chain report. The decrease in the number of agents in Bengalon and Karangan was due to the merger of suppliers with small supply volumes, while in Sintang-Sekadau was due to the formation of farmer cooperatives which replaced the role of agents in the supply of FFB.

In 2022, all of these suppliers were registered, which included filling out supplier data forms that included the scope of the supplying farmer's area and the coordinates of the supplier's location, socialization of NDPE, and statements of the fulfillment of ethical and NDPE commitments. **Figure 12** depicts the total number of registered suppliers.

The reduction in suppliers has no effect on the volume of External FFB supply. Except for Bengalon, which experienced a significant decrease due to the addition of nucleus and plasma FFB volumes, the supply of external FFB has actually increased in other landscapes. The supply volume of External FFB in the Wahau, Bengalon, and Karangan landscapes is shown in **Table 17** below.

Table 17. FFB Volume Received by DSNG POMs from Each Type of Supplier

Landscape	Supplier Category	2022		2021		2020	
		FFB Sent	% FFB supply	FFB Sent	% FFB supply	FFB Sent	% FFB supply
Wahau	IPC	40,190	13.35	37,040	18.86	90,821	37.43
	Co-op	121,574	40.40	98,970	50.38	97,309	40.10
	Agent	139,171	46.25	60,421	30.76	54,511	22.47
	Total	300,935	100.00	196,431	100.00	242,641	100.00
Bengalon	IPC	2,962	5.54	28,486	47.18	67,576	63.20
	Co-op	-	-	-	-	-	-
	Agent	50,456	94.46	31,888	52.82	39,343	36.80
	Total	53,418	100.00	60,374	100.00	106,919	100.00
Karangan	IPC	12,304	23.09	28,227	58.69	66,794	65.11
	Co-op	-	-	20	0.04	1,695	1.65
	Agent	40,995	76.91	19,848	41.27	34,093	33.23
	Total	53,299	100.00	48,095	100.00	102,582	100.00
Total of East Kalimantan		407,652		304,900		452,142	

Sumber: Data DSNG-SBU Agro 2022

Following NDPE stages are completed in accordance with the NDPE compliance plan for each landscape. The NDPE fulfillment target for 2022-2025 has been revised. **Table 18** shows the most recent targets established.

Table 18. External Supplier’s Annual NDPE Compliance Target

Landscape	Supplier Type	Target (%) Based on the Supply Volume		
		2021	2022	2023
Wahau	IPC	0%	0%	25%
	Cooperative	0%	26%	81%
	Agent	0%	10%	30%
Bengalon	IPC	0%	0%	33%
	Cooperative	0%	5%	50%
	Agent	0%	0%	20%
Karangan	IPC	0%	15%	55%
	Cooperative	0%	0%	40%
	Agent	0%	0%	25%
Lamandau	IPC	0%	0%	35%
	Cooperative	0%	0%	10%
	Agent	0%	0%	10%
Sintang-Sekadau	IPC	0%	0%	35%
	Cooperative	0%	0%	20%
	Agent	0%	0%	20%

Source: 2021 – 2025 DSNG NDPE Fulfillment Plan

NDPE Program Outreach

NDPE outreach to external suppliers in 2022 plus suppliers who have not received outreach in 2021 was carried out in accordance with the NDPE fulfillment plan in Table 15. This outreach was carried out to 2 cooperatives and 2 agents in Wahau, 6 agents in Bengalon, and 1 IPC in Karangan. Therefore, until 2022, NDPE outreach has been carried out for 9 out of 10 IPCs, 21 out of 25 Cooperatives, and 32 out of 56 Agents. Suppliers who have not received outreach are generally new suppliers registered at the end of 2022. Fulfillment of socialization for 100% of DSNG suppliers will be completed by the end of 2023.

NDPE Compliance Roadmap Program

In 2022, a Self-Assessment has been carried out on external DSNG suppliers consisting of 2 Cooperatives, 2 Agents, and 1 IPC. These suppliers are:

- PT Perkebunan Warga Rimba, IPC in Karangan
- CV Eka Jaya, an Agent in Bengalon
- CV Wejas Imanuel, an Agent in Wahau
- Sumber Rejeki dan Sawit Usaha Tani Sejahtera Cooperatives in Wahau

Based on the results of the Self-Assessment, a Gap Analysis has been carried out, which is then prepared for an NDPE fulfillment plan in a mutually agreed-upon Roadmap Plan. The DSNG Supplier

Engagement team will monitor and assist in the implementation of the Roadmap Plan until all gaps found are filled.



Figure 12. NDPE Outreach for DSNG Suppliers

NDPE Compliance MRV Audit

By the end of 2022, all external suppliers involved in the Roadmap program had undergone an MRV audit. MRV yielded several findings that are still not appropriate for every supplier. All NDPE requirements were met by the Sumber Rejeki and Sawit Usaha Tani Sejahtera Cooperatives, which underwent ISPO and RSPO certification audits. Environmental management facilities at IPC PT Perkebunan Warga Rimba remain deficient. The majority of the findings came from agents CV Wejas Imanuel and CV Eka Jaya. Aspects of land and plantation legality, PPE fulfillment, and farmers' lack of competence in managing environmentally friendly plantations are critical for future improvement. This is part of the Roadmap follow-up program.



Figure 13. Field check on NDPE MRV: (A) CV Eka Jaya Bengalon, (B) Sumber Rejeki Wahau Cooperative, (C) PT Perkebunan Warga Rimba Karangan

Conservation Outside the Concession



Figure 14. The signing of the MoU on the Management of HD Karang Dalam

Based on the preservation principle in the DSNG Sustainability Policy, a joint management plan for outside concession conservation areas (OCCA) has been planned with communities around the forest that are members of the Village Forest Management Institution (LPHD). The OCCA plan is carried out in the Karang landscape of $\pm 3,148$ Ha. OCCA aims to improve forest management within plantation operating landscapes outside of concessions.

DSNG involves USAID SEGAR in the Collaboration on Biodiversity Management in the Karang Village Forest, in addition to the Karang LPHD. The signing of the cooperation was carried out in Balikpapan on December 14, 2022, witnessed by H. Joko Istanto, S.P. M.Si from the East Kalimantan Forestry Service, Drs H. Ardiansyah Sulaiman M.Si as the Regent of East Kutai, Riduan as the Head of Karang Dalam Village, Peter Doyle as Chief of USAID SEGAR, and Amin Budiarto from USAID Indonesia.

5. LANDSCAPE MONITORING



Landscape monitoring is an important chain in efforts to meet NDPE. DSNG prioritizes monitoring of deforestation and land fires due to the significant impact on the environment and supply chain.

Monitoring of deforestation is carried out using the GFW Pro platform for 7 companies in East Kalimantan, carried out according to SOP-AGR-097-R00 Landscape Monitoring. Hotspot monitoring of land fires is carried out with NOAA satellite imagery in accordance with the SOP-AGR-073-R01 guideline for Forest and Land Fire Control.

GFW Pro monitoring results were first obtained in May 2022, due to GFW Pro experiencing connection issues with the GLAD satellite image provider since December 2021, which were only resolved in May 2022. **Table 19** shows the results of monitoring changes in land cover in the DSNG Area of Interest (Aoi) in 2022. The results of monitoring hotspots of land fires in the DSNG Aoi throughout 2022 are provided in **Table 20** below.

Table 19. 2022 GFW Pro Monitoring Results

Company	Reporting Month	Land Opening Area (Ha)	Verification Result
PT Swakarsa Sinarsentosa	July	2,38	Land clearing in replanting area
	November	14,91	Land clearing in replanting area
PT Dharma Agrotama Nusantara	-	-	-
PT Dharma Intisawit Nugraha	July	2,84	Land clearing in POM 11 development location
PT Dewata Sawit Nusantara	July	0,58	Land opening by community in HCV Block XI & Riparian
PT Karya Prima Agro Sejahtera	July	1,18	Land opening by community inside concession, outside HGU plan
	September	0,57	Land opening by community inside concession, outside HGU plan
PT Bima Palma Nugraha	July	0,55	Land opening by community in Danau Padang Buffer Area
PT Bima Agri Sawit	July	1,17	Land clearing in NPP Area of PT BAS

Source: 2022 DSNG-SBU Agro Data

Table 19 shown that a part of land clearing occurs within DSNG's HGU for replanting purposes and development of POM facilities. Some others is in area of NPP, which is legally to open due to RSPO rules. Land opening in PT DWT, PT KPS and PT BPN occurs in the areas controlled by community, despite being within the company's concession.

Table 20. 2022 Hotspot Monitoring Results

Concession	Number of Hotspots		Causes
	Nucleus	Plasma	
East Kalimantan			
- PT Swakarsa Sinarsentosa	0	2	Community burning of land for farming
- PT Dharma Agrotama Nusantara	1	0	Community burning of land for farming
- PT Dharma Intisawit Nugraha	0	1	Community burning of land for farming
- PT Dewata Sawit Nusantara	1	3	Outside the concession. Community burning of land for farming
- PT Karya Prima Agro Sejahtera	0	0	
- PT Bima Palma Nugraha	0	0	
- PT Bima Agri Sawit	0	0	
- PT Putra Utama Lestari	0	0	
North Kalimantan			
- PT Dharma Intisawit Lestari	2	0	Community burning of land for farming
Central Kalimantan			
- PT Pilar Wanapersada	0	0	
West Kalimantan			
- PT Agro Andalan	23	13	Community burning of land for farming
- PT Dharma Persada Sejahtera	2	0	Community burning of land for farming
- PT Prima Sawit Andalan	0	0	
- PT Kencana Alam Permai	3	0	Community burning of land for farming
- PT Mitra Nusa Sarana	25	0	Community burning of land for farming
Total	57	19	

Source: 2022 DSNB-SBU Agro Data

6. GRIEVANCE MECHANISM



DSNG has established a mechanism for submitting grievances from both internal and external sources. The mechanism is regulated in SOP-AGR-096-R00. Since 2021, DSNG has provided an online grievance platform via <https://grievance.dsn.co.id/>, which is expected to help facilitate the submission of grievances and the management of their follow-up.

Internal Grievances

Internal grievances are made by submitting them through the Grievance Box in the plantation/mill office, or directly to the HC/GA function on site. In 2022, 300 grievances were recorded coming from internal sources of the DSNG organization. The most common grievance is about housing facilities, including the condition of doors, windows, walls, bathrooms, and home equipment.

All of these internal grievances have been followed up and resolved. **Table 21** shows a compilation of internal grievance data submitted to the DSNG in 2022.

Table 21. Summary of the 2022 Internal Grievance Register List

Grievance Type	Number of Grievances	Status	
		Resolved	On Process
Environment	3	3	0
Health	0	0	0
Education	0	0	0
Housing Facilities	269	269	0
Public Facilities	23	23	0
Clean Water Supply	3	3	0
Electricity Supply	2	2	0
Shopping Facility Needs	0	0	0
Others	0	0	0
Total	300	300	0

Source: 2022 DSNG-SBU Agro Data



External Grievances

Records of external grievances are obtained by DSNG through several channels. The direct grievance path at the company's location is by submitting it in writing or verbally through the CSR Staff, who will input it into the online grievance platform as mentioned above. External grievances can also be submitted directly through the online grievance platform. Each grievance will be recorded in the register list, including follow-up, and closure of the grievance.

A recap of the register list data is provided in **Table 22**.

Table 22. Summary of the 2022 External Grievance Register List

Grievance Type	Number of Grievances	Status	
		Resolved	On Process
Infrastructure	87	75	12
Partnership Plantations	58	51	7
Compensation for Growing Plants (GRTT)/Land Compensation (GRL)	20	19	1
Job Opportunities and Employment	17	17	
Land	133	117	16
Community Empowerment	9	9	
Transportation Services Cooperation	7	7	
External FFB	12	12	
Land Claims	6	6	
Contractor	4	4	
Partnership Cooperative	3	2	1
POM / FFB / CPO / Bulking	1	1	
Operational	1	1	
Health Service	1	1	
Delay in Payment of Profit Sharing	4	4	
Total	363	326	37

Source: 2022 DSNG-SBU Agro Data

Based on this data, until the end of 2022, some grievance cases are still in the process of being finalized. The largest unresolved grievances are about land, followed by infrastructure and partnership plantations. Other unresolved issues are grievances for GRTT and Partnership Cooperatives. Processes that have not been completed in general are because they are still waiting for approval for the proposed completion.

7. NEXT YEAR PLANS

In 2022, the progress of NDPE implementation has been quite good in terms of managing third-party suppliers, monitoring landscapes, implementing NDPE both internally and towards supplier compliance, and managing grievances. Nonetheless, there are many issues that require attention, both for improving implementation, capacity building, and reporting compliance. This is required in the future to strengthen the implementation of the NDPE DSNG policy. **Table 23** summarizes the effort needed for the following period.

Table 23. NDPE Implementation Priority for the Next Period

No	Priority Activities	Target
1	Supplier Traceability	<ul style="list-style-type: none"> a Completing supplier registration (100%) in all DSNG operational areas b Mapping the location coordinates of all supplying smallholders' plantations (100%) c Mapping farmer plantation polygon according to the NDPE target d Monitoring external FFB shipments to POM based on monthly data
2	NDPE Outreach	<ul style="list-style-type: none"> a Completing NDPE outreach for all suppliers (Cooperatives, Agents) - 100% b Continuing NDPE outreach for farmers according to the NDPE target
3	Prepare NDPE compliance Roadmap for suppliers according to annual targets	<ul style="list-style-type: none"> a Wahau Landscape: 25% IPC, 81% Cooperative, 30% Agent b Bengalon Landscape: 33% IPC, 50% Cooperative, 20% Agent c Karangan Landscape: 55% IPC, 40% Cooperative, 25% Agent d Lamandau Landscape: 35% IPC, 10% Cooperative, 10% Agent e Sintang-Sekadau Landscape: 35% IPC, 20% Cooperative, 20% Agent
4	Landscape Monitoring	<ul style="list-style-type: none"> a Monthly monitoring and verification of GFW-Pro alerts b Monthly monitoring and verification of satellite alerts
5	Capacity Building	<ul style="list-style-type: none"> a Required training for Staff Supplier Engagement, including ToT b Training for farmers on aspects of NDPE and increasing production according to NDPE targets
6	Application for External FFB Traceability	<ul style="list-style-type: none"> a 100% Farmer data collection with the FarmXtension application and monitoring of the KoltiTrace database b Trial implementation of external FFB delivery application to POM (New WBS-DSNG) - 6 Cooperatives in Wahau
8	MRV Process	<ul style="list-style-type: none"> a MRV audits for suppliers carried out according to NDPE targets b Follow-up of findings deficiencies can be fulfilled according to the minimum requirements c Classification of NDPE compliance and supplier risk according to NDPE targets