

Green Procurement Policy

No. 001/DSN/CSO/I/2024



PT DHARMA SATYA NUSANTARA, TBK (DSN GROUP)

REVISION HISTORY PAGE

Version	Description	Revision Date	Validated by

GLOSSARY

Term	Definition
Employee	Workers who work to receive salary from the Company, both permanent and contract workers, and include all workers, Directors, and structural officers in accordance with the organisational structure.
Contractor	Service provider for infrastructure development and procurement/maintenance of DSN Group's main machinery.
Supplier	The supplier of main raw materials for DSN Group's industrial activities.
Green Procurement	The process of procuring goods and/or services that includes environmental, social, and sustainability considerations to achieve optimal value for money and minimise negative impacts and encourage positive environmental and social performance.
Vendor	Suppliers and/ or Contractors (see definition above)
Work Binding Document(s)	Document(s) that contains an agreement in the process of procuring goods and/or services in the form of a Purchase Order (PO) or Work Order (SPK), which can be accompanied by other supporting document(s) if necessary.

1. INTRODUCTION

PT Dharma Satya Nusantara Tbk (hereinafter referred to as DSN Group) is aware of the challenges arising from climate change, limited natural resources, human population growth, and equitable development. With this objective, DSN Group is committed to running its business in accordance with the principles of financial efficiency, helping to achieve social goals, and supporting global issues to reduce greenhouse gas emissions and drive innovation.

This policy is in line with the United Nations 2030 Agenda for Sustainable Development; Paris Climate Accord; and Indonesia's NDC commitment to reduce Greenhouse Gas (GHG) emissions; The UN Practitioner's Guide to Sustainable Procurement; and Sustainable Development Goal (SDG) 12 on Sustainable Consumption and Production.

1.1. OBJECTIVE

Green Procurement Policy is implemented through procurement methods that take into account environmental and social aspects in a balanced way in setting prices, availability, and performance so as to achieve the goals and targets set economically, efficiently, and effectively. The main objective of this policy is to create awareness among Employees and Vendors in the DSN Group's operational scope to:

1. Encourage the use of resources including sources of key raw materials in sustainable way;
2. Preserve the environment, including reducing the impact of climate change; and
3. Develop community livelihoods in the operational sites of DSN Group.

1.2. SCOPE

This policy applies to Employees and is to be acknowledged by Vendors within the scope of DSN Group's operations.

2. PRINCIPLES OF GREEN PROCUREMENT

In executing Green Procurement Policy, DSN Group refers to the following principles:

a. Compliance with Applicable Laws and Regulations

Comply with applicable laws and regulations in order to carry out all processes of procurement of goods/ services.

b. Respect for Human Rights and Prohibition of Involvement of Child Labour

Respect human rights in carrying out the procurement process by taking into account the principles of the Universal Declaration of Human Rights, the International Labour Organization’s (ILO) core conventions, United Nations Guiding Principles on Business and Human Rights, IFC Performance Standards on labour and working conditions (PS 2), and the principles of Free and Fair Labour in Palm Oil Production or referring to the DSN Group’s sustainability policy.

DSN Group prohibits the involvement of child labour in the supply chain within the scope of DSN Group operations and also encourages understanding and implementation of the same policy to Vendors.

c. Environmental Conservation and Mitigation of Climate Change Impacts

Implement environmentally sound business and procurement practices to effectively protect forests and biodiversity as well as reduce greenhouse gas emissions and reduce the impact of climate change.

d. Community Development

Implement the principle of shared prosperity to overcome economic disparities and promote community inclusiveness in the operational scope of DSN Group and avoiding discriminatory practices.

e. Commercial Sustainability

Select from a range of offerings that present a combination of factors such as appropriate quality, cost, availability, by taking environmental and social aspects into account.

3. KEY STAGES IN GREEN PROCUREMENT

a. ESTABLISHING GREEN PROCUREMENT REQUIREMENTS

Incorporate sustainable elements, namely: (i) environmental, including Greenhouse Gas (GHG) emissions if any, (ii) social, and (iii) economic, in the requirements for the procurement of goods and services, by taking into account:

1. Conformity of specifications;
2. The need for implementation of DSN Group sustainability policy; and

3. Transparent and effective communication to potential Vendors.

b. VENDOR SELECTION

Vendor selection is carried out by following the requirements for the procurement of goods and services that have included sustainability elements. Information about the proposal evaluation process is conveyed to potential Vendors. The selected Vendor is required to sign a Work Binding Document(s) that contains a commitment to No Deforestation, No Peat, and No Exploitation (NDPE), compliance with applicable laws and regulations in Indonesia, and provisions on the implementation of procurement of goods and services in DSN Group.

c. VENDOR CONTRACTING

The contracting of Vendors that passed the selection stage is carried out through a process in accordance with the applicable policies in DSN Group. Information about the selection process up to Vendor contracting is conveyed to the selected Vendor.

d. VENDOR PERFORMANCE EVALUATION

Vendor performance evaluation is carried out once a year by considering factors such as (lead time) delivery of goods, the number of rejections on goods supply, compliance with billing documents, assessment of the sustainability results achieved and their impact on the operations of DSN Group.

e. VENDOR ELIMINATION

Vendor elimination will be carried out based on evaluation of their performance and violations of Work Binding Document(s) that have been signed by Vendors.

4. CLOSING

This policy will be reviewed and adjusted accordingly in the event of changes to company regulations at DSN Group or the applicable laws and regulations. This policy has a list of definitions attached for reference in understanding it.