

DSNGROUP

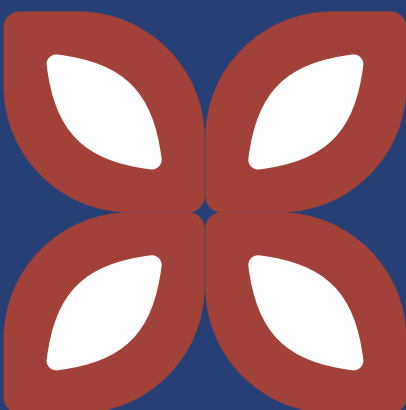
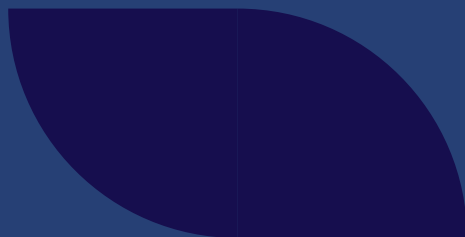
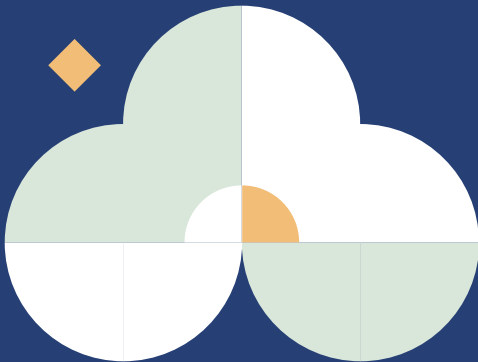
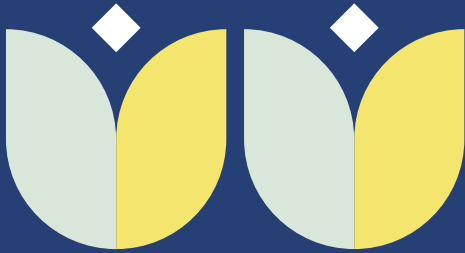


# Sustainability Report 2023

PT Dharma Satya Nusantara Tbk



# Design Philosophy



The design of DSNG Sustainability Report is inspired by a modern interpretation of traditional Indonesian batik motifs. We took some of the most iconic forms of batik motifs found in Java and Kalimantan - where many of our business operations are located - and simplified them, stylized them, and made them into repeatable patterns. We then used this unique motif as the main element to complete the text and data visualization.

Here are some examples of graphic elements that we have included in the report, which we consider to represent the 3 main pillars of DSNG's sustainability focus namely forest, climate and community, as well as DSNG's main business units of the palm oil and wood products.



**Mega Mendung**  
(Symbolizes the climate pillar)



**Mbako**  
(Symbolizes the forest pillar)



**Parang**  
(Symbolizes the community pillar)



**Burung Enggang**  
(Inspired by batik pattern of Hornbill bird in Kalimantan)



**Isen**  
(Symbolizes our wood products business unit)



**Kawung**  
(Symbolizes our palm oil business unit)

# Table of Contents

<b>01</b>	<b>Scale of our Sustainability Ambition &amp; Strategy .....1</b>		<b>06</b>	<b>About the Report ..... 27</b>
2	Sustainability Vision and Sustainability Strategy		28	Overview
			29	Report Contact
<b>02</b>	<b>Our Supply Chain .....3</b>		30	Material Topics
4	An Overview of our Supply Chain		32	Boundaries of Material Topic Impacts
<b>03</b>	<b>2023 Highlights ..... 6</b>		<b>07</b>	<b>We are DSNG ..... 38</b>
7	Achievements		39	About DSNG
10	Contribution to Sustainable Development Targets		40	Vission and Mission of DSNG
14	Sustainability Performance Highlights		40	Embedding a Culture of Sustainability into Company Values
<b>04</b>	<b>President Director's Foreword .....16</b>		41	Operational Areas
17	Message to Stakeholders		42	Activities and Business Relationships
<b>05</b>	<b>Sustainability Advisory Board Chairman's Letter .....20</b>		42	Supply Chain
21	Open Letter to DSNG		46	Our Employees
			48	Business Scale
			48	External Initiatives and Association Memberships
			<b>08</b>	<b>DSNG'S Contribution to Building Economic Prosperity ..... 50</b>
			51	Direct Economic Value Generated and Distributed
			54	Our Innovations to Support Sustainable Business
			60	Management of Indirect Economic Impacts

<b>09</b>	<b>Forest Pillar</b> ..... <b>64</b>
<b>65</b>	Our Policies for Forest Protection and Management
<b>68</b>	Biodiversity and Conservation
<b>73</b>	Palm Rejuvenation and Integrated Pest Control
<b>74</b>	Environmental Compliance and Awards
<b>75</b>	Expenses from Environmental Activities
<b>75</b>	Fire Prevention and Management

<b>10</b>	<b>Climate Pillar</b> ..... <b>76</b>
<b>77</b>	Climate Change Mitigation and Adaptation Through our Operations
<b>80</b>	GHG Emissions Inventory by Scope
<b>81</b>	Emissions Reduction Plan Scenarios and Adaptation to Climate Change Impacts
<b>84</b>	GHG Emissions Footprint
<b>85</b>	GHG Emissions Reduction

<b>11</b>	<b>Community Pillar</b> ..... <b>96</b>
<b>97</b>	Respecting Human Rights
<b>99</b>	Support for Communities
<b>104</b>	Our Challenge in Protecting the Rights of Communities
<b>105</b>	Achievements in our Social and Environmental Responsibility Programs (CSR)
<b>108</b>	Management of Diversity and Development of Human Resources Competences
<b>111</b>	Gender Pay Ratio based on Employment Status (between Women and Men)
<b>112</b>	Ensuring Safe, Secure, and Healthy Work Practices
<b>118</b>	Improving Product Quality and Safety

<b>12</b>	<b>Sustainability Governance</b> ..... <b>120</b>
<b>121</b>	Sustainability Governance
<b>124</b>	Critical Issues Management and Reporting Mechanism
<b>124</b>	Risk Management for Implementing Sustainability
<b>127</b>	Industrial Relations
<b>127</b>	Stakeholder Engagement
<b>129</b>	Responsible Business Commitment
<b>131</b>	Commitment to Human Rights

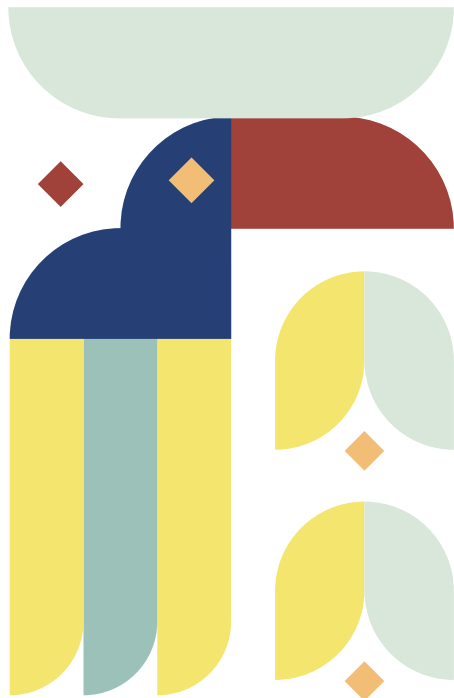
<b>132</b>	Our Commitment to Anti-Corruption and Anti-Bribery
<b>133</b>	Sustainability-linked Loan Financing
<b>134</b>	Whistleblowing System

<b>13</b>	<b>Disclosure in Accordance with Financial Services Authority</b> ..... <b>135</b>
<b>136</b>	Disclosure List for Regulation 51/ POJK.03/2017

<b>14</b>	<b>GRI Content Index</b> ..... <b>137</b>
<b>138</b>	List of topics

<b>15</b>	<b>Feedback on this Report</b> ..... <b>141</b>
<b>142</b>	Form to Provide Feedback

<b>16</b>	<b>Independent Assurance Statement</b> ... <b>143</b>
<b>144</b>	Independent Assurance Statement



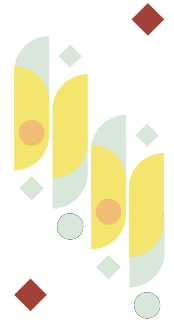


# Acronyms and Abbreviations



<b>AMDAL</b>	Environmental impact assessment	<b>JAS</b>	Japan Agriculture Standard
<b>APL</b>	Non-forestry area	<b>LB3</b>	Hazardous and toxic material waste
<b>B3</b>	Hazardous and toxic material	<b>LCC</b>	Legume Cover Crop
<b>Bio-CNG</b>	Bio-Compressed Natural Gas	<b>LPHD</b>	Village Institution for forest management
<b>BKSDA</b>	Natural Conservation Agency	<b>LPP</b>	Landscape Protection Plan
<b>BPJS</b>	Social health insurance administration body	<b>LUCA</b>	Land Use Change Analysis
<b>CAP</b>	Climate Action Plan	<b>MCU</b>	Medical Check-Up
<b>CPO</b>	Crude Palm Oil	<b>MoEF</b>	Ministry of Environment and Forestry
<b>CSR</b>	Corporate Social Responsibility	<b>NDPE</b>	No Deforestation, No Peat, No Exploitation Policy
<b>CSPO</b>	Certified Sustainable Palm Oil	<b>NPP</b>	New Planting Procedure
<b>EFB</b>	Empty Fruit Bunch	<b>NGO</b>	Non-Governmental Organization
<b>ESG</b>	Environmental Social Governance	<b>OCCA</b>	Off Concession Conservation Area
<b>ESMS</b>	Environmental and Social Management System	<b>OHS</b>	Occupational Health and Safety
<b>EUDR</b>	EU Deforestation Regulation	<b>PEFC</b>	Program for the Endorsement of Forest Certification
<b>FFB</b>	Fresh Fruit Bunch	<b>PKO</b>	Palm Kernel Oil
<b>FLAG</b>	Forest, Land, and Agriculture (terminology for emission from land use)	<b>POM</b>	Palm Oil Mill
<b>FPIC</b>	Free Prior Informed Consent	<b>POME</b>	Palm Oil Mill Effluent
<b>GHG</b>	Greenhouse Gases	<b>PPE</b>	Personal Protective Equipment
<b>GJ</b>	Giga Joule	<b>PROPER</b>	Corporate Performance Rating Program
<b>Ha</b>	Hectare	<b>RaCP</b>	Remediation and Compensation Procedure
<b>HAM</b>	Human rights	<b>RSPO</b>	Roundtable on Sustainable Palm Oil
<b>HCS</b>	High Carbon Stock	<b>SAB</b>	Sustainability Advisory Board
<b>HCV</b>	High Conservation Value	<b>SEF</b>	Stakeholder Engagement Forum
<b>HGU</b>	Cultivation rights	<b>SMK3</b>	Occupational Safety and Health Management System
<b>HSE</b>	Health Safety Environmental	<b>SOP</b>	Standard Operation Procedure
<b>IDR</b>	Indonesian Rupiah	<b>SPOTT</b>	Sustainability Policy Transparency Toolkit
<b>IFC PS</b>	International Finance Corporation Performance Standards on Environmental and Social Sustainability	<b>SRI-KEHATI</b>	Sustainable and Responsible Investment-KEHATI
<b>ISCC</b>	International Sustainability and Carbon Certification	<b>SVLK</b>	Timber legality and verification system
<b>ISPO</b>	Indonesian Sustainable Palm Oil	<b>Tbk</b>	Listed
<b>ISO</b>	International Organization for Standardization	<b>tCO<sub>2</sub>e</b>	Ton Carbon Dioxide Equivalent
<b>IUCN</b>	International Union for Conservation of Nature	<b>TKTD</b>	Emergency preparedness and response team
<b>CR</b>	Critically Endangered	<b>UN</b>	United Nations
<b>EN</b>	Endangered	<b>USD</b>	United States Dollar
<b>VU</b>	Vulnerable		
<b>NT</b>	Near Threatened		
<b>LC</b>	Least Concern		

# List of Subsidiaries



## List of Subsidiaries, Mill/Plant, and Bulking/Transit Station in This Report

### PALM OIL BUSINESS UNIT

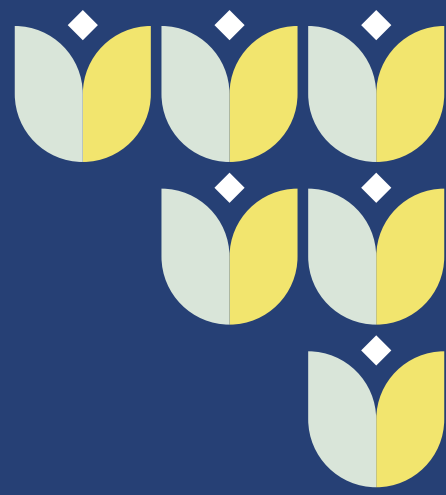
COMPANY NAME	PALM OIL MILL NAME	PLANTATION & MILL LOCATION	BULKING/ TRANSIT STATION	BULKING LOCATION
PT Swakarsa Sinarsentosa (PT SWA)	PKS 1	Kutai Timur Regency, East Kalimantan Province	Bulking Labanan	Berau Regency, East Kalimantan Province
PT Dharma Satya Nusantara (PT DSN)	PKS 2			
	PKS 3			
	PKS 4			
	PKS 6			
	PKS 7			
PT Dharma Intisawit Nugraha (PT DIN)	PKS 11			
PT Pilar Wanapersada (PT PWP)	PKS 5	Lamandau Regency, Central Kalimantan Province	Bulking Bumiharjo	West Kotawaringin Regency, Central Kalimantan Province
	PKS 12			
PT Agro Andalan (PT AAN)	PKS 8	Sekadau Regency, West Kalimantan Province	Bulking Peniti	Peniti village, Sekadau Hilir District, Sekadau district, West Kalimantan Province
PT Bima Palma Nugraha (PT BPN)	PKS 9	Kutai Timur Regency, East Kalimantan Province	Bulking Maloy	Kutai Timur Regency, East Kalimantan Province
PT Bima Agri Sawit (PT BAS)	PKS 10	Kutai Timur Regency, East Kalimantan Province	Stasiun Transit Batu Lepoq	Kutai Timur Regency, East Kalimantan Province
			Bulking Maloy	Kutai Timur Regency, East Kalimantan Province
PT Dharma Agrotama Nusantara (PT DAN)	-	Kutai Timur Regency, East Kalimantan Province	-	-
PT Dewata Sawit Nusantara (PT DWT)	-	Kutai Timur Regency, East Kalimantan Province	-	-

COMPANY NAME	PALM OIL MILL NAME	PLANTATION & MILL LOCATION	BULKING/ TRANSIT STATION	BULKING LOCATION
PT Karya Prima Agro Sejahtera (PT KPAS)	-	Kutai Timur Regency, East Kalimantan Province	-	-
PT Dharma Persada Sejahtera (PT DPS)	-	Sintang Regency, West Kalimantan Province	-	-
PT Prima Sawit Andalan (PT PSA)	-	Sintang Regency, West Kalimantan Province	-	-
PT Kencana Alam Permai (PT KAP)	-	Sintang Regency, West Kalimantan Province	-	-
PT Mitra Nusa Sarana (PT MNS)	-	Sintang Regency, West Kalimantan Province	-	-

#### WOOD PRODUCT BUSINESS UNIT

COMPANY NAME	PLANT LOCATION
PT. Dharma Satya Nusantara - Temanggung (WP Panel)	Temanggung Regency, Central Java Province
PT. Tanjung Kreasi Parquet Industri (WP Flooring)	Temanggung Regency, Central Java Province

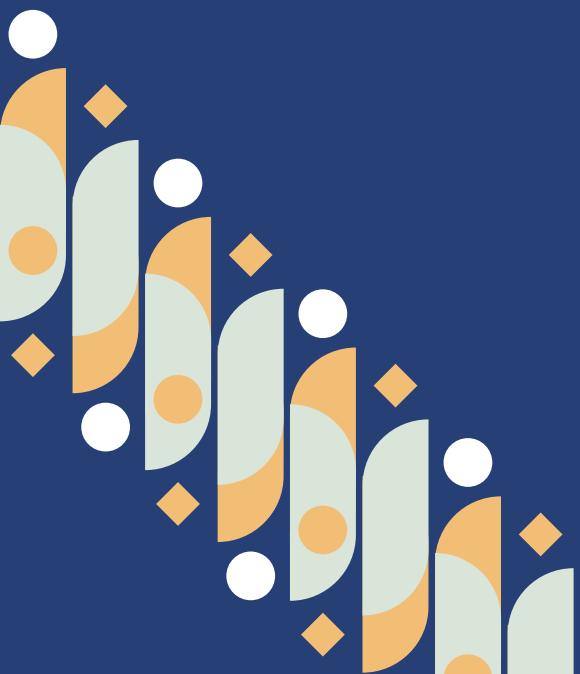




01  
—

Scale of our  
Sustainability  
**Ambition &  
Strategy**

[POJK51 C.1]



## Sustainability Vision

“ To be the responsible choice for the people, planet, and prosperity.

## Sustainability Strategy

[POJK51 A.1]

The Company's sustainability strategy is implemented in alignment with its sustainability vision and the Group's Sustainability Policy, focusing primarily on managing the impacts of the Company's operational activities in three priority areas and adhering to three main principles and policies:

### ◆ Three Priority Areas:

Forests, Climate and Communities

### ◆ Three Main Principles and Policies

No Deforestation, No Peat, No Exploitation (NDPE), Conservation and Circularity

The Company's sustainability policy is applied comprehensively to subsidiary entities and their supply chains, and this policy aligned with the UN's 2030 Agenda and the Paris Climate Agreement.

Adherence to national and international certification standards and compliance with applicable laws and regulations, is an integral part of our Sustainability Strategy implementation.



The Company's Sustainability Policy was officially ratified according to **Decision No. 001/DSN/CSO/VII/2021**, dated 8 July 2021, and is accessible through

[THIS LINK](#)

### ◆ GROUP'S SUSTAINABILITY POLICY MATRIX

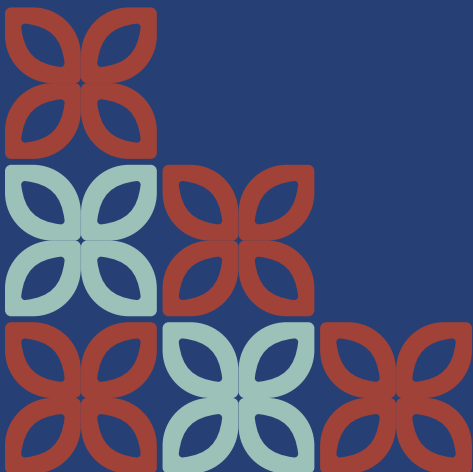
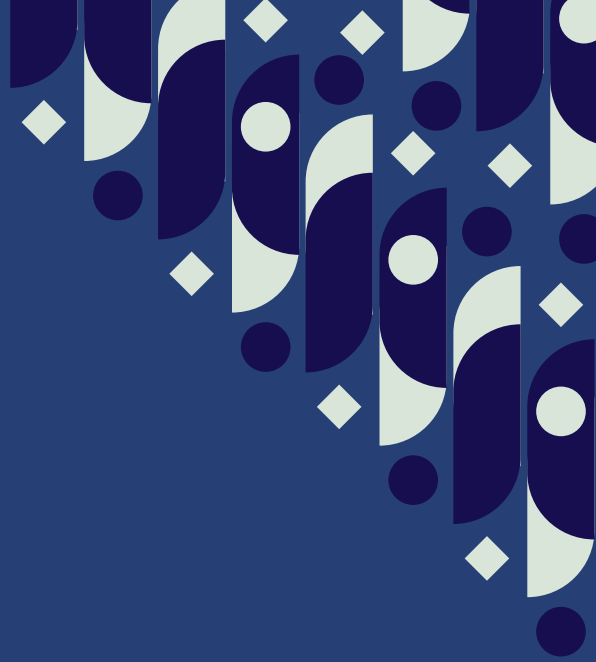




02



# Our Supply Chain



# DSNG Supply Chain

## PALM OIL

### LEGEND

- Internal Production Chain
- Environmental Benefits Chain
- Social & Economic Benefits Chain
- Renewable energy

ENVIRONMENTAL SERVICES

CONSERVATION FORESTS  
8,728.32 ha on concessions

NURSERY

50 ha  
at Wahau

Verdant  
BIOSCIENCE

REPLANTING OIL PALM PLANTATIONS BY 2023

500 ha at Wahau

### PALM OIL PLANTATIONS

NDPE AND LANDSCAPE PROTECTION  
&GREEN

PLASMA PLANTATIONS

NUCLEUS PLANTATIONS



PLANTATION PROFILE  
(\*000 Ha)

	Nucleus	Plasma	Total
Planted	84.8	27.9*	112.7
Immature Plantation	3.3	3.7	6.9

PRIME MATURE  
**73%**

\*Full operated plasma 24.9 thousand ha

SMALLHOLDER PLANTATIONS

VILLAGES AROUND OPERATIONAL AREA

CSR Funding  
**Rp25.5 Billion**  
Per 2023

**Rp108** BILLION  
(ASSET 2023)

COOPERATIVES/CREDIT UNION DSNG PARTNERS

EMPLOYEES HOUSING

BIO-CNG POWER PLANT

### PALM OIL MILLS (POM)

675 ton/hour FFB  
12 MILLS

- 7 MILLS RSPO CERTIFIED
- 11 MILLS ISPO CERTIFIED
- 1 MILL ISCC CERTIFIED
- 1 MILL SCCS CERTIFIED

COMMUNITY SOURCED TRUCKS

- 6 units Bio-CNG fueled
- POTENTIAL >600 units to be converted into Bio-CNG fuel

### PALM OIL PRODUCTS

1  
PK

2  
CPO

400 ton/hour PK

1 MILL CPO

PALM SHELLS

JOINT VENTURE WITH  
**erex**  
140 tons shells/year  
for 15 year

### BULKING

126  
Thousand ton Storage

### BUYERS

### METHANE CAPTURE AND BIO-CNG PLANTS

EMISSION REDUCTION

**16K** MT  
tCO<sub>2</sub>e/year

1,2 MW

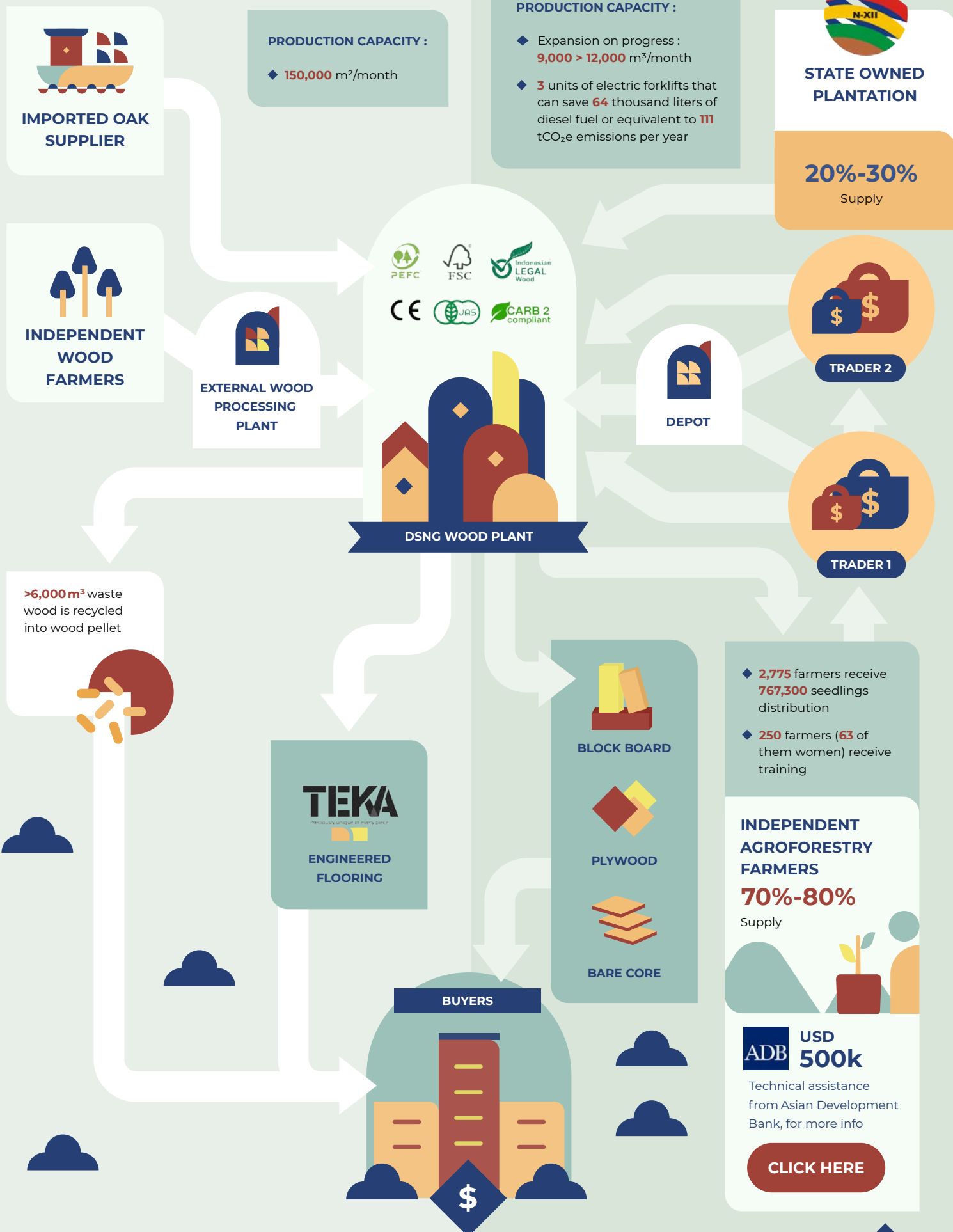
280 m<sup>3</sup>/hour

1 BIO-CNG

PALM OIL MILL EFFLUENT/POME

# WP FLOOR

# WP PANEL



IMPORTED OAK SUPPLIER

PRODUCTION CAPACITY :

◆ 150,000 m<sup>2</sup>/month

PRODUCTION CAPACITY :

- ◆ Expansion on progress : 9,000 > 12,000 m<sup>3</sup>/month
- ◆ 3 units of electric forklifts that can save 64 thousand liters of diesel fuel or equivalent to 111 tCO<sub>2</sub>e emissions per year

STATE OWNED PLANTATION

20%-30% Supply

INDEPENDENT WOOD FARMERS

EXTERNAL WOOD PROCESSING PLANT



DSNG WOOD PLANT

DEPOT

TRADER 2

TRADER 1

>6,000 m<sup>3</sup> waste wood is recycled into wood pellet

TEKA  
ENGINEERED FLOORING

BLOCK BOARD

PLYWOOD

BARE CORE

INDEPENDENT AGROFORESTRY FARMERS

70%-80% Supply

Supply

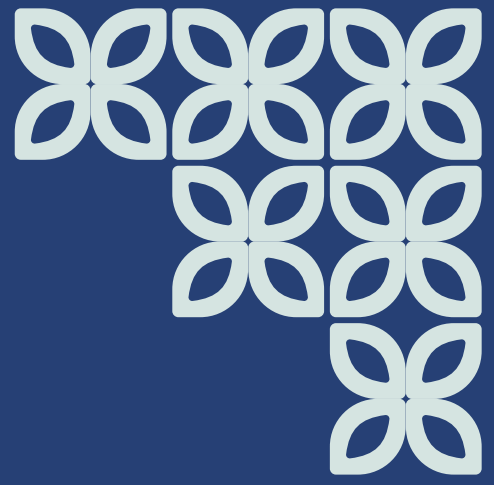
ADB USD 500k

Technical assistance from Asian Development Bank, for more info

CLICK HERE

BUYERS



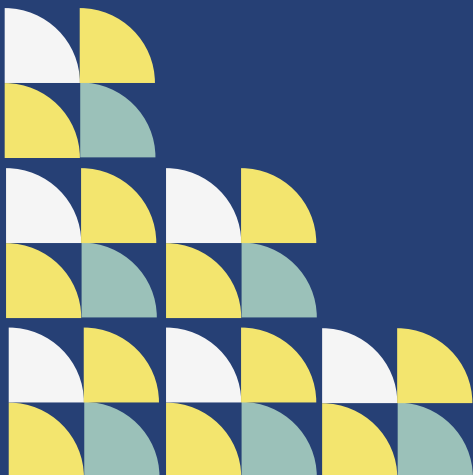


03



2023

Highlights



# Achievements

## AWARDS



### 01 RSPO EXCELLENCE AWARD 2023

- ◆ Innovation Category
- ◆ An Effective Alternative Energy Transition for Community Fresh Fruit Bunches (FFB) Trucks

Organized by:  
RSPO



◆ To get more information

[CLICK HERE](#)



### 02 ESG DISCLOSURE TRANSPARENCY AWARDS 2023

- ◆ Leadership A Predicate

Organized by:  
InvestorTrust.ID  
Bumi Global Karbon Foundation



◆ To get more information

[CLICK HERE](#)



### 03 CSR AWARD, SINTANG REGENCY, WEST KALIMANTAN

- ◆ Group with the Largest CSR Category

Other CSR Award categories:

- ◆ Infrastructure: PT PSA, PT KAP, PT MNS
- ◆ Education: PT PSA, PT KAP, PT MNS
- ◆ Health: PT KAP, PT MNS
- ◆ Religious: PT KAP
- ◆ Social Culture: PT KAP, PT MNS
- ◆ Clean Waste: PT DPS
- ◆ Inflation: PT PSA, PT MNS
- ◆ Sports: PT PSA, PT DPS, PT MNS
- ◆ Environment: PT PSA
- ◆ Village Electricity: PT KAP
- ◆ Populist Economics: PT MNS





## 04 AWARD FOR MANAGEMENT AND PROTECTION OF AREAS WITH HIGH CONSERVATION VALUE (ANKT) IN PLANTATION AREAS

◆ PT DWT

Organized by:  
Government of East Kalimantan Province



## 05 ZERO ACCIDENT AWARD

◆ PT KPS  
◆ PT SWA

Organized by:  
Ministry of Manpower



## 06 AWARD FOR THE COVID-19 PREVENTION AND MANAGEMENT PROGRAM IN THE WORKPLACE

◆ PT SWA, Platinum Category

Organized by:  
Ministry of Manpower





## ESG RATINGS

### ◆ SRI-KEHATI major period (May 2023) and minor period (November 2023)

DSNG was listed in 3 sustainability stock index based on its ESG performance from Indonesia Stock Exchange, namely:



### ◆ S&P GLOBAL ESG SCORE

Score



◆ More information

[CLICK HERE](#)

### ◆ SPOTT

Global Rankings & Scores



◆ More information

[CLICK HERE](#)

### ◆ SUSTAINALYTICS

ESG Risk Rating

35.4

*\*Based on 2021 data.*

◆ More information

[CLICK HERE](#)

## CERTIFICATION

### PALM OIL BUSINESS UNIT



**91.67%**

ISPO-Certified Palm Oil Mills (POM 1-11)

**34**

ISPO-Certified Estates Unit

**94,122.03 ha**

ISPO-Certified



**67%**

RSPO-Certified Palm Oil Mill (PKS 1-4, PKS 6-7, PKS 11)

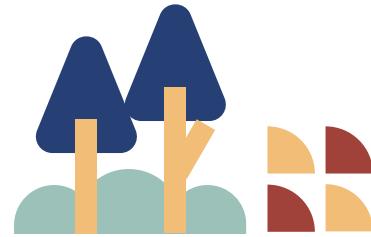
**26**

RSPO-Certified Estates Unit

**59,272.38 ha**

RSPO-Certified

### WOOD PRODUCT BUSINESS UNIT



California Air Resource Board (CARB), U.S. EPA TSCA TITLE VI, Japan Agriculture Standard (JAS) Certifications for Wood Products - Panel



BM Trada, Deck Soft Loc White Oak Active, Mutu, Real Wood, PEFC Chain of Custody, FSC, ISO 9001:2015 Certifications for Wood Products - Flooring

## Contribution to Sustainable Development Targets

### FOREST



#### Target

#### Achievement in 2023

- Protection of areas with high conservation value within the concession area

- Conservation area patrols within the DSNG concession Muara Wahau site in East Kutai Regency were conducted 168 times with a total range of 765 km covering an area of 11 conservation blocks and 7 riparian areas, resulting in the finding of a total of 8 risks/disturbances that have been addressed further

- Biodiversity conservation

- Integrated orangutan conservation at PT BPN and PT BAS:
  - Construction of two artificial corridors as habitat connectors at PT BPN in March and December 2023
  - Formation of a human-wildlife conflict task force at PT BAS in September 2023

- Off Concession Conservation Area (OCCA) through the protection of the Karangam Dalam Village Forest spanning 3,148 ha and community livelihood activities

- Baseline biodiversity data study in the Karangam Dalam Village Forest area found:
  - the presence of fauna and flora listed as protected in good condition with high diversity and evenness
  - the presence of hardwood tree species in various stages of growth indicating good forest health for the regeneration of biodiversity



## FOREST



(Continued)

- Protection of areas with high conservation value around the operational area and the DSNG supply chain

- Conservation of Bukit Tempurung Forest covering 147.49 ha in Bangun Village, Sepauk District, Sintang Regency, in collaboration with the Rimba Tuja Semirah Forest Management Institution
- Conservation of Bukit Pendulangan covering 436 ha together with traditional institutions, communities, and the governments of Tamiang Village and Bakonsu Village, Lamandau Regency, Central Kalimantan. Part of the conserved area was formerly an area within the cultivation rights of PT PWP that was released due to land status changes

- 100% supplier compliance with DSNG's NDPE policy and supply traceability by 2025

- Registration of suppliers and farmers targeted for NDPE policy compliance reached 98%
- Implementation of the roadmap and support for NDPE policy compliance to suppliers and farmers reached 105%
- Implementation of the Monitoring, Review, and Verification (MRV) process for NDPE compliance by suppliers and farmers reached 105%

- Renewal of DSNG's palm oil plantations covering a total of 500 ha in 2023

- Replanting in PT SWA's block in 2022, continued in 2023 with the application of best practices in the land clearing and conditioning processes as well as preparation and provision of seeds, planting LCC (Mucuna) up to the planting of palm oil covering 500 ha

## CLIMATE



### Target

- A 44% reduction in GHG emissions by 2030

### Achievement in 2023

- Updating the baseline data for group-scale scope 1, 2, and 3 greenhouse gas emissions using 2019 data. The update follows the new guidelines for the agriculture sector issued by the Science-Based Targets Initiative (SBTi) and the draft GHG Protocol Land Sector and Removals Guidance (LSRG)
- Group emissions in 2023 were 62,785 tons of tCO<sub>2</sub>e, marking a decrease of 7,908 tons of tCO<sub>2</sub>e compared to the 2019 baseline
- Setting emission reduction targets based on SBTi standards

- DSNG's business and operations can adapt to and mitigate the impact of climate change

- Developing climate change adaptation and mitigation plans for the palm oil business unit and the wood products business unit





## CLIMATE



### Target

- ◆ Energy self-sufficiency with in-situ renewable energy by 2028

### Achievement in 2023

- ◆ Developing an energy self-sufficiency roadmap for the DSNG palm oil business unit in the Muara Wahau Area
- ◆ The operation of 2 Bio-CNG plants and Biogas Engines during 2023 generated a total energy equivalent to 17,444,276 kWh or reduced a total of 5,286,144 L of diesel (for generators and truck operations). The Company potentially reduces the total emissions generated, equal to 15,716 tCO<sub>2</sub>e per year
- ◆ Trial of using Bio-CNG as fuel for operational vehicles using a converter in regular trucks. As of December 2023, DSNG supports the procurement of 6 new community-owned trucks to be converted to use Bio-CNG fuel
- ◆ Throughout 2023, the solar power plant at the WP Flooring plant has met the factory's electricity needs totaling 11.04 million kWh

- ◆ Reducing or maintaining water consumption intensity to 1.2 m<sup>3</sup>/ton of FFB processed by 2025

- ◆ Water usage intensity during 2023 of 1.30 m<sup>3</sup>/ton decreased by 0.09 m<sup>3</sup>/ton FFB processed compared to water usage intensity in 2022
- ◆ Planning a water conservation trial at PT BPN, by constructing a water catchment system in hilly areas



## PEOPLE



### Target

- ◆ Communities around the operational area also benefit from livelihood improvement activities

### Achievement in 2023

- ◆ Involving the community in the procurement of 600 operational vehicles and Fresh Fruit Bunches (FFB) transport trucks
- ◆ Establishing community-based business groups: rice cultivation and rice supply in New Miau Village, vegetable cultivation in Benia Island of Muara Wahau Village, eco-tourism in Lelhut Lake, and air conditioning services in Muara Wahau Village
- ◆ From all these activities, in 2023 there were a total of 429 entrepreneurs, with beneficiaries reaching 7,735 people. The income from all these businesses reached a total of Rp4.6 Billion, an increase of 384% from the achievement in 2022

- ◆ Enhancement of best practices capacity for independent farmers

- ◆ 1,236 independent farmers received an improvement in good agricultural capacity

- ◆ Support for educational advancement within and around the operational area

- ◆ Dharma Utama School (SDU), established under the Dharma Utama Foundation, received the National Adiwiyata Award from the Ministry of Environment and Forestry (MoEF) in 2023
- ◆ Developing 6 Learning Houses as additional learning places for 115 children
- ◆ Supporting the construction and educational programs of Al-Khairat Islamic Boarding School in Muara Wahau, educating 75 female students and 65 male students, and supporting the welfare of 12 muslim teachers
- ◆ Conducting contextual education for 15 Dayak Punan children residing in Longsep Hamlet, Muara Wahau Village

- ◆ Equal employment opportunity for the community

- ◆ Organizing an internship program for 12 students from SMKN Kongbeng at PT Gemilang Utama Nusantara (PT GUN), a subsidiary of DSNG, which focuses on workshops, heavy machinery, and civil construction



Target	Achievement in 2023
<ul style="list-style-type: none"> <li>Protection and fulfillment of women's and children's rights</li> </ul>	<ul style="list-style-type: none"> <li>Protection of children and women: prevention efforts socialization, as well as FGD and case handling</li> <li>Establishing a Children's Forum in June 2023 as an extension strategy</li> <li>Updating SOPs and working instructions for school shuttle vehicles to ensure children's safety</li> </ul>
<ul style="list-style-type: none"> <li>Development of indigenous communities as well as protection and management of cultural heritage</li> </ul>	<ul style="list-style-type: none"> <li>Assisting and supporting Dayak Punan residents with civil administration (48 People), and mass marriage confirmation (16 people/8 couples)</li> <li>In collaboration with the Cultural Preservation Agency Region XIV East Kalimantan-North Kalimantan, organizing training and workshops on cultural heritage management</li> </ul>

Aside of that achievement in 2023, we also carried out the following activities:

Target	Achievement in 2023
<p><b>DSNG'S ESG PERFORMANCE ALIGNS WITH THE COMMITMENT TO SUSTAINABILITY LOANS</b></p>	<ul style="list-style-type: none"> <li>The independent audit results for the achievement of the Landscape Protection Plan (LPP) and the Environmental and Social Action Plan (ESAP) commitments by DSNG towards green sustainability loans for the palm oil business unit are deemed satisfactory, fulfilling the requirements with several recommendations</li> <li>DSNG received a sustainability loan facility from the ADB amounting to 15 million USD, accompanied by a technical assistance commitment worth 500 thousand USD. This loan will be used to fund the enhancement of sengon and jabon wood-based products, implement more efficient production processes in water and energy usage, and procure wood raw materials without deforestation for the wood products business unit</li> </ul>
<p><b>COLLABORATION WITH STAKEHOLDERS FOR THE IMPLEMENTATION AND ENHANCEMENT OF ESG PERFORMANCE</b></p>	<ul style="list-style-type: none"> <li>In collaboration with Rainforest Alliance, conducted visits to the WP Panel supply chain and developed a framework for the Kedu-Banyumas landscape initiative and community agroforestry technical guidance plan from May to October 2023</li> <li>The Zoological Society of London (ZSL) conducted visits to PT BPN plantation areas, which are within the orangutan habitat. ZSL and DSNG are in the process of negotiating a collaboration in which ZSL will support DSNG in optimizing the use of SMART for reporting and monitoring biodiversity</li> </ul>



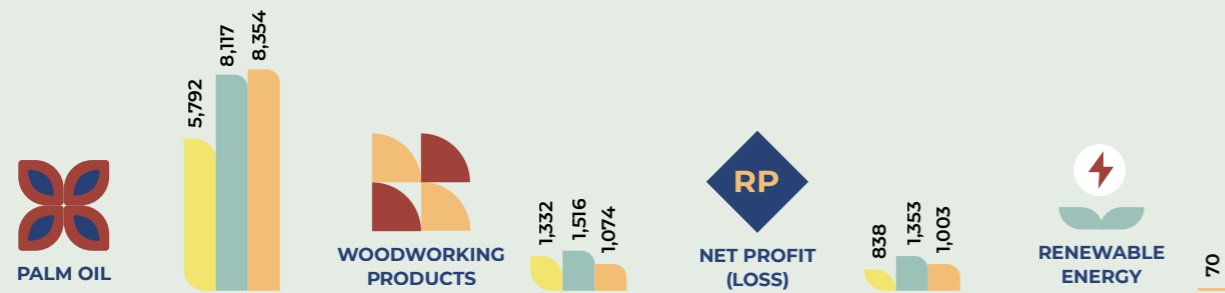


# Sustainability Performance Highlights

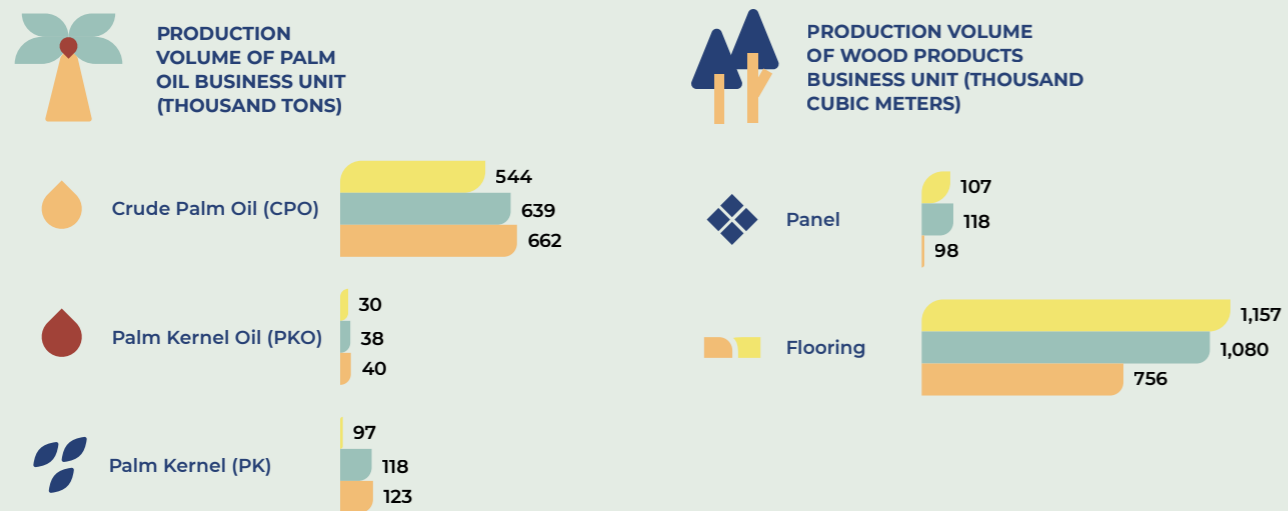
LEGEND 2021 2022 2023

## ECONOMY [POJK51 B.1]

### REVENUE (RP BILLION)



### SUSTAINABLE PALM OIL AND TIMBER PRODUCTS AS ENVIRONMENTALLY FRIENDLY PRODUCTS

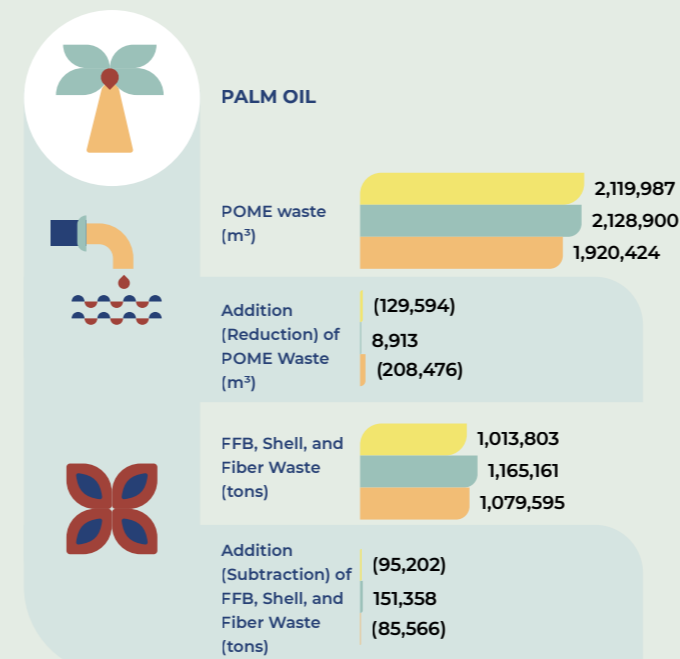


### LOCAL ENGAGEMENT

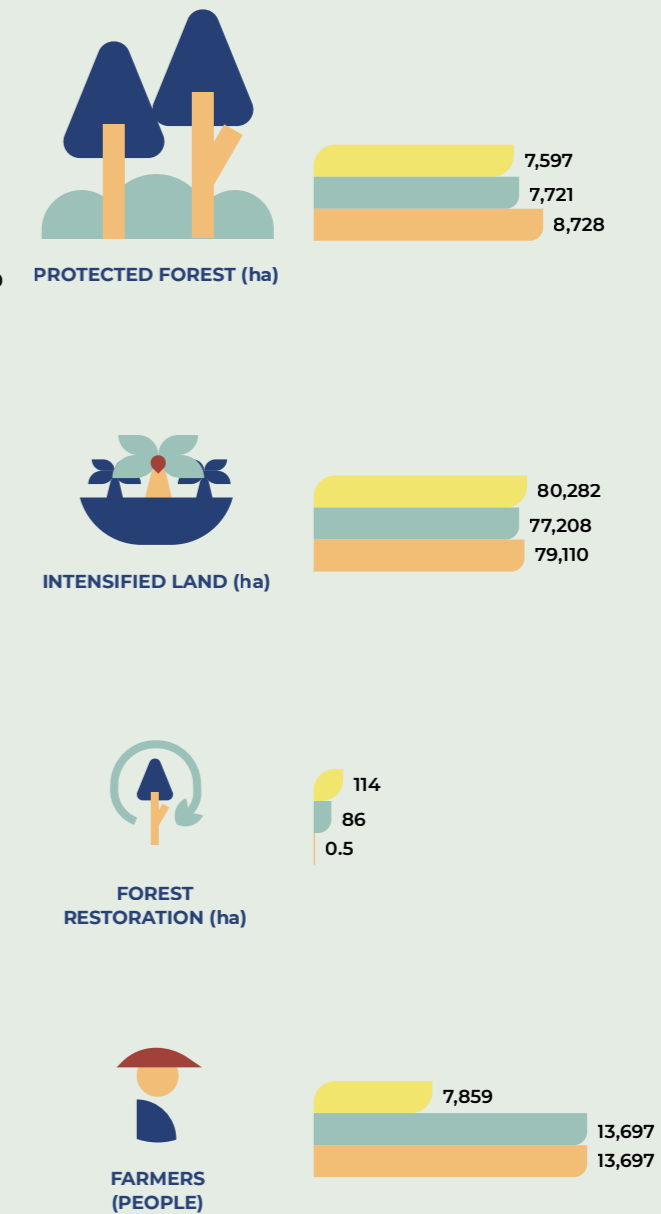


## ENVIRONMENT [POJK51 B.2]

### WASTE

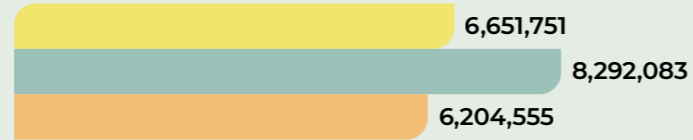


### BIODIVERSITY CONSERVATION



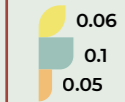
## ENVIRONMENT (Continued)

### ENERGY USAGE (GJ)



### ENERGY USE INTENSITY

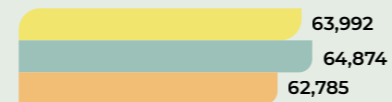
#### WOOD PRODUCTS - FLOORING BUSINESS UNIT (GJ/m<sup>2</sup>)



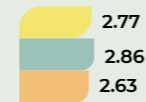
#### GHG EMISSION INTENSITY (Ton CO<sub>2</sub> eq/ton CPO)



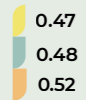
#### TOTAL EMISSIONS (ton CO<sub>2</sub> eq)



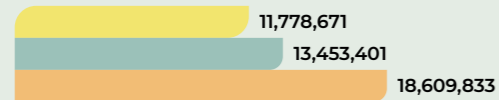
#### PALM OIL BUSINESS UNIT (GJ/ton FFB)



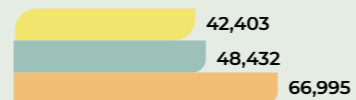
#### WOOD PRODUCTS - PANEL BUSINESS UNIT (GJ/m<sup>3</sup>)



#### ELECTRICITY GENERATED FROM METHANE CAPTURE (kWh)



#### USE OF RENEWABLE ENERGY FROM BIO-CNG AND BIOGAS (GJ)



## SOCIAL [POJK51 B.3]

LEGEND 2021 2022 2023

### CSR FUND (RP BILLION)



### BENEFICIARIES



ASSISTED COOPERATIVES (UNIT)



SENGON FARMERS (PEOPLE)

INDEPENDENT SMALLHOLDERS (PEOPLE)



# 04 President Director's — Foreword

[POJK51 D.1]



“

*We are optimistic about the opportunities and business prospects that will enable us to make an even greater contribution to the environment and social life, especially through our circular approach.*

**ANDRIANTO OETOMO**

President Director





## Message to Stakeholders



*I thank the editorial team again for this opportunity to reflect on our company's commitment to sustainability and share the progress we've made over the past year.*

However, allow me to share with you the significant events that I think have shaped our world in 2023. While we have seen global temperatures shatter more records this year, we have also witnessed another war escalate in the Middle East while the war in Europe continues. And as we get towards the end of this year, it seemed that the world has undeniably reached a social tipping point in the urgent transition away from fossil fuels, in the aftermath of the COP 28 in Dubai.

Some of us whom I consider fortunate, have been spared from the most painful impacts of those forces that shaped the world, the death and destruction that has been laid waste by the wars and also those that have been brought on by our anthropogenic climate change impacts. The inconvenient truth is that, if we continue on its path with unabated emissions, very few will be spared from the acute effects of climate change.

This year the EU put in motion several regulations which could significantly affect the trade of commodities in Europe with the proposed inception of the EU Due Diligence Regulation on Deforestation and the EU Taxonomy. While the intent of these regulations is good, we watched with great interest how these two regulations and definitions would be implemented and we have raised concerns through various industry groups that these regulations when implemented may have unintended consequences for many small farmers in palm oil or wood, who do not have the necessary resources to comply with the formal requirements.

Against these challenges, we set about our bold goal last year for our company — **a commitment to phase out fossil fuel use, starting with our palm operations by 2028**. Whether we are indeed successful in this endeavour lies heavily with innovation and investing in the right technologies at the right time. We have set a particular emphasis on methane capture and Bio-CNG.

By capturing methane emissions from our operations, we are not only mitigating our environmental impact but also harnessing a potent greenhouse gas as a valuable resource. Our first Bio-CNG investment in 2020 exemplifies our dedication to finding cleaner, more sustainable energy alternatives.

We are particularly honoured this year that our efforts in taking this Bio-CNG technology to another level has been recognized by RSPO and we have been awarded their inaugural award for Innovation at the RT RSPO held in Jakarta in November 2023.



**In this report you will read that since the commissioning of our first methane capture and Bio-CNG plant in 2020, we have:**

- Invested again in methane capture and Bio-CNG facilities that is **double the capacity** of the first one
- Reduced the use of **6.12 million liters** of diesel trucks and generators
- This is equivalent to the reduction of **18,198 tCO<sub>2</sub>e** in GHG emission



Recognizing the gravity of the environmental challenges we face, **our company has embraced our Climate Action Plan for all of our Business Units** to 2030 as the cornerstone of our strategy to mitigate effects of climate change and the opportunities that come with it. It is also fitting that this year was the first time we commenced replanting in our estates. To us this is where we have that rare second chance to regenerate and address the issues of the past with what we learned over the years. Using better and improved seedlings, ensuring tree islands and biodiversity corridors are built into our replanted areas, avoiding biologically and topographically low yielding areas, providing access to better mechanisation and much more. These and other exciting initiatives are embedded in our CAP and I sincerely hope you will find it both informative and interesting as you read about it in this report.

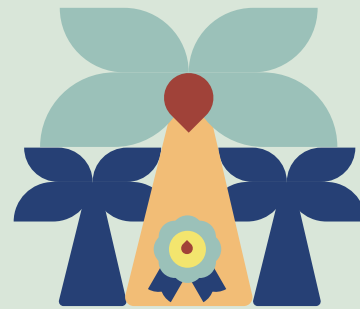
We were also pleasantly surprised to receive the ESG Transparency Disclosure Award from Bumi Global Karbon and Investortrust for our ESG reporting based on SR 2022. It is essential to underscore that our journey toward sustainability is not complete without having discharged our responsibility to report transparently our impacts to the environment and the community around us. Hence the award is something that is very meaningful for us and we take it as a form of appreciation for the team's efforts in producing the relevant reports.

I want to also commend the team for having completed the second GHG inventory accounting for our emissions (Scope 1, 2 & 3) in 2022 in line with the target completion date, which is a follow up to our 2019 baseline for our GHG emissions. While we did not manage to reduce our total emissions over the last 3 years, we are all enthused by the reduction in overall GHG emission intensity per unit of production.

We are also finally on our path to achieve the target close to 100% RSPO certification of all our nucleus plantations in 2024, as we have finally received RSPO's approval for our Remediation and Compensation Plan. This will be followed by the 100% certification of our plasma plantation in 2025.



*Our journey towards sustainability is not complete without fulfilling our responsibility to transparently report on our impact on the environment and the communities around us.*



NEARLY

**100%**

Of our target for RSPO certification across our nucleus palm oil plantations will be achieved by 2024.

I would also like to make a special mention of the work we have been doing to provide training on best practices and certifying the independent smallholders. Notably, Her Excellency the German Ambassador to Indonesia, Ambassador Ina Lepel honoured us by visiting our plantation and mill in Muara Wahau in July this year, in conjunction with her visit of the collaboration between GIZ and DSNG for independent smallholder training and certification in Muara Wahau.





As we work towards achieving 100% compliance to our NDPE policy by 2025 in our palm business, we sincerely appreciate the collaborations and the contributions of civil society organisations in this aspect, from SPKS and Solidaridad in West Kalimantan and GIZ in East Kalimantan and many more that we work with and are mentioned in this report.

In our Wood Panel Business Unit, **we achieved a significant milestone by signing up with Asian Development Bank to fund the increase of our capacity for our wood factory** and also provide the grant for the technical assistance that will be provided to more than 4,000 small farmers in Central Jawa over the next 8 years. We aspire to have a landscape approach for a sustainable Wood supply chain in Central Jawa by 2030 and we hope to work with CSOs, local government, farmers and various stakeholders in the landscape.

Every year we report on our efforts by our CSR department to build an inclusive supply chain and to ensure that vulnerable communities are not left behind around our operations. Personally I sincerely admire the important work our CSR and operational staff do in continuing the legacy of shared prosperity of DSNG. While we do a lot of projects to improve livelihoods in the communities around our operations, **one livelihood project to me stands out, the rice cultivation project in Miau Baru Village, Kongbeng, East Kalimantan.** Along with the help of the village-owned enterprise (BUMDES)'s community development committee, we collaborated with the local community to produce locally and sell **281 tons of rice** in 2023. This was an **246.91%** scale up from last year, in a year where global rice shortage exacerbated supplies and increased food prices.

I had the privilege this year to engage with civil society organisations, academia and various stakeholders at our Stakeholder Engagement Forum

in July this year. I sincerely appreciated their candid views about our gaps and the areas they opined for us to improve on.

Truthfully, while we may not be able to meet all of those expectations now, rest assured we remain steadfast in our commitment to become better and achieve those positive impacts we all want to happen. I sincerely believe that our collective efforts today will shape a more sustainable tomorrow.

Going forward, through the annual environmental and social management system (ESMS) review mechanism, we will continue to monitor progress on sustainability performance in order to achieve the set targets and mitigate various economic, environmental, and social risks that could potentially affect our sustainability performance.

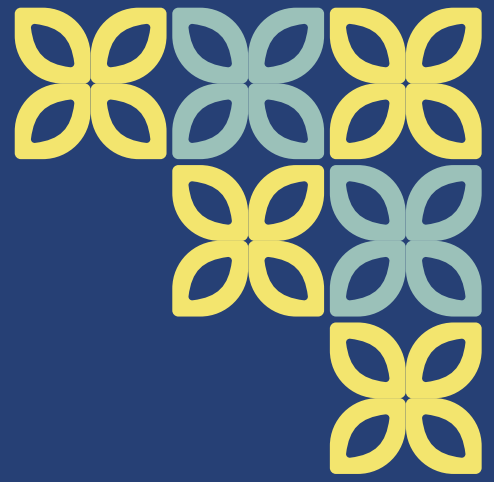
Despite the challenges ahead, we are also optimistic about the opportunities and business prospects that will enable us to make an even greater contribution to the environment and social life, especially through our circular approach.



*Finally I would like to thank the team of this year's sustainability report editorial committee for their work in producing this year's sustainability report.*

**ANDRIANTO OETOMO**  
President Director





05



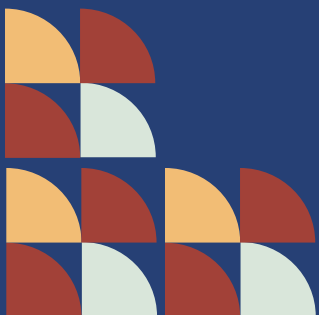
# Sustainability Advisory Board Chairman's Letter



*DSNG has demonstrated significant progress in addressing the challenges posed by upcoming regulations. The path to ensuring compliance across the supply chain is formidable, but it is a challenge that must be met to advance sustainability goals.*

**DATUK DARREL WEBBER**

Chairman Sustainability Advisory Board



Dear

Esteemed Stakeholders,



*I would characterise 2023 as a year of heightened engagement, exploration, innovation, and consistent advancement in sustainability initiatives for PT Dharma Satya Nusantara Group (DSNG).*

DSNG distinguished itself through numerous accolades, most notably receiving the "Best Under a Billion" award from Forbes and an Innovation Award from the Roundtable on Sustainable Palm Oil (RSPO) for its pioneering integration of Bio-Compressed Natural Gas (Bio-CNG) in its operations.

As the Chair of the Sustainability Advisory Board, I have had the distinct honour of closely observing, evaluating, and providing guidance on DSNG's commitment to a sustainable future. This letter is intended to illuminate the progress achieved, the obstacles encountered, and the future goals of the organisation.

#### **CONTINUED PROGRESS AND EMERGING CHALLENGES: AN UPDATE ON SUSTAINABILITY EFFORTS**

This section offers updates on the progress and challenges of issues highlighted in my previous annual letter.

Significant strides have been made in Occupational Safety and Health (OSH), particularly in proactively addressing chronic health conditions among our workforce through targeted lifestyle and diet interventions. This initiative underscores a dedication not just to compliance, but to genuinely improving employee health and safety.

Nevertheless, the tragic loss of a life, in 2023, during operations, is a stark reminder of the need to persist with the enhancement of the safety culture and practices.

Resolving overlapping land status in one of DSNG's estates marks a significant milestone in DSNG's engagement with local communities. DSNG has excised the land from its landbank and as such, it is now returned to the government and managed by local communities.

Now, the immediate challenge would be to work together with the local community to conserve this vital area.

In this instance, DSNG has not only resolved a longstanding dispute but could also set a precedent for sustainable and collaborative land management. This action to excise the land from DSNG's landbank, was endorsed by the RSPO, highlights DSNG's dedication to balancing operational needs with environmental stewardship and community well-being.

In the area of sustainable agriculture, DSNG's exploration of "regenerative agriculture" marks a significant development. The company's cautious approach to replanting, alongside initiatives to create biodiversity-rich tree islands, demonstrates our commitment to soil conservation and enhancing the ecological foundations of their plantations.

The introduction of new sustainability-linked laws, particularly the European Union Deforestation Regulation, poses fresh challenges. It is my opinion that, while these regulations are well-intentioned, their broad application may not fully address the complexities of deforestation. The focus on smallholder inclusion underscores a significant challenge, as compliance demands could potentially sideline these vital contributors to the supply chain, undermining broader deforestation efforts.

Nevertheless, DSNG has demonstrated significant progress in addressing the challenges posed by upcoming regulations. The path to ensuring compliance across the supply chain is formidable, but it is a challenge that must be met to advance sustainability goals. The SAB is encouraged by DSNG's commitment to overcoming these obstacles and continuing its pursuit of sustainable development.





## EVALUATING THE IMPACT OF PAST INITIATIVES AND FUTURE DIRECTIONS



### SUSTAINABLE LANDSCAPE INITIATIVE IN CENTRAL JAVA

I am encouraged to report progress on the ground concerning the Sustainable Landscape Initiative in Central Java, an effort previously highlighted. However, it has become apparent that this initiative urgently requires a comprehensive strategy, developed in collaboration with all identified partners. The absence of such a strategy, likely due to capacity constraints among the identified collaborators, underscores the need for enhanced cooperation and resource allocation to realise the full potential of this endeavour.



### EXPANSION OF BIO-CNG FACILITIES: A LEAP TOWARDS SUSTAINABLE ENERGY

The Bio-Compressed Natural Gas (Bio-CNG) facility, a pioneering innovation within the DSNG operations, is currently undergoing an expansion in production. This development is accompanied by increased adoption of Bio-CNG through the conversion of diesel trucks to utilise this cleaner energy source. This initiative exemplifies DSNG's commitment to sustainable and renewable energy.



### ENHANCING WORKER WELFARE WITH FIELD TOILETS: A MODEL OF CONSIDERATE INFRASTRUCTURE

The installation of 14 field toilets for employees, a detail mentioned in my last annual letter, represents a significant step forward in improving the daily working conditions of DSNG's workforce. This collaboration with the University of Indonesia has confirmed the value and appreciation of these facilities by the employees. While seemingly modest, this initiative is a profound demonstration of DSNG's commitment to employee welfare, setting a commendable standard not commonly observed even in more developed contexts.

The provision of dedicated field toilets, particularly benefiting female employees, is a notable achievement that is starting to attract international attention. There is emerging pressure to expand this pilot project and establish these facilities as a standard across the organisation, reflecting DSNG's leadership in fostering a dignified and safe working environment.





## SUSTAINABILITY ADVISORY BOARD (SAB) UPDATE AND STRATEGIC INSIGHTS



### QUARTERLY MEETINGS AND RISK MANAGEMENT

In the past year, the Sustainability Advisory Board (SAB) convened quarterly, with each session commencing with a review of the organisational risk matrix and updates on the management of high-risk areas. The SAB is pleased with the progress observed in these areas, reflecting DSNG's robust risk management practices.



### NEW MEMBERSHIP

The SAB welcomed Ibu Gita Syahrani, formerly the Executive Director of the Secretariat of the Sustainable District Association (Lingkar Temu Kabupaten Lestari, LTKL), as a new member. Her expertise, derived from leading an association committed to sustainable development through district government collaboration in Indonesia, promises to significantly enhance the board's capacity to offer meaningful guidance to DSNG on its sustainability journey. Ibu Gita Syahrani's inclusion is expected to bridge existing capacity gaps and enrich our discussions. She is slated to commence her role in 2024.



### REFLECTING ON THE IMPACT OF THE SAB

At our final meeting of 2023, a critical reflection was raised regarding the SAB's effectiveness in advancing DSNG's sustainability agenda. This question was also directly posed to the CEO, Mr. Andrianto Oetomo, in a separate dialogue with me. The feedback received

affirms the positive influence of the SAB on DSNG's sustainability progress. Nonetheless, it is my view that moving forward, there is a need for a more concrete understanding and measurement of the SAB's impacts to ensure our contributions continue to drive meaningful progress in DSNG's sustainability efforts.

## ENHANCING STAKEHOLDER ENGAGEMENT AND COMMUNITY COLLABORATION



### PROGRESS IN STAKEHOLDER ENGAGEMENT

Reflecting on the initial trepidation towards adopting a more structured approach to stakeholder engagement in 2021, it is gratifying to observe the progress DSNG has made in this area. The inaugural stakeholder engagement session in 2022 in Jakarta marked a significant step forward, attracting a reasonable turnout. The follow-up session in 2023 was even more successful, evidenced not only by increased participation but also by the enhanced quality of discussions.



### INTERNATIONAL ENGAGEMENT EFFORTS

In a strategic move to navigate the complex landscape of sustainability regulations and expectations, particularly in Europe, DSNG has decided to proactively engage with key stakeholders in the region. A delegation comprising Mr. Andrianto Oetomo (CEO), Mr. Denys Munang (CSO), and I was scheduled to visit the Netherlands in January 2024. This initiative aims to introduce DSNG to European stakeholders and, crucially, to gain insights into their concerns and potential solutions.





DSNG's engagement with local communities in Kutai Timur, East Kalimantan sets a benchmark for effective community collaboration. The company's initiatives to provide alternative livelihoods through mutually beneficial solutions are commendable. A prime example of this success, in 2023, is the project aimed at increasing local rice production. Through training and support, local communities significantly tripled rice production in 2023, transforming the region from a net importer to being self-sufficient and even able to supply excess produce to DSNG. This initiative exemplifies the positive outcomes that can be achieved through close collaboration between the company and local stakeholders, creating a model of success that merits broader application and study.

**EXPLORING GLOBAL BEST PRACTICES IN SUSTAINABILITY:  
INSIGHTS FROM INTERNATIONAL VISITS**

DSNG has actively pursued learning opportunities through visits to regions globally recognised for their leadership in conservation and sustainable agricultural practices, among them Sabah, in Malaysia, as well as Colombia and Brazil. These expeditions have yielded significant insights:

**Sabah, Malaysia**



The experience of Sabah in habitat connectivity for orangutans, particularly in the design and construction of orangutan-specific bridges, has provided DSNG with valuable knowledge. Sabah's extensive experience in this area offers practical lessons that can be adapted to improve biodiversity conservation efforts within DSNG's operations.

**Colombia and Brazil**



These countries presented the complexities of sustainable palm oil production amidst challenges such as higher manpower costs and a greater incidence of crop diseases. The visits illuminated the wide use of mechanisation, innovative employee welfare solutions, and the adoption of integrated pest management practices, with an emphasis on biological control methods.

Some of the insights gained from these visits are being assessed and where possible, actively integrated into DSNG's operations.

This initiative underscores the commitment to adopting innovative, collaborative approaches to sustainable development, drawing on global best practices to enhance its stewardship efforts.





## BEYOND COMPLIANCE, BEYOND BOX-TICKING

A pivotal role of the Sustainability Advisory Board (SAB) is to inspire DSNG to transcend conventional compliance, encouraging a proactive approach to sustainable development. It is with a sense of pride that I share examples of DSNG's commitment to this ethos.

It is gratifying to report that, following discussions in an SAB meeting in 2022, DSNG has significantly intensified efforts to make its grievance mechanism more accessible and effective. Key initiatives have included targeted sessions to safeguard women's rights, engaging middle management in the process. Moreover, the establishment of a centralised hotline for grievances, now managed directly from the organisation's headquarters rather than locally within individual operational units, marks a significant step forward. These measures have substantially increased the likelihood of the grievance mechanism being utilised effectively, reflecting DSNG's genuine commitment to addressing concerns and fostering a supportive environment for all employees.



### *A notable achievement in 2023 concerns the enhancement of the organisation's grievance mechanism.*

Previous observations, including my own during visits to DSNG's business units, highlighted that while a grievance mechanism existed, it was not effectively communicated to staff, thereby limiting its utility. This is a common shortfall across various industries, where grievance mechanisms often fail to meet their potential due to inadequate promotion and integration into corporate culture.

## STRATEGIC PRIORITIES FOR FUTURE SUSTAINABILITY LEADERSHIP

As DSNG continues to position itself as a leader in sustainability and a forward-thinking entity, it is imperative to focus on key areas to ensure enduring success and responsibility. Based on observations and the evolving landscape of sustainability, the following recommendations are proposed for the organisation's consideration:



### 01 ADVANCEMENT OF CLIMATE ADAPTATION STRATEGIES

DSNG must continue developing its climate adaptation plans, especially as new insights emerge regarding climate impacts on the regions of its operations. The current adaptation strategies, still in the early stages, require ongoing refinement and expansion to effectively address future challenges.



### 02 ENHANCED STAKEHOLDER ENGAGEMENT

Refining systems to strengthen stakeholder connections is essential. Enhanced engagement will enable DSNG to anticipate trends, identify opportunities, and devise strategies to mitigate potential risks. A proactive approach to stakeholder relations will serve as a cornerstone for navigating the complexities of the sustainability landscape.



Addressing these recommendations will not only reinforce DSNG's sustainability leadership but also contribute to the organisation's resilience and adaptability in a rapidly changing global context.

**CONCLUSION: A SHARED PATH TOWARDS SUSTAINABILITY**

As we navigate the complexities of the sustainability journey, it is clear that challenges are abundant, and on the flip side, opportunities are aplenty. The imperative, as always, will be to stay the course in the pursuit of sustainable development. Serving as the Chair of the Sustainability Advisory Board, it is both an honour and a duty to play a role in guiding DSNG on its path to sustainability. Together with my colleagues on the SAB, we are committed to a collaborative journey of progress and discovery.



**03 COMMITMENT TO REGENERATIVE AGRICULTURE**

DSNG is encouraged to embrace the growing global momentum around regenerative agriculture. While definitions may vary, the essence of regenerative agriculture as a net positive development—for people, planet, and profit—stands in contrast to the narrower perception of sustainable agriculture as merely avoiding harm. Engaging with the evolving discourse and platforms focused on regenerative practices will position DSNG at the forefront of agricultural innovation.



**04 WORKFORCE ENGAGEMENT AND INCLUSION**

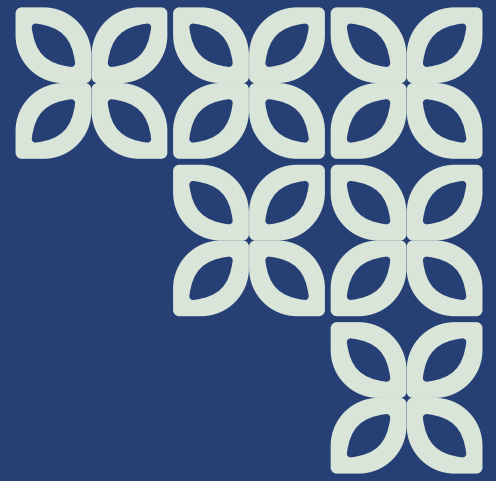
Continuing to innovate in workforce engagement remains paramount. Recognising the challenges in attracting and retaining talent within the sector, DSNG should prioritise modernising the workplace environment. Efforts should aim to enhance inclusivity for women, and ensure dignity and safety for all employees, especially in roles often deemed dirty, dangerous, difficult, and demeaning. These measures are critical for DSNG's mid-term strategy, contributing to a more engaged, committed, and productive workforce.



*Together with my colleagues on the SAB, we are committed to a collaborative journey of progress and discovery.*

**DATUK DARREL WEBBER**  
Chairman Sustainability Advisory Board





06



About  
the Report



# Overview

[POJK51 G.1, G.3, G.4][GRI 2-2, 2-3, 2-4, 2-5]

## SCOPE OF THE REPORT

The Sustainability Report by PT Dharma Satya Nusantara Tbk (DSNG) provides a comprehensive overview of our sustainability approaches, endeavours, and operational achievements. It encompasses the performance of our subsidiaries within the Palm Oil and Timber Products Business Units, which operate in Indonesia, our main market. The report encapsulates activities conducted from January 1 to December 31, 2023, and is integrated into the DSNG 2023 Annual Report, unless otherwise stated.

## REPORT FRAMEWORK

This report was structured according to the Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 and **the Financial Services Authority Circular Letter (SEOJK) No. 16/SEOJK.04/2021**. Additionally, the report is in accordance with the Global Reporting Initiative (GRI) Standards 2021, by complying and following the GRI Standards for Agriculture Sector Standard. The report applies the GRI Standards' reporting principles of: Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness, and Verifiability. This sustainability report was also prepared according to the Sustainability Policy Transparency Toolkit (SPOTT) and the Task Force on Climate-related Financial Disclosures (TCFD) criteria.

## ESG RATINGS

### SRI-KEHATI

Included as a constituent in the 3 of sustainability indices, namely SRI-KEHATI, ESG Quality 45 IDX KEHATI, and ESG Sector Leaders IDX KEHATI

### Sustainalytics

35.4

(based on DSNG 2021 Sustainability Annual Report)

### S&P Global ESG Score

39

### SPOTT

Score

90.4%

▲ Increase of 4%

Ranked 10<sup>th</sup> globally



To view more data

CLICK HERE



DSNG's 2023 Annual Report can be found at

THIS LINK

Where possible, data from previous financial years were included for comparison.





*To ensure the reliability and credibility of our data, internal verification and independent external party verification has been done.*



## DATA AND EXTERNAL ASSURANCE

As of the end of 2023, there were changes and restatements of information from previous reports, including change in the legal status of land under management. To ensure the reliability and credibility of our data, internal verification was conducted and approved by the Board of Directors and Board of Commissioners. This report also underwent verification by an independent external party, Moores Rowland Indonesia, for several material indicators of our operations that year. Financial data were audited by a Public Accounting Firm (PAF).

## RESPONSE TO FEEDBACK ON PREVIOUS YEAR'S REPORT

As of the end of 2023, DSNG has not received any stakeholder feedback regarding the previous sustainability report. Nonetheless, DSNG continued to improve data presentation in this year's report.

## Report Contact



**TEGUH TRIONO**

Sustainability Engagement Lead



### GRHA DSN

Jl. Pulo Ayang Kav. OR3  
Kawasan Industri Pulo Gadung  
Kel. Jatinegara, Kec. Cakung  
Jakarta Timur - 13930, Indonesia



### EMAIL

[sustainability@dsngroup.co.id](mailto:sustainability@dsngroup.co.id)



### WEBSITE

<http://www.dsn.co.id>



### PHONE

+62 21 4618135

### FAX

+62 21 4606942



## DETERMINATION OF MATERIAL TOPICS

In determining material topics, DSNG mapped relevant sustainability topics within the context of its business sector, identified actual and potential impacts, and assessed the significance of these impacts on sustainability topics.

DSNG organized an annual Stakeholder Engagement Forum (SEF) on 4 July 2023, inviting stakeholders from civil society organizations, investors, financial analysts, international development agency, academia, and research institutions. In this forum, DSNG presented its previous year's sustainability performance and solicited feedback and suggestions on material topics considered important by stakeholders. This feedback and suggestions were used to shape priorities for material topics in this report.

Such material topics are continuously validated and reviewed. This feedback and suggestions were used to shape priorities for material topics in this report. Such material topics are continuously validated and reviewed.

All material topics in the report are reported based on the principles of Good Corporate Governance, in alignment with DSNG's sustainability policy, which focusses on three core pillars: Forests, Climate, and Communities. Additionally, material topics relating to our commitments to NDPE and support for the Sustainable Development Goals (SDGs) were also integrated.

### MATERIAL TOPICS IN THE FOREST PILLAR



DSNG supports the commitment to no deforestation through various forest conservation programs, biodiversity, and environmental compliance across our entire supply chain.

### MATERIAL TOPICS IN THE CLIMATE PILLAR



DSNG supported the commitment to no peat by continuously engaging in water conservation efforts and avoiding new plantation development on peat lands. DSNG is also committed to preventing carbon release through emission controls, renewable energy development, as well as effective waste and effluent management.

### MATERIAL TOPICS IN THE COMMUNITY PILLAR



DSNG supports the commitment to no exploitation through labor management and respect for human rights, improving the welfare and prosperity of employees and the community, implementing health and safety at work, and managing indirect economic impacts through various corporate social responsibility initiatives.

### MATERIAL TOPICS IN GOOD CORPORATE GOVERNANCE



Governance is the foundation of the Company's performance in conducting transparent and ethical business practices, as well as eliminating corruption or bribery while ensuring sustainable economic benefits to its stakeholders.



MATERIAL TOPIC	SUB TOPIC
 <p><b>FOREST</b></p> <div data-bbox="379 197 526 264">   </div> <p><b>PROTECTING FORESTS AND BIODIVERSITY</b></p> <div data-bbox="379 414 598 481">    </div> <p><b>SUPPLY CHAIN PRACTICES</b></p>	<ul style="list-style-type: none"> <li>◆ Biodiversity &amp; Conservation</li> <li>◆ Environmental Compliance</li> <li>◆ Deforestation</li> <li>◆ Fire Prevention and Management</li> </ul> <ul style="list-style-type: none"> <li>◆ Environmental and Social Practices of the Suppliers</li> <li>◆ Traceability</li> </ul>
 <p><b>CLIMATE</b></p> <div data-bbox="379 638 750 705">      </div> <p><b>GHG EMISSION AND CARBON FOOTPRINT</b></p>	<ul style="list-style-type: none"> <li>◆ GHG emission</li> <li>◆ Energy Use and Efficiency</li> <li>◆ Climate Risk and Adaptation</li> <li>◆ Renewable Energy</li> <li>◆ Waste Management</li> <li>◆ Water Management and Conservation</li> </ul>
 <p><b>COMMUNITY</b></p> <div data-bbox="379 907 606 974">    </div> <p><b>WORKING CONDITION</b></p> <div data-bbox="379 1120 598 1187">    </div> <p><b>WORKERS' RIGHTS</b></p> <div data-bbox="379 1332 518 1400">   </div> <p><b>LOCAL COMMUNITIES</b></p>	<ul style="list-style-type: none"> <li>◆ Occupational Health and Safety</li> <li>◆ Training and Education</li> <li>◆ No Exploitation</li> <li>◆ Diversity and Women Empowerment</li> </ul> <ul style="list-style-type: none"> <li>◆ Human Rights and Employment Standards</li> <li>◆ Gender Equality</li> <li>◆ Freedom for Union</li> <li>◆ Women and Child Protection</li> </ul> <ul style="list-style-type: none"> <li>◆ Rights of Local Community</li> <li>◆ Support to the Local Community</li> <li>◆ Economy Prosperity and Local Community Welfare</li> </ul>
 <p><b>GOVERNANCE</b></p> <div data-bbox="379 1545 446 1612">  </div> <p><b>GOOD CORPORATE GOVERNANCE</b></p> <div data-bbox="379 1736 670 1803">     </div> <p><b>PROSPERITY AND INCLUSIVE GROWTH</b></p>	<ul style="list-style-type: none"> <li>◆ Governance and Business Ethics</li> <li>◆ Product Quality and Safety</li> <li>◆ Innovation and Technology</li> <li>◆ Safety and Data Privacy</li> </ul> <ul style="list-style-type: none"> <li>◆ Economic Performance</li> <li>◆ Stakeholders Collaboration and Reporting</li> <li>◆ Sustainable Economic Innovations</li> <li>◆ Indirect Economic Impacts</li> </ul>

## Boundaries of Material Topic Impacts



### FOREST

### PROTECTING FOREST AND BIODIVERSITY

Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>◆ Impacting the plantation management and development</li> <li>◆ Provision of conservation area and protecting keystone species including orangutan</li> </ul>	<ul style="list-style-type: none"> <li>◆ Compliant to RSPO processes for NPP, HCV &amp; HCS Assessments</li> <li>◆ Conservation of critical species specified by Govt Policy &amp; the IUCN Red List</li> <li>◆ Conservation in off-concession areas through partnerships and collaboration with communities &amp; civil society (Off Concession Conservation Areas-OCCA)</li> </ul>	<p>During the reporting period, the Company has:</p> <ul style="list-style-type: none"> <li>◆ Complied with RSPO NPP, HCV &amp; HCS processes</li> <li>◆ Fulfilled RSPO RaCP commitment to help preserve forests with local communities in Laman Satong, Ketapang, West Kalimantan</li> <li>◆ Constructed artificial corridors to expand the roaming wildlife areas within the concession in Bengalon Sub-district, East Kutai Regency, East Kalimantan</li> <li>◆ Implemented wildlife monitoring in HCV areas in East, Central, and West Kalimantan concessions using SMART Patrol</li> <li>◆ In collaboration with USAID SEGAR and LPHD Karangon Dalam, gathered biodiversity data in the Conservation Area Outside the Concession spanning 3,148 hectares in Karangon Dalam Village, East Kutai, East Kalimantan</li> </ul>	<ul style="list-style-type: none"> <li>◆ Conducted periodically, through a reporting mechanism of biodiversity monitoring performance</li> <li>◆ Updating conservation data according to SMART Patrol, and reporting to the authorities</li> <li>◆ Maintaining the communication with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>◆ Central and regional governments</li> <li>◆ Employees</li> <li>◆ Financial Service Authorities (OJK) and Capital Market Authority</li> <li>◆ Palm oil smallholders and local communities</li> <li>◆ Non-government organizations (NGOs) and environmental activists</li> <li>◆ International Development/Aid Agency</li> </ul>

**The Company's Action** *(continued)*

- ◆ Committed to implementing best practices and operating following national and global standards and regulations:
  - IFC PS 1 (Environmental & Social Management System/ESMS)
  - Palm Oil Certification (ISPO, RSPO &, ISCC)
  - Timber Product Certification (SVLK, FSC, PEFC, CARB)

Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>◆ Influences the implementation of the Company's NDPE commitments for its supply chain</li> </ul>	<ul style="list-style-type: none"> <li>◆ Support the implementation of NDPE policy within the supply chain, especially external suppliers and independent smallholders</li> </ul>	<p>During the reporting period, the Company:</p> <ul style="list-style-type: none"> <li>◆ Provided socialization &amp; training to :                             <ul style="list-style-type: none"> <li>● 2 IPC</li> <li>● 22 Cooperatives</li> <li>● 42 FFB Supply Agents</li> </ul> </li> <li>◆ Achieved 94% of target NDPE implementation for Muara Wahau region, Karangas &amp; Bengalon</li> <li>◆ 3,506 smallholder cooperatives have received RSPO Certification</li> </ul>	<ul style="list-style-type: none"> <li>◆ The Company periodically reviews this using the mechanism of its RSPO Certifications. Through its commitment to &amp;Green, an independent audit is also conducted on the Company's NDPE implementation, amongst others</li> </ul>	<ul style="list-style-type: none"> <li>◆ Shareholders and investors</li> <li>◆ Central and local government</li> <li>◆ Suppliers</li> <li>◆ Customer</li> </ul>

Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>◆ Plantation and Timber Product operations directly and indirectly impact the increase of GHG emissions, which will also contribute to the effects of Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>◆ Implemented best sustainability practices in the management of palm plantations and the production of palm oil and timber products</li> <li>◆ Reduced GHG emissions</li> </ul>	<p>In the reporting period, the Company invested in renewable energy through:</p> <ul style="list-style-type: none"> <li>◆ Operating two Bio-CNG Plants that produce 2,522,849 Bio-CNG, which can generate 7,159,846 electricity, replacing 1,995,951 liters of diesel oil.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The Company conducted a greenhouse gas emissions inventory study for the Group every three years, using 2019 emission data as a baseline, and developed an emissions reduction roadmap across the group</li> </ul>	<ul style="list-style-type: none"> <li>◆ Shareholders</li> <li>◆ Employees</li> <li>◆ Central and local government</li> <li>◆ Financial Services Authority (OJK)</li> <li>◆ Palm oil smallholders, and local communities</li> <li>◆ Local artist community</li> </ul>





Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>◆ Energy use, particularly fossil fuels, directly and indirectly impacts the Company's GHG emissions</li> <li>◆ Waste generated by Plantation and Timber Product operations has the potential to impact the environment through pollution</li> <li>◆ Water use and waste from our operations affect water bodies and water reserves in our operational areas</li> </ul>	<ul style="list-style-type: none"> <li>◆ Applied energy efficiency policies and developing renewable energy</li> <li>◆ Increased energy efficiency and the use of renewable energy</li> <li>◆ Managed waste generation through reuse to support DSNG's circular economy implementation</li> <li>◆ Reduced waste disposal into the environment</li> <li>◆ Utilized water efficiently</li> <li>◆ Conducted water conservation. Effluents were processed at Bio-CNG plant facilities, especially Palm Oil Mill Effluent (POME)</li> <li>◆ Maintained the availability of water in nature and reused effluents and waste</li> </ul>	<p>With the operation of these two plants, the Company can reduce GHG emissions by 5,934 tCO<sub>2</sub></p> <ul style="list-style-type: none"> <li>◆ Started a trial of using Bio-CNG as fuel for FFB transportation trucks using converters. As of December 2023, 4 FFB transport truck providers from the community have procured 6 new trucks for conversion</li> <li>◆ Continue the use of Solar Panels at WP Engineered Flooring mill, producing electricity up to 1.38 GW for operational activities in WP-Flooring</li> <li>◆ Establish an energy efficiency working group and pilot energy saving initiatives at the WP wood panel and flooring mills</li> <li>◆ Reducing waste by applying the principle of circularity <ul style="list-style-type: none"> <li>● During the reporting period, we processed 126,496 L of POME into the equivalent of 10,284,430 kWh of energy through Biogas production</li> <li>● Utilizing oil palm biomass to generate electricity and become complementary fertilizer</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ The Company disclosed GHG emissions to the public through the Sustainability Report or the DSNG website</li> <li>◆ The energy used and saved was evaluated and reported periodically to the Board of Directors and interested parties</li> <li>◆ The amount of waste generated was monitored, reviewed, and reported periodically to the Board of Directors and interested parties</li> <li>◆ The amount of water used, and waste generated was monitored, reviewed, and reported periodically to the Board of Directors and interested parties</li> </ul>	<ul style="list-style-type: none"> <li>◆ NGO and environmental activists</li> </ul>



The Company's Action (continued)

- ◆ Water usage intensity during 2023 of 1.30 m<sup>3</sup>/ton decreased by 0.09 m<sup>3</sup>/ton FFB processed compared to water usage intensity in 2022



Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>◆ Prioritized the health and safety of employees to ensure uninterrupted operations and production activities</li> </ul>	<ul style="list-style-type: none"> <li>◆ Implemented operational safety and employee health standards</li> <li>◆ Prevented incidents both from workplace accidents and occupational diseases</li> </ul>	<ul style="list-style-type: none"> <li>◆ The Company implements occupational health and safety protocols and conducts regular training and socialization to employees regarding OHS</li> <li>◆ Conduct periodic inspection of Personal Protective Equipment (PPE)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Carried out regular reporting to stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>◆ Central and local government</li> <li>◆ Employees</li> </ul>



Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>◆ Provided employment opportunities for the local community</li> <li>◆ Promoted the principle of equality to offer equal opportunities to the local community through a fair recruitment process</li> </ul>	<ul style="list-style-type: none"> <li>◆ Involved local workers as DSNG employees or through suppliers, complying with employment regulations</li> <li>◆ Offered equal opportunities to everyone to work and build a career at DSNG, respecting workers' rights and eliminating discrimination against workers or in employment</li> </ul>	<ul style="list-style-type: none"> <li>◆ By the end of 2022, the percentage of local workers reached 51% in Palm Oil business and 18% wood business of DSNG's total employees, and there was no child labor or forced labor practices in the Company's operational areas</li> <li>◆ The lowest employment remuneration value for DSNG employees is equal to the minimum wage set by the local government [POJK51 F.19, F.20]</li> </ul>	<ul style="list-style-type: none"> <li>◆ Carried out regular reporting to stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>◆ Shareholders and investors</li> <li>◆ Employees</li> <li>◆ Central and local government</li> <li>◆ Palm oil smallholders and local communities</li> </ul>



## COMMUNITIES

### LOCAL COMMUNITIES

Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>Influenced support for plantation and factory operations, fulfilling social responsibilities to the community, including indigenous peoples, and equitable welfare distribution</li> </ul>	<ul style="list-style-type: none"> <li>Conducted community empowerment and development programs</li> <li>Respected the community's rights, including Indigenous Community Development Plans and Cultural Heritage Preservation</li> </ul>	<p>During the reporting period, the Company implemented, among others</p> <ul style="list-style-type: none"> <li>Community Empowerment Program</li> <li>Alternative Livelihood Program</li> <li>Support and protect local cultural heritage</li> <li>Actively engage with local communities and indigenous communities</li> </ul>	<ul style="list-style-type: none"> <li>Through the mechanism of periodical reporting on the implementation of activities, and reported to the Board of Directors and external interested parties</li> </ul>	<ul style="list-style-type: none"> <li>Central and local government</li> <li>Employees</li> <li>Palm oil smallholders and surrounding communities</li> <li>NGOs and environment activists</li> </ul>



## GOVERNANCE

### GOOD CORPORATE GOVERNANCE

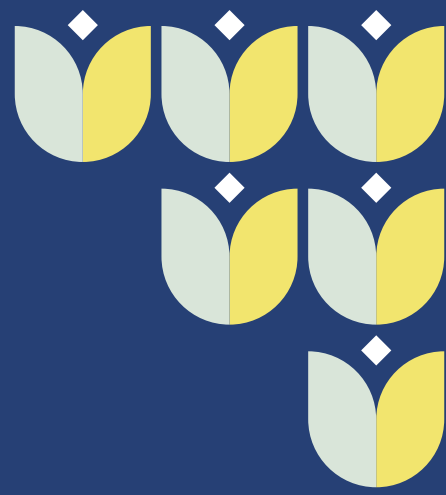
Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>Impacted the decision-making process that prioritizes the interests of stakeholders and the Company and managed the Company following the GCG principles</li> </ul>	<ul style="list-style-type: none"> <li>Promote business with integrity and responsibility</li> <li>Implement transparency in disclosure and communication to stakeholders in accordance with applicable regulations and reporting standards</li> <li>Implementing an anti-corruption and anti-bribery policies</li> </ul>	<ul style="list-style-type: none"> <li>The Company provides access to stakeholders and the public to submit feedback or complaints through the Stakeholder Engagement Forum (SEF) and providing grievance channels</li> <li>The Company also provides access to reports, complaints, or claims related to corruption and/or bribery through whistleblowing channels, email, or website</li> <li>Support the Government's program to eradicate corruption</li> </ul>	<ul style="list-style-type: none"> <li>Through the mechanism of periodical reporting on the implementation of activities, and reported to the Board of Directors and external interested parties</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and investors</li> <li>Employees</li> <li>Central and local government</li> <li>Customers</li> <li>Suppliers</li> <li>Palm oil smallholders and local communities</li> <li>Financial Services Authority (OJK)</li> <li>Stock exchange authorities</li> </ul>



Impact on the Company	The Company's Response and Commitment	The Company's Action	Review and Evaluation	Stakeholder Engagement
<ul style="list-style-type: none"> <li>◆ Influenced the continuity of supply of Fresh Fruit Bunches (FFB) of palm oil and timber logs as raw materials for the production process, as well as sustainable financing</li> <li>◆ Involved the surrounding community in supporting the supply chain</li> <li>◆ Empowerment and development programs for the community affected the support from the local community for the sustainability of the Company's operations and production</li> </ul>	<ul style="list-style-type: none"> <li>◆ Developed sustainable palm oil plantations and community forests</li> <li>◆ Developed palm oil plantations without NDPE</li> <li>◆ Conducted environmentally friendly operations and production</li> <li>◆ Involved local companies in the Company's supply chain, empowering and developing local economic potential.</li> <li>◆ Encouraged local companies to involve local workers as much as possible.</li> <li>◆ Assisted in developing cooperatives (credit unions) as financial institutions for community economic development</li> </ul>	<ul style="list-style-type: none"> <li>◆ By 2023, the Bio-CNG plant has utilized methane emissions from 112,929 L of POME to generate 7,159,846 kWh of electricity used for mill operations, offices and employee housing</li> <li>◆ The Company provides 6 ha of land to be managed into food crops in support of food security by generating profits from the sale of products reaching Rp7.5 million. In addition, it has revitalized Lake Lelhut as offices, schools, or communities' recreation area</li> <li>◆ The Company has cooperated with 135 cooperatives and local agents to become FFB suppliers</li> <li>◆ The Company has distributed 767,300 jabon seedlings to farmers in Temanggung, Purworejo, Wonosobo, Banjarnegara, and Magelang</li> </ul>	<ul style="list-style-type: none"> <li>◆ Utilized reporting mechanisms for RSPO certification audits and annual audits for our &amp;Green commitment</li> <li>◆ Performed supplier performance assessments and reported mechanisms to stakeholders regularly</li> </ul>	<ul style="list-style-type: none"> <li>◆ Shareholders and investors</li> <li>◆ Employees</li> <li>◆ Suppliers</li> <li>◆ Palm oil smallholders and surrounding communities</li> <li>◆ Central and local government</li> </ul>







07  
—

We are  
**DSNG**

[POJK51 C.1]



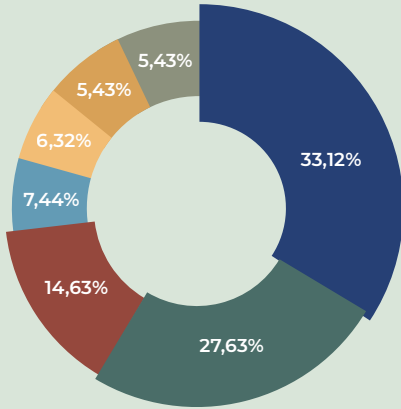


COMPANY NAME

PT Dharma Satya Nusantara Tbk

OTHER NAME

DSNG



SHAREHOLDING

As of December 31, 2023

- Public
- PT Triputra Investindo Arya
- PT Krishna Kapital Investama
- PT Tri Nur Cakrawala
- PT Mitra Aneka Guna
- Andrianto Oetomo
- Arianto Oetomo

LEGAL STATUS OF ENTITY

- ◆ Limited Liability Company
- ◆ Listed on Indonesia Stock Exchange (IDX) on June 14, 2013
- ◆ Ticker Code: DSNG

Operational Area

Indonesia



HEAD OFFICE ADDRESS

GRHA DSN

📍 Jl. Pulo Ayang Kav. OR3  
Kawasan Industri Pulo Gadung  
Kel. Jatinegara, Kec. Cakung  
Jakarta Timur - 13930, Indonesia

☎ Phone: +62 21 4618135  
Fax: +62 21 4606942

✉ Email: [corsec@dsn.co.id](mailto:corsec@dsn.co.id)  
🌐 [www.dsn.co.id](http://www.dsn.co.id)

*Information disclosure of subsidiaries' offices are disclosed in the 2023 Annual Report.*

## Vision



To become a world-class company that grows with society and is the pride of our country.

## Mission



To create continuous growth in the natural resources-based industry that adds value to all stakeholders through good governance.

## Embedding a Culture of Sustainability

### into Company Values

[POJK51 C.1]

The Company adopts a culture of sustainability at all organizational levels that aligns with its values.



#### INTEGRITY

We put integrity as our core value in everything that we do.

- Prioritize the company's interests over those of individuals or groups within the company.
- Provide information based on facts in a responsible manner.
- Walk the talk.



#### PASSION

We act with unrelenting passion.

- Intensely focused.
- Persistent and relentless in delivering.
- Passion to uplift others.



#### STRIVE FOR EXCELLENCE

We strive for excellence.

- Committed to sustainably perform.
- Enthusiastic and open to learn and share knowledge.
- Ingenious in its decision-making.



#### RESPECT

We respect our employees, society, and the environment.

- Seek understanding before taking action.
- Respect others by allowing them to grow together.
- Demonstrate concern for the environment.



#### SYNERGY AND COHESIVENESS

We create synergy and cohesiveness within diversity.

- Build a sense of belonging in achieving unity towards the company's objectives.
- Empower itself and others to create added value.
- Maintain a productive family atmosphere.

# Operational Areas

## LEGEND

-  Nucleus Estate (ha)
-  Managed Area
-  Planted Area
-  Plasma Estates (ha)
-  Total Estates
-  Total Plants (POM, KCP, Wood Plants)

### PALM OIL BUSINESS UNIT

#### TOTAL



### DEVELOPMENT OF PALM OIL BUSINESS UNIT



### 1 EAST KALIMANTAN

#### Kutai Timur\*

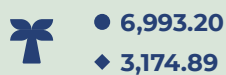


#### Mahakam Ulu



### 2 WEST KALIMANTAN

#### Sekadau



#### Sintang\*



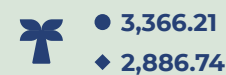
### 3 CENTRAL KALIMANTAN

#### Lamandau\*



### 4 NORTH KALIMANTAN

#### Bulungan



### WOOD PRODUCT BUSINESS UNIT

#### 6 Central Java

##### TEMANGGUNG

##### Pingit District



##### Kranggan District



\*Change in managed area following legal change in managed area of PT DWT, PT PWP, PT DPS dan PT PSA



The Company's business activities in 2023 were limited to the production and sales of palm oil and wood products, with no significant change from last year. Within the said business activities, the Company also produced Biogas to generate renewable energy and Biofuel in wood pellets and Palm Biomass.

## ACTIVITIES, PRODUCTS AND SERVICES, MARKET SHARE, AND OTHER RELEVANT BUSINESS RELATIONS

ACTIVITIES	PRODUCTS	PRODUCTION VOLUME IN 2022	SALES IN 2023			
			Domestic (Billion Rp)	Domestic (%)	Export (Billion Rp)	Export (%)
<b>Oil palm business unit</b> ♦ Oil palm plantation ♦ Palm oil mill ♦ Kernel	Palm oil	661,892	7.577	100	0	0
	Palm kernel oil	40,356	511	100	0	0
	Kernel	122,732	136	100	0	0
<b>Wood Products Business Unit</b>	Panel	97,844	15	2.42	602	97.58
	Engineered Flooring	756,468	24	7.13	316	92.87

## Supply Chain

In 2023, no significant changes were related to the Company's supply chain. Our commitment remains to achieve full traceability and compliance in our supply chain. In line with our NDPE commitment, the Company assists its suppliers in its palm oil supply chain to achieve compliance by adopting sustainable practices, especially for smallholders with limited resources.

In our Wood Products business unit, the Company has implemented its inventory and traceability systems on its supply chain to community agroforestry farms using our proprietary e-RawMat application.



**TRACEABILITY OF FRESH FRUIT BUNCH (FFB) IN 2023 (THOUSAND TON)**

TYPE OF SUPPLIER	TOTAL VOLUME	TRACEABILITY RESULTS	
		Traceable Volume	% Traceability
Nucleus Estate	1,765,280	1,765,280	100
Plasma Estate	472,830	472,830	100
Other Estate (Uncontrolled by the Company)	45,400	45,400	100
Other Suppliers	582,619	565,786	97.11
<b>Total</b>	<b>2,886,129</b>	<b>2,849,296</b>	<b>99.28</b>

**FFB VOLUME, PERCENTAGE AND ORIGIN OF SUPPLY (THOUSAND TON)**

SOURCE OF SUPPLIES	2021		2022		2023	
	Total	%	Total	%	Total	%
Nucleus Estate	1,543,126	65.43	1,741,895	62.16	1,765,280	61.59
Plasma Estate	371,295	15.74	448,409	16	472,830	16.50
Other Estate (Uncontrolled by the Company)	102,012	4.33	25,865	0.92	45,400	1.58
Other Suppliers	342,061	14.5	585,924	20.91	582,619	20.33
<b>Total</b>	<b>2,358,494</b>	<b>100</b>	<b>2,802,093</b>	<b>100</b>	<b>2,886,129</b>	<b>100</b>

**CSPO RSPO SALES VOLUME (TON) [SPOTT 49]**

SALES SCHEMES	2021	2022	2023
<b>CSPO</b>			
Segregated	98,000	112,450	189,400
Mass Balance Scheme	-	18,400	32,600
RSPO Credits Scheme	104,579	77,757	3,714
ISCC Mass Balance Scheme	47,000	33,900	39,050
<b>Sub Total</b>	<b>249,579</b>	<b>242,507</b>	<b>264,764</b>
<b>(NON-CSPO) CONVENTIONAL SCHEME</b>			
<b>Sub Total</b>	<b>399,815</b>	<b>397,011</b>	<b>400,277</b>
<b>Total</b>	<b>649,394</b>	<b>639,518</b>	<b>665,041</b>

#### TRACEABILITY OF WOOD LOG PANEL WOOD PRODUCT BUSINESS UNIT IN 2023

TYPE OF SUPPLIER	TOTAL VOLUME (m <sup>3</sup> )	TRACEABILITY RESULTS		
		Traceable Volume	Untraceable Volume	% Traceability
Community Agroforestry	97,681	97,681	-	100
Industrial Forest	38,324	38,324	-	100
Other Supplier	-	-	-	-
<b>Total</b>	<b>136,005</b>	<b>136,005</b>	<b>-</b>	<b>100</b>

#### WOOD SUPPLIES FOR WOOD PRODUCT BUSINESS UNIT - ENGINEERED FLOORING

DESCRIPTION	UNIT	2021	2022	2023
<b>TOTAL SUPPLIERS</b>				
Local	Person	14	22	31
Import		30	23	9
<b>Sub Total</b>		<b>44</b>	<b>55</b>	<b>40</b>
<b>WOOD VOLUME</b>				
Ek Wood	m <sup>3</sup>	-	21,830	2,553
Sengon Wood		179,410	618	-
Jabon Wood		8,568	-	8
Rubber Wood		167	22,157	17,444
<b>Sub Total</b>		<b>188,145</b>	<b>44,605</b>	<b>20,005</b>
<b>Value in Rupiah</b>	<b>Billion Rp</b>	<b>255</b>	<b>48</b>	<b>105</b>
<b>Value in USD</b>	<b>USD</b>	<b>11,168,095</b>	<b>15,812,702</b>	<b>6,921,889</b>

The Company collaborates with sengon farmers and its collection partners to secure sustainable sengon wood supplies from managed Community Forests. The sengon wood is derived from traceable sources compliant with the Indonesian Timber Legality Assurance System (SVLK) as a raw material for its wood products.





**WOOD SUPPLIES FOR WOOD PRODUCT BUSINESS UNIT - PANEL**

DESCRIPTION	UNIT	2021	2022	2023
<b>TOTAL SUPPLIERS</b>				
Local	Person	46	47	48
<b>WOOD VOLUME</b>				
Sengon Log	m <sup>3</sup>	147,214	171,793	126,569
Jabon Log		7,980	8,344	9,436
Rubber Log		167	0	0
Sengon STBR		32,196	30,690	33,967
Jabon STBR		588	1,123	0
<b>Sub Total</b>			<b>188,145</b>	<b>211,950</b>
<b>Value in Rupiah</b>	<b>Billion Rp</b>	<b>255</b>	<b>235</b>	<b>146</b>





## Our Employees

[POJK51 C.3]

The Human Capital function is responsible for managing the Company's Human Resources. In 2023, DSNG hired 4,810 new employees, of which 15% were female. Further details about the number of employees based on their position and age can be found in the table below:

### NUMBER OF DSNG EMPLOYEES BY POSITION, GENDER, AND AGE GROUP IN 2023

[POJK51 F.19][GRI 2-7, 405-1]

LEVEL POSITION	GENDER		AGE GROUP			
	Male	Female	18-30	31-40	41-50	>50
Director and Equivalent	6	2	0	0	3	5
Senior Management	42	8	0	1	29	20
Middle Management	61	10	0	14	37	20
Staff	835	92	397	314	179	37
Non-Staff	4,838	877	1,960	2,209	1,333	213
Plantation Workers	9,933	3,570	5,175	4,782	3,140	406
<b>Total</b>	<b>15,715</b>	<b>4,559</b>	<b>7,532</b>	<b>7,338</b>	<b>4,721</b>	<b>701</b>

### NUMBER OF DSNG EMPLOYEES BY GENDER AND PLACEMENT AREA IN 2023

[GRI 2-7]

PLACEMENT AREA		MALE		FEMALE	
		Total	%	Total	%
Jakarta	Head Office	152	0.98	66	1.45
Central Java	Temanggung	1,168	7.43	431	9.45
East Kalimantan	East Kutai	10,572	67.27	3,033	66.53
Central Kalimantan	Lamandau	1,690	10.75	603	13.23
West Kalimantan	Sekadau	776	4.94	131	2.87
	Sintang	900	5.73	153	3.36
North Kalimantan	Bulungan	435	2.77	138	3.03
Others	-	22	0.14	4	0.09
<b>Total</b>		<b>15,715</b>	<b>100</b>	<b>4,559</b>	<b>100</b>

**NUMBER OF DSNG PERMANENT EMPLOYEES BY GENDER AND PLACEMENT AREA IN 2023**

[GRI 2-7]

PLACEMENT AREA	2021			2022			2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Jakarta	141	51	192	149	59	208	144	64	208
Central Java	1,162	309	1,471	1,033	282	1,315	960	264	1,224
East Kalimantan	6,508	2,036	8,544	9,777	2,851	12,682	10,295	2,957	13,252
Central Kalimantan	995	398	1,393	1,711	595	2,306	1,673	603	2,276
West Kalimantan	768	160	928	1,586	265	1,851	1,676	283	1,959
North Kalimantan	252	60	312	408	129	537	435	138	573
Others	1	0	1	7	-	7	15	2	17
<b>Total</b>	<b>9,827</b>	<b>3,014</b>	<b>12,841</b>	<b>14,671</b>	<b>4,181</b>	<b>18,852</b>	<b>15,198</b>	<b>4,311</b>	<b>19,509</b>

**OTHER WORKERS ASIDE FROM DSNG EMPLOYEES**

[GRI 2-8]

DESCRIPTION	2021	2022	2023	
	End of the Year	Beginning of the Year	Beginning of the Year	End of the Year
Outsourced workers at DSNG Head Office	118	249	249	261

Data Source: Human Capital Function, based on individuals registered on December 31, 2023.



## Business Scale

[POJK51 F.2]

LEGEND



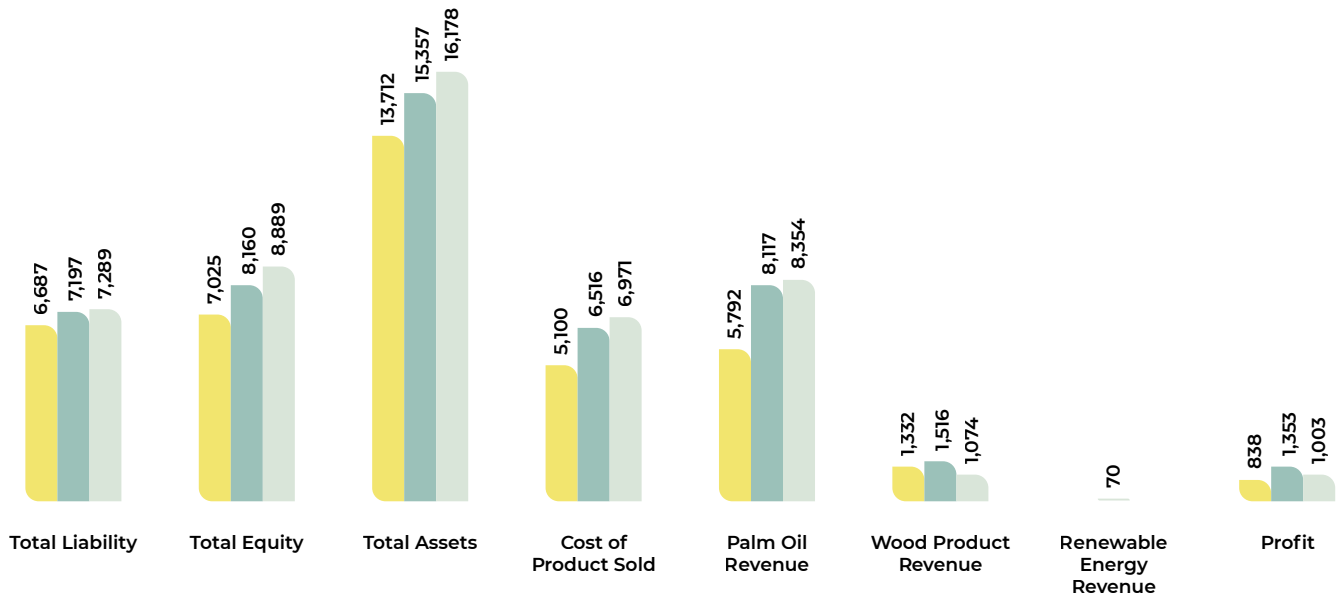
2021



2022



2023



## External Initiatives and Association Memberships

[POJK51 C.5][GRI 2-28]

### ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

RSPO

The Company has been a registered member of RSPO since 2008. Our membership covers all business units of the palm oil industry. The first RSPO certification was obtained in 2013. As of 2022, the Company has 26 plantation units and 7 Palm Oil Mill (POM) certified with RSPO.

### INDONESIAN SUSTAINABLE PALM OIL



As of 2023 the Company has 11 ISPO certificates for Palm Oil Mills (POM), which represents 91,67% of the Company's total number of mills.

### INDEKS IDX KEHATI



DSNG is recognized as one of 25 constituents of SRI-KEHATI index as of December 2020 and has been included as constituent in the two new stock indices, i.e. ESG Quality 45 IDX KEHATI and ESG Sector Leaders IDX KEHATI as of December 2021.

### TROPICAL FOREST ALLIANCE



A multi stakeholder partnership platform was established to support companies going through the ongoing global transition towards deforestation-free supply chains for commodities, including palm oil, soybeans, beef, and paper/pulp. Our membership in TFA is essential to embrace a multistakeholder approach to reducing commodity-driven deforestation through interventions such as the Jurisdictional Approach. In addition, the platform facilitates sharing, learning, and collaboration with civil society, TFA members, and regulators. DSNG is also a member of the TFA's Southeast Asia Regional Committee.

## INDONESIAN PALM OIL ASSOCIATION (IPOA)



A synergy between the central and regional governments in determining palm oil industry policy to create a conducive climate for the palm oil industry.

## INDONESIAN WOOD PANEL ASSOCIATION



A cooperation of various parties to ensure the sustainable supplies of wood raw materials from plantation forests, preserved natural forests, and mutually beneficial use of other wood raw materials (rubber wood, coconut wood, and palm wood).

## INDONESIAN CHAMBER OF COMMERCE AND INDUSTRY



A forum that accommodates communication and consultation between Indonesian entrepreneurs and the government on trade, industry, and service issues.

## INDONESIAN SAWMILL AND WOOD WORKING ASSOCIATION (ISWA)



An association that encourages members to improve the processing of forest products to help boost the national economy, especially in the forest sawn timber sector, as well as fostering members to improve quality and efficiency, researching product development, realizing the implementation of education and training to enhance the quality of human resources and protect the interests of members.

## INDONESIAN PUBLIC-LISTED COMPANIES ASSOCIATION



An association of Indonesian capital market aims to accelerate the capital market growth. Encouraging members (Issuer) to establish a conducive and professional market climate to motivate other private companies to enter the capital market.

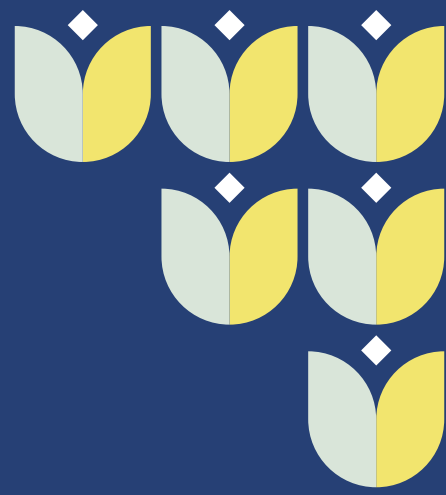
## PARTNERSHIP FOR ACTION AGAINST CHILD LABOUR IN AGRICULTURE



A Partnership for Action Against Child Labour in Agriculture (PAACLA) is a multistakeholder partnership that applies a coordinated action approach and comprehensive and long-term collaboration to eradicate child labor practices in agriculture.



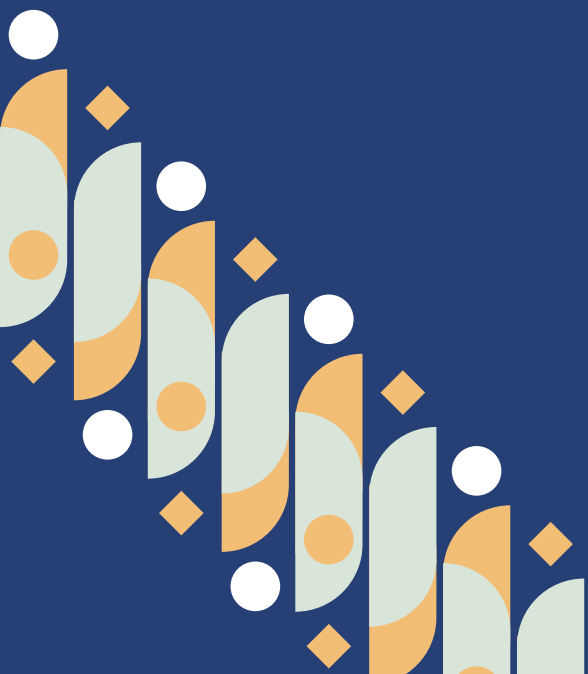




08  
—

# DSNG'S Contribution to Building Economic Prosperity

[POJK51 B.1, F.1]



## Direct Economic Value

### Generated and Distributed

[POJK51 F.2][GRI 201-1]

In 2023, the Company generated revenue of Rp9,5 trillion, a decrease of 1.4% from the previous year's revenue of Rp9,6 trillion. The largest revenue contribution was from palm oil (87.95%), followed by wood products (11.31%). The increase in revenue occurred in palm oil in line with profit growth of 2.84% to Rp8,354 trillion in 2023 compared to the previous year. The increase was due to the increase in FFB and CPO production.

#### REALIZATION OF REVENUE AND PROFIT (BILLION RP)

[POJK51 F.2]

DESCRIPTION	2021	2022	2023	%	
	3	2	1	1:2	2:3
Total Revenues	7,125	9,634	9,499	99%	135%
Net Profit	838	1,353	1,003	74%	161%

#### REALIZATION OF PRODUCTION AND SALE OF WOOD PRODUCTS BUSINESS UNIT

DESCRIPTION	UNIT	2021	2022	2023	%	
		3	2	1	1:2	2:3
<b>PANEL PRODUCTION</b>						
Production Realization	Thousands m <sup>2</sup>	107	118	98	83%	110%
Sales Realization	Thousands m <sup>2</sup>	109	116	100	86%	106%
	Billion Rp	651	833	610	74%	128%
<b>ENGINEERED FLOORING PRODUCTION</b>						
Production Realization	Thousands m <sup>2</sup>	1.157	1.080	756	130%	93%
Sales Realization	Thousands m <sup>2</sup>	1.143	1.118	747	67%	98%
	Billion Rp	466	486	343	70%	93%

#### TARGET AND REALIZATION OF WOOD PRODUCT BUSINESS UNIT

[POJK51 F.2]

DESCRIPTION	UNIT	2023	TARGET 2023	TARGET 2024	%	
		3	2	1	1:2	2:3
<b>PANEL PRODUCTION</b>						
Production Realization	Thousands m <sup>3</sup>	98	116	127	109%	118%
Sales Realization	Thousands m <sup>3</sup>	100	116	127	109%	116%
	Billion Rp	610	749	763	102%	123%

**TARGET AND REALIZATION OF WOOD PRODUCT BUSINESS UNIT (Continuation)**

[POJK51 F.2]

DESCRIPTION	UNIT	2023	TARGET 2023	TARGET 2024	%	
		3	2	1	1:2	2:3
<b>ENGINEERED FLOORING PRODUCTION</b>						
Production Realization	Thousands m <sup>2</sup>	756	713	930	130%	94%
Sales Realization	Thousands m <sup>2</sup>	747	713	930	130%	96%
	Billion Rp	343	318	410	129%	92%

**REALIZATION OF PRODUCTION AND SALE OF PALM OIL BUSINESS UNIT**

DESCRIPTION	UNIT	2021	2022	2023	%	
		3	2	1	1:2	2:3
<b>CPO PRODUCTION</b>						
Production Realization	Thousand tons	544	639	662	104%	117%
Sales Realization	Thousand tons	545	640	665	104%	117%
	Billion Rp	5,025	7,151	7,577	106%	142%
<b>NON-CPO PRODUCTION: KERNEL</b>						
Production Realization	Thousand tons	97	118	123	104%	122%
Sales Realization	Thousand tons	24	27	27	100%	112%
	Billion Rp	168	200	136	68%	119%
<b>NON-CPO PRODUCTION: PKO</b>						
Production Realization	Thousand tons	30	38	40	106%	126%
Sales Realization	Thousand tons	31	39	39	100%	125%
	Billion Rp	510	680	511	75%	133%

**TARGET AND REALIZATION OF PRODUCTION AND SALE OF PALM OIL BUSINESS UNIT**

[POJK51 F.2]

DESCRIPTION	UNIT	ACTUAL 2023	TARGET 2023	TARGET 2024	%	
		3	2	1	1:2	2:3
<b>CPO PRODUCTION</b>						
Production Realization	Thousand tons	694	735	735	100%	106%
Sales Realization	Thousand tons	694	735	735	100%	106%
	Billion Rp	6,722	6,983	6,983	100%	92%

**TARGET AND REALIZATION OF PRODUCTION AND SALE OF PALM OIL BUSINESS UNIT** (Continuation)

[POJK51 F.2]

DESCRIPTION	UNIT	ACTUAL 2023	TARGET 2023	TARGET 2024	%	
		3	2	1	1:2	2:3
<b>NON-CPO PRODUCTION: KERNEL</b>						
Production Realization	Thousand tons	123	135	135	100%	110%
Sales Realization	Thousand tons	28	28	28	100%	103%
	Billion Rp	120	144	144	100%	120%
<b>NON-CPO PRODUCTION: PKO</b>						
Production Realization	Thousand tons	40	46	46	100%	115%
Sales Realization	Thousand tons	40	46	46	100%	115%
	Billion Rp	448	588	588	100%	125%

In 2023, DSNG did not receive financial assistance from the Government. The Company generated its economic value only from the sales of wood products and palm oil products. Some parts of the economic value generated were distributed to the stakeholders through dividends, employee remuneration, investment in the community, taxes, and others according to the prevailing laws and regulations.

**ECONOMIC VALUES GENERATED AND DISTRIBUTED (MILLION RUPIAH)**

DESCRIPTION	2021	2022	2023
<b>ECONOMIC VALUE GENERATED</b>			
Revenue	7,124,495	9,633,671	9,498,749
<b>ECONOMIC VALUE DISTRIBUTED</b>			
Cost of Goods Sold	5,099,969	6,516,096	6,971,281
General and Administrative Expenses (including employee wages and benefits)	374,343	431,373	508,145
Payments to Shareholders	130,730	211,997	317,995
Profits Distributed to Owners of the Parent Entity	727,153	1,206,835	839,809
Payments to Government	299,414	464,556	518,410
Community Investment (CSR)	14,300	20,880	25,500
Total Economic Value Distributed	6,631,609	8,830,857	9,155,640
<b>ECONOMIC VALUE RETAINED</b>			
Total	492,886	802,814	343,109



## EMPLOYEE PENSION FUND

[GRI 201-3]

The Company has taken measures to ensure the welfare of its employees by enrolling them as members of the Old-Age Security Program (JHT) and Pension Security Program (JP) managed by the Employment Security Program (BPJS Ketenagakerjaan). As such, the Company is not required to disclose the management of its employees' old age and pension security, including fulfilling obligations to employees approaching retirement, as BPJS Ketenagakerjaan oversees these matters.



**IN 2023, THE COMPANY CONTRIBUTED TO THE MEMBERSHIP FEES OF BOTH THE JHT AND JP PROGRAMS OF BPJS KETENAGAKERJAAN.**

The total contribution amounted:

- **Rp72.45 billion** in the Palm Oil Business Unit
- **Rp6.88 billion** in the Wood Product Business Unit

## Our Innovations to Support

### Sustainable Business

#### CULTURE OF CONTINUOUS IMPROVEMENT

[POJK51 F.26]

The Company continues to make continuous improvements to increase productivity and strive for cost efficiency towards responsible and environmentally friendly operations. The Company innovates by utilising technology, renewable energy, and through the DSN Award Convention. The DSN award is an annual event organised by DSNG which adopts a culture of continuous improvement. The categories covered in the DSN Award are improvements in plantation operations, palm oil mills, heavy equipment and infrastructure, mills in the wood products business unit, as well as supporting and sustainability functions.

In 2023, there were 868 improvement themes from all DSNG business units and from this process, the Company filtered out 34 improvement themes that were considered to have a positive impact on the Company's performance.

The Company rewards groups that have contributed to this continuous improvement with money, trophies, and other benefits. The following are the identified best improvement themes and their impact on the Company.



**868** TEAMS

Applied from all DSNG business units and successfully complete 8 improvement steps

**34** TEAMS

The best form of improvements that are considered to have a positive impact on the Company's performance



## TYPES OF IMPROVEMENT AND THE IMPACTS TO THE COMPANY

[SPOTT 120]



### WOOD PRODUCTS BUSINESS UNIT

TYPES OF IMPROVEMENT	IMPACTS TO THE COMPANY
Productivity improvements in material preparation for the cutting and ripping process for DTBR rubber bottoms	Labour cost efficiencies and productivity improvements in the production process area
Reduction of time lost during bevel polishing on the Homag 1 machine	Cost efficiency and productivity improvements of the Homag 1 machine process
Elimination of conveyor belt damage downtime due to burning on COT-32	Cost efficiency and reduction of Mean Time to Repair (MTTR)
Reducing the cost of using Turalik 52 oil in the Powerpack Conveyor Step Feeder	Cost efficiency
Increased floor base repair productivity on line 9	Cost efficiency and productivity improvement
Reduction in thread adhesion defects and joint core tensile adhesion	Cost efficiency and maintaining product quality
Improvements in Accounts Payable (AP) verification for local non-timber invoices	Minimise errors to 0% in terms of work quality and improve productivity
Reduction in database access failures on Coldpress 01 machine automatic setting	Improve application development and cost efficiency
Improving the value of canteen liquid waste	PDAM water payment cost efficiency
Reduce the high cost of managing sludge glue	Cost efficiency, safety improvement and work quality



### PALM OIL BUSINESS UNIT

TYPES OF IMPROVEMENT	IMPACTS TO THE COMPANY
Improves grabber productivity by reducing waste time efficiency	Reduced sink evacuation time and grabber productivity
Improvements in the accuracy of collecting loose fruit at TPH	Cost efficiency and productivity improvements
Handling of wheel seal damage on grabber units	Cost efficiency and productivity improvements
Reduction in FFB transportation costs	Safety, cost efficiency and productivity improvements
Effective use of harvesting points in low-lying areas	Cost efficiency and productivity improvements
Reducing the difference between delivery and actual palm oil mill delivery time	Productivity and quality of work increased to 100%, as well as cost efficiency
Practical, efficient, and sustainable banana weed control	Quality of results and cost efficiency increased to 100%
Dealing with fruit falling into the grate on steep slopes	Improve HK productivity, thereby reducing fruit losses and cost efficiency
Reduce fiber spillage at press stations	Improvements in working hour productivity and cost efficiency



## PALM OIL BUSINESS UNIT

TYPES OF IMPROVEMENT	IMPACTS TO THE COMPANY
Improvements in CPO loading capacity to tank units	Improvements in HK productivity, work quality, and cost efficiency
Reduced frequency of lorry derailments on tipper	Increased in machine processing capacity and lorry productivity
Optimization of LTDS to reduce the ratio of Calcium Carbonate (CaCO <sub>3</sub> ) consumption per ton of FFB	Cost efficiency and KER quality improvements
Streamlining the flange production process	Improvements in manufacturing time (productivity) and cost efficiency
Improvements in Bio-CNG generator downtime due to PRS damage	Cost efficiency and genset productivity improvements
Reducing overtime costs for administering fertilizers	Cost efficiency, improvements in work productivity, and no external audit findings
Reduced fuel costs for lawn care	Reduction of carbon emissions from fuel oil use and cost efficiency
Reduces the time needed to recap the check sheet	Improve productivity and cost efficiency
Improvements in employee service advance 3 Down completion time	Improvements in the quality of employee service advance completion
Reduction in discrepancies related to the volume of waste in overloaded landfills	Audit process quality and cost efficiency
Effectiveness of Traceability activities using Landsat Imagery, Drones, and field visits	Improve working hour productivity and cost efficiency



## HEAD OFFICE

TYPES OF IMPROVEMENT	IMPACTS TO THE COMPANY
Improvements in the accuracy of final diesel stock determination	Cost efficiency related to diesel stock
Time accuracy and payment of employee BPD advances	Accuracy of advance payments and improvements in the productivity of BPD advance payments
Reduce in time required for data recovery in cases of warranty hardware damage	Reduce costs and improve the quality of SLA-based recovery support
Increasing individual employee involvement in sorting waste at head office	Cost efficiencies in waste management and a reduction in waste-related carbon emissions





### CULTURE OF IMPROVEMENT AND INNOVATION LEADS TO EFFICIENCY

A compelling illustration of the success of the company's innovation culture can be found in the efforts of one of the QCC groups within the Wood Product Business Unit. Recognizing the shortcomings of Plytec machine No. 17, particularly related to table length and surface roughness, one of the participant groups embarked on a mission to enhance its efficiency. Through their ingenuity and collective efforts, they successfully redesigned the table, resulting in a remarkable reduction of product joint defects from **5.5%** to just **0.5%**. This innovation not only improves product quality but also optimizes material usage, leading to substantial cost savings of **Rp650,000,000** per year.

Another noteworthy example is the implementation of an automatic stop interlock in hotpress machine No. 9, spearheaded by another QCC group. This innovative solution effectively minimizes product output defects, while also increasing material utilization, thus generating significant cost savings of **Rp24,000,000** per year.



These examples underscore the tangible benefits of fostering an innovation and improvement culture within the company, where employees are encouraged to think creatively and implement solutions that drive operational efficiency and enhance overall performance.

### OUR INVESTMENT TOWARDS A CIRCULAR ECONOMY

[POJK51 F.26]

We encourage renewable energy in our business activities in line with our transition towards a circular and low-carbon economy. In the Palm Oil Business Unit, we use Palm Oil Mill Effluent (POME), biomass shell waste, and palm kernel fiber to produce renewable energy sources. Meanwhile, we use solar power to diversify energy sources for the Wood Product Business Unit's operations.

Our first Biomethane Compressed Natural Gas (Bio-CNG) plant commenced operations in 2021. In 2022, we started the development of Methane Capture and a second Bio-CNG plant at an oil palm plantation in Muara Wahau. This plant uses emissions from methane captured from 112,929 L of POME to generate Bio-CNG, which can be used as a renewable energy source. Bio-CNG generated 7,159,846 kWh of electricity for palm oil mills, offices, and employee housing operations.





In addition to using Bio-CNG as an electricity source, DSNG also uses Bio-CNG as a substitute for diesel fuel for its operational vehicles. After successful trials with Isuzu Bio-CNG trucks in 2021, the Company invested in developing fuel conversion technology for diesel engine vehicles, enabling the transition to cost-effective Bio-CNG-powered vehicles. According to the results of trials with Bio-CNG fuel on Mitsubishi FFB transport trucks, Bio-CNG fuel from converted trucks has proven to be as efficient as factory-made Bio-CNG trucks. Based on this result, the Company expects to save 8 million liters of diesel per year while reducing emissions amounting to 23.78 thousand tCO<sub>2</sub>e through this technology. Since the end of 2023, the Company has accelerated the transition to conversion of FFB transport trucks rented from the community by providing support for procuring 6 new trucks from 4 vendors. The use of new trucks is expected to reduce fuel transition issues.

DSNG has also established a joint venture company, PT Dharma Sumber Energi (DSE), with eREX Singapore PTE Ltd to supply palm kernel shells to Japan as biomass raw material for use in eRex's biomass power plant. DSE has obtained Green Gold Label certification, and the Company intends to supply **70,000 tons of palm kernel shells** per year based on its 15-year cooperation period in the JV. In 2023, DSE exported **40,397 tons** of Palm Kernel Shells to eRex with estimated revenues of **70.36 billion**.

At the wood product business unit, the Company has developed renewable energy through a rooftop solar power plant (PLTS) at our **16,000 m<sup>2</sup>** WP Engineered Flooring plant with an installed capacity of 2 MegaWatt. At the end of 2023, the rooftop solar power plant installation has **1.38 GW** generated electricity to support internal operations. With the rooftop solar power plant, the Company potentially reduces the total emissions generated, equal to **1,035 tCO<sub>2</sub>e** per year.

Renewable energy allows the Company to reduce GHG emissions of Scope 1 and 2 by **253,076 tCO<sub>2</sub>e** per year. This amount is equivalent to **planting 4,049,216 trees**, reducing the use of **55,677 passenger car units**, or **removing 86,046 tons of garbage** from landfills. The Company will continue to shift entirely to renewable energy in the future, as far as it is practicable.



*In 2023, DSNG started the operation of 21 trucks with Bio-CNG fuel and succeeded in reducing emissions by 184.09 tCO<sub>2</sub>e.*



#### THE BIO-CNG PRODUCED HAS

- Produced **7,159,846 kWh** of electricity for palm oil mills, offices, and employee housing operations.
- Reduced the consumption of **1,995,951 L** of diesel oil for electrical power generator.
- Saved diesel oil costs **Rp30,94 billion** (assuming the price of diesel oil is Rp 15.500 per liter).





## INVESTMENT DEVELOPMENT AND REALIZATION ALIGNED WITH SUSTAINABILITY PRINCIPLES

[POJK51 F.3]

INVESTMENT FORM	INVESTMENT PURPOSE	DEVELOPMENT TARGET	INVESTMENT REALIZATION	ACTIVITIES REALIZATION
Bio-CNG 2	The Company's commitment to sustainable practices through the use of palm oil mill effluent to be processed into renewable energy	Generate bio-methane gas fuel of 570 m <sup>3</sup> /hour, or 1.5 MWatt of electricity	Rp72,69 Bilion	Generate 431,876 kWh electricity or 1,555 GJ
Bio-CNG Truck	Technology to convert existing FFB and CPO transport trucks, rented from local communities, to Bio-CNG-fuelled trucks to reduce emissions by replacing diesel fuel and decreasing maintenance costs	21 units of Bio-CNG Trucks	Total unit converter cost of Rp2.64 Billion	Produced 71,996 Nm <sup>3</sup> Bio-CNG and reduced diesel usage by 61,917 L
Converter Kit Diesel to Bio-CNG		21 units of Bio-CNG Trucks, 8 units of Bio-CNG generators, and 1 unit of Bio-CNG operational car (AMB)	In total, the costs incurred for the Genset converter, Dump truck, and operational units amounted to Rp3.41 billion	Produced 85,842 Nm <sup>3</sup> Bio-CNG and reduced diesel usage by 73,824 L
Electric Forklift at Wood Product Business Unit	Electric forklifts eliminate diesel and fuel oil, reducing greenhouse gas (GHG) emissions, fossil fuel costs, and maintenance costs	Produce or reduce the use of diesel fuel with the use of 3 units of electric forklifts	Rp525 Million per unit	Reducing 64 thousand liters diesel per year

## NEW SUSTAINABILITY TECHNOLOGIES AND INNOVATIONS

[POJK51 F.26]

DSN Group strives to leverage technology to enhance the efficiency and effectiveness of its business operations while promoting environmental sustainability and workplace safety.

One technological advancement implemented at our palm oil plantations and wood products factory is the use of drones for estate and factory security monitoring. This has significantly expanded surveillance and monitoring coverage and improved time efficiency compared to traditional patrolling methods.

To automate the palm oil mill process, we have implemented Supervisory Control and Data Acquisition (SCADA) and Automatic Tank Gauge (ATG) to measure the storage tank volume. This automation has improved worker efficiency and real-time data access while providing employees with a safer and more comfortable environment.

DSNG, through its subsidiary WP Panel, has implemented wet scrubbers on the oil boiler chimneys at its wood panel factory in Temanggung, Central Java, to reduce emissions. The primary goal of this technology is to reduce nitrogen dioxide (NO<sub>2</sub>) emissions by 88 mg/Nm<sup>3</sup> and hydrogen fluoride (HF) emissions below 0.05 mg/Nm<sup>3</sup>. In addition, the use of wet scrubbers can improve the efficiency of the boilers used in the plants by reducing exhaust gas temperatures by 28.7°C.

Since the end of 2021, WP Panel has installed wet scrubbers on all their oil boiler chimneys. As of November 2022, laboratory analysis has shown that all NO<sub>2</sub> emissions meet the quality standard of 1,000 mg/Nm<sup>3</sup> with an average of 250 mg/Nm<sup>3</sup>, while all HF emissions are now below 0.05 mg/Nm<sup>3</sup>, which meets the quality standard of maximum 10 mg/Nm<sup>3</sup>.

WP Panel is constantly striving to improve the efficiency of its production processes through automation. Some of the efforts in this direction include the installation of conveyors and machine auto feeders to streamline the movement of goods and using a plastic patching machine to expedite material repairs and eliminate hazards for its employees.

To further improve efficiency, WP Panel is also modifying its engines, for instance, by installing automatic engine shutdown tools to conserve energy. In addition to these measures, the company utilizes SCADA technology to monitor its Kiln Dry (KD) process.

As part of its Internet of Things (IoT) initiative, WP Panel has implemented Smart Office programs to streamline office work and Auto Order Control and Auto Setting programs to automate production operations.

## Management of Indirect

### Economic Impacts [GRI 203-2]

In line with the principle of shared prosperity, DSNG is committed to encouraging sustainable development in local communities. The Company understands the importance of involving communities in its business value chain and ensuring sustainable and resilient livelihoods. The community engagement includes involving them as suppliers of raw materials and agricultural equipment, vehicle rental service providers, building construction service providers, and food suppliers for employees and families in our operational areas. Through this community engagement, DSNG strives to create mutually beneficial relationships with the community by contributing to economic growth and development and ensuring our operations' long-term sustainability.

### CREATING ALTERNATIVE LIVELIHOODS AND ECONOMIC OPPORTUNITIES

Since 2022, DSNG has provided business opportunities for local entrepreneurs and business training for the local youth community to meet the needs of the local community and those who support our operations. The Company cooperates with the Village-Owned Enterprises (BUMDES) Muara Wahau and Miao Baru in developing business opportunities through the food industry, AC services, and community-based ecotourism.



*WP Panel is constantly striving to improve the efficiency of its production processes through automation.*



In 2023, DSNG and Village-Owned Enterprises Uyeng Lahai Miau Baru Village supported **267 farmers** and local businesses by purchasing **281 tons** of rice, amounting to Rp3.8 billion to supply employees' food needs. Besides, the Company also provides Village-Owned Enterprises administrators with assistance related to capacity building. Through the involvement of the Local Agriculture Office to give land and improve the capacity building for Good Agricultural Practices, the Company and Village-Owned Enterprises plan to expand paddy fields to 300 ha and paddy productivity (yield) from 6 tons/ha to 7 tons/ha by 2024.

Together with village-owned enterprises and Muara Wahau Village, DSNG provides livelihood opportunities through community food security and ecotourism businesses. The Company has 2 ha of Right to Cultivate land to be managed as paddy fields and 4 ha as vegetable farms to support food security. In 2023, the community's income from vegetable farms reached Rp7.5 million. Regarding ecotourism, DSNG supports the community in revitalizing Lelhut Lake as a local tourist destination, offering scenery and outdoor activities. Lake Lelhut is a location for office, school, community recreation, and outdoor activities. In 2023, the turnover in this area reached Rp142 million, coming from entrance tickets, parking fees, recreational facility rentals, and revenue from food stands or booths.



*By the end of 2023, approximately 135 local cooperatives and agents were suppliers of agricultural services for our palm oil estates in Muara Wahau.*

This represents a 136.84% increase from 57 local suppliers involved in 2022.

### OTHER INDIRECT SIGNIFICANT IMPACTS

The Company also collaborates with cooperatives to develop plasma estates, from which we source fresh fruit bunches (FFB). Currently, we purchase FFB from 86 plasma estate cooperatives surrounding our business locations throughout Kalimantan. Additionally, we supported local farmers by providing training on good agricultural practices and sustainable agriculture to 5,252 Independent Palm Oil Farmers at East Kalimantan. [GRI 203-2a]

For years, we have supported the local community by providing FFB transportation to our estates. In 2023, we sourced more than 600 locally-owned trucks for transport, which involved approximately 12,000 individuals (assuming each truck was operated by a driver and an assistant).

### PROPORTION OF SUPPLIER PARTICIPATION BASED ON NUMBER OF ENTITIES

DESCRIPTION	2021		2022		2023	
	TOTAL	%	TOTAL	%	TOTAL	%
Local Suppliers	59	28	57	28	135	38
National Suppliers	147	71	143	71	212	61
Global Suppliers	2	1	1	1	3	1
<b>Total</b>	<b>208</b>	<b>100</b>	<b>201</b>	<b>100</b>	<b>350</b>	<b>100</b>

## PROPORTION OF SUPPLIER PARTICIPATION BASED ON PROCUREMENT VALUE\*

[GRI 204-1]

DESCRIPTION	UNIT	2021		2022		2023	
		TOTAL	%	TOTAL	%	TOTAL	%
Local Suppliers	Million Rp	67,557	38	83,176	42	161,918	40
National Suppliers		109,767	62	113,600	58	245,754	60
<b>Total</b>		<b>177,324</b>	<b>100</b>	<b>196,776</b>	<b>100</b>	<b>407,672</b>	<b>100</b>
International Suppliers	USD	19,000	-	62,150	-	184,000	-
International Suppliers	EUR	13,990	-	-	-	600,251	-

\* Besides diesel and fertilizer

The Company also brings other significant indirect benefits in the form of labor absorption and stimulating the local economy through tax payments and procurement spending from local suppliers.

Regarding tax payments, the Company refers to the tax policies available on our website

[CLICK HERE](#)

## SIGNIFICANT INDIRECT IMPACT

[GRI 203-2]

DESCRIPTION	UNIT	2021	2022	2023
Number of Local Workers Absorbed	Person	10,217	10,363	13,697
Local Economic Stimulus		-	-	-
Payment of local taxes/retributions	Million Rp	631,215.79	869,376.92	950,160.25
Procurement expenditure for local suppliers		67,557.44	83,176.44	161,917.53

## TOTAL ASSETS OF CREDIT UNION (CU)

NAME	2021		2022		2023	
	NUMBER OF MEMBERS	TOTAL ASSETS (BILLION RP)	NUMBER OF MEMBERS	TOTAL ASSETS (BILLION RP)	NUMBER OF MEMBERS	TOTAL ASSETS (BILLION RP)
CU Mitra Mandiri	2,401	44.8	2,390	50.06	2,390	54.23
CU Blom Bea Ling	1,045	30.4	1,030	37.90	1,113	43
CU Satu Hati	308	5.5	326	6.23	327	7.22
CU Padulangan Bersatu	240	2.3	282	3.00	343	3.5



To ensure a sustainable wood material supply chain, the Company has engaged a substantial sum of high independent farmers in Central Java as its supply base since the establishment of its wood factory in Temanggung.

By the end of 2023, **767,300 jabon seedlings** will have been distributed, and the company aims to distribute **6 million seeds** to farmers across Temanggung Regency, Purworejo, Wonosobo, Banjarnegara, and Magelang by 2027.

To further support farmers, in 2024, DSNG plans to launch capacity-building programs that will focus on climate-resistant agroforestry practices, financial literacy, and training for forest management certification (FMFSC).

In the future, the Company will also employ land mapping and monitoring to ensure its supply chain is free from deforestation. With the support of external stakeholders, the DSNG Panel Wood Product Business Unit plans to be actively involved in developing a landscape effort to promote sustainable agroforestry in Central Java over the next few years.



**SINCE 2020, THE COMPANY HAS DISTRIBUTED JABON SEEDLINGS**

To **8,350** farmers who are members of **143** groups, including

- **502 female** farmers, to ensure a sustainable supply chain.





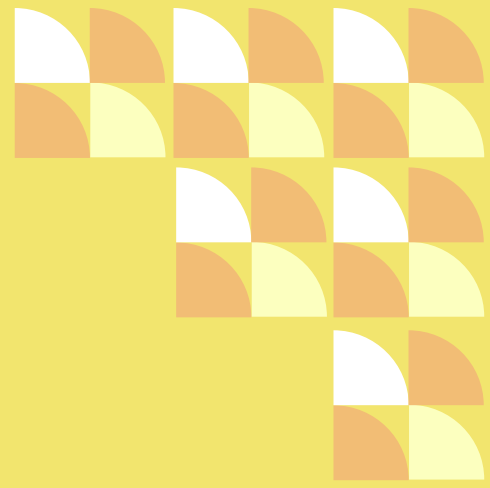
09



## Forest Pillar



*The forest is one of the Company's strategic priority areas. We take a more proactive approach to forest management and protection than simply advocating for no deforestation, working to actively and comprehensively preserve and restore forests within and beyond the Company's concession areas.*





## Our Policies for Forest

### Protection and Management

[GRI 2-25]

The forest is one of the Company's strategic priority areas. We take a more proactive approach to forest management and protection than simply advocating for no deforestation, working to actively and comprehensively preserve and restore forests within and beyond the Company's concession areas.

The Company reviews the Environment & Social Management System (ESMS) document every six months to ensure that the approach remain consistent with objectives and in line with relevant international best practice standards. This is done in order to address and minimize potential environmental and social risks and to plan for mitigating their impacts on Company's performance.

The framework of this ESMS document is based on International Finance Corporation Procedure and Standard (IFC PS), Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria (P&C), ADB Safeguard 2009, Timber Legality and Sustainability Verification System (SVLK), Forest Stewardship Council Standard for Chain of Custody Certification (FSC CoC), Programme for the Endorsement of Forest Certification (PEFC).

The Company also shares best practices with its suppliers, particularly independent farmers, to increase their understanding and promote sustainable practices that can increase yields while reducing adverse effects on the environment and society.

#### NDPE POLICY AND TRACEABILITY

The Company has consistently applied the NDPE policy throughout our supply chain. The company ensure that no business unit or supply chains grow palm oil on peatland at any depth.

Furthermore, to achieve NDPE compliance across all operational units, including plasma plantations, **the Company has designed a phased implementation of the NDPE policy between 2021 and 2025.** This aim to ensure that all palm oil products and by-products are 100% compliant and traceable by the end of 2025.



#### THE COMPANY HAS ALSO PUBLISHED OUR NDPE POLICY ON THE WEBSITE

Which includes our commitment, baseline implementation, and roadmap for implementation policy. This full information is accessible through

[THIS LINK](#)



**By the end of 2023, DSNG has provided trainings and disseminations of the NDPE policy and the required compliance to several external suppliers.**

- **2** Independent Plantation Companies (IPCs)
- **23 of 26** cooperatives
- **42 of 43** FFB supply agents attended the training and socialization



*In 2023, a supplier self-assessment of compliance with the NDPE DSNG policy was also conducted. This assessment involved 25 stakeholders.*

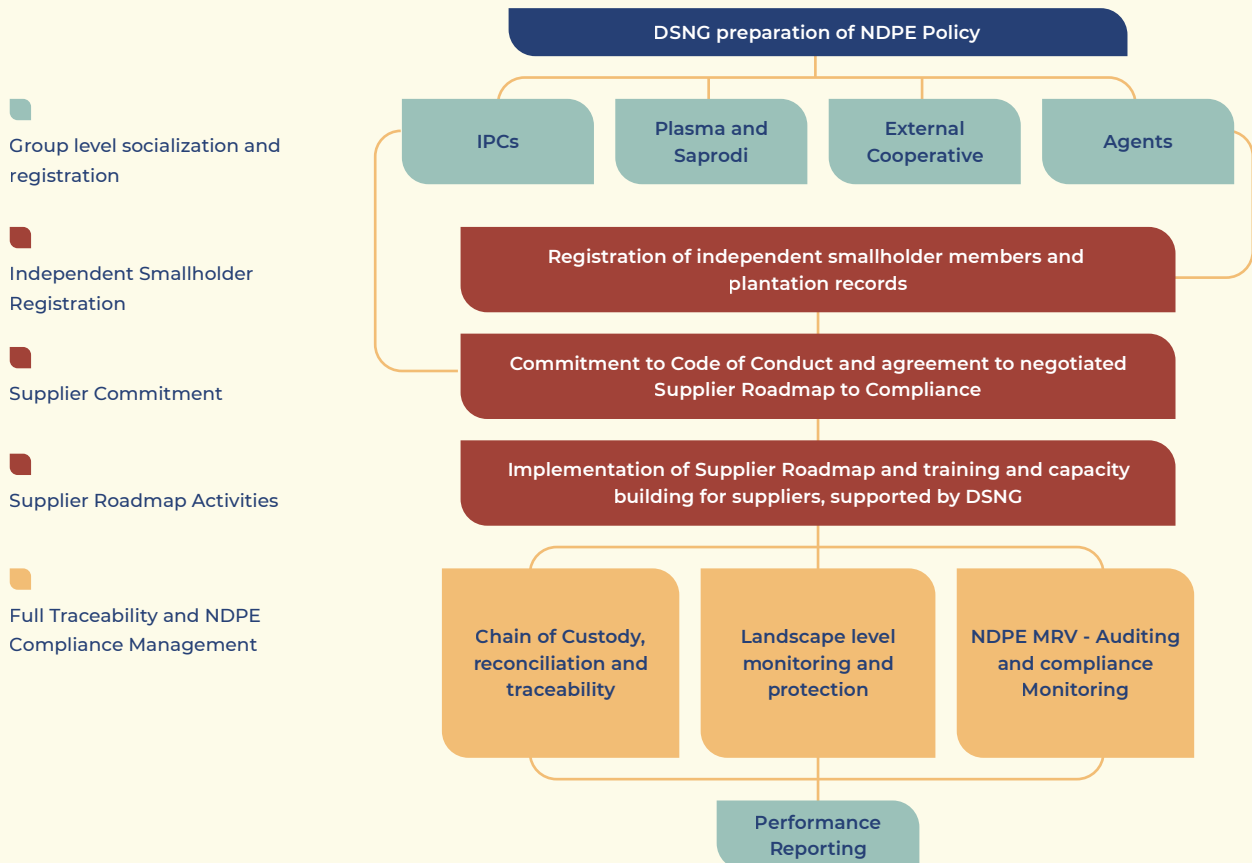


In 2023, a supplier self-assessment of compliance toward the NDPE DSNG policy was also conducted. This assessment involved 25 stakeholders.

In addition to achieve this goal, through the supplier network, DSNG is committed to providing training and capacity building to independent smallholders, equipping them with the necessary knowledge and skills to implement NDPE policies and best practices in managing their oil palm plantations.

During the 2023 reporting period, the Company **trained 3,637 plasma farmers** on NDPE and Good Agricultural Practices (GAP). This training also focused on increasing farmers' understanding of the importance of implementing Health, Safety, and Environment (HSE) practices and respecting human rights in their farming practices. Over time, these training programs will help our supply chain, especially independent farmers, to comply with the NDPE policy.

◆ FLOW OF NDPE IMPLEMENTATION APPROACH





## OUR JOURNEY AND CHALLENGES IN IMPLEMENTING THE NDPE POLICY

The Company fully implements its no-deforestation commitment in our production process and supply chain through traceability, and continuously updates our knowledge and business practices in line with global anti-deforestation compliance requirements, including preparing to comply with EU anti-deforestation requirements (EUDR).

In an effort to ensure traceability of our palm oil supply, especially from independent smallholders, since 2023 the Company has been using the Koltiva Application (<https://www.koltiva.com/>) to record and map the polygons of smallholders' plantations. This process faces many challenges, including the length of time needed to record and map 1 smallholder polygon (up to 4 hours per smallholder, for thousands of smallholders), the large number and types of forms, and the flexibility of access and data security.

To address these challenges, the Company has taken steps to collaborate with civil society organisations (GIZ in East Kalimantan, and Solidaridad in West Kalimantan and Central Kalimantan), increase the number of employees in charge of supplier engagement, invest in drones and additional GIS capacity, and define new areas of interest (AOI) in satellite monitoring using Satelligence.

In line with the NDPE policy, the Company provides access for stakeholders and the public to submit reports, complaints, or claims related to deforestation or exploitation in our operational areas or supply chain. The verification process of such reports is conducted by the Sustainability Department and involves spatial assessments, interviews, clarifications, data and fact checks, and field visits to validate the accuracy of the reports. While taking necessary action on the report, we continue to communicate and



*During 2023, the Company recorded 3 cases of complaints related to indications of deforestation in our plantation areas in East Kalimantan and Central Kalimantan, from external parties.*

During this reporting period, the Company also recorded 1 indication of deforestation detected from the Global Forest Watch (GFW Pro) system used by DSNG to monitor the concession area and its surroundings.



**Details of the case, verification and validation results** of the deforestation indication are provided on

[THIS LINK](#)

engage with the relevant parties. All reports are closed after the reporting party receives a complete response from the Company regarding the verification process, validation and if necessary improvement or follow-up on the matter.





## KEY ACHIEVEMENT IN 2023



### SUSTAINABILITY LOAN: OUTCOMES UNDER THE FOREST PILLAR

To support our efforts in environmental management and the implementation of sustainable practices in the industry, **we have secured loans from Stichting andgreenfund (&Green)** for our palm oil business unit and from the Asian Development Bank (ADB) for our wood products business unit.

As part of our commitment to work with &Green, the Company has developed a Landscape Protection Plan (LPP) and an Environmental & Social Action Plan (ESAP) to ensure responsible management of natural resources and communities in our palm oil operations. **The audit results of the LPP and ESAP performance in 2023** were considered favorable with all ESAPs found to be in compliance with some recommendations.

**The Asian Development Bank (ADB) has provided loans and technical assistance funds** to the Company's wood products business unit to implement sustainable agroforestry-based landscapes that balance environmental,



economic, and social needs. As part of this loan commitment, the company will have developed and agreed an Environmental and Social Management System (ESMS), Environmental and Social Management Plan (ESMP), Wood Supply Procedure document, and Corrective Action Plan (CAP) for the wood business unit by the end of 2023.



**In addition, there has also been socialization of grievance mechanisms and sustainable agroforestry to 250 Farmers (187 men & 63 women) spread across 8 districts in 10 villages in the regencies of Temanggung, Magelang, and Banjarnegara Central Java Province.**

## Biodiversity and Conservation

GRI 304-1, 304-2, 304-3, 304-4

### AREAS OF OPERATION AND PROTECTED AREAS

[POJK51 F.9, F.10]

During the reporting period, **the total area for the Company's operations reached 112,673 hectares.** The Company manages all concession land for the activities of the oil palm business unit. All oil palm plantations are located on productive land with Other Land Use Area (APL) status. There are no plantations located in forest areas.

Until the end of 2023, the Company ensures that no land management activities are carried out below ground level, and that no part of the operational area

is considered as protected forest area, according to both national and global regulations.

Whilst not located in any protected areas, there are parts of the Company's operational areas where orangutans, which are endemic to Borneo and have protected status, roam. The Company has conducted a thorough study with relevant stakeholders and implemented several recommendations **in 2023, including the development of artificial wildlife bridge.**



To conserve Indonesia's forests and biodiversity, DSNG is committed to protecting forests by designating High Carbon Stock (HCS) and High Conservation Value (HCV) areas within its concessions, as well as mobilizing resources to protect and restore HCV and HCS areas. The Company is committed to implementing the principles of RSPO, ISPO, and the International Finance Corporation Performance Standard (IFC PS) on biodiversity and sustainable management of living natural resources (PS 6). This ensures responsible land use by maintaining environmental equilibrium, through the implementation of best plantation practices and conservation practices, and by mitigating the impact of operations on biodiversity in a sustainable manner. [GRI 304-1]

Prior to any new development, the Company is obligated to conduct RSPO's New Planting Procedure (NPP). The aim of implementing the RSPO's NPP procedures is to ensure that a Land Use Change Analysis (LUCA) process is followed to mitigate the adverse impacts of our operations on the environment and surrounding communities and to set aside conservation areas with high biological, ecological, social, or culturally values that are considered significant or very important to be preserved. The Company's construction activities must also not have an adverse and significant impact on the biodiversity around the construction site. [GRI 304-2]

### MANAGEMENT OF CONSERVATION AREA

By the end of 2023, the Company has managed a conservation area of 17,393 ha (covering conservation forests inside and outside of the concession area), the conservation area is 15.44% of the Company's total oil palm plantation area.

These conservation areas are scattered in several locations managed by Subsidiaries, Restoration and Conservation Program (RaCP) areas – as the Company's commitment to RSPO certification requirements and Off Concession Conservation Area



*The Company ensures that no land management activities are carried out below ground level, and that no part of the operational area is considered as protected forest area, according to both national and global regulations.*



**112,673 ha**

The Company's total operational area (2023).



**17,393 ha**

The conservation area managed by the Company (2023), includes conservation forests inside and outside the concession area.



**15.44 %**

Conservation area of the Company's total oil palm plantation area.

(OCCA) which is the fulfillment of Environmental Return (ER) from the Company's commitment to LPP &Green, and is based also on an agreement between the Company and customary institutions / local governments around the operational area. [GRI 304-3]



The Company has two Community-Based Forest Conservation Programs that are part of the RSPO Remediation and Compensation Procedure (RaCP) scheme. The first program has been implemented since January 2021 in Manjau Hamlet, Laman Satong Village, Ketapang Regency, West Kalimantan, with an area of 156.24 ha (from the total area of Laman Satong Village Forest 1,070 ha), through a 'hectare to dollar' mechanism to meet the compensation obligation of the PT DAN, PT DWT, and PT DIL concessions. The budget allocation for this program is around IDR 5.5 billion for a project duration of 10 years. Meanwhile, the second program has been running since January 2023 through a 'hectare to hectare' mechanism in Lemmanis Village Forest, Sepakat Jaya Village, Ketapang Regency, West Kalimantan. This second compensation program is designed to meet the compensation obligation of the PT BPN, PT BAS, PT PWP, PT AAN, and PT MNS concessions with a liability area of 5,361 ha (from the total area of Lemmanis Forest 6,967 ha). Under this programme, DSNG is committed to funding LPHD Lemmanis' activities to conserve the forest and improve the welfare of the community living around the forest for 25 years.

The Company has also developed a Landscape Protection Plan (LPP). We have aligned these plans and incorporated them into the Company's roadmap to ensure the product quality and the sustainable production practices. This LPP is implemented through long-term environmental and social return activities consisting of

- ◆ **Forest protection (ER 1)**
- ◆ **Sustainable intensification of productive land (ER 2)**
- ◆ **Forest restoration (ER 3)**
- ◆ **Social inclusion (SI)**

In accordance with DSNG's commitment to &Green, the implementation of the LPP will start in seven plantation areas in East Kalimantan with environmental return targets and achievements as described in the table below:

#### ENVIRONMENTAL RETURN THROUGH LPP

DESCRIPTION	FOREST CONSERVED (ER1)	LAND SUSTAINABLY INTENSIFIED (ER2)	FOREST RESTORED (ER3)	SMALLHOLDERS BENEFITING (SI)
	ha	ha	ha	Farmers
Targeted achievements until 2030	>7,550	>85,750	110	>8,025
Realization in 2023	4,084	79,110	0.5	13,697
Realization in 2022	7,221	77,208	86	13,697
Realization in 2021	7,597	80,282	114	7,859

#### OFF-CONCESSION CONSERVATION AREA (OCCA) PROGRAM

[POJK51 F.10]

Under the loan commitment facilitated by &Green as part of DSNG's Environmental Return (ER), the Company has designated a forest area of 3,148 ha in Karangany Dalam Village as the implementation site for the OCCA program. Further, the Company is also collaborating with communities, government, and customary institutions to protect other forest areas outside the concession to support conservation initiatives undertaken by community and customary institutions. These include Bukit Pendulangan (**436 ha**) and Bukit Bulao (**1,350 ha**) Central Kalimantan, Bukit Tempurung West Kalimantan (**147.49 ha**), and Rimba Bris West Kalimantan (**10.5 ha**).



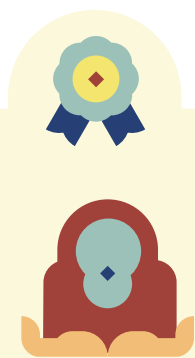
**The OCCA Program was designed by DSNG to prioritize the conservation of biodiversity and ecosystem service, local economic empowerment, and capacity building for local forest management institutions. Through multi-stakeholder collaborations, the program also aims to strengthen the implementation of NDPE policies that apply throughout DSNG's supply chain.**



In implementing the OCCA program in Karangan Dalam, DSNG is collaborating with the United States Agency for International Development Sustainability Environmental Governance Across Region (USAID SEGAR), particularly in collecting baseline data on biodiversity and socio-economic conditions of the community, building the capacity of the Karangan Dalam Village Forest Management Agency (LPHD), and conducting joint monitoring and evaluation conducted every six months. In 2023, USAID SEGAR and LPHD Karangan Dalam collected baseline data and engaged with government and community stakeholders.

## BIODIVERSITY CONSERVATION EFFORTS

A key focus of our forest protection and management policy is the comprehensive monitoring and protection of biodiversity and the implementation of an integrated landscape approach to the conservation of key species. This holistic perspective balances ecological, social, and economic factors, promoting sustainable development and harmonious relationships with surrounding communities.



### KEY ACHIEVEMENT IN 2023 ORANGUTAN CONSERVATION ACTION STRATEGY STUDY (SRAK-OU)

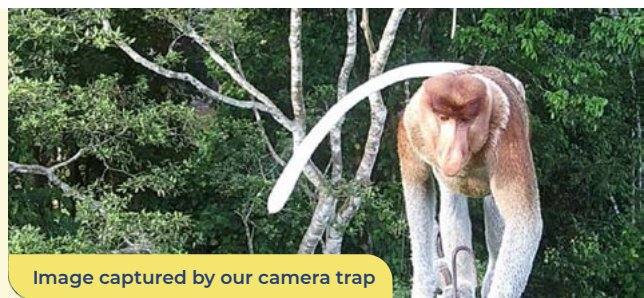


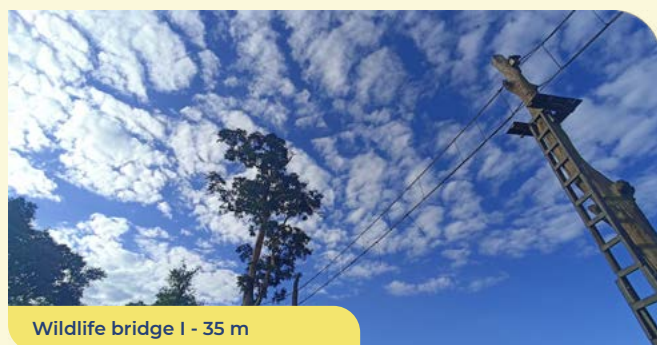
Image captured by our camera trap

As a continuation of the previous Orangutan Conservation Action Strategy Study (SRAK-OU) conducted by Ecositrop, a Biodiversity and Ecology Conservation Study Center in Samarinda, East Kalimantan, to establish wildlife corridors, in 2023, the Company built two of the planned three wildlife bridges equipped with camera traps to monitor wildlife movements.

To date, the bridges are frequently used by long-tailed monkeys and squirrels. No orangutans have been observed crossing the bridges. This is normal, as experts say, it takes at least a year for orangutans to adapt and eventually use the corridor comfortably.

The construction of artificial wildlife bridge as one of the anticipatory actions from cases of human-wildlife conflict was carried out by the Human-Wildlife Conflict Management Task Force (Satgas) in the Bengalon and Karangan landscapes, established by the Company through two subsidiaries in collaboration with the East Kalimantan Natural Resource Conservation Agency (BKSDA).

By the end of 2023, 40 people had joined the Task Force at PT BPN and PT BAS. The Company regularly trains the task force and also actively raises awareness of conservation and wildlife protection among all employees and non-employees living in the plantation area. Thus, the Company minimize its impacts on wildlife and their habitats.



Wildlife bridge I - 35 m



Wildlife bridge II - 23 m

## MONITORING OF PROTECTED AND CONSERVED HABITAT, FLORA AND FAUNA

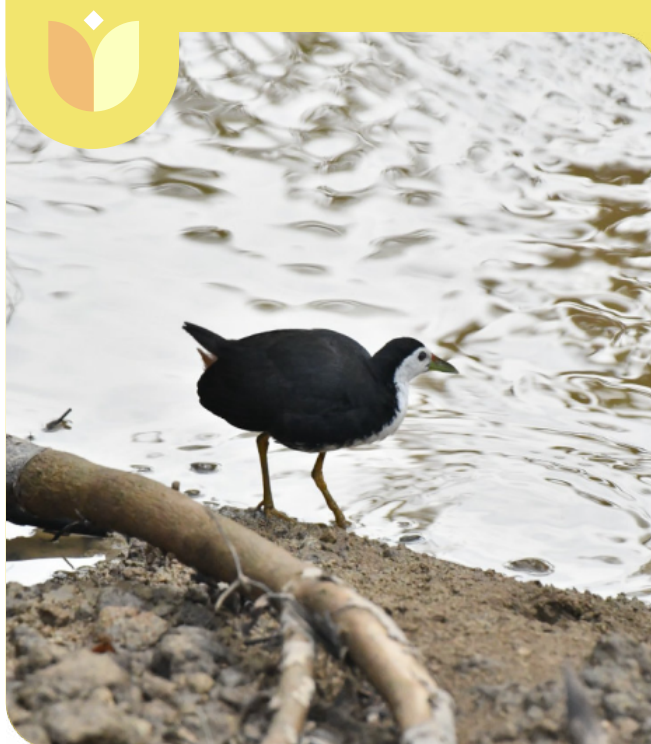
To monitor the effectiveness of biodiversity conservation, the Company routinely and consistently documents monitoring data of wildlife species through the Spatial Monitoring and Reporting Tool (SMART) Patrol Application in all the Company's concession areas. The Company also develops this application for K3L work monitoring. [GRI 304-2]

The Company also socializes and provides training on the application of the SMART Patrol to community groups forest guard (**Petkuq Mehuey Group in East Kalimantan**) to achieve the LPP target of ensuring that the concession area's conservation forests and the surrounding landscape are well maintained. Socialization of biodiversity was also conducted with communities of Bukit Bulou (Central Kalimantan), as well as Bukit Tempurung and Rimba Briss (West Kalimantan).

In addition, the Company regularly monitors the IUCN red list protected wildlife species in the operational area of DSNG. **The Company has installed 10 camera traps for 1 to 3 months on identified wildlife home ranges within our HCV areas to monitor wildlife activities.** The installed cameras have captured images of various species of birds, mammals, and reptiles, reflecting the diversity of wildlife in our conservation area. [GRI 304-4]



*The Company regularly monitors the IUCN red list protected wildlife species in the operational area of DSNG.*



◆ See photos and details of camera trap results on our website

[CLICK HERE](#)

◆ Complete information related to the SMART Patrol application can be seen at

[THIS LINK](#)

### NUMBER OF PROTECTED SPECIES IN IUCN RED LIST [GRI 304-4]

YEAR	CONSERVATION STATUS				
	Critically Endangered (CR)	Endangered (EN)	Vulnerable (VU)	Near Threatened (NT)	Least Concern (LC)
2023	1	4	15	4	82
2022	1	2	6	1	62
2021	2	2	7	8	85

## Palm Rejuvenation and

## Integrated Pest Control

[GRI 2-25, 304-2]

To maintain product quality, the Company ensures that no Genetically Modified Organisms (GMOs) are used in palm oil planting. The Company uses certified seeds, such as PPKS Socfin, Lonsum, Damimas, and Sriwijaya. This commitment is realized through strategic investments in the provision of superior seeds that are resistant to pests and diseases. This collaboration is carried out with Verdant Bioscience Pte Ltd (Verdant), one of the leading companies in palm oil tissue culture, through its subsidiary PT Agro Pratama.

In all our palm oil plantations, the Company implements integrated pest management to ensure that the palm oil plantation is free from pests such as

bush rats, fire caterpillars, and *Oryctes rhinoceros*. Integrated pest management utilizes natural enemies to control pests that damage the palm oil plantation.

In line with RSPO 2018 indicator 7.2.5 P&C, the Company does not allow the use of paraquat and other pesticides classified as Class 1A or 1B by the World Health Organization or those listed by the Stockholm or Rotterdam Conventions, except in extraordinary circumstances. DSNG recognizes that the use of pesticides to control pests is not a sustainable solution and regularly shares the best practices with its supply chain, including independent palm oil farmers. [GRI 304-2]



### KEY ACHIEVEMENT IN 2023 THE REPLANTING PROCESS

On March 3, 2023, the Company planted the first oil palm seedlings to mark the beginning of the plantation replanting effort. This first replanting was carried out in an area of 500 ha within the PT SWA block, Muara Wahau.

The replanting process involves preparing seedlings in the nursery, uprooting palm trees, chopping palm trees, and removing palm roots. The tree and root fragments are then returned to the field as a natural fertilizer to maintain soil nutrient levels in the soil and biomass balance in the planting block.



After clearing, land conditioning increases the organic matter content of the soil. It improves soil physical conditions such as soil aeration and optimal soil moisture by planting ground cover legumes and creating protection zones and waterways in the planting area. Sufficiently aged seedlings are planted in the replanting area in stages until the end of 2023.







As of 2023, the Company has ensured that none of its palm oil mills (POM) have received a Red PROPER rating.



### PALM OIL MILLS

#### PROPER RATING IN 2023

##### NATIONAL

- ◆ 1, 2, 3, 4, 5, 6, 7, 9, 10

##### PROPER RATING

- ◆ Blue

##### PROVINCE

- ◆ 1, 2, 3, 4, 6, 7, 9, 10
- ◆ 12

##### PROPER RATING

- ◆ Green
- ◆ Blue



Read more about information on environmental certification and **certification audit implementation in 2023** in

[THIS LINK](#)

## Environmental Compliance and Awards

The Company is committed to responsible environmental management and minimizing the negative impacts of its operations. To achieve this, the Company ensures that all of its business units and subsidiaries comply with government regulations, including PROPER, as required by Law **(UU) No. 23 of 1997 on Environmental Management**. PROPER is a government policy designed to improve the environmental management performance of companies in accordance with existing laws and regulations.

As of 2023, the Company has ensured that none of its palm oil mills (POM) have received a Red PROPER rating, indicating that the Company's environmental management practices are in compliance with the applicable regulations. The Company remains committed to upholding its environmental management standards and complying with all relevant regulations to minimize its environmental impact.

The Company conducts annual **audits for RSPO, ISPO, and Supply Chain Certification System (SCCS) certifications**, covering both the Palm Oil Mill (POM) and Kernel Crushing Plant (KCP). The objective of these audits is to ensure compliance with national and international production standards that are environmentally friendly and sustainable palm oil management. Read more about information on environmental certification and **certification audit implementation in 2023 in the Appendix**.

During the reporting period, there were no exceptional circumstances or public complaints relating to pollution from the POM chimneys. As a result, **the Company has no reports of significant impacts on biodiversity in the surrounding areas**. The Company remains committed to complying with all relevant regulations and to continually improve its environmental management practices to minimize any negative impacts on the environment.



## Expenses from

## Environmental Activities [POJK51 F.4]

In 2023, the Company incurred **approximately Rp11.8 billion** on its environmental and conservation activities. In particular, some of its expenditure was on the following activities:

- ◆ Environmental Parameter Quality Monitoring
- ◆ HCV Area Management
- ◆ Orangutan Conservation
- ◆ Wildlife Artificial Corridor
- ◆ Procurement and Training of SMART Patrol Application for Biodiversity Monitoring and HSE Inspection
- ◆ Hazardous Waste Management
- ◆ Study on Utilisation of Boiler Ash for Lightweight Brick and Paving Block
- ◆ Contest of Clean and Healthy Residential
- ◆ Wildlife Conflict Control
- ◆ SHE Socialisation to the Community
- ◆ Procurement of Seedlings for Restoration
- ◆ Environmental Management certification training
- ◆ Forest and land fire control certification training
- ◆ Procurement of Traffic Signs

## Fire Prevention and Management

In addition to the NDPE policy, the Company also applies a very strict no-fire policy prior to the preparation or development of any land. The Company uses mechanical methods to develop land, and allows wood debris to decompose naturally, returning its nutrition to the soil, reducing the need for inorganic fertilizers, as well as reducing our greenhouse gas emission footprint.

The Company mitigates fire risk through sustainable soil and water conservation practices. There is still a fire risk around the operational area due to slash and burn cultivation practices. Fire risks in the plantation area can disrupt the palm oil growth and cause property damage as well as threaten the safety of employees and the surrounding community. The Company has invested resources in community outreach programs to raise awareness of the dangers of forest and land fires, including through the Fire Care Community Movement (GMPA) and the Fire Care Farmers Group (KTPA).

The Company has also established an Emergency Response Task Force (TKTD) Division in each of its subsidiaries' plantations. The TKTD Division is responsible for monitoring any fire that may occur in and around the company's operating areas. The Company uses the Visible Infrared Imaging Radiometer Suite (VIIRS) satellite and the National Oceanic and Atmospheric Administration (NOAA) to assist the Company in monitoring and identifying the hot spots. Any detected hot spots will be followed up by field verification and if necessary, the fire will be extinguished by the fire team at our location. The Company then evaluates the fire report to determine the cause of the fire, the effectiveness of fire management and systems/procedures, and the rehabilitation of burned areas.



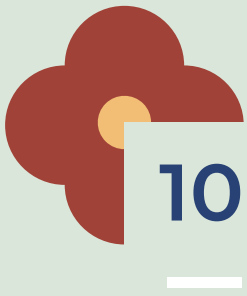
*In 2023, the Company detected 176 hot spots in the Company's plantation areas and 158 hot spots within its plasma plantation areas.*

All hot spots were processed for verification and where necessary extinguished. A large proportion of the hot spots were caused by small-scale farmers and local communities who continue to practice slash-and-burn practices. Fire incidents are detected and responded to through satellite and consistent ground monitoring.



◆ Full information on the identified hot spots can be found **DSNG's website**

[CLICK HERE](#)



# Climate Pillar



*Agricultural-based businesses are particularly vulnerable to climate change. Therefore, the Company is committed to implementing innovative strategies to manage the impacts of climate change.*



# Climate Change Mitigation and Adaptation through our Operation

## DSNG'S APPROACH TOWARD TCFD'S KEY PILLARS

### ◆ Governance

The DSNG's President Director and Chief Sustainability Officer (CSO) oversee the implementation of the Company's sustainability policy, especially climate-related issues. The Sustainability Advisory Board (SAB) guides the Company's sustainability strategies, including climate-related risk management. At SAB's quarterly meetings, the CSO updates the board on the relevant sustainability matters and receives guidance from the Board members on such matters as well as raises the attention to any contemporary or potential issues. DSNG's Board of Directors receives regular reports regarding significant issues and recommendations to be consistently reviewed to assist in preparing the Company's strategic performance, operational and financial plans.

Agricultural-based businesses are particularly vulnerable to climate change. Therefore, the Company is committed to implementing innovative strategies to manage the impacts of climate change while consistently identifying and assessing critical risks through CSO and SAB.

Recommendations from the SAB, if necessary, will be discussed with DSNG's Board of Directors to be considered and approved.

### ◆ Strategy [GRI 201-2]

In September 2021, DSNG collaborated with external parties to calculate greenhouse gas (GHG) emissions and assess the climate-related risks, establish a baseline for the Company's climate action plan based on 2019 emissions, and identify key risks and opportunities from climate change to develop coherent strategies and initiatives. Since 2019, the Company has determined GHG emissions calculations every 3 (three) years.

The GHG Emission Calculation Study and Climate Risk Assessment play critical roles in mapping DSNG's climate action strategy based on reliable data and a science-based approach that is integrated into decision-making, business planning, and operations in the future. In 2023, the Company updated its GHG emission calculation baseline by implementing new guidelines for the agricultural sector released by the Science-Based Target Initiative (SBTi) and the draft of GHG Protocol Land Sector and Removals Guidance (LSRG). Several significant changes have occurred to ensure the calculation follows a universally accepted methodology.



### *In 2023, SAB held 4 (four) meetings to discuss:*

- Sustainability risks
- Strategies and plans for adaptation and mitigation of climate change impacts
- DSNG transition toward low carbon economy

◆ **Complete information regarding DSNG's commitment to climate change can be found on**

**THIS LINK**

### Strategy (continuation)

DSNG identified numerous climate-related risks, including Physical Risk Assessment, Transition Risk, and Opportunities, consisting of 5 (five) physical climate risks relevant to its business in Indonesia.

DSNG implements a holistic approach to sustainability, integrating it into business models and decision-making by considering numerous climate-related scenarios, including low-carbon scenarios. The Company prepares strategic plans by considering climate risks and integrating climate change adaptation and mitigation initiatives, namely by implementing renewable energy to reduce dependence on fossil fuels.

◆ See the report here

CLICK HERE

### ◆ Risk Management

Through the Audit Committee, DSNG has identified and initiated the mitigation of environmental risks, including climate risks, based on the GHG emission calculation baseline and previously mentioned climate risk assessment. The Company has implemented an Environmental and Social Management System (ESMS) following IFC-PS, which includes the results of risk identification and mitigation. The ESMS is applied to all aspects of DSNG's business, including its Strategic Business Units (SBUs). Climate change risk is one of the key risks identified by DSNG. Information on managing ESG risks within the ESMS can be found on **pages 81**.



*Several significant changes have occurred to ensure the calculation follows a universally accepted methodology. The critical updates from this recount are as follows:*

- Adopting IPCC 3.3.7 Calculations for Land Use Change Emissions
- SBTi requirements that regulate the split of Forest, Land, and Agriculture (FLAG) Emission
- The most recent emission factor and the use of region-specific emission factor

### ◆ Metrics and Target

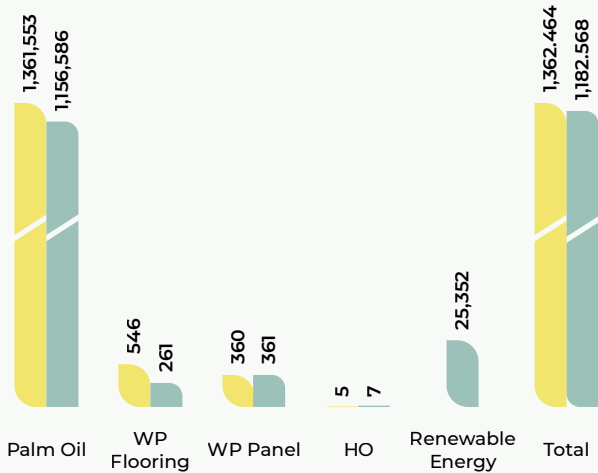
The update of baseline data for DSNG's GHG emission calculations for scope 1, 2, and 3 in 2019 and calculations with 2022 data are presented in the following table.

Based on the update and the implementation of the Climate Action Plan (adaptation and mitigation) and emission reduction target per business unit, the Company revised its total GHG emission reduction target in scopes 1, 2, and 3 from 29% to 44% in 2030. This target takes into account the Company's growth plan and technology implementation. Based on comprehensive calculations of scopes 1, 2, and 3, the scenario for reducing GHG emissions to achieve these targets is presented in the infographic on **page 81**.

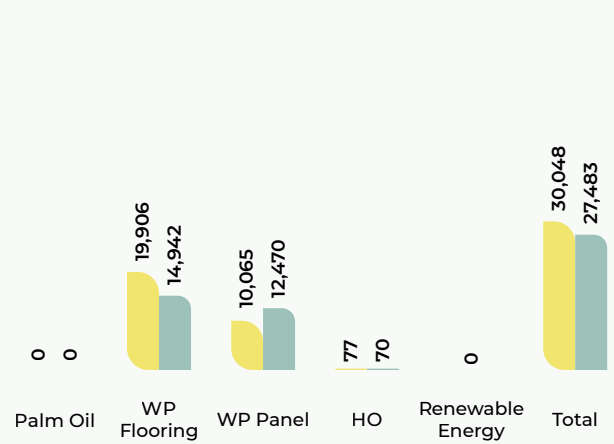




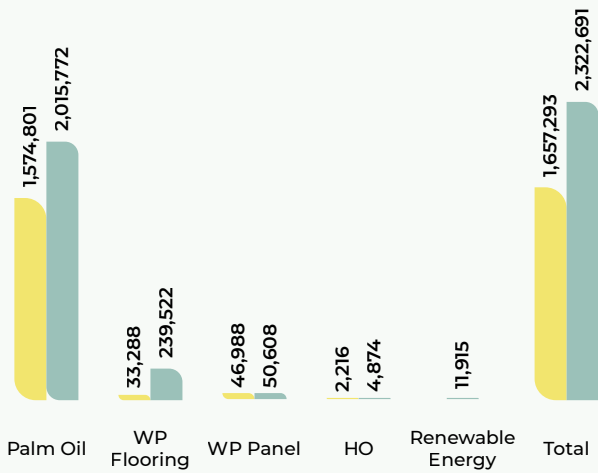
◆ Scope 1: Direct GHG Emissions



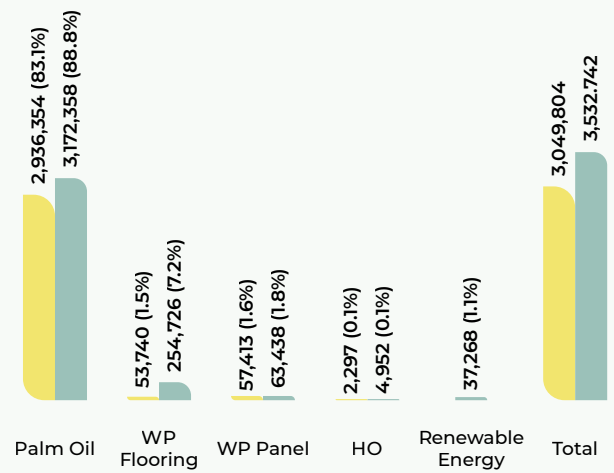
◆ Scope 2: Indirect GHG emissions from purchased heating electricity



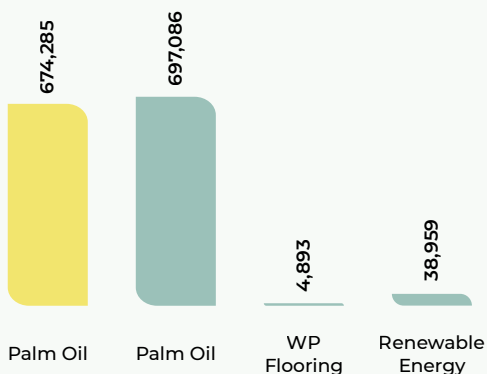
◆ Scope 3: other indirect GHG emissions



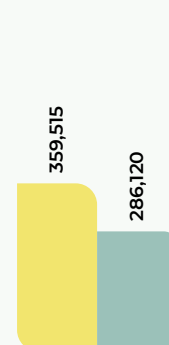
◆ Percentage of Total



◆ Outside of scope



◆ Emission due to land use change (LUC) of Palm Oil Business Unit in tCO<sub>2</sub>e

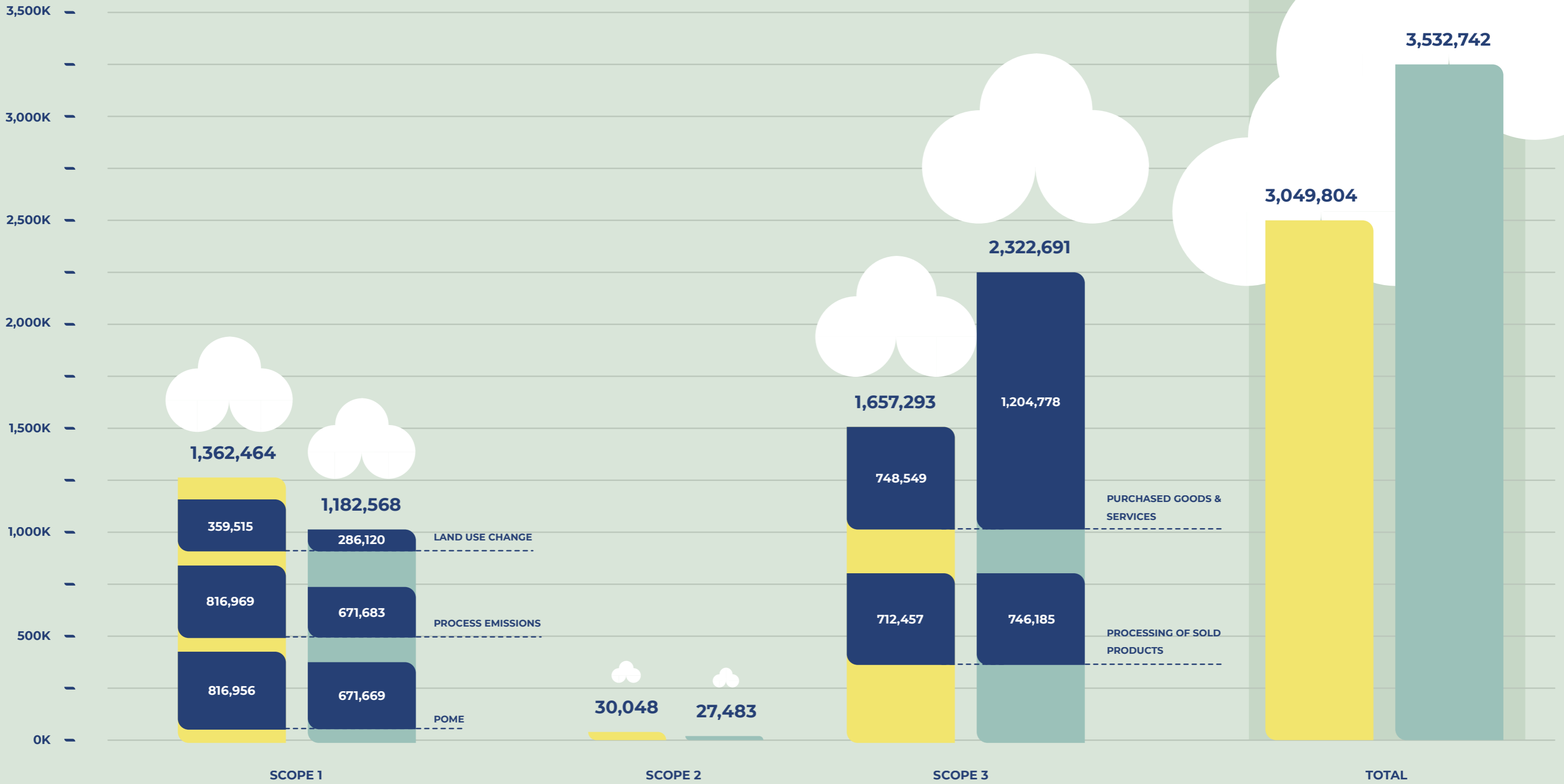


Based on GHG Accounting Report prepared by South Pole from data provided by DSNG.

According to the draft Forest, Land, and Agriculture (FLAG) Science-Based Target Setting guidance, companies must keep FLAG and non-FLAG targets and accounting separate. Moreover, companies must report removals and emissions separately for baseline and annual emissions accounting. Therefore, the Company will prepare an emission calculation that is adjusted to the upcoming GHG Protocol Land Sector and Removals Guidance.

# GHG Emissions Inventory by Scope (tCO<sub>2</sub>e)

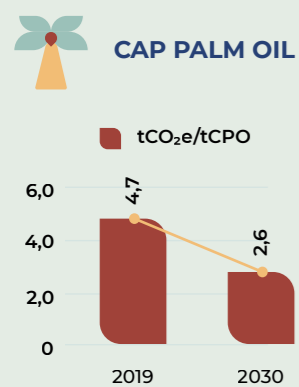
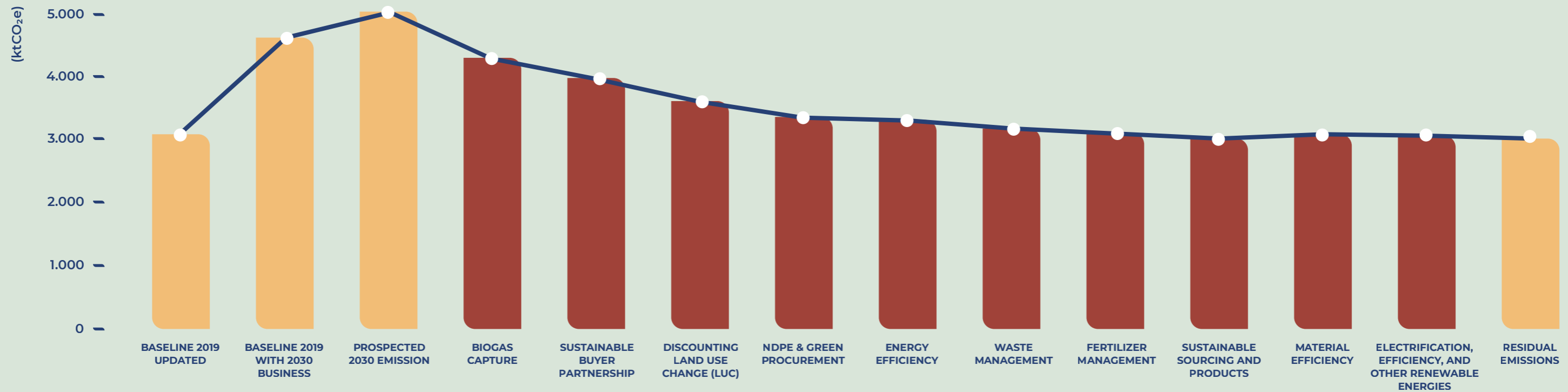
LEGEND 2019 2022



# Emissions Reduction Plan Scenarios and Adaptation to Climate Change Impacts

**LEGEND**

- Non-FLAG Emissions Reduction Initiative
- FLAG Emission reduction Initiative
- Cross-cutting (Mitigation & Adaptation)
- Emission reduction
- Baseline emission



**EMISSION REDUCTION**

**Scope 1**

- ENERGY SECURITY**
  - Methane Capture Plants
  - Biomass, Biogas and Bio-CNG fueled Electricity & Transportations
- RESPONSIBLE PRODUCTION**
  - Organic Fertilizer & Herbicide
  - Precision Farming & Smart Conservation
  - Mechanization & Automatization
  - Preventive Maintenance

**Scope 3**

- SUSTAINABLE VALUE CHAIN**
  - NDPE & RSPO Engagement with FFB Suppliers
  - Green Procurement Policy & Localization on Supply
  - Improved Waste Management
  - Sustainable Buyer Partnership

**PHYSICAL RISK**

**SMART CLIMATE AGRICULTURE**

- Pollinating Insects & Predators Management
- Disaster Mapping, Simulation, Monitoring, & Construction Engineering
- Water & Soil Conservation
- Working Facilities Adjustment



**EMISSION REDUCTION**

**Scope 1 & 2**

- ENERGY SECURITY**
  - Energy Efficiency
  - PLTS Renewable Energy
  - Certified Renewable Energy
  - Electrical Forklift

**Scope 3**

- SUSTAINABLE VALUE CHAIN**
  - Sustainable Forest Management through FM Certification
  - NDPE
- RESPONSIBLE PRODUCTION**
  - Increase Wood Efficiency
  - Reduce glue loss
  - Reduce Coating Loss
- WASTE MANAGEMENT**
  - Waste Reduction, Sorting, Reuse, and Recycle

**CLIMATE ADAPTATION**

- WATER MANAGEMENT**
  - Water Conservation
- SUSTAINABLE VALUE CHAIN**
  - Sustainable Construction Product
- SUSTAINABLE VALUE CHAIN**
  - Sustainable & Impact Investing
  - Fire Sensor
- SUSTAINABLE VALUE CHAIN**
  - Digital Technology
  - Wet Scrubber

**IDENTIFIED PHYSICAL RISKS FROM CLIMATE CHANGE WITH FINANCIAL IMPLICATIONS**

[GRI 201-2]



**AVAILABILITY OF WATER**

Key Impacts	Estimated Time Frame for Action (years)	Mitigation Measures	Estimated Cost of Measures or Impacts
<ul style="list-style-type: none"> <li>Lack of water availability for operations, employee housing, and surrounding communities</li> </ul>	<b>2 Years</b>	<ul style="list-style-type: none"> <li>Increase efficiency of plant process &amp; water use</li> <li>Increase awareness through socialization of efficient water use</li> <li>Increase water recycling in all processes that use water</li> </ul>	<b>USD 0.5 million per plant/mill</b>
<ul style="list-style-type: none"> <li>Water scarcity cause plants to stress and reduce palm oil yields</li> </ul>	<b>3 Years</b>	<ul style="list-style-type: none"> <li>Improve soil moisture conservation through cover biological crops and biomass cover</li> <li>Invest in various types of irrigation that are technically feasible</li> </ul>	<p><b>USD 100 thousand per estate</b></p> <p><b>USD 50 thousand per site for Land Application</b></p>



**RIVER FLOODS AND RAIN INTENSITY**

Key Impacts	Estimated Time Frame for Action (years)	Mitigation Measures	Estimated Cost of Measures or Impacts
<ul style="list-style-type: none"> <li>Risk of extreme rainfall resulting in river overflow causing operational disruption</li> <li>Soil nutrients drifted away from plants potentially causing nutrient depletion</li> <li>Transportation process disrupted</li> </ul>	<b>2 Years</b>	<ul style="list-style-type: none"> <li>Improve water management in flood prone areas. Install &amp; build water bunds and pumps to control &amp; manage excess water</li> </ul>	<b>USD 1.5 million per estate</b>







## EXTREME HEAT

Key Impacts	Estimated Time Frame for Action (years)	Mitigation Measures	Estimated Cost of Measures or Impacts
<ul style="list-style-type: none"> <li>◆ Drastic rise in air temperatures, potentially causing land degradation, wildfires, reducing ground water and stunting plant growth</li> </ul>	<b>3 Years</b>	<ul style="list-style-type: none"> <li>◆ Increase engagement with surrounding communities on fire prevention</li> </ul>	<b>Less than USD 10 thousand per estate</b>
<ul style="list-style-type: none"> <li>◆ Adverse impact on insect pollination and plant yields</li> </ul>		<ul style="list-style-type: none"> <li>◆ Potentially need to consider alternative forms of pollination</li> </ul>	<b>Less than USD 50 thousand per estate</b>
<ul style="list-style-type: none"> <li>◆ Employee heat exhaustion affecting their productivity</li> </ul>		<ul style="list-style-type: none"> <li>◆ Provide awareness to employee heat exhaustion, provide extra clothing protection, adapt working hours, and supplement with liquid nourishment</li> </ul>	



## LAND SLIDES

Key Impacts	Estimated Time Frame for Action (years)	Mitigation Measures	Estimated Cost of Measures or Impacts
<ul style="list-style-type: none"> <li>◆ Land movement due to topography, extreme rainfall beyond the carrying capacity of the soils</li> </ul>	<b>3 Years</b>	<ul style="list-style-type: none"> <li>◆ Improve cover crop coverage</li> </ul>	<b>USD 5 million per estate</b>
<ul style="list-style-type: none"> <li>◆ Disrupting operations and potentially reducing plant yields</li> </ul>		<ul style="list-style-type: none"> <li>◆ Avoid future planting on certain topographies</li> </ul>	
		<ul style="list-style-type: none"> <li>◆ Improve road and infrastructure within operational sites</li> </ul>	







## WINDS / CYCLONES

Key Impacts	Estimated Time Frame for Action (years)	Mitigation Measures	Estimated Cost of Measures or Impacts
<ul style="list-style-type: none"> <li>◆ Strong wind that occurs for hours or days, potentially hampering plant growth and causing operational disruptions</li> </ul>	<b>5 Years</b>	<ul style="list-style-type: none"> <li>◆ Plant wind barriers on operational sites</li> </ul>	<b>Less than USD 50 thousand per estate</b>
		<ul style="list-style-type: none"> <li>◆ Implement/update HSE regulations and procedures for work during adverse storms</li> </ul>	

**Note:** These estimates of time frame and costs are based on future cost estimates that can be expected to be reduced or inflated depending on each estate conditions and specifications at the time of implementation.

## THE COMPANY'S TRANSITIONAL RISK BASED ON CLIMATE RISK ASSESSMENT

 <b>POLICY AND LEGAL</b>	Policies that contribute to climate change	<ul style="list-style-type: none"> <li>Restrictions on land use land</li> <li>Carbon tax</li> <li>Ban on Import of products associated with deforestation</li> </ul>	<ul style="list-style-type: none"> <li>Calculate internal carbon price based on current regulations</li> <li>Establish a climate strategy in group scale</li> </ul>
 <b>TECHNOLOGY</b>	Improved technology that supports lower carbon and more efficient economy	<ul style="list-style-type: none"> <li>Low-carbon technology</li> <li>Renewable energy utilization</li> </ul>	<ul style="list-style-type: none"> <li>Build the 2nd Bio-CNG Plant for renewable energy</li> </ul>
 <b>MARKET</b>	Shifts in supply and demand for certain commodities, products and services when risks and opportunities are associated with climate risks	<ul style="list-style-type: none"> <li>Sustainability investment</li> <li>Product-related demand of sustainable palm oil products</li> </ul>	<ul style="list-style-type: none"> <li>Towards 100% RSPO Certification</li> <li>Looking for green Investments</li> </ul>
 <b>REPUTATION</b>	Public perception of company's contribution to climate change	<ul style="list-style-type: none"> <li>Monitoring from stakeholders on environmental and sustainability issues</li> </ul>	<ul style="list-style-type: none"> <li>Conduct disclosure reporting through Sustainability Report 2022 and TCFD</li> </ul>

## GHG Emissions Footprint

### GHG EMISSIONS 2023 USING THE PALMGHG CALCULATOR METHOD

In 2023, DSNG calculated the GHG emissions using the PalmGHG Calculator method approved by RSPO. DSNG generated 62,785 tCO<sub>2</sub>e emissions, a 1% rise from the previous year. Meanwhile, there was a significant emission reduction in palm oil mill operations due to the operation of two Methane Capture and Bio-CNG Plant, which reduced emissions from Palm Oil Mill Effluent (POME). DSNG also replaced fossil fuels with Biogas for electricity generation, transport trucks, and equipment to reduce emissions. In 2023, the GHG emission intensity was calculated using the PalmGHG Calculator method approved by RSPO.

### GHG EMISSION VOLUME OF PALM OIL BUSINESS UNIT

SOURCES OF EMISSION	VOLUME (tCO <sub>2</sub> e)		
	2021**	2022*	2023***
Palm Oil Mill (POM)	42,241	43,434	37,800
Fertilizer	17,739	14,513	20,486
FFB Transportation	4,011	4,189	4,500
<b>Total Emissions</b>	<b>63,992</b>	<b>62,136</b>	<b>62,785</b>

\* The calculation was based on the PalmGHG Calculator from RSPO, including POM 1, 2, 3, 4, and 6.

\*\* The POMs being calculated were POM 1, 2, 3, 4, and 6, along with FFB supply estates.

\*\*\* The calculation was based on the PalmGHG Calculator from RSPO, including POM 1, 2, 3, 4, 6, 7, and 11.

**GHG EMISSION INTENSITY**

[GRI 305-4]

SOURCE OF ENERGY	UNITC	2021**	2022*	2023
Palm Oil Mill (POM)	tCO <sub>2</sub> e/ton CPO	0.65	0.75	0.50
Fertilizer	tCO <sub>2</sub> e/ha	0.78	0.75	0.73
FFB Transportation	tCO <sub>2</sub> e/ton TBS	0.0039	0.0038	0.0036

\* The calculation was based on the PalmGHG Calculator from RSPO, including POM.  
 \*\* The POMs being calculated were POM 1, 2, 3, 4, and 6, along with FFB supply estates.

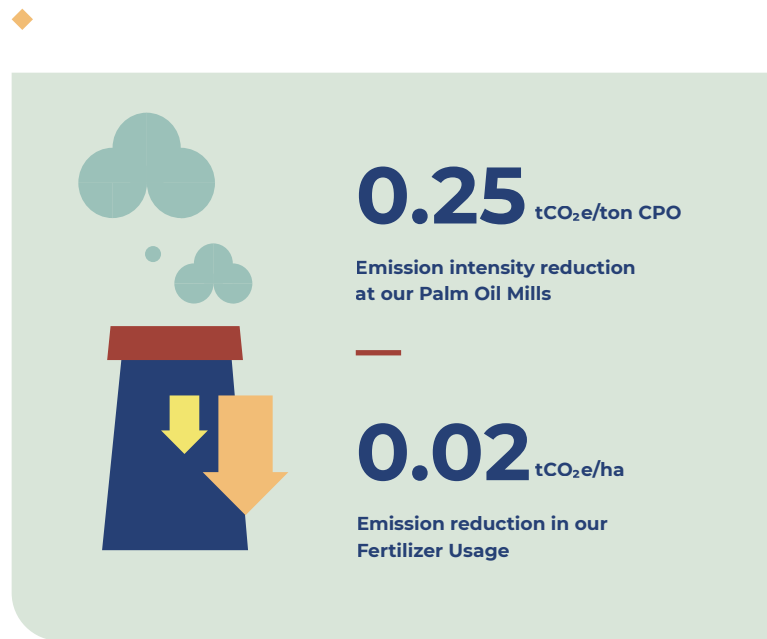
**GHG Emissions Reduction** [POJK51 F.12][GRI 306-5]

During 2023, DSNG reduced emissions by 0.25 tCO<sub>2</sub>e/ton CPO at its palm oil mill, with total fertilizer usage amounting to 0.02 tCO<sub>2</sub>e/ha. The emission reduction is a manifestation of DSNG's success in shifting operations to use environmentally friendly renewable energy sources. Complete information relating to DSNG reduction activities/ innovations in line with internal preparation studies on climate action is available on **page 81**.

Moreover, the Company actively promotes the supplementation of its fertilization program by utilising in situ organic materials to maintain moisture and improve soil structure. All organic fertilizers used in the plantations are local materials, such as empty fruit bunches, POME, and solid waste. Therefore, this supplementary fertilization also reduces potential carbon and GHG emissions from depending entirely on inorganic fertilizers. In addition to reducing emissions, the reutilization of organic biomass is proven to maintain and improve soil fertility, especially in marginal soils. In addition, the Company regularly conducts socialization of the same to our supply chain regarding best practices in land management, land application, mulching, and mud pits.

Some of the efforts of the Company in managing organic materials in our palm oil estates:

- ◆ The recommended dose of empty fruit bunches is 40 tons/ha per year.



- ◆ The POME applied came from the last batch with a BOD of <5,000 at a dose of 750-1,250 tons per ha per year.
- ◆ Solid waste is applied in the silt pit at a dosage of 100 kg per rod.
- ◆ Other local organic materials, such as fronds and bunches of dried male flowers, are used according to the procedure while maintaining sanitation and regularly pruning the fronds.



## CARBON FOOTPRINT AND CLIMATE ACTION INITIATIVES

The Company practices environmentally friendly operations by utilizing sustainable materials to reduce its carbon footprint. The Company has adopted the reuse of some materials as operational raw materials, which include:

- ◆ Implement the recycling principle in the wood flooring rental program for customers. This program aims to conserve natural resources by reducing the need for new wood sources and saving energy. The recycled wood flooring will be refurbished and resized to be used in the production of other wood products, such as furniture
- ◆ Process wood chips from wood products factories into pellets and then marketed as biofuel. The biofuel has been tested to have a Gross Calorific Value of approximately 4,400 Kcal per Kg using the ASTM D 5865 -13 test method
- ◆ Use POME as the raw material for the Bio-CNG plant in producing electricity to support the mill operations and the employees' houses
- ◆ Use sludge from POME and empty fruit bunches as material for mulching and natural fertilizers
- ◆ Use shells and fibers as the fuel material of the boilers and also exported as biomass fuel
- ◆ Utilize natural pest control, such as *Tyto alba*, multinucleon polyhydro virus (MNPV), *Cordyceps militaris* fungus and *Trichoderma* sp. fungus. In addition, *Turnera* sp. is on the Indonesian government's invasive species list
- ◆ Reapply felled and chopped palm biomass for soil nutrient enrichment in the replanting area



*The Company does not use refrigeration/freezing machines that utilize ozone-depleting substances (ODS) such as chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) in the operational process; therefore, the Company doesn't measure ODS emissions.*

## AIR QUALITY MONITORING

The Company also routinely conducts air quality measurements from mill operations and wood product mills to control emissions. Emissions monitored include NO<sub>x</sub>, SO<sub>x</sub>, particulates, opacity, hydrogen chloride, chlorine gas, ammonia, and hydrogen chloride. The Company conducts measurements using methods that refer to the Minister of Environment Regulation No.07 of 2007 concerning Emission Quality Standards for Non-Mobile Sources for Steam Boilers. The Company does not use refrigeration/freezing machines that utilize ozone-depleting substances (ODS) such as chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) in the operational process; therefore, the Company doesn't measure ODS emissions. [GRI 305-6]

## MEASUREMENT RESULTS OF AIR EMISSION QUALITY OF WOOD-PANEL PLANT [GRI 305-7]

PARAMETERS	STANDARD QUALITY	HIGHEST MEASUREMENT RESULTS		
		2021	2022	2023
Nitrogen Dioxide (NO <sub>2</sub> )	1,000 µg/Nm <sup>3</sup>	23.3	94	107
Sulfur Dioxide (SO <sub>2</sub> )	800 µg/Nm <sup>3</sup>	113.8	224	144
Particulate	350 mg/Nm <sup>3</sup>	9.8	2.0	2.6
Hydrogen Chloride (HCl)	5 mg/ Nm <sup>3</sup>	<3.73	<3.73	<3.73
Chlorine Gas (Cl <sub>2</sub> )	10 mg/ Nm <sup>3</sup>	<0.067	<0.067	<0.067
Ammonia (NH <sub>3</sub> )	0.5 mg/ Nm <sup>3</sup>	0.007	0.084	0.06
Hydrogen Fluoride (HF)	10 mg/Nm <sup>3</sup>	1.82	<0.05	<0.05
Opacity	30%	<20	<20	<20



**MEASUREMENT RESULTS OF AIR EMISSION QUALITY OF WOOD-FLOORING PLANT**

[GRI 305-7]

PARAMETERS	STANDARD QUALITY	HIGHEST MEASUREMENT RESULTS							
		SEMESTER 1*				SEMESTER 2*			
		POINT 1	POINT 2	POINT 4	POINT 5	POINT 1	POINT 2	POINT 4	POINT 5
Nitrogen Dioxide (NO <sub>2</sub> )	1,000 µg/Nm <sup>3</sup>	170.27	154.78	202.82	236.15	184.33	162.37	(Not operated)	208.37
Sulfur Dioxide (SO <sub>2</sub> )	800 µg/Nm <sup>3</sup>	132.88	132.59	164.54	165.71	141.89	138.25		154.26
Particulate	350 mg/Nm <sup>3</sup>	145.3	135.92	241.65	192.63	150.29	142.83		184.93
Hydrogen Chloride (HCl)	5 mg/ Nm <sup>3</sup>	<0.5	<0.5	<0.5	<0.5	<0.5	<0.5		<0.5
Chlorine Gas (Cl <sub>2</sub> )	10 mg/ Nm <sup>3</sup>	0.003	0.0028	0.0032	0.0036	0.0058	0.0047		0.0028
Ammonia (NH <sub>3</sub> )	0.5 mg/ Nm <sup>3</sup>	<0.12	<0.12	<0.12	<0.12	<0.12	<0.12		<0.12
Hydrogen Fluoride (HF)	10 mg/Nm <sup>3</sup>	<1.37	<1.37	<1.37	<1.37	<1.37	<1.37		<1.37
Opacity	30%	25%	25%	30%	25%	25%	25%		-

\* Points represent measurement position at the chimney

**MEASUREMENT RESULTS OF AIR EMISSION QUALITY OF PALM OIL PRODUCT (FIBER AND SHELL)**

[GRI 305-7]

PARAMETERS	STANDARD QUALITY	HIGHEST MEASUREMENT RESULTS							
		2022				2023			
		BOILER I	BOILER II	BOILER I	BOILER II	BOILER I	BOILER II	BOILER I	BOILER II
Nitrogen Dioxide (NO <sub>2</sub> )	1,000 µg/Nm <sup>3</sup>	170.27	154.78	202.82	236.15	49.47	73.24	143	146
Sulfur Dioxide (SO <sub>2</sub> )	800 µg/Nm <sup>3</sup>	-	-	407.40	221.70	28.57	9.26	12	9
Particulate	350 mg/Nm <sup>3</sup>	-	-	88.90	78.44	12.37	12.37	13.06	13.08
Hydrogen Chloride (HCl)	5 mg/ Nm <sup>3</sup>	-	-	<0.1	<0.1	0.10	0.10	0.10	0.10
Chlorine Gas (Cl <sub>2</sub> )	10 mg/ Nm <sup>3</sup>	-	-	<1	<1	1	1	1	1
Ammonia (NH <sub>3</sub> )	0.5 mg/ Nm <sup>3</sup>	-	-	<0.01	<0.01	0.01	0.01	0.01	0.01
Hydrogen Fluoride (HF)	10 mg/Nm <sup>3</sup>	-	-	<0.1	<0.1	0.01	0.01	0.01	0.01
Opacity	30%	-	-	25	23	24	20	24	26





**Throughout 2023,  
DSNG consumed  
7,787,445 GJ of energy.**



In addition to air emission quality measurement, the Company also seeks efforts to control the air quality through:

- ◆ A dust collector was installed to filter the exhaust gases from the boiler.
- ◆ Reduction in the use of fossil fuels (diesel) by using biogas resulted from processing liquid waste methane gas (POME) from POM into Bio-CNG.
- ◆ Tree planting programs in degraded and riparian areas of the river.
- ◆ Regular monitoring of air quality (emissions, ambient air) by accredited laboratories.

### ENERGY MANAGEMENT AND EFFICIENCY

[POJK51 F.6, F.7]

Throughout 2023, DSNG consumed 7,787,445 GJ of energy. This was calculated based on the energy consumed for transporting raw materials and production processes within the palm oil and wood products business units and Head Office. The calculation of energy consumption is obtained from the volume of fuel usage (shell and fiber, diesel oil, Bio-CNG) and electricity converted into energy units: GigaJoule (GJ) is based on British Petroleum Conversion Factors. The Company expects to increase the use of renewable energy across all of its operations. [GRI 302-1]

In addition, our Bio-CNG Plant produced 6,727,970 kWh of biomethane, equivalent to 24,221 GJ. Biomethane production was used for kernel-crushing plant operations, and some biomethane in the form of compressed gas (CNG) was distributed for our employees' domestic electricity use. Our second Bio-CNG plant is built with twice the capacity of the previous plant and is targeted to produce 8,854,560 kWh of biomethane, equivalent to 31,876 GJ. In addition to the operational needs of the plant and employee housing, the biogas from this plant will also be used for transportation energy for FFB and CPO trucks. [GRI 302-5]

### ENERGY CONSUMPTION BY SOURCE

ENERGY SOURCE	UNIT	2021	2022*	2023
Kernel Shells and Fiber	Giga Joule	6,497,538	8,050,301	7,532,531
Diesel oil (POM)		48,279	67,524	54,977
Bio-CNG Plant		26,880	27,732	29,971
Biogas Engine		15,523	20,700	37,024
Electricity from PLN (Head office and Wood Panel Business Unit)		217,910	118,586	132,942
<b>Jumlah</b>		<b>6,806,130</b>	<b>8,284,843</b>	<b>7,787,445</b>

\* In 2022, there are an additional of POMS.

## THE COMPANY'S TOTAL ENERGY CONSUMPTION VOLUME

[GRI 302-1]

ENERGY SOURCE	UNIT	2021	2022*	2023
Head Office	Giga Joule	113,132	123,195	134,980
Wood Products Business Unit (Panel)		39,870	56,206	50,713
Wood Products Business Unit (Engineered Flooring)		64,908	62,380	39,754
Palm Oil Business Unit		6,546,973	8,745,468	7,569,933
<b>Total</b>		<b>6,764,883</b>	<b>8,987,249</b>	<b>7,795,380</b>

\* In 2022, there are an additional of POMS.

## ENERGY CONSUMPTION INTENSITY (ECI)

The Company calculates the energy consumption intensity as the energy usage ratio to the production volume of each business unit. The ECI is calculated from the total energy consumption within the Company without separating the energy sources used against the total product volume. [GRI 302-3]

### INTENSITY OF ENERGY CONSUMPTION

[GRI 302-3]

BUSINESS UNIT	UNIT	2021	2022	2023
Head Office	GJ/m <sup>2</sup>	33.55	36.53	40.03
Wood Products Business Unit (Panel)	GJ/m <sup>3</sup>	0.47	0.38	0.52
Wood Products Business Unit (Engineered Flooring)	GJ/m <sup>2</sup>	0.06	0.1	0.05
Palm Oil Business Unit	GJ/ton TBS	2.77	3.11	2.64
	GJ/ton CPO	12.03	13.66	11.44

## ENERGY CONSUMPTION EFFICIENCY [POJK51 F.7]

Our energy consumption levels in 2023 decreased by **1,191,869** GJ more than energy consumption in 2022. The Company has coordinated efforts to streamline the energy use, including replacing fossil fuels with renewable energy sources. The Company calculates overall energy savings by using the difference between the actual amount of energy used with energy-saving programs and the estimated energy used without. [GRI 302-4]

Apart from utilizing renewable energy sources, the Company also undertakes several energy-saving measures, such as promoting an energy-efficient lifestyle and using energy-efficient equipment and light bulbs, among others.

These energy-saving campaigns are disseminated through electronic posters, banners, and meetings. You can find comprehensive details on renewable energy innovations on **pages 86**.

DSN Wood Business' energy-saving efforts also carried out several initiatives to reduce energy demand in its factory operations. One of the Company's efforts is using three electric forklifts, the operation has saved 64 thousand liters of diesel and reduced 111 tCO<sub>2</sub>e emissions. In addition, DSN Panel is also actively making modifications related to machine on-off switches, ducting, installing Supervisory Control and Data Acquisition (SCADA) for energy efficiency.

## RESPONSIBLE EFFLUENT AND WASTE MANAGEMENT

[POJK51 F.13, F.14][GRI 306-1, 306-4]

Poorly managed waste piles can result in environmental degradation. Therefore, the Company manages and treats waste and significant waste-related impacts by diverting some waste from landfills through a circularity approach. This approach is carried out by reusing waste generated as much as possible, so as to provide economic value and minimise the damage that can be caused. The palm oil business unit processes POME, a liquid waste from the mill that contains organic solids and potentially to generate methane gas, into biogas to drive turbines to generate electricity. In 2023, a total of **126,496 L** POME was treated and converted into Biogas, equivalent to **10,284,430 kWh**.

As a small but significant step to divert some of the office waste at DSNG's head office in Jakarta, the Company started a waste segregation initiative. Through this initiative, DSNG's head office has reduced office waste disposed of in landfills by 49.3% from a total of 7,553 kg of waste generated during 2023. The Company aims to reduce office waste disposed of in landfills by 70% in 2030, following DKI Jakarta Provincial government regulations.



*As a small but significant step to divert some of the office waste at DSNG's head office in Jakarta, the Company started a waste segregation initiative.*



◆ For more information, please watch the video at

[THIS LINK](#)

## TYPES, VOLUMES, AND MECHANISMS OF SOLID WASTE MANAGEMENT

[GRI 306-2, 306-4]

WASTE TYPES (TON)	2021	2022	2023	TREATMENT
<b>PALM OIL BUSINESS UNIT</b>				Reused as mulch and natural fertilizer
Empty fruits bunch	526,048	626,439	621,407	
Shells and fibers	487,755	538,722	458,188	
<b>Total</b>	<b>1,013,803</b>	<b>1,165,161</b>	<b>1,079,595</b>	
<b>WOOD PRODUCT (WP) BUSINESS UNIT (m<sup>3</sup>)</b>				Reused as boiler fuel, processed into wooden pallets, and exported as raw materials for other wood products
Wood Chips (WP – Panel)	12,820	10,880	7,912	
Wood Chips (WP – Engineered Flooring)	17,315	12,820	6,686	
<b>Total</b>	<b>30,135</b>	<b>23,700</b>	<b>14,598</b>	



**TYPES, VOLUMES, AND MECHANISMS OF EFFLUENT MANAGEMENT  
IN PALM OIL AND WOOD PRODUCT BUSINESS UNITS**

[GRI 303-2, 303-4]

WASTE TYPES	2021	2022*	2023	TREATMENT
<b>PALM OIL BUSINESS UNIT (m<sup>3</sup>)</b>				<ul style="list-style-type: none"> <li>Reused as material for Bio-CNG plant</li> <li>Anaerobic and aerobic treatment of sewage ponds</li> <li>Reused as liquid fertilizer and hydration of palm oil trees</li> </ul>
POME	2,119,987	2,128,900	1,920,424	

\* In 2022 there are an additional 2 Palm Oil Mills.

**TYPES, VOLUMES, AND MECHANISMS OF HAZARDOUS WASTE MANAGEMENT**

[GRI 306-2, 306-4]

WASTE TYPES	2021	2022	2023	TREATMENT
<b>PALM OIL BUSINESS UNIT (m<sup>3</sup>)</b>				Entrusted to a licensed third party to be transported to the processing site
Used lubricant/oil	62.39	62.84	45.78	
Former pesticide packaging, filters used, contaminated cotton cloth	26.25	24.87	25.74	
<b>Total</b>	<b>88.64</b>	<b>87.71</b>	<b>71.52</b>	
<b>WOOD PRODUCT BUSINESS UNIT – PANEL (m<sup>3</sup>)</b>				
Used lubricant/oil	21	75	25	
<b>Total</b>	<b>21</b>	<b>75</b>	<b>25</b>	
<b>WOOD PRODUCT BUSINESS UNIT – ENGINEERED FLOORING (m<sup>3</sup>)</b>				
Used lubricant/oil	8.18	1.8	0.9	
<b>Total</b>	<b>8.18</b>	<b>1.8</b>	<b>0.9</b>	



## WASTE MANAGEMENT MECHANISM

[POJK51 F.14]

The Company has a well-implemented waste management mechanism following applicable regulations. The management of all hazardous waste is entrusted to third parties who have the legal permits either to destroy or recycle the waste to prevent any potential contamination at the authorized locations outside the Company's operational area. Each respective business unit manages non-B3 waste. In addition to the utilization of waste presented on **page 90**, the Company also manages other non-B3 waste, which is reused in plantations and factories. The Company provides periodic reports on the entire waste management and treatment process to the authorities. In our wood products business unit, DSN Panel has applied the 3R (reduce, reuse, recycle) Principles to save water by reusing blowdown wastewater to wet the roof near the boiler to reduce heat and mitigate fire risks in that area.

## WATER UTILIZATION AND MANAGEMENT OF EFFLUENT

The total water used during 2023 has decreased from 2022 due to the use and regular maintenance of machinery to improve plant water efficiency by implementing water-saving plant sanitation measures, reusing and recycling water from plant processing, and raising awareness about water saving in household water use. The Company has not measured water discharged based on the purpose of disposal, therefore the Company is unable to disclose any information of water discharge and its impact management [GRI 303-2, 303-4]



*The management of all hazardous waste is entrusted to third parties who have the legal permits either to destroy or recycle the waste to prevent any potential contamination at the authorized locations outside the Company's operational area.*



## TOTAL VOLUME OF WATER BY SOURCE (M<sup>3</sup>)

[POJK51 F.8][GRI 303-3, 303-5]

WATER SOURCE	2021***	2022	2023
<b>PALM OIL BUSINESS UNIT*</b>			
Surface water	4,326,586	3,910,298	3,747,759
Ground Water	NA	NA	NA
Reservoir water (rainwater)**	NA	NA	NA
Water from third parties (clean water / PAM company)	NA	NA	NA
<b>Sub Total Water Consumption</b>	<b>4,326,586</b>	<b>3,910,298</b>	<b>3,747,759</b>

## TOTAL VOLUME OF WATER BY SOURCE (M<sup>3</sup>) (Continuation)

[POJK51 F.8][GRI 303-3, 303-5]

WATER SOURCE	2021***	2022	2023
<b>WOOD PRODUCT BUSINESS UNIT</b>			
Surface water	NA	NA	NA
Ground Water	105,606	125,411	124,495
Reservoir water (rainwater)**	17,625	17,058	16,197
Water from third parties	5,501	5,676	5,462
Sub Total Water Consumption	128,732	148,145	146,154
<b>Total DSNG Water Consumption in megaliters (ML)</b>	<b>4,455,32</b>	<b>4,058,44</b>	<b>3,893,91</b>

\* The primary palm oil business unit uses water derived from surface water.

\*\* Reservoir water (rainwater) was not measured in the reporting period.

## WATER SOURCE CO-UTILIZATION

[GRI 303-1, 303-3, 303-5]

The rivers surrounding the Company's plantation areas are natural waterways. The Company recognizes the importance of responsible water management to preserve limited resources owned and shared with the community. The Company has obtained permission from the local government to collect and utilize water. However, the Company ensures that each POM is involved in maintaining that the utilization of water resources by the Company and all subsidiaries does not affect the availability of fresh water for local communities. The Company also periodically reports to the relevant authorities to prevent a decrease in water pressure or a reduction in water levels and other negative impacts that can reduce water quality.

As a form of the Company's commitment to ensuring the condition of rivers, tributaries, and river borders, the Company implements Work Instruction No. IK-AGR-SHE-06-R01. The instruction regulates the following:

- ◆ Establishing boundaries of riparian and prohibiting chemicals on riparian areas.
- ◆ Monitoring the water quality of the river.
- ◆ Installing signs prohibiting the poisoning of fish in the river.

To maintain shared water sources, the Company applies best practices to conserve water on palm oil plantations.

Some of the conservation activities carried out by the Company are:

- ◆ Maintaining the shade and canopy of palm oil trees. The layered leaf frond structure of palm oil trees can protect the soil from direct rainwater falls so that the soil can absorb more water and reduce the surface water run-off.
- ◆ Maintaining the root system of palm oil trees. The root of palm oil trees can form natural biopores, particularly near the bottom of the stem, thereby increasing the ability to absorb rainwater into the soil and reducing surface water run-off.
- ◆ Utilizing empty fruit bunch and planting Nephrolepis. Empty fruit bunch and Nephrolepis are used as ground cover to retain the soil moisture.

The Company's operational areas are not located in areas with water scarcity. During 2023, the Company received no public complaints, fines, or other penalties from the authorities for using rivers, tributaries, waterways, or riparian areas. Information on rivers, tributaries, waterways, or riparian areas around our operational areas.

◆ For more information

[CLICK HERE](#)



## PROCESS WATER INTENSITY

[POJK51 F.8]

The Company maximizes the efficiency of water usage through several efforts, such as optimizing the use of rainwater and surface water and maximizing the utilization of effluent from the mill. Water is an essential resource, as every individual depends on water. Therefore, the Company is committed to keeping the limited water supply as pristine as possible.

To verify water usage at the mill, the Company routinely monitors the Water Intensity (WI)/ton of FFB processed. DSNG targets all palm oil operations to reduce or sustain water use intensity consumption to 1.2 m<sup>3</sup>/ton of FFB processed by 2025. Water usage intensity during 2023 of 1.30 m<sup>3</sup>/ton decreased by 0.09 m<sup>3</sup>/ton FFB processed compared to water usage intensity in 2022.



## WATER INTENSITY

[GRI 303-5]

INDICATOR	UNIT	2021	2022*	2023**
<b>PALM OIL BUSINESS UNIT</b>				
Total Water Use	m <sup>3</sup>	4,326,586	3,910,298	3,747,759
Water Use Intensity	m <sup>3</sup> /ton Processed FFB	1.66	1.39	1.30
INDICATOR	UNIT	2021	2022	2023
<b>WOOD PRODUCT BUSINESS UNIT</b>				
Total Water Use	m <sup>3</sup>	150,936	147,569	147,569
Water Use Intensity – WP Engineered Flooring	m <sup>3</sup> /Production Flooring (m <sup>2</sup> )	0.12	0.14	0.08
Water Use Intensity – WP Panel	m <sup>3</sup> /Production Panel (m <sup>2</sup> )	1.27	1.26	1.49

\* Data source from POM 1, 2, 3, 4, 6, 7

\*\* This data was obtained from PKS 1-11 water usage intensity

◆ Water calculations can be found in [THIS LINK](#)





## MAINTAINING THE QUALITY OF TREATED EFFLUENT

[POJK51 F.14]

The Company ensures that effluent and waste water is treated to comply with the standards set by the government so as not to pollute the water used by the local community. The following are the guidelines that we apply both at the Headquarters, Palm Oil Business Unit, Wood Products Business Unit, and Subsidiaries. [GRI 306-5]

- ◆ The quality standard for liquid waste for the woodworking product industry is the Regulation of the Minister of Environment No. 5 of 2014.
- ◆ The Company maintains the BOD quality standard below 5,000 mg/l following the Decree of the Minister of Environment No. 28 of 2003 concerning Technical Guidelines for the Assessment of Wastewater Utilization from the Palm Oil Industry on the Soil in Palm Oil Plantations and Decree of the Minister of Environment No. 29 of 2003 concerning Guidelines for Terms and Procedures for Licensing the Use of the Palm Oil Industry Wastewater on Soil in Palm Oil Plantations.

The Company, through its palm oil subsidiaries, utilizes its wastewater for land application under the quality standards and permits granted by the local government.

Throughout 2023, the volume of wastewater derived from the production process amounted to **1,920,424 m<sup>3</sup>** with a wastewater intensity of **0.67 m<sup>3</sup>/processed FFB**. As of 2023, there are no significant spills from DSNG operations.

**As of 2023, there are no significant spills from DSNG operations.**

[POJK51 F.15] [GRI 306-3]

### RESULTS OF QUALITY MEASUREMENT OF PROCESSED WASTEWATER OF PALM OIL BUSINESS UNIT

PARAMETER	STANDARD QUALITY	2021	2022*	2023
Biological Oxygen Demand (BOD)	5,000 mg/L	836	530	1,580
Chemical Oxygen Demand (COD)	-	1,787	1,513	4,513
Acidity Level (pH)	9	7.5	7.4	7.2

### RESULTS OF QUALITY MEASUREMENT OF PROCESSED WASTEWATER OF WOOD PRODUCT BUSINESS UNIT

#### - FLOORING

PARAMETER	STANDARD QUALITY	2023 SMT I	2023 SMT II
Biological Oxygen Demand (BOD)	75	29.15	39.56
Chemical Oxygen Demand (COD)	125	90.18	126.05
Acidity Level (pH)	6-9	7.5	7.46
TSS	400	66	106



11

## Community Pillar



*As part of the DSN Group's Sustainability Policy, we are committed to upholding and respecting human rights for our employees and the surrounding communities.*

## Respecting

## Human Rights

[POJK51 F.18]

The Company's human rights policy is in line with international initiatives and standards, including the Universal Declaration of Human Rights, the leading Convention of the International Labour Organization (ILO), the Guidelines on the Principles of Business and Human Rights of the United Nations (UN), the Performance Standards of the International Finance Corporation (IFC PS) on labor and work conditions (PS 2), indigenous people and cultural heritage (PS 7 and PS 8), and the principles of freedom and justice in palm oil production.

The Company upholds the principle and policy of no exploitation. Discrimination in any form based on gender, ethnicity, race, or religion is not tolerated by our company, and we promote an anti-corruption culture that aligns with our corporate values.

To support the protection of women and children, we have established policies since 2021 that prioritize their welfare, prevent child exploitation, and ensure access to education and protection.

DSNG is determined to implement its Women's Protection Policy, which includes providing support and facilities for female employees and their families, as well as taking appropriate measures to protect women's rights in operational areas. The Company has provided lactation rooms in our wood product factories, and separate portable or permanent field toilets at our palm oil plantation in Wahau Block, as part of our efforts, to achieve this.

The Company has also implemented a Children Protection Policy to ensure the welfare and safety of children. It is committed to protecting children's rights and providing them with appropriate protection, particularly those residing in and around operational areas. The Company also demands its suppliers to comply with its policy of zero tolerance for child labor. DSNG has collaborated with multiparty partnerships, including institutions involved in preventing child labor in the agricultural sector in Indonesia, such as the Partnership for Against Child Labour in Agriculture (PAACLA), as part of its commitment to child protection. [POJK51 F.19]



**The Company does not tolerate discrimination in any form, whether based on:**



**Gender**



**Tribe**



**Race**



**Religion**



**The Company also promotes an anti-corruption culture.**

To support the implementation of these two policies, the Company has established a women's committee, comprise of representatives from all DSNG palm oil subsidiaries in East Kalimantan, West Kalimantan, and Central Kalimantan. In 2023, the Company also established women's committee at its subsidiaries at the Wood Panel and Flooring Product Business Unit.

## HUMAN RIGHTS ENFORCEMENT

DSNG supports the enforcement of human rights for companies, in line with the second pillar of the United Nations Guiding Principles on Business and Human Rights (UNGPs), as part of its obligation to respect human rights by the business sector.

DSNG enforces human rights through social impact assessments conducted as part of the implementation of Environmental Impact Assessments (AMDAL), which may affect the community and the environment, and provides a mechanism for submitting complaints/grievances. This mechanism aims to evaluate and mitigate the impact of the Company's operations on human rights. In addition, we ensure that every community empowerment activity is carried out with due regard to human rights, especially for local communities in the area.



**DSN Group is committed to creating a child-safe environment for children living within and in the villages around the operational area.**

[POJK51 F.19]

In line with the UN Convention on the Rights of the Child and **Indonesian Law No. 23 of 2002 on Child Protection**, utilizing its resources in its CSR Department, the Company continuously strives to fulfill the four key rights of the child:

- ◆ The the right to survival
- ◆ The right to protection
- ◆ The right to development
- ◆ The right to participation.

The Company fulfills the children's rights to survival by providing facilities and access to health and hygiene services, including:

- ◆ Quality health services
- ◆ Age-appropriate nutrition
- ◆ Clean water
- ◆ Safe housings

In fulfilling the children's right to development, the Company provides educational services from an early age, including childcare facilities that comply with national standards. DSNG also provides capacity building for parenting to parents or those responsible for childcare in childcare centers.



DSNG fulfills the right to child protection through a child protection campaign carried out through socialization to all employees and establishing the **Child Forum as a pioneer and platform for child protection actions.**

In 2023, DSNG established the DSN Child Forum with a committee **of 36 middle and high school students in the Muara Wahau** site area. Establishing this Child Forum also fulfills the child's right to participate as part of the community and to enable them to freely express their thoughts, views, and opinions, especially in areas that affect them.



## Support for Communities

[POJK51 F.23, F.24, F.25]

### COMMUNITY ENGAGEMENT

Since the inception of the Company's operations, we have engaged communities in participatory social and environmental impact assessments. This assessment is part of the Environmental Impact Assessment (AMDAL) document prepared by the operating subsidiaries. At the end of the reporting period, all operating subsidiaries completed AMDAL documentation (100%) in compliance with the Decree of the Head of the **Environmental Control Agency No. 8 of 2020 on Community Involvement and Information Disclosure in the AMDAL Process.** [GRI 413-1]

Our initiatives with the community in managing social impacts around the operational area are carried out by the CSR Function by taking a participatory and consultative approach. Several community livelihood and empowerment programs are carried out to improve the health and business opportunities of the community, especially for youth groups, vulnerable groups, and families with limited income. [GRI 413-1]



#### THE SIA FINDINGS GUIDE US TO IDENTIFY LOCAL NEEDS AND POTENTIAL IMPACTS IN OPERATIONAL AREAS

so that the Company can develop community livelihoods and empowerment programs that **are sustainable and empowering and promote the self-reliance of the communities** in the affected areas. [GRI 413-1]



*We are proud to continue DSNG's vision and founding tradition of emphasizing the development of sustainable and resilient livelihoods for the communities in and around our operational areas through the principle of shared prosperity.*

We incorporated this commitment into our Group Sustainability Policy by striving to ensure that the communities around our operations are safeguarded and continue to thrive.



We are aware that our Company's operations may have an impact on the surrounding community and that there are potential risks causing unintended negative consequences. The ESMS provides us with the system to manage those risks. [GRI 413-2]

In 2023, DSNG's CSR function also focused on the Social Impact Assessment (SIA), by mapping our impact on the community and identifying community needs around our operating areas. **The SIA is part of the Environmental and Social Management System (ESMS)** that the Company updates annually. [GRI 413-2]

### MANAGEMENT OF NEGATIVE IMPACT IN 2023

[GRI 406-1, 408-1, 413-1]

IDENTIFIED RISKS	IMPACT	MITIGATION PLAN
High demand for palm oil business opportunities.	Limited alternative opportunities to palm oil business.	Developing alternative livelihood opportunities outside of palm oil. DSNG actively catalyzes business opportunities for local entrepreneurs and provides business training for local youth to meet the needs of the surrounding community and those who support our operations. The Company collaborates with Muara Wahau and Miao Baru Village-Owned Enterprises (BUMDES) to develop business opportunities such as the provision of basic food and necessities, air conditioning services, and community-based ecotourism.

**MANAGEMENT OF NEGATIVE IMPACT IN 2023** (Continuation)

[GRI 413-1]

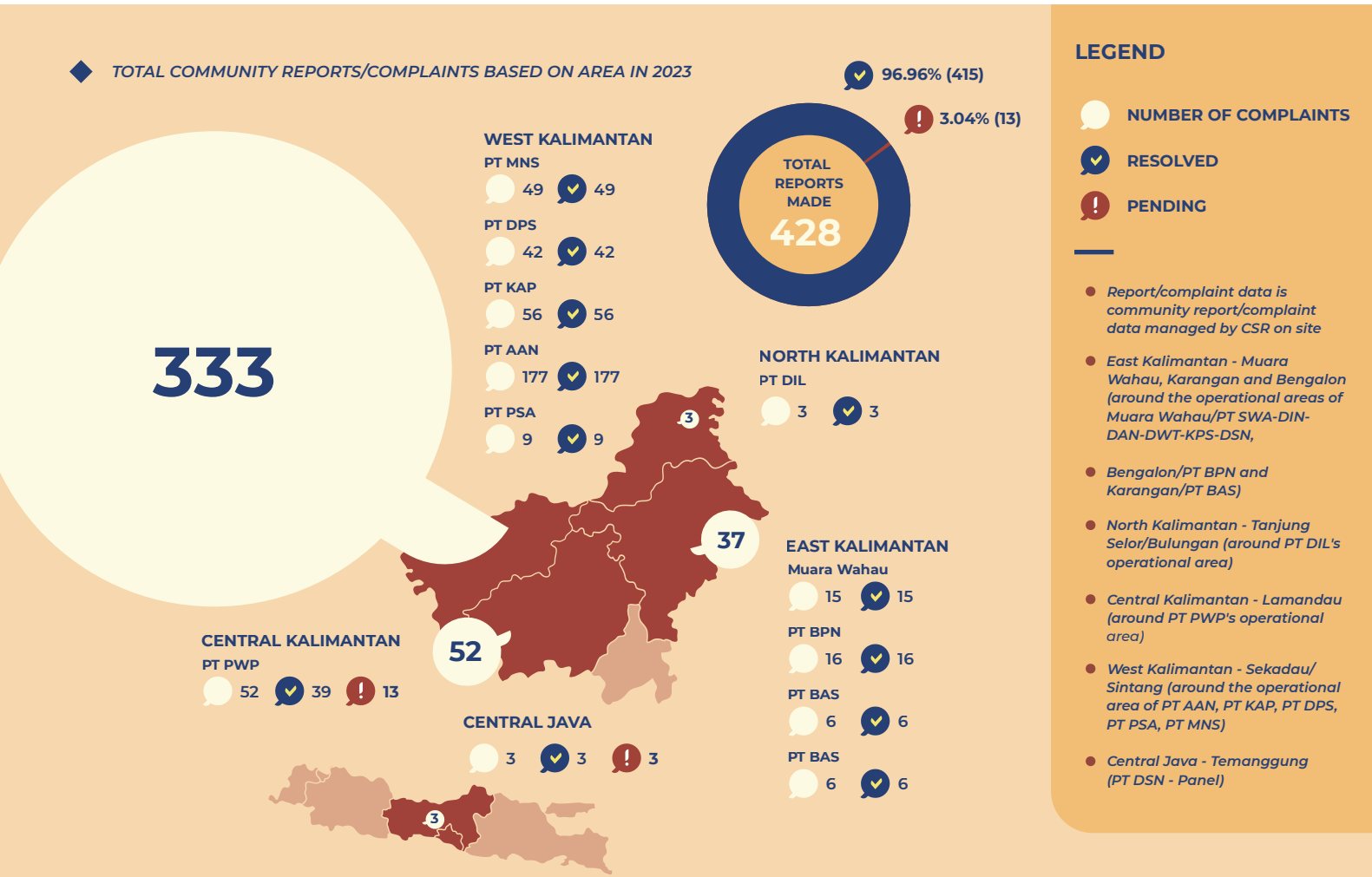
IDENTIFIED RISKS	IMPACT	MITIGATION PLAN
Lack of awareness and low capacity among the employees concerning the children rights	Children's Rights Violation	Conducting a child protection campaign through socialization to all employees and establishing the Child Forum as a platform to report on child protection actions.
Lack of awareness of gender equality	Gender discrimination	<ul style="list-style-type: none"> <li>Establishing a women's committee and organizing engagement activities for the committee.</li> <li>Conducting a campaign for the protection of women.</li> <li>Building separate toilet facilities in the work area, including palm oil plantations fields.</li> </ul>

We are committed to managing our social impacts through Social and Environmental Responsibility activities in compliance to **Law No. 40 of 2007 on Limited Liability Companies and Government Regulation No. 47 of 2012 on Social and Environmental Responsibility of Limited Liability Companies.**

**GRIEVANCE HANDLING FOR COMMUNITIES AND OTHER STAKEHOLDERS**

[GRI 413-1]

Through our CSR programs, the Company continuously strives to build engagement in open communication with the community and provides open access for them to share their grievances with us, through various channels. In 2023, the Company received 428 complaints from both the community and other stakeholders, of which 96.96% has been resolved, and 3.04% is still pending resolution [GRI 413-1]



Furthermore, the Company also provides alternative access to receive complaints from the public and other stakeholders through:

[POJK51 F.24]



**OUR WEBSITE**

1

Provide channels for anonymous grievances.

CLICK HERE



**WOOD PRODUCT BUSINESS UNIT**

2

In the Wood Products Business Unit, product-related reports are submitted to the WP Engineered Flooring Marketing Team and the WP Panel Quality Assurance Team. In addition, complaints from employees and external stakeholders are handled by the Business Operation Support Team of each wood products subsidiary.



**PALM OIL BUSINESS UNIT**

3

All grievance reports are submitted to the Head of the CSR Operation Department. In the event, the complaint cannot be resolved immediately, it shall be followed up in coordination with the Head of the Plantation/Factory Area and, where necessary, escalated to a Director of the Company. Based on the investigation and reporting process of the Head of Plantation/Factory and/or Director, the CSR Department is tasked to convey the findings and engage with the aggrieved party.

**STATUS, TYPES, AND NUMBER OF COMPLAINTS FROM THE COMMUNITY, BUYERS, AND OTHER STAKEHOLDERS IN 2023**

TYPE OF COMPLAINTS	TOTAL	STATUS	
		Completed	In Process
Infrastructure	41	41	0
Plasma Estates/Cooperatives Partnership	100	97	3
Planting Compensation (GRTT)/Land Compensation (GRL)/land claims	185	178	7
Employment and Job Opportunities	16	16	0
External FFB	4	4	0
Fruit Theft	4	4	0
Misunderstanding between the Security and Communities	1	1	0
Health service	1	1	0
Education	1	1	0
Community Development	26	25	1
Deforestation	1	1	0
POM / FFB / CPO / Bulking	1	1	0

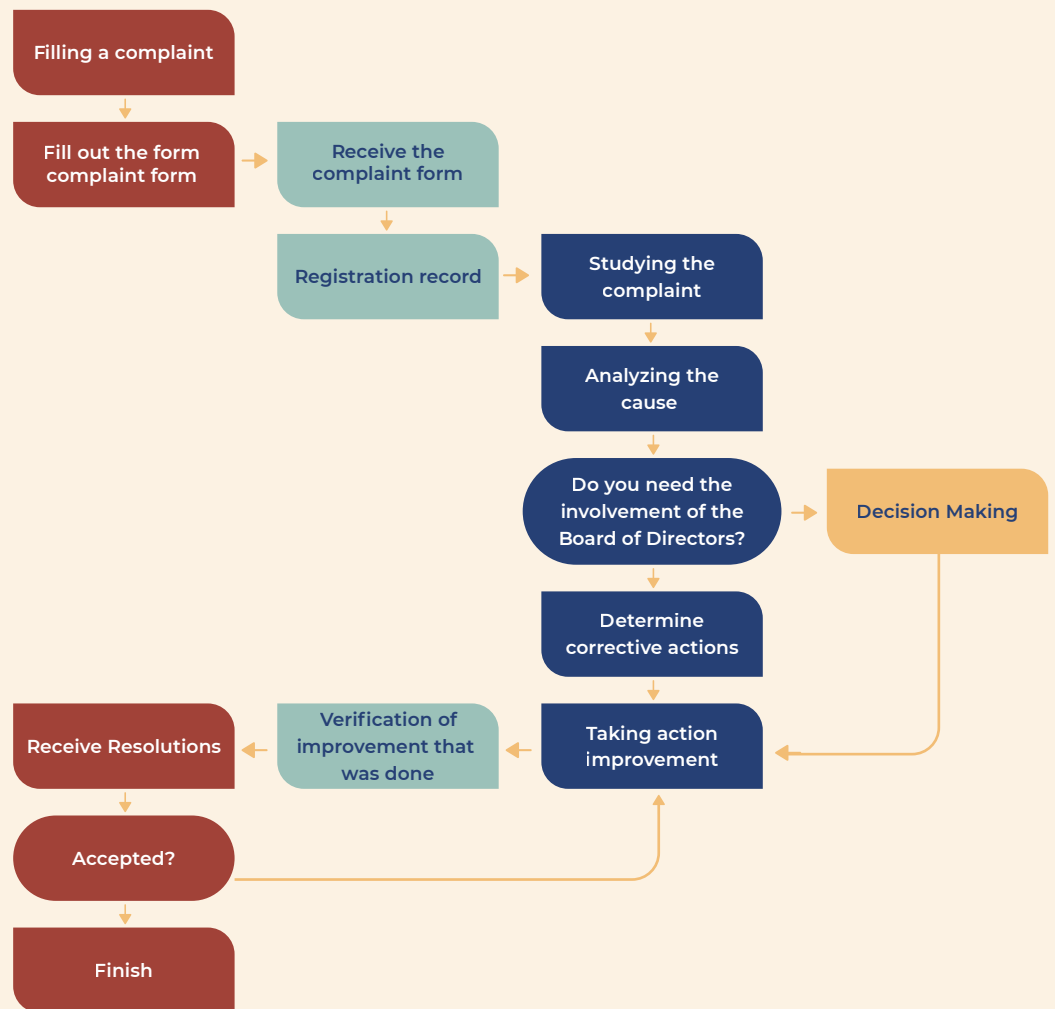
**STATUS, TYPES, AND NUMBER OF COMPLAINTS FROM THE COMMUNITY, BUYERS, AND OTHER STAKEHOLDERS IN 2023**  
(continuation)

TYPE OF COMPLAINTS	TOTAL	STATUS	
		Completed	In Process
Contractor	26	26	0
Area Land border/HGU	5	3	2
Operational proses	12	12	0
Environment	4	4	0
<b>Total</b>	<b>428</b>	<b>415</b>	<b>13</b>

Complaint data is community complaint data managed by CSR at the site

**FLOW OF COMPLAINT HANDLING MECHANISM**  
[POJK51 F.24]

- Complaint Recipient
- CSR Operations Dept.Head
- Plantation/Mill/Operation Support Dept.Head
- The Board Of Directors





## LAND CONFLICTS

Any complaints and land conflicts with indigenous peoples or other community groups shall be resolved by the Company without using force or violence under the national and provincial laws, the Company's land acquisition policy, and other relevant regulations. In any land acquisition, the company observes the **Free Prior and Informed Consent (FPIC)** principle and the relevant land ownership laws.

Regarding land claim issues, the Company resolves them by conducting meetings, socializing, verifying relevant documents, surveying the location, and negotiating with the relevant parties. Mediation through a third party or a judicial settlement will be pursued if no agreement is reached. In 2023, the Company has resolved 96.22% of land ownership claims or grievances with the community.



*The Company has always strived to ensure that none of its activities violate the rights of indigenous peoples, including legal land tenure and the implementation of traditional cultural practices and customs.*



## RESPECT FOR INDIGENOUS PEOPLE

In 2021, the Company collaborated with parties with the relevant expertise to conduct various studies on indigenous communities in the operational area and in the surrounding areas of the Palm Oil Business Unit in East Kutai Regency, East Kalimantan Province, to meet international sustainability standards IFC Performance Standard (IFC-PS) 7 on indigenous peoples and IFC-PS 8 on cultural heritage, in line with our commitment to &Green.

With this study, the Company strives to understand the existing social conditions of indigenous peoples to develop a guidance document for developing the economic, cultural, and institutional potential of indigenous peoples. Aside from that, these guidelines also include DSNG's participation with communities in developing and implementing community empowerment programs, ensuring the implementation of Free, Prior, and Informed Consent (FPIC) involving indigenous peoples, as well as identifying and developing cultural heritage management plans in DSNG's operational areas.

In addition to ensuring the fulfillment of the health and livelihood rights of indigenous peoples, in 2023, DSNG also collaborated with the local government to support the registration and civil administration records, especially for the Dusun Long Sep community, which is part of the Dayak Punan kelai, traditionally known as a nomadic community and some members decided to settle in the Longsep area, Muara Wahau Sub-district.

In December 2023, the Company organized a cultural heritage management workshop attended by 30 employees from the East Kalimantan 1-Wahau and East Kalimantan 2-Bengalon and Karangan Areas. This activity aims to familiarize employees with the protocols and methods involved in the documentation and management of cultural heritage. It serves as a crucial tool for recording the rich history and culture of Indonesia, preserving the identity of its indigenous communities in a sustainable manner.



*In the first year after the partial enclave of PT PWP, DSNG implemented a community engagement programme in the form of:*



**Conservation education and practice** for youth and women



**Identification & documentation** of local wisdom



**Biodiversity inventory training**



**Multistakeholder dialogue**

## Our Challenge in Protecting the Rights of Communities

One of our key challenges in protecting the rights of communities living in and around our operations, is managing and prioritising community rights to determine land use.

Two lessons learnt in managing these challenges took place at our subsidiaries, PT Pilar Wana Persada (PT PWP), Nanga Bulik, Lamandau Regency, Central Kalimantan, and PT Dewata Sawit Nusantara (PT DWT), East Kutai, East Kalimantan.

### PROTECTING PT PWP'S ENCLAVE AREA

As reported in the 2022 period, following up on efforts to mitigate overlapping land status with local communities, DSNG carried out the process of partially releasing PT PWP's HGU (enclave) area of 3,572.81 ha which was legalised in May 2022.

Along with this process, DSNG in collaboration with SatuNama Foundation conducted studies involving relevant stakeholders in and around the said land. SatuNama was engaged to conduct tenure studies, stakeholder mapping, socio-cultural studies including assessing parts of the land that have historical, cultural and conservation values, as well as identifying potential conflict risks and land clearing risks. This series of studies were conducted to understand the livelihood needs and rights of the community, while conveying our concern for the conservation of the area and to reach some consensus on land use in the former HGU HCV Area.

Based on the study result, SatuNama recommended a 3-year programme that has been part of the engagement plan of PT PWP's CSR team since 2023. In this first year, the programme included education and conservation practices for youth, women and school students, identification and documentation of local wisdom related to natural resource management, biodiversity inventory training and multi-stakeholder dialogue. One of the significant achievements of this series of programmes was the community and customary declaration to protect the Bukit Pendulangan forest area (covering an area of 1,000 ha), which is part of the enclave area and was previously PT PWP's HCV area.

## THE MIDWAY BETWEEN CONSERVATION AND COMMUNITY LIVELIHOODS AT PT DWT

In East Kutai Regency, East Kalimantan, DSNG encountered a challenge where the community did not want to relinquish their customary management rights over the land that had been designated as an HCV area in PT DWT. The community insisted on managing and cultivating food crops and opening settlements on the land.

While it is a thorny issue for us to choose between the legal right to operate our and recognising the need to maintain relationships with the communities in our area, we are firmly committed to the principles of Free, Prior and Informed Consent (FPIC) and the FAO Voluntary Guidelines on the Responsible Governance of Land Tenure, Fisheries and Forestry in the Context of National Food Security.

In response to this challenge, DSNG worked with Lingkar Komunitas Sawit (LINKS) to initiate a dialogue with the Nehas Liah Bing Village community, especially the land tenants. The purpose of the dialogue was to understand the livelihood needs and rights of the community, as well as to convey our concern for the conservation of the area and to reach a land use agreement in the HCV area. As a result of the dialogue and land tenure study, DSNG has voluntarily submitted a report and submitted a request for consideration to the RSPO. DSNG is also collaborating with the community to manage the land sustainably by considering the needs of the community and conservation of the remaining forest.

Regarding the protection status of HCV areas, DSNG conducted a limited HCV reassessment and public consultation on the results of the assessment, including involving the RSPO secretariat in conducting field verification of the HCV reassessment and its reporting.

The Company also developed Memorandum of Understanding on HCV Area Management in Block X with Wehea Customary Institution and in Block XI between PT DWT and Long Belteq Hamlet community.

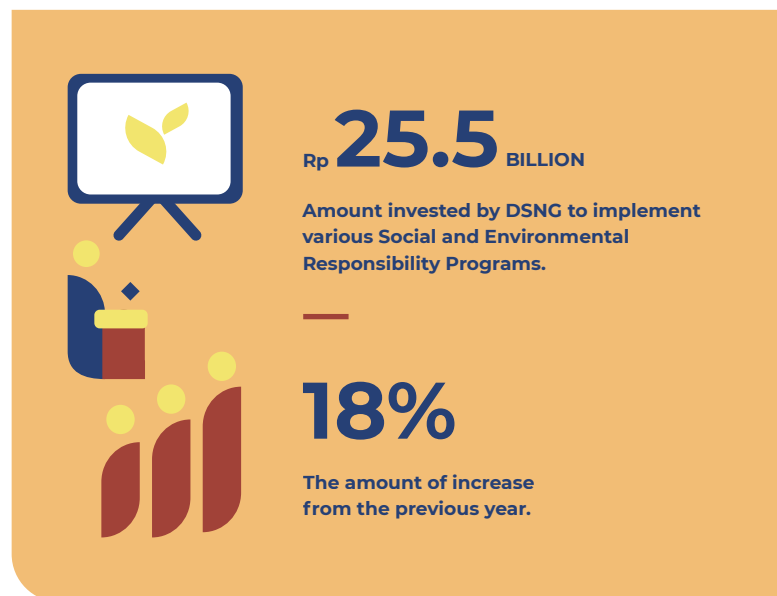
## Achievements in our Social and Environmental

### Responsibility Programs (CSR)

[POJK51 F.23, F.25]

In 2023, DSNG invested Rp20.88 billion to implement various Social and Environmental Responsibility Programs. This amount represents a 18% increase from the previous year of Rp25.5 billion. This amount excludes dividends paid to the District and Provincial Governments and payments made to local contracting companies for the provision of goods and services. DSNG also supports the Government, including capability building and training, event sponsorship, joint programs, and provision of public infrastructure.

In addition, the Company also regularly conducts a series of socialization and consultation activities on sustainability programs with local communities. DSNG delivered materials in the form of Social Impact Assessment (SIA), Livelihood Restoration Program (LRP), Indigenous People Program (IPP), Cultural Heritage Program (CHP), Landscape Protection Plan (LPP), Traceability and Environmental Social Management System (ESMS) to the local community.





The Company also continuously conveys related to the FPIC Protocol, NDPE Policy, Human Rights & Employment, Evaluation & Preparation of CSR Programs with the community, Code of Ethics/ Business Ethics, grievance mechanism, and mechanism for conveying information and Communication and a list of documents that external parties can access. With this socialization, the Company expects to improve its performance in carrying out social and environmental responsibilities.

## WOMEN EMPOWERMENT

Within DSNG's operational premises, the Women's Committee regularly provides socialization and training related to fulfilling and protecting women's and children's rights, including giving briefings for our employees' wives and caregivers at daycare centers.

In and around its operational areas, the Company encourages the involvement of women in village economic development activities through agricultural activities as well as in the production of handicrafts or culinary products. The Company actively encourages cooperatives and credit unions to involve women as administrators, even leaders, in managing their organizations.

## EDUCATION

Improving access to quality education is vital to our community empowerment programs, especially for the youths. Since 2011, DSNG has established Sekolah Dharma Utama (SDU) under the patron of Yayasan Dharma Satya Nusantara Utama (YDSNU). The purpose of establishing SDU is to provide access to quality educational facilities for the children of DSN Group's employees living in the Muara Wahau estate area. Dharma Utama Elementary and Junior High Schools have been awarded high-level accreditation from the Ministry of Education and Culture. In addition, the Sekolah Dharma Utama (SDU) in Muara Wahau was also awarded the prestigious Adiwiyata School award at the National level in 2023.

The Company also supports providing formal and informal education to the surrounding community.

The Company supports the implementation of education from the East Kutai Regency Education Office by providing locations and constructing 5 Public Elementary Schools. In addition, CSR employees in the Wahau Block actively provide contextual educational assistance to the Dayak Punan children in Dusun Long Sep. Contextual education learning focuses on how the Dayak Punan children can recognize numbers and letters and maintain health and hygiene.



***DSNG has always been committed to empowering women. Empowering women involves:***

- Ensuring women's self-worth, whether as an employee, family member, or part of the community, where their rights to determine their own choice is assured.
- Assuring equal opportunity for women to participate in decision-making





## ECONOMIC INDEPENDENCE

DSNG successfully contributes to local income, employment, and economic independence in several ways. Social responsibility programs in the economic aspect are mainly aimed at supporting community empowerment and development. Details on initiatives to build economic independence and community empowerment can be found on **page 60** Management of Indirect Economic Impacts section.

## SOCIOCULTURE AND TRADITION

DSNG believes that the traditional culture of the community surrounding our operations is part of the identity and sustains the social stability and quality of life of the local communities. As part of our commitment to IFC PS-8 relating to Cultural Heritage Preservation, the Company understands that preserving the cultural heritage of the indigenous community for its future generations is paramount and is therefore committed to maintaining it, applying processes in the chance discovery of cultural heritage objects and procedures for respecting local/indigenous rights in implementing the traditional cultural practices and customs.

## COMMUNITY AREAS AND INFRASTRUCTURE

The continued maintenance and improvement of public infrastructure in the residential areas of the communities surrounding the operational areas is a key part of DSNG's community development programs, as it provides facilities and benefits for various levels of society. In 2023, the Company invested Rp1.05 billion, an increase of 17% from 2022, for infrastructure development such as maintenance of inter-village axis roads, construction of inter-village access roads, construction of bridges, and provision of clean water sources. [GRI 203-1]

*In 2023, the implementation of the preservation of cultural heritage has been carried out by the Company in the form of:*

- Support for the implementation of traditional ceremonies
- Maintenance of cultural heritage (cultural sites and ancestral graves)
- Access for the community to visit and perform rituals at cultural heritage sites located in and around our concession areas





## Management of Diversity and Development

### of Human Resources Competences



*Our employees come from diverse backgrounds, and we believe that this forms a vital part of our company's competitive advantage, which has contributed to the success of the Company.*

DSNG is committed to attracting and maintaining talented employees, nurturing them with skills, experience, motivation, and the appropriate attitude to ensure DSNG's business growth and performance sustainability.

#### DIVERSITY AND EQUAL OPPORTUNITIES

Diversity is an essential aspect for DSNG to establish a transparent and respectful work environment. DSNG's management is committed to gender diversity and equal opportunity for all employees to build a career irrespective of their gender, ethnicity, religion, and political views, as well as other discriminative factors. [POJK51 F.18][GRI 405-1]

DSNG respects and gives freedom to all employees to join as members, administrators or form Workers' Unions whose role is to synergise with each other as business partners who have the same voice to achieve the Company's strategic goals. The Company has several Trade Unions, both in the palm oil business segment and the wood products business segment, whose working relationships are regulated in Collective Labour Agreements (CLAs) that are officially registered at the local Manpower Office.

The Company also recognises the right of employees to express their opinions and be involved in decision-making related to employees through trade unions. By the end of 2023, 60.11% of employees were members of trade unions.

The Company has regulations registered with the Local Labour Office for employees who are not members of trade unions. The Company always creates an open and effective two-way communication relationship. The Company and the Labour Union establish a Bipartite LKS to create a conducive working environment.

During 2023, the Company implemented Management Trainee Programs to recruit and train talented new employees, who are projected to become strong leaders for our various business units. The programs successfully recruited 30 outstanding talents for both operational and supporting functions.



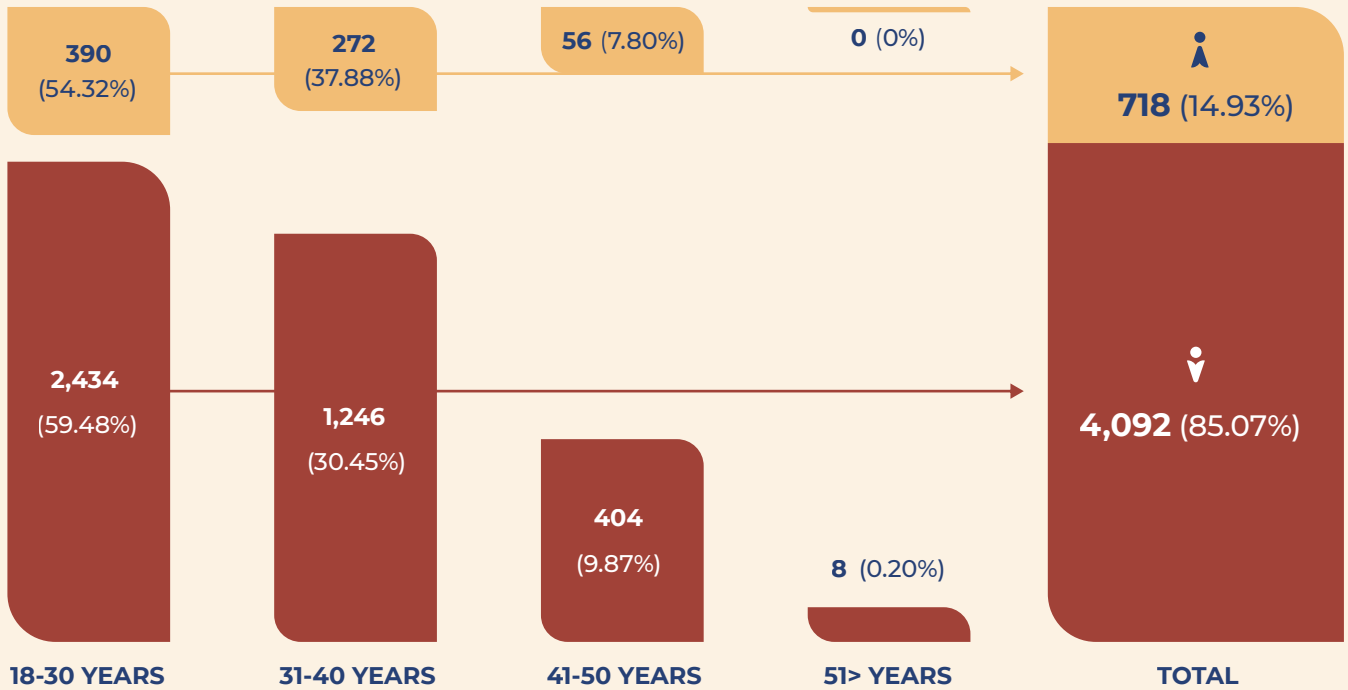
*During 2023, the Company implemented Management Trainee Programs to recruit and train talented new employees, who are projected to become strong leaders for our various business units.*

The programs successfully recruited 30 outstanding talents for both operational and supporting functions.



◆ TOTAL NEW EMPLOYEES IN 2022 BY GENDER AND AGE GROUP [GRI 401-1a]

LEGEND  FEMALE  MALE

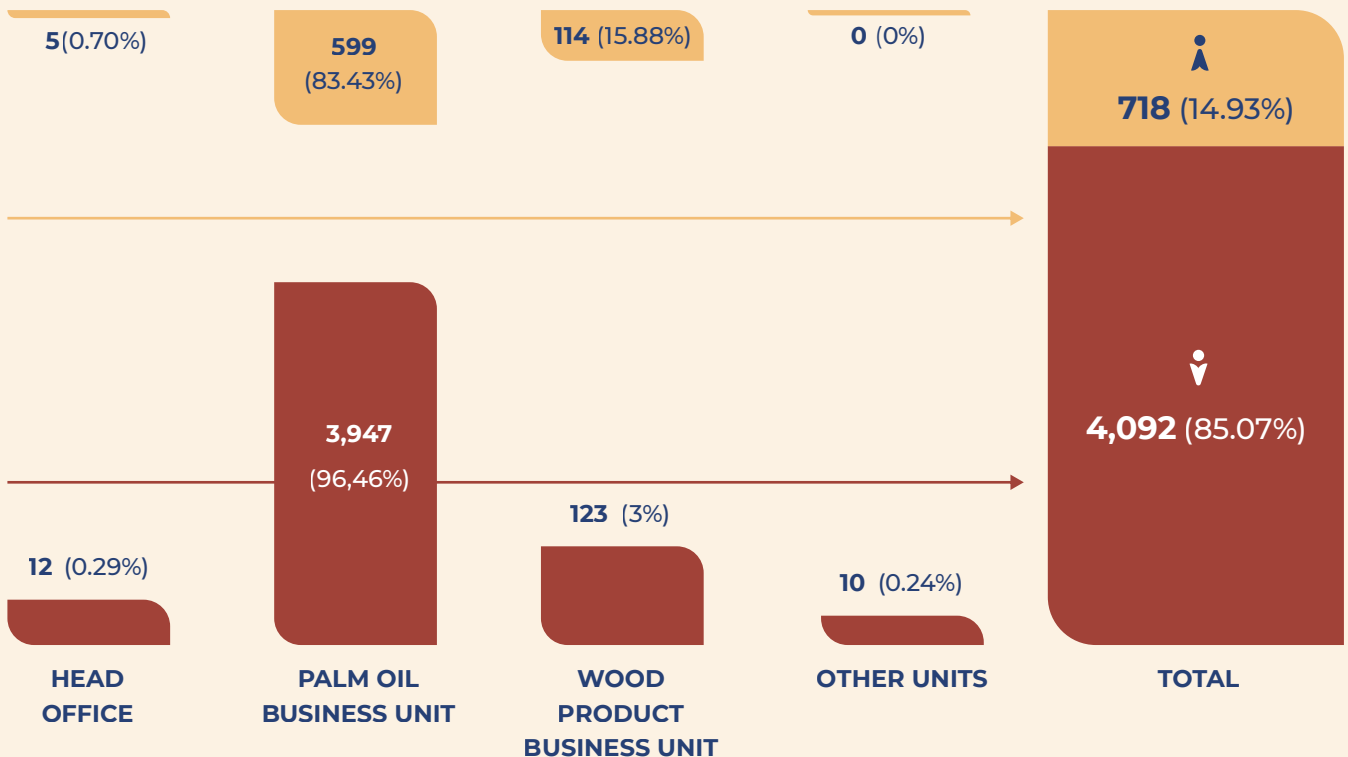


The Company does provide 'maternity leave' for female employees for 90 calendar days and special leave for two calendar days to spouses to support their wives during labor. [GRI 401-3]

MATERNITY LEAVE

 90 DAYS  2 DAYS

◆ TOTAL NEW EMPLOYEES IN 2023 BASED ON GENDER AND WORK STATION [GRI 401-1a]



## TOTAL OF EMPLOYEES LEAVING THE COMPANY

DESCRIPTION	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Resign	3,592	757	4,853	891	4,724	682
Termination of Employment Relationship	1,222	256	1,673	308	1,305	168
Entering Retirement Age	49	5	181	29	145	27
Other Causes	12	6	25	2	27	2
<b>Total</b>	<b>4,875</b>	<b>1,024</b>	<b>6,732</b>	<b>1,230</b>	<b>6,201</b>	<b>879</b>

## TOTAL OF EMPLOYEES TURN OVER BY POSITION

POSITION LEVEL	2021		2022		2023	
	Total	Turn Over(%)	Total	Turn Over(%)	Total	Turn Over(%)
<b>RESIGN</b>						
Staf	86	9.8	94	10.2	83	8.2
Non-Staf	794	13.2	675	11.6	415	7.3
Plantation Crews	3,469	35.1	4,975	42.3	4,908	36.2
<b>TERMINATION OF EMPLOYMENT RELATIONSHIP</b>						
Staf	57	6.5	45	4.9	71	7.0
Non-Staf	494	8.2	871	14.9	358	6.3
Plantation Crews	927	9.4	1,065	9.1	1,044	7.7
<b>ENTERING RETIREMENT AGE</b>						
Staf	9	1.0	6	0.7	13	1.3
Non-Staf	21	0.3	158	2.7	108	1.9
Plantation Crews	24	0.2	46	0.4	51	0.4
<b>OTHER CAUSES</b>						
Staf	4	0.5	3	0.3	2	0.2
Non-Staf	6	0.1	8	0.1	10	0.2
Plantation Crews	8	0.1	16	0.1	17	0.1
<b>Total</b>	<b>5,899</b>		<b>7,962</b>		<b>7,080</b>	



**TOTAL OF EMPLOYEES TURN OVER BY OPERATIONAL AREA AND GENDER**

AGE GROUP	2022		2023	
	Male	Female	Male	Female
Head Office	23	10	14	3
Palm Oil Business Unit	5,861	912	5,909	730
Wood Product Business Unit	845	308	274	146
Other Units	3	0	4	0
<b>Total</b>	<b>7,962</b>		<b>7,080</b>	

**LOCAL EMPLOYEES**

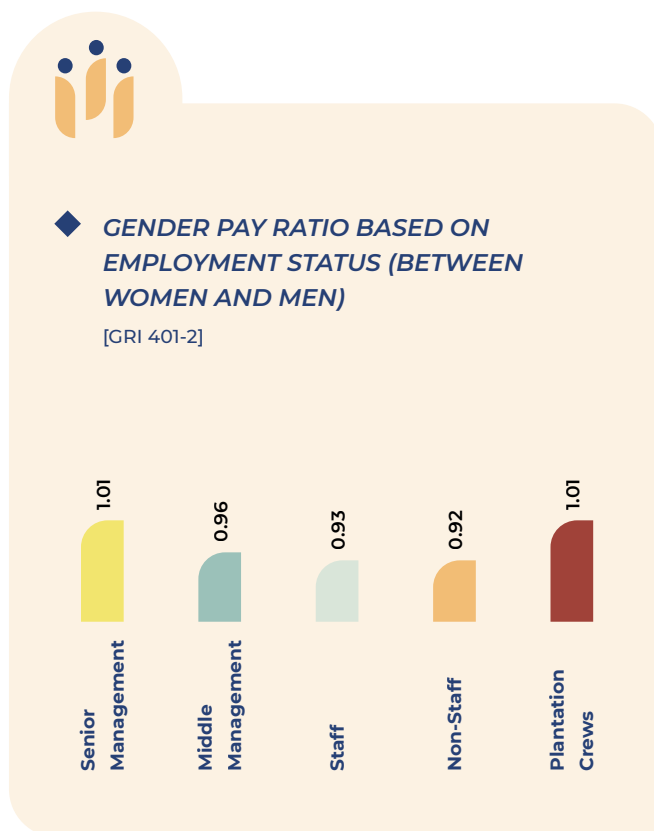
The Company is committed to recruiting residents as a priority wherever our subsidiaries the company operates. In our palm oil business unit and wood product, there were 13,548 employees who were residents, which was 66% of the total employees in 2023. [GRI 202-2]

In the palm oil business unit, the Company hires local employees from various cities in East Kalimantan, North Kalimantan, Central Kalimantan and West Kalimantan, totalling 12,038 people, or 64% of the total employees in the palm oil business unit. In addition, the Company also employs local employees from various cities in Central Java, totalling 1,510 people, or 93% of the total employees in the wood products business unit. [GRI 202-2]

**COMMITTED TO EMPLOYEE WELFARE**

[GRI 202-1, 405-2]

DSNG strives to provide competitive and equitable remuneration to ensure employee retention and the appropriate motivation for them to improve performance. In addition, DSNG also provides other rewards in the forms of allowances dan incentives and does not discriminate in the remuneration packages between male and female employees. DSNG provides competitive remuneration according to job positions, which include entry-level positions, subject to the prevailing regulations and the Minimum Wage Standard prevailing in the province. As a member of RSPO, DSNG fully endorses Decent Living Wages as determined INANI standards, whenever it shall be in effect.



**EMPLOYEE TRAINING AND DEVELOPMENT**

[POJK51 F.22]

Employee training and development is critical to DSNG for its long-term plan to retain employees and ensure their skill and competence can achieve the Company's objectives. Employee training and development is part of the responsibility of DSNG's Human Capital Department.

DSNG places a strict emphasis on safety training to prevent accidents and obligates all its employees on its sites to have safety as a core competency. [GRI 404-1]

During 2023, the Company provided orientation on sustainability and other training to support productivity improvement. In addition to training, all male or female employees receive regular evaluations for their career development. [GRI404-2][GRI 404-3]

**TOTAL TRAINING HOURS BASED ON EMPLOYEE LEVEL**

[GRI 404-1]

EMPLOYEE LEVEL	2021	2022	2023
Level 4 up	16,812	45,765	53,376
Level 3 down	18,264	18,991	16,473
Plantation Crews	2,422	5,752	79,242
<b>Total</b>	<b>37,498</b>	<b>70,508</b>	<b>149,091</b>

## Ensuring Safe, Secure, and Healthy Work Practices

### IMPLEMENTATION OF OCCUPATIONAL SAFETY AND HEALTH (OHS)

[POJK51 F.21]

DSNG is committed to providing employees with a safe and comfortable workplace by implementing an Occupational Safety and Health Management System (SMK3). The implementation of SMK3 includes all employees (100%) as well as the employees of our business partners. The policy is applied unexceptionally to them, including other stakeholders who visit or are within the Company’s operational area. [GRI 403-1, 403-8]

DSNG has a mechanism for employees to report conditions that may endanger workplace safety and health through the Go Home Safe program, where reports can be submitted to the direct supervisor. The Company expects this program to encourage employee awareness of OHS implementation at work and within the scope of their responsibilities.

The Go Home Safe program is carried out by developing habits and awareness and conducting continuous inspections of employees relating to the implementation of OHS.

The Company will remove employees from dangerous situations and immediately follow up on reports submitted, including conducting investigations in the event of an incident. Until the reporting period, no situation endangered the safety and health of employees.



*For us, no operational outcome is more important than the work safety of our employees. DSNG believes that all accidents can be avoided; therefore, we are committed to eliminating accidents and incidents across all operational areas.*

The application of SMK3 within the Company has been adjusted in **Government Regulation No. 50 of 2012** concerning the Implementation of the Occupational Safety and Health Management System (SMK3) by implementing hazard identification risk assessment & control (HIRAC), as well as OHSAS 18001: 2007. [GRI 403-1, 403-2]

The Company regularly evaluates the performance of OHS (Occupational Health and Safety) applications, conducted internally and involving external parties, including the local Manpower Office. The evaluation process includes all facilities, operational units, and employees in each business unit. In the fourth quarter of 2023, for the K3L inspection, which consists of the PKS Inspection, Housing Inspection, and PPE Inspection in the garden, DSNG began utilizing the SMART monitoring application to monitor the Company's conservation areas. Using SMART ensures that K3L inspections are conducted as they should be. [POJK51 F.22]



*The Company regularly evaluates the performance of OHS (Occupational Health and Safety) applications, conducted internally and involving external parties, including the local Manpower Office.*



### OHS TRAINING PROGRAM

To promote the understanding and build OHS culture, the Company involves all employees in implementing OHS Management System through several activities so that employees can directly participate, consult, and communicate with management. This communication is also a forum for employees to develop, implement, and evaluate the OHS implementation.

#### OHS TRAININGS CONDUCTED FOR EMPLOYEES IN 2023

[GRI 403-5, 403-6]

TRAINING ACTIVITIES	NUMBER OF PARTICIPANTS
Firefighting Training, First Aid in Accidents & Occupational Health and Safety and Environment	6
Firefighting Training, First Aid in Accidents & Occupational Health and Safety and Environment	218
Basic Mentality for Assistants	137
Child Care & First Aid	17
Basic Electrical Training	39
Training for Afdeling Generator Operator & Hazardous Waste Handling	16
Factory Waste Control	19
Emplasmment Treatment & Household Management	6
Generator Operator License	5
First Aid Certification Training	1
Safe Driving Socialization	40
Hazardous Waste Handling Training	7

## OHS TRAININGS CONDUCTED FOR EMPLOYEES IN 2023 (Continuation)

[GRI 403-5, 403-6]

TRAINING ACTIVITIES	NUMBER OF PARTICIPANTS
Danger Suspect Training	95
General OHS Expert Training	1
Safety Training	79
Firefighting Training	24

## OCCUPATIONAL HEALTH FACILITIES

[POJK51 F.21]

The performance of each employee in carrying out their work is highly dependent on their healthy physical condition. DSNG's work environment is equipped with health facilities and clinics that are widely accessible to all employees and contractors.

DSNG's work environment is equipped with health facilities and clinics. These include the main clinic, the estate clinic, and polyclinics dedicated to all employees, their families, and the surrounding community. In addition, at every workplace, we provide a First Aid kit for minor accidents.

## PATIENT VISITS TO HEALTH FACILITIES IN 2023

DESCRIPTION	PALM OIL BUSINESS UNIT					TOTAL
	Muara Wahau	Bengalon	Karangan	Ng. Bulik	West Kalimantan	
Outpatient	41,207	8,160	3,775	8,524	5,817	67,483
Inpatient	1,102	44	31	0	0	1,177
<b>Total</b>	<b>42,309</b>	<b>8,204</b>	<b>3,806</b>	<b>8,524</b>	<b>5,817</b>	<b>68,660</b>

The Company conducts periodical medical check-ups (MCU) for all employees every year. The Company facilitates and conducts MCU activities by the Company's Doctors at health facilities with a period of once a year. [GRI 403-10]

Health checks for employees included:

- ◆ **The condition of the employee's vital organs** (head, eyes, ears, nose, throat, thorax, abdomen).
- ◆ **Cholinesterase blood test** for employees with chemical-related risk scope of work.
- ◆ **Spirometry test** for employees with scope of work related to breathing.
- ◆ **Audiometry test** for employees with scope of work related to noise risks.
- ◆ **Monthly gynecological check-ups** for pregnant employees.

In addition, DSNG also provides health insurance facilities by including all employees in the national health insurance program of the National Social Security Agency (BPJS) Kesehatan and paying membership contributions. The amount of membership dues paid in 2023 amounted to Rp36 billion. As participants of the national health insurance program, DSNG employees will get access to health services for non-occupational Diseases (PAK). Health services are provided at health facilities agreed upon between BPJS Kesehatan and employees as participants. As a measure to prevent and manage chronic diseases caused by sedentary lifestyles, the Company launched a series of programmes for holistic chronic disease management. These programmes comprise promotion (healthy living education and training), prevention (health check-ups, nutrition consultation, and exercise programmes), treatment (emergency care, follow-up therapy, patient compliance monitoring), and rehabilitation (medical recovery).





*In 2023, in the oil palm plantations in Wahau Block, the main health facilities and clinics, managed to achieve 100% prevention of severe diseases.*

To support an active and healthy lifestyle, the Company supports various group sports activities according to the employees' interests.



#### OCCUPATIONAL HEALTH PROMOTION ACTIVITIES FOR EMPLOYEES IN 2023

[GRI 403-6, 403-7]

TRAINING ACTIVITIES	NUMBER OF PARTICIPANTS
Childcare and First Aid Methods	17
Health education for day care's caregivers	80
Coffee Time-Nutrition	18
Coffee Time-Healthy Lifestyle	35
Coffee Time-Work Life Balance	36
Healthy Talk with Dr.Kristina J. Herlambang	130
Class for pregnant mothers	1,459
Distribution of supplemental food	4,162
Distribution of Vitamin A	1,957
Immunization	3,093
Tropical disease counseling	1,680
Environmental health monitoring	1,050
Socialization of Clean and Healthy Living Behavior (PHBS)	1,170
Health Dialogue	1,900
Mosquito Larvae Inspection	3,270

## ACHIEVEMENTS IN WORK SAFETY

Throughout 2022, 6 subsidiaries of the Company reported zero work accidents. During Year 2023, the number of working hours lost in the palm oil business unit increases from 36,492 working hours to 37,560 working hours. For the wood products business unit, the total number of lost work hours was increased from 18 in the previous year to 48. The statistics of OHS performance for Severity Rate and Frequency Rate was calculated using every 1,000,000 working hour. [GRI 403-9]

### ACHIEVEMENTS IN OCCUPATIONAL SAFETY MANAGEMENT FOR PALM OIL BUSINESS UNIT

[GRI 403-9]

PARAMETER	2021	2022	2023
Severity Rate	203.39	181.74	158.32
Frequency Rate	5.44	1.11	1.42
Total Working Hour	32,550,180	33,465,287	39,539,012
Total Lost Working Hour	39,702*	36,492	37,560
Fatal Work Accidents	1	1	1
Zero Accidents at Subsidiary	2	6	6

\*The increase is affected by the number of accidents in the severe and medium categories

### ACHIEVEMENT IN OCCUPATIONAL SAFETY MANAGEMENT FOR WOOD PRODUCT BUSINESS UNIT EMPLOYEE







[GRI 403-9]

PARAMETER	WP FLOORING			WP - PANEL		
	2021	2022	2023	2021	2022	2023
Severity Rate	9.84	6.37	9.87	6.6	6.63	125.12
Frequency Rate	5.06	1.59	3.70	-	2.29	2.23
Total Working Hour	3,557,263	627,679.50	810.914	3,315,780	2,184,513.90	2,685,487
Total Lost Working Hour	35	18	48	72	89	336
Fatal Work Accidents	0	0	1	0	0	0
Zero Accidents at Subsidiary	1	1	0	1	1	0

The Company has not recorded the Total Recordable Incident Rate (TRIR) and Near Miss Frequency Rate (NMFR)



Through various efforts to implement OHS, in 2023, the Company managed to regain the OHS Award in the Zero Accident Award from the Ministry of Manpower:

<p><b>PT SWAKARSA SINAR SENTOSA</b> </p> <p>POM 1 managed to achieve <b>3,018,569 working hours without work accidents</b>, starting from January 1, 2017 to December 31, 2022.</p>	<p><b>PT DHARMA SATYA NUSANTARA</b> </p> <p>POM 2 managed to achieve <b>1,918,530 working hours without work accidents</b>, starting from January 2, 2017 to December 31, 2022.</p>
<p><b>PT DHARMA SATYA NUSANTARA</b> </p> <p>POM 3 managed to achieve <b>2,215,466 working-hours without work accidents</b> from January 1, 2020 to December 2022.</p>	<p><b>PT DHARMA SATYA NUSANTARA</b> </p> <p>POM 6 achieved <b>1,590,569 working-hours without work accidents</b> from January 2, 2017 to December 31, 2022.</p>
<p><b>PT DHARMA SATYA NUSANTARA</b> </p> <p>POM 7 managed to achieve <b>4,505,718 working hours without work accidents</b>, starting from January 2, 2017 to December 31, 2022.</p>	<p><b>PT KARYA PRIMA AGRO SEJAHTERA</b> </p> <p>Managed to achieve <b>2,012,742 working hours without work accidents</b> from January 2, 2020 to December 31, 2022.</p>

Additionally, through its subsidiary PT Swakarsa Sinar Sentosa, DSNG also received an award for achievements in handling COVID-19 in the workplace and the community in East Kalimantan with a platinum category.

**STANDARD PPE FOR EMPLOYEES**

[GRI 403-7]

FORM OF THREATS AND DISTURBANCES	STANDARD PPE
<b>PALM OIL BUSINESS UNIT</b>	
Fertilization and spraying	Helmet, faceshield, corset, and boots
Machinery noise	Earplug wearable
Waist injury	Corset (especially for harvesters)
Welding fire and light exposure	Welding shield and jacket
Struck by falling objects from above, such as FFB, fronds, objects from elevated areas while working	Helmet
Leg injury	Safety shoes, safety boots
Falling from heights	Body harness

FORM OF THREATS AND DISTURBANCES	STANDARD PPE
<b>WOOD PRODUCT BUSINESS UNIT</b>	
Wood dust and adhesive vapor	Masks, protection glasses, and gloves
Machinery noise	Earplug wearable
Eye Injury	Welding shields and glasses
Electrical current	Gloves
Falling from heights	Safety harness belt

The criterion for high occupational risk is adjustable and determined in the SOPs for identification, assessment, control, hazard-risk and impact aspects.

## Improving Product Quality and Safety

[POJK51 F.17, F.27, F.28, F.29]

DSNG ensures that all customers receive equal services, quality, and products. To achieve this goal, the company consistently assesses 100% of its production processes, focusing on ensuring customer safety and well-being. By having several national and international certifications: FSC, PEFC, CARB, ISPO & RSPO, amongst others, the Company and its subsidiaries can guarantee product safety and quality. These certifications are regularly verified and audited by various independent parties and, in multiple instances, provide DSNG with additional premiums.

None of the Company's products were withdrawn or subjected to sanctions or fines related to product safety until the end of 2023. Moreover, each product is manufactured under the specific production process implemented by each business unit and has its target markets, both domestically and internationally.

◆

*The Company also provides a channel for customers to communicate their complaints about products and services online through*

**THIS LINK**



◆

**TO ACHIEVE THIS GOAL, THE COMPANY CONSISTENTLY ASSESSES**



**100%** PRODUCTION PROCESSES

Focusing on ensuring customer safety and well-being.

During the reporting period, the Company did not receive any customer reports/complaints regarding the Company's services.



**BUSINESS UNITS, PRODUCTS, AND TARGET MARKETS**

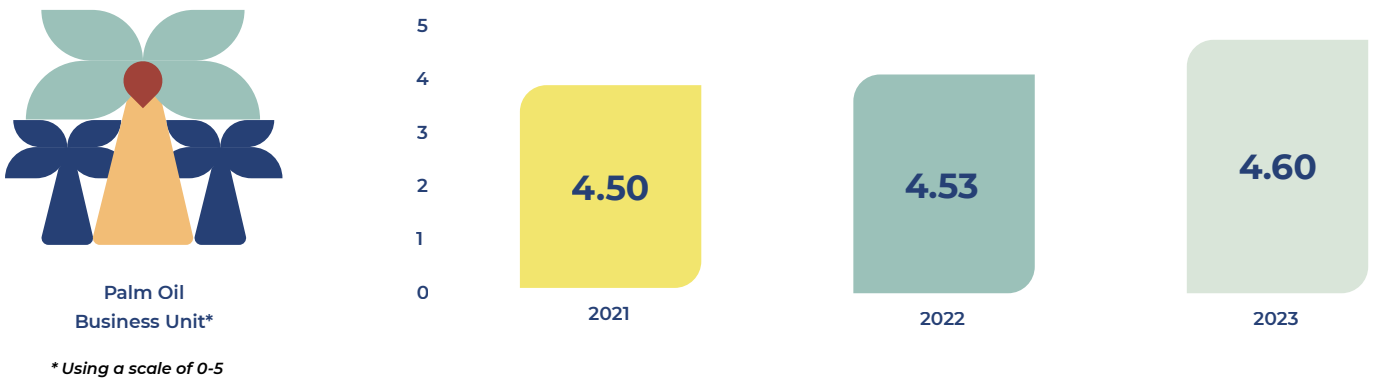
BUSINESS UNIT	PRODUCT	TARGET MARKET AND SALES REVENUE (RP)
 <p>Palm Oil Business Unit</p>	CPO	Domestic: 6,983 Billion
	PKO	Domestic: 144 Billion
	PK	Domestic: 588 Billion
 <p>Wood Product Business Unit</p>	Panel	Domestic: 478 Million
		Export: 609,224 Million
	Flooring	Domestic: 17,316 Million
		Export: 319,522 Million

**CUSTOMER SATISFACTION SURVEY**

[POJK51 F.30]

The Company conducts regular customer satisfaction surveys. The survey is conducted so the Company can determine customer satisfaction with service performance and product quality. The results of the customer satisfaction survey suggest that customers are generally satisfied with the services and the quality of the products delivered.

**CUSTOMER SATISFACTION SURVEY RATING BASED ON PARAMETERS**

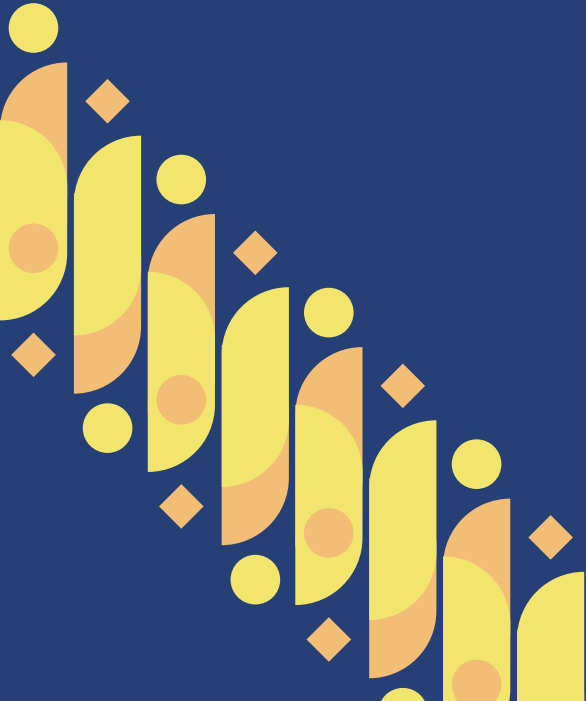




12



Sustainability  
Governance



# Sustainability Governance



DSNG recognizes the importance of the implementation of good corporate governance (GCG) to drive the Company's business sustainability in the long term.

## THE COMPANY'S IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE (GCG) IS GROUNDED IN FOUR KEY PILLARS

- Ethical behavior
- Accountability
- Transparency
- Sustainability

This aligns with the corporate governance guidelines set forth by the National Committee on Governance Policy (KNKG).

## SUSTAINABILITY GOVERNANCE STRUCTURE AND DELEGATION OF RESPONSIBILITY FOR ADDRESSING ESG IMPACTS

[POJK51 E.1][GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-19, 2-20, 2-21]

To ensure the practical application of GCG, the Company has a **GCG structure that refers to Law No. 40 of 2007 concerning Limited Liability Companies**, consisting of three pivotal bodies: the General Meeting of Shareholders (GMS), the Board of Commissioners, and the Board of Directors.

The GMS is the GCG organ with the company's highest power and authority. The Board of Commissioners is the GCG body collectively responsible for supervision and providing advice and input to the Board of Directors to ensure the Company's management aligns with the GCG pillars. The Board of Directors is the GCG body tasked for and responsible for managing the Company. The Company has established guidelines and procedures for the nomination and remuneration of the highest governance bodies, namely the Board of Commissioners and Board of Directors. In carrying out their duties and responsibilities, the Board of Commissioners, Board of Directors, and employees may encounter situations involving conflicts of interest. To maintain independence and professionalism, the Company implements a conflict-of-interest policy. Details regarding the roles and responsibilities of each GCG bodies, has been elaborated in the 2023 Annual Report.



Further information can be accessed through our website:

[CLICK HERE](#)




The Board of Directors is responsible for ensuring that the Company's sustainability strategy and performance are relevant to the agenda for solid performance across environmental, social, and governance aspects. To ensure the implementation of sustainable practices, **the Company has designated a Chief Sustainability Officer (CSO), assisted by the Department of Sustainability and the ESG Committee**, to implement, monitor, and report on the Company's Sustainability initiatives, as well as to apply the concept of continuous improvement across our operations, supply chain, and the communities in which we operate. The CSO reports directly to the President Director and periodically updates the President Director on the Company's sustainability matters.

The Company has also established a Sustainability Advisory Board (SAB) consisting of highly experienced individuals in Sustainability, along with members of the Board of Directors and CSO. The SAB was formed to assist, guide, and provide recommendations to DSNG's Board of Directors regarding ESG and other sustainability issues. The SAB periodically engages with various stakeholders to help DSNG address and enhance its sustainability performance.

**MEMBERS OF SUSTAINABILITY ADVISORY BOARD AS OF DECEMBER 31, 2023**

**DATUK DARREL WEBBER**  
Chairman



**MICHAEL SCHLUP**  
Member



**TIMOTHEUS ARIFIN C.**  
Member



**DENYS COLLIN MUNANG**  
Member



**GITA SYAHRANI**  
Member



Effective per 1st January 2024



*The SAB periodically engages with various stakeholders to help DSNG address and enhance its sustainability performance.*



**Further information** regarding the SAB can be found through our website at

**CLICK HERE**



In 2023, the SAB held four meetings discussing several topics, including:

- ◆ Significant risks in DSNG's sustainability performance related to forests, climate, and communities
- ◆ Current trends and issues related to national and global policies that could pose risks or opportunities for DSNG's business and sustainability performance
- ◆ DSNG's strategic steps in risk mitigation and the measures taken by the Company to minimize impacts

The Company consistently and periodically monitors its environmental and social impacts and implements various programs to manage its impact.

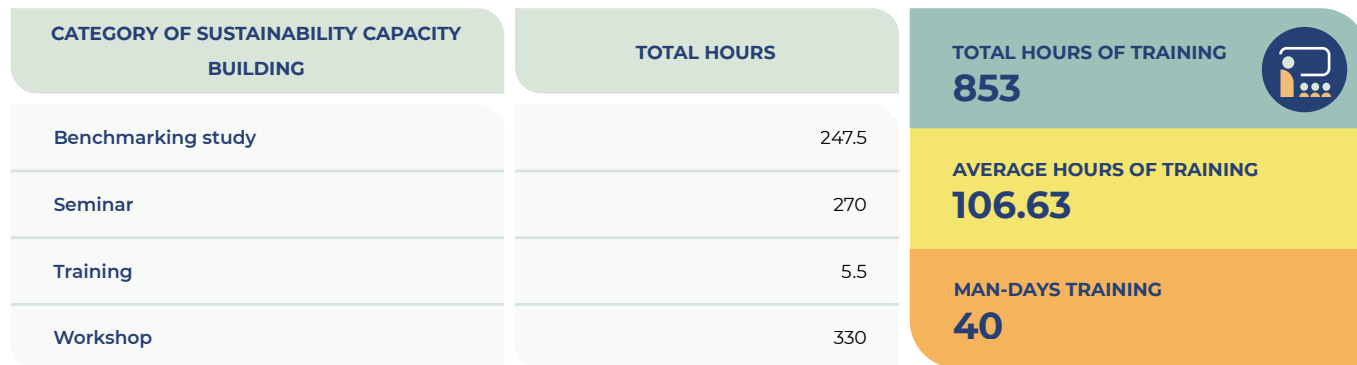


In the preparation of the Sustainability Report, the Board of Directors and Board of Commissioners play a crucial role by approving the reporting standards, determining the material topics to be addressed in the report, and endorsing the final document. Specifically, the Chief Sustainability Officer (CSO) appoints the Sustainability Engagement Lead officer with the assistance of the pertinent departments responsible to compile the Sustainability Report.

## COMPETENCY DEVELOPMENT RELATED TO SUSTAINABILITY

[POJK51 E.2][GRI 2-17]

The Company encourages members of the Board of Commissioners, the Board of Directors, the SAB, and the ESG Committee to participate in training and seminars to enhance knowledge of sustainability practices, including participating in benchmarking studies to broaden the perspective of implementing sustainability performance.



◆ For details of sustainability competency development training, please refer to

[THIS LINK](#)

## PERFORMANCE EVALUATION

[GRI 2-18]

The performance evaluation of the Board of Commissioners and individual members of the Board of Commissioners is conducted annually through self-assessment, and the results of each member's and collegial assessment are reported to the shareholders at the GMS. Generally, the performance of the Board of Commissioners is determined based on duties and obligations stipulated in the applicable laws and regulations, the Company's Articles of Association, and the mandate of the Shareholders.

The performance of the Board of Directors and individual members of the Board of Directors is evaluated by the Board of Commissioners every year and is based on duties and obligations stipulated in the applicable laws and regulations and the Company's Articles of Association. The results of the evaluation of the overall performance of the Board of Directors and the individual performance of each member of the Board of Directors will form an integral part of the compensation scheme and the provision of incentives for members of the Board of Directors.



# Critical Issues Management and Reporting Mechanism

[POJK51 E.3][GRI 3-3]

The Company has an extensive Stakeholder Engagement Plan (SEP) within its Environmental and Social Management System (ESMS), where stakeholders can convey various issues of concern regularly through the Stakeholder Engagement Forum (SEF). Subsequently, the CSO communicates the results from the SEF to the President Director. In 2023, the Company received 4 issues of stakeholder concern through the SEF.

In 2023, DSNG implemented optimal and sustainable GCG practices, which helped the Company avoid significant legal sanctions from the authorities.



## Risk Management for


## Implementation of

## Sustainability [POJK51 E.3][GRI 3-3]

The Audit Committee is responsible for the Company's risk management implementation with the support from the Board of Commissioners, actively monitors the implementation of Risk Management by the Board of Directors, evaluates the accountability of the Board of Directors, and the implementation of Risk Management Policies, and evaluates and approves the Board of Directors requests for transactions that require the approval of the Board of Commissioners. DSNG regularly identifies risks that can affect the Company's performance which are provided in the 2023 Annual Report.

To maintain sustainable performance growth, the Company also identifies ESG risks that may affect the Company's performance, this includes developing a crisis management protocol. The protocol comprises the definition and identification of various types of crises, a mechanism for the formal activation and termination of crisis responses, including crisis communication guidelines, and the description of roles and responsibilities of the crisis management committee.

The following table represents the results of the identification of issues, developments, and the impact of mitigating critical risks in 2023:

 <b>FOREST</b> <span style="float: right;"><b>RISK : BIODIVERSITY AND CONSERVATION</b></span>		
Description of the Risk	Risk Mitigation	Executed Programs
<ul style="list-style-type: none"> <li>◆ Deforestation</li> <li>◆ Forest fire</li> </ul>	<ul style="list-style-type: none"> <li>◆ Fulfillment of the RSPO process for NPP and HCV &amp; HCS Assessment</li> <li>◆ Conservation of crucial species based on Government Policy and the IUCN Red List</li> <li>◆ Conservation outside concession areas through partnerships and collaboration with communities and non-governmental organizations (OCCA)</li> <li>◆ Taking preventive actions to reduce the potential risk of forest fires</li> <li>◆ Preparing equipment and infrastructure for forest fire mitigation</li> </ul>	<ul style="list-style-type: none"> <li>◆ Habitat &amp; HCV protection and River Buffer Zones</li> <li>◆ Compliance with RSPO NPP</li> <li>◆ Commitment to RaCP RSPO through the hectare-to-hectare mechanism in Laman Satong Village and Sepakat Jaya Village, Ketapang Regency, West Kalimantan</li> <li>◆ HCV monitoring using SMART Patrol and camera traps</li> </ul>

**FOREST****RISK : BIODIVERSITY AND CONSERVATION** *(Continuation)***Executed Programs**

- ◆ The Off Concession Conservation Area (OCCA) program collaborates with USAID SEGAR and LPHD Karangany Dalam
- ◆ Fire prevention through a landscape approach, in collaboration with authorities and community/farmer groups in fire and land fire mitigation and handling

**FOREST****RISK : CERTIFICATIONS****Description of the Risk**

- ◆ Failure to obtain green certifications (ISPO, RSPO, ISCC, etc.)

**Risk Mitigation**

- ◆ Conducting internal audits for all certification systems held by plantations and factories and taking further actions as necessary based on findings
- ◆ Conducting refresher training to update knowledge on Quality Audit patterns for Quality Inspection Teams

**Executed Programs**

- ◆ Palm Oil Certification (ISPO, RSPO &, ISCC)
- ◆ Wood Product Certification (SVLK,FSC, PEFC, CARB, JAS)

**FOREST****RISK : SUPPLY CHAIN PRACTICE****Description of the Risk**

- ◆ Implementation of the Company's NDPE within the supply chain

**Risk Mitigation**

- ◆ Implementing the Company's no deforestation, peat, and exploitation (NDPE) commitments within the supply chain

**Executed Programs****Providing socialization and training to:**

- ◆ IPC
- ◆ Cooperatives
- ◆ FFB Supplier Agents

**Responsible supply chain program covering:**

- ◆ Third-party FFB supply chains
- ◆ Third-party FFB supplier compliance
- ◆ FFB supplier traceability

**CLIMATE****RISK : CLIMATE CHANGE****Description of the Risk**

- ◆ Extended drought causing surface and groundwater deficits
- ◆ Floods and fires

**Risk Mitigation**

- ◆ Informing potential prolonged drought to suppliers, employees, and the community for anticipation
- ◆ Taking mitigation measures for fires and floods
- ◆ Identifying, planning, and proactively exploring activities to reduce climate impacts
- ◆ Enhancing water management in flood-prone areas

**Executed Programs**

- ◆ Management of fire risks due to El Nino impacts using a holistic approach
  - Mapping fire-prone areas inside and outside concessions
  - Developing fire prevention and mitigation infrastructure (e.g., watchtowers)
  - Training and socialization of land clearing without burning





Risk Mitigation

- ◆ Installing and building water storage and pumps to control and manage excess water

Executed Programs

- Preparedness and emergency response readiness training and simulation
- Post-fire handling evaluation
- ◆ Efficient use of water through savings and reuse of turbid water for irrigation and other purposes
- ◆ Building dikes in flood-prone areas (PT BPN)



Description of the Risk

- ◆ Increased wastewater volume
- ◆ Decreased water quality

Risk Mitigation

- ◆ Wastewater treatment
- ◆ Waste sorting and separation
- ◆ Safe storage of hazardous and toxic waste
- ◆ Proper use of fertilizers and pesticides
- ◆ Safe storage of fertilizers and pesticides
- ◆ Safe equipment cleaning

Executed Programs

- ◆ Waste management and handling programs (Organic Fertilizers, Biogas, Biomass)
- ◆ Chemical substance management program
- ◆ Environmental pollution emergency response program
- ◆ Utilization of oil palm biomass waste to generate electricity and supplementary fertilizer
- ◆ Conversion of wood waste into wood pellets to replace fossil fuels
- ◆ Participation in PROPER with the Ministry of Environment and Forestry

The risks and mitigation efforts identified by the Company are included in the ESMS, to facilitate the group-level and Business Unit-level monitoring. The results of the ESMS are presented in an ESMS document, which becomes the subject of periodical evaluations, to help the Company adjust its operational condition and ensure the sustainability and effectiveness of the mitigation of the priority risks. The evaluation is carried out through an internal audit mechanism.





## Industrial Relations

[GRI 2-30]

As we seek efforts to establish a good industrial relationship, we have developed a Corporate Manual (CM), which was already approved by the Labor Office at the Provincial level, for our Palm Oil Business Unit, and a Collaborative Agreement (CA) at our Wood Product Business Unit. Both CM and CA are introduced to ensure the fulfillment of employee's rights and obligations, where CA will bind the whole employees (100%) and also applies to both contractors and vendors who work within and/or for the Company.

## Stakeholder Engagement

[POJK51 E.4][GRI 2-29]

The Company has identified the strategic stakeholders for both internal and external which convey direct and indirect impacts to our operations. The internal stakeholders are the employees and their families, whereas the external stakeholders consist of the government, non-governmental organizations, individuals with extensive network and specializations, universities and academic members, multiparty forum, vendors and suppliers, media, investors, customers, the local community, certification agency and young generation, including millennials.

The stakeholders are identified using AccountAbility (AA) 1000 Stakeholder Engagement Standard and IFC PS 1, in respect to the level of engagement and interests. We provide comprehensive information about the main stakeholders, reasons for engagement, methodology, and frequency in the document of the Stakeholder Engagement Plan (SEP) and in the Environmental and Social Management System (ESMS).

In 2023, we have taken a series of stakeholder engagement activities, independently or by invitation from other stakeholders. Some of the key activities are:

### 1 STAKEHOLDERS ENGAGEMENT FORUM (SEF) AT DSN GROUP

 4 JULY 2023

On July 4, 2023, DSNG held the second Stakeholders Engagement Forum (SEF). Thirty-five invitees attended the event, representing:

- ◆ 18 civil community organizations
- ◆ 3 banking institutions
- ◆ 3 research institutions
- ◆ 2 financial analysts
- ◆ 1 university

This forum allows each stakeholder to provide insights regarding the impacts of DSNG's operations and propose improvements. This forum also allows DSNG to explore potential collaboration opportunities with civil society and its stakeholders to achieve a common sustainability purpose.

 20 NOVEMBER 2023

In conjunction with the RT RSPO annual conference that was held in Jakarta, DSNG organized an informal networking event, inviting representatives from domestic and international members of Civil Society, NGOs, industry peers and financial investors, amongst others. In this event, DSNG aims to build on and expand its network, to enhance collaboration opportunities, and explore other potential sustainable ventures.

## 2 SUSTAINABILITY EDUCATION AND CULTURAL ARTS INCLUSION

DSNG, through TKPI and DSMN, conducted various activities that served as platforms to raise awareness about sustainability issues, involving artists, architects, interior designers, and architecture and interior design students. These activities provided awareness about sustainability and using wood flooring in art and design applications.



**25 JANUARY - 17 JUNE 2023**  
ACTIVITIES TEKArch 4.0-5.0



Targeting architecture and interior design students



**25 OCTOBER - 8 NOVEMBER 2023**  
CONTINUUM ART EXHIBITION



Targeting art enthusiasts and the public

## 3 COLLABORATION WITH CIVIL SOCIETY AND INTERNATIONAL PROGRAMS FOR CAPACITY BUILDING OF INDEPENDENT FARMERS

DSN Group collaborated with Solidaridad and German-Indonesian government cooperation development programme through GIZ in initiatives to enhance the capacity of independent farmers for best farming practices and sustainable palm oil supply chains. Together with Solidaridad, the Company, through its subsidiary PT Kencana Alam Permai (KAP) in West Kalimantan, supported Raja Swa Cooperative in establishing and managing a compost house using organic waste from empty fruit bunches.



**EAST KALIMANTAN**



Company also developed the capacity of independent farmers affiliated with 6 (six) cooperatives in Kutai Timur Regency.



**30 MAY 2023**



DSN Group received a visit from Her Excellency Ina Lepel, the Federal Republic of Germany Ambassador to Indonesia, ASEAN and Timor Leste, at the Muara Wahau Site and Bio-CNG 2 Factory. During the visit, discussions covered empowering independent farmers, converting palm oil waste into renewable energy, and global climate change and forest preservation issues.

## 4 BENCHMARKING JOURNEY OF BEST PRACTICES IN THE PALM OIL INDUSTRY TO LATIN AMERICA



**24 MARCH - 8 APRIL 2023**

7 (seven) representatives from the DSN Group's senior management visited Daabon in Colombia and Agropalma in Brazil. Both companies excel in managing organic palm oil plantations and in sustainable palm oil practices. During this visit, DSN Group representatives were exposed to organic plantation management, the use of innovative technology to generate real-time operational data for nurseries, plantations, factories, and their world class sustainable farming practices.

## Responsible Business

### Commitment

[GRI 2-23, 2-24, 2-25]

DSNG adopts three core principles to address the impacts of its business and operations, namely No Deforestation, No Peat, and No Exploitation (NDPE), Preservation, and Circularity.



Our **NDPE commitment** is accessible at

[THIS LINK](#)



#### NDPE PRINCIPLE

The NDPE principle is the Company's commitment to protecting forests, peatlands, and the human rights of employees and communities. Some of our implementation efforts include:

- ◆ Implementing and socializing NDPE policies in our supply chains
- ◆ Supporting the socialization of Best Management Practices to our farmers and supply chain and promoting sustainable certifications for smallholders
- ◆ Socializing practices in protecting forests and biodiversity
- ◆ Towards a net zero emission transition
- ◆ Respecting the rights of indigenous people



#### PRINCIPLE OF PRESERVATION

This principle represents the Company's efforts to protect the surrounding environment from harmful impacts from human activities. Some implementations of the preservation principles in place are:

- ◆ Implement our Landscape Protection Plan and traceability efforts with our supply chain to comply with our NDPE policy.
- ◆ Survey critical species such as orangutans in our concessions and adopt interventions to preserve and protect their habitats
- ◆ Off-Concession Conservation Areas (OCCA) covering an area of 3,148 ha, where we work with the community to preserve their nature's cultural and environmental heritage
- ◆ Report on our climate action plan to continue reducing carbon footprint through resource utilization of renewable energy, investing in Bio-CNG plants, and applying air filter in boiler chimneys, amongst others



#### THE PRINCIPLE OF CIRCULARITY

We implement a circular economy through this principle by utilizing and managing our waste and by-products. We apply this principle primarily in our operations and reflect the approach of some of our initiatives for community development. Some of the efforts that represent the principal implementation are:

- ◆ Utilizing our byproducts for Biomass fuel. Palm kernel shells are exported for biomass electricity generation
- ◆ Utilizing POME as an energy source for biogas and Bio-CNG

These three principles are embedded in Group Sustainability Policy No. 001/DSN/CSO/VII/2021. The framework for managing its impact in three critical areas: Forests, Climate, and Community.



Our **sustainability policy** is available at

[THIS LINK](#)

## NEGATIVE IMPACT RECOVERY PROCESS

DSNG is committed to the responsible use of resources to minimize the negative impacts arising from our operations. We diligently align our operational and supply chain processes with our NDPE policy to promote sustainable practices.



*DSNG is dedicated to implementing the highest standards of sustainability practices.*

### OUR THREE CORE AREAS:



Forest



Climate



Community



## Commitment to

## Human Rights

[GRI 2-23, 2-24, 405-1, 406-1, 408-1]

DSNG is committed to upholding human rights protection through the following policies:

### DSNG GROUP SUSTAINABILITY POLICY

(No. 001/DSN/CSO/VII/2021)

DSNG is committed to respect and secure the rights of all employees, in accordance with international initiatives and standards such as 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.

### THE NDPE POLICY

Was published in November 2019

DSNG is committed to implementing production practices that respect the rights of indigenous peoples, employees, and local communities. This policy aims to promote Human Rights and Health and Safety at Work in DSNG's operational areas, in accordance with international initiatives and standards such as the Universal Declaration of Human Rights, the International Labor Organization (ILO) core Conventions, the United Nations Guiding Principles on Business and Human Rights, IFC Performance Standards on employment and working conditions (PS 2), and the principles of Free and Fair Labor in Palm Oil Production.

### CHILD PROTECTION POLICY

(No. 043/DSN/CHC/ III/2021)

This policy aims to ensure the rights and protection of children living in the surrounding operational areas of DSNG, realize child welfare, prevent child exploitation, provide access to a decent education, as well as ensure no recruitment of minors under the age of 18. To support child protection, DSNG, through Multiparty Partnerships, collaborates with an institution engaging in the Prevention of Child Labor in the Agricultural Sector in Indonesia, namely the Partnership for Against Child Labour in Agriculture – PAACLA.



**No recruitment of minors under the age of 18.**



**14 permanent field toilets in the plantation with separate facilities for male and female employees.**



**Ensures no discrimination against women in the work environment.**



**377 women's committee members representing DSNG subsidiaries in palm oil and wood products business units (2023).**

### WOMEN PROTECTION POLICY

(No. 044/DSN/CHC/III/2021)

DSNG's policy demonstrates its dedication to promoting gender equality in the workplace by supporting female employees. The Company is fully committed to safeguarding women's rights for our employees, as well as their family members. The Company is committed to take all necessary measures to protect such rights in its operations.

The Company has built 14 permanent field toilets in its with separate facilities for male and female employees to ensure our female employees are in a private, safe, and comfortable environment when using the restroom.

In addition, the Company also ensures no discrimination against women in the work environment. The Company has a zero-tolerance policy for discrimination, sexual harassment, and other misconduct. Strict action will be taken, including reprimands, disciplinary action, and legal recourse if necessary. Our top priority is the well-being and safety of our employees, and we are committed to creating a harassment-free workplace.

The Company has established a committee for women. Until the end of 2023, there were 377 women's committee members representing DSNG subsidiaries in palm oil and wood products business units. The establishment of this women's committee aims to organize socialization and campaigns for protecting and fulfilling children's rights, as well as workshops and engagements on the needs for protection and fulfillment of children's rights.

## Our Commitment to

## Anti-Corruption and Anti-Bribery

[GRI 205-1, 205-2, 205-3]

The Company continuously socializes anti-corruption and anti-bribery policy at various internal events to employees, leaders, and the Board of Directors, including new employees and suppliers. As part of the evaluation effort, the Company, through the Internal Audit Division, continuously conducts assessments to identify business processes with a high risk of corruption. Based on these assessments, during the year 2023, there were no cases/incidents of corruption. Handling suspected anti-corruption follows the anti-bribery and anti-corruption policy **No. 032/CHC/VI/2022**.

In line with our commitment to Anti-Corruption and Anti-Bribery, the Company also implements a Political Involvement Policy that restricts employees from engaging in political activities in any form on behalf of the Company. During 2023, the Company also did not make any contributions or donations to any political campaigns, political parties, political party candidates or political officials.



*During the year 2023, there were no cases/incidents of corruption.*



The Company has an **Anti-Corruption and Anti-Bribery policy**, a copy can be accessed through

[THIS LINK](#)



**DSNG Political Involvement Statement and Policy** can be accessed at

[THIS LINK](#)

## Sustainability-linked

### Loan Financing

DSNG became the first oil palm plantation company to obtain a USD 30 million loan facility with a 10-year term from Stichting andgreen.fund (&Green) in 2020. Then in 2023, the Company obtained a sustainability-related loan facility of USD 15 million and a technical assistance grant of USD 500 thousand from the Asian Development Bank (ADB). Bank BCA and Bank Mandiri also channelled sustainability linked loans as a supporting catalyst for DSNG in implementing sustainability principles in developing its business. As a result, 30.2% or Rp1,702 billion of DSNG's total loan facilities are in the form of sustainability linked loans (SLL).

On receiving the sustainability linked loan, DSNG is required to fulfil various sustainability standards such as International Finance Corporation Performance Standards (IFC PS) on Environmental and Social Sustainability, World Bank Group Environmental Health and Safety (EHS) Guidelines. From these standards, DSNG developed an Environmental and Social Action Plan (ESAP), Landscape Protection Plan (LPP), No Deforestation, No Peat, No Exploitation (NDPE) Policy, as well as a Group Sustainability Policy and Environmental and Social Management System (ESMS).

The Company's sustainability performance is audited independently each year, and in 2023 the audit results showed that the LPP and ESAP achievements were rated good and all ESAPs were declared compliant with some recommendations. The audit report is published on the &Green and DSNG websites as part of the transparency commitment to stakeholders.

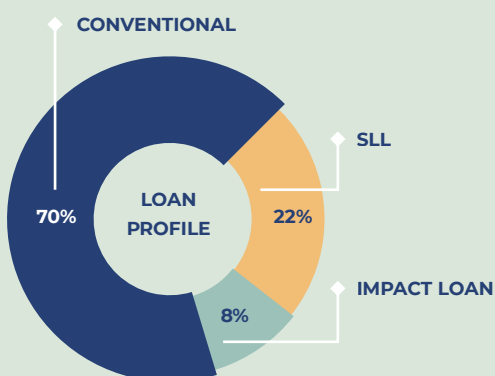
In addition, under the grant received from ABD, DSNG aims to educate around 4,000 farmers (at least 1,200 of whom are women) to adopt climate-resilient agricultural practices through the cultivation of Sengon and Jabon trees, as sustainable alternatives to forest timber, thereby preventing deforestation and supporting biodiversity conservation.

In 2023, 250 farmers have been trained, 63 of whom are women farmers.

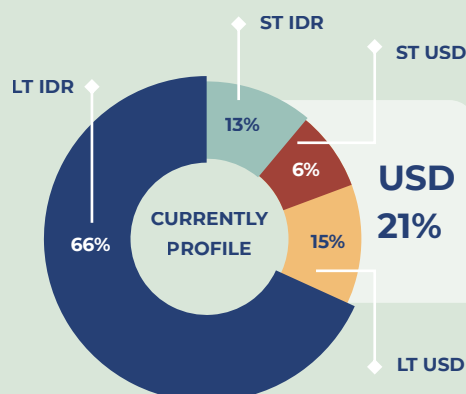


◆ The report can be accessed on

[THIS LINK](#)



30.2% or equivalent to IDR 1,702 bn of DSNG loan are in the form of sustainability loan



#### SUSTAINABILITY LINKED LOAN



## Whistleblowing

### System [GRI 2-16]

The Company implemented the **Complaint Reporting System Policy (SPP) No. 042/DSN/CHC/III/2021**, which aims to detect and prevent violations that could potentially harm all stakeholders of the Company. The Company ensures the privacy protection of reporters or witnesses who report complaints. Furthermore, this system ensures that all grievances or complaints can be resolved effectively and meticulously by involving relevant parties.

Our violation reporting procedures accommodate complaints from internal and external parties and are regulated based on the Complaint Handling Policy. The report can be submitted through:



#### EMAIL

[pengaduan@dsngroup.co.id](mailto:pengaduan@dsngroup.co.id)

1



#### THE COMPANY'S WEBSITE

<http://www.dsn.co.id>

2



#### OFFICIAL LETTERS

*Official letters addressed to the complaint reporting unit at the headquarters' address, operational office, or CSR department at the site location.*

3



*Company ensures the privacy protection of reporters or witnesses who report complaints.*



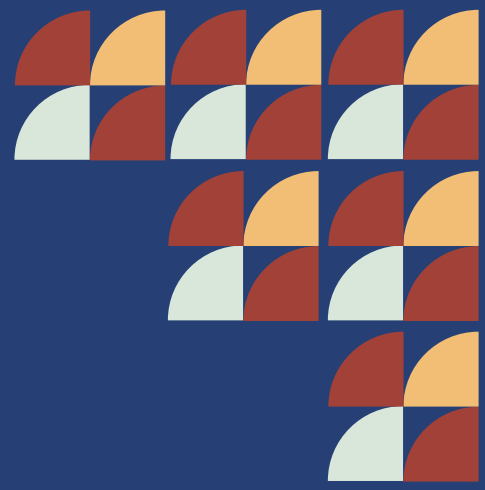
# 277

Amount of report submitted through the SPP (2023).

All of these reports have been followed up on and declared resolved.

In 2023, there were 277 reports submitted through the SPP, which have been followed up on and declared resolved by by the Human Capital Function and the Company related to Employee Grievances.





13



# Disclosure in Accordance with Financial Services Authority

[POJK51 G.4]



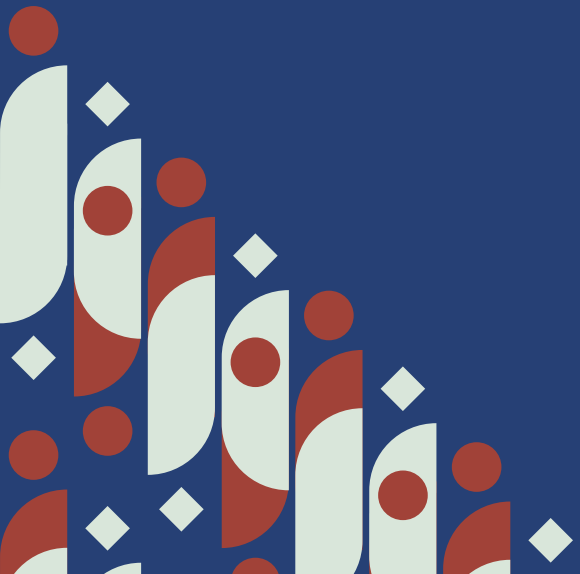
<b>A</b>	<b>SUSTAINABILITY STRATEGY</b>				
A.1	Elaboration of Sustainability Strategy	2			
<b>B</b>	<b>HIGHLIGHTS OF SUSTAINABILITY ASPECT PERFORMANCE</b>				
B.1	Economic Aspect	14			
B.2	Environmental Aspects	14-15			
B.3	Social Aspect	15			
<b>C</b>	<b>COMPANY PROFILE</b>				
C.1	Vision, Mission, and Sustainability Values	2			
C.2	Company Address	39			
C.3	Business Scale	39			
C.4	Products, Services and Business Activities	42			
C.5	Membership in Association	48			
C.6	Significant Changes of Issuer and Public Company	42			
<b>D</b>	<b>STATEMENT OF THE BOARD OF DIRECTORS</b>				
D.1	Statement of the Board of Directors	16-19			
<b>E</b>	<b>SUSTAINABILITY GOVERNANCE</b>				
E.1	Person in Charge for the Implementation of Sustainable Finance	121			
E.2	Competency Development of Sustainable Finance	123			
E.3	Risk Assessment for the Implementation of Sustainable Finance	124			
E.4	Engagement with Stakeholders	127			
E.5	Issues Concerning the Implementation of Sustainable Finance	67			
<b>F</b>	<b>SUSTAINABLE PERFORMANCE</b>				
F.1	Activities to build sustainable culture	40			
	<b>ECONOMIC PERFORMANCE</b>				
F.2	Comparison of Target to Performance of Production, Portfolio, Financing Target, or Investment, Revenue and Profit/Loss	51			
F.3	Comparison of Target to Performance of Portfolio, Financing Target, or Investment in Financial Instruments or Projects in Line with the Sustainable Finance	59			
	<b>ENVIRONMENTAL PERFORMANCE</b>				
	<b>General Aspects</b>				
F.4	Environmental Costs	75			
	<b>Material Aspects</b>				
F.5	Use of Environmentally Friendly Materials	59			
	<b>Energy Aspects</b>				
F.6	Amount and Intensity of Energy Consumed	88-89			
F.7	Efforts and Achievements Made for Energy Efficiency including Use of Renewable Energy Sources	88-89			
	<b>Water Aspect</b>				
F.8	Water Consumption	92			
	<b>Biodiversity Aspect</b>				
F.9	Impacts from Operational Areas Close to or Situated in Areas of Conservation or Contain Biodiversity	68-69			
F.10	Biodiversity Conservation Efforts	68-69			
	<b>Emission Aspect</b>				
F.11	Amount and Intensity of Emission Produced by Type	79			
F.12	Efforts and Achievements Made in Emission Reduction	85			
	<b>Waste and Effluent Aspect</b>				
F.13	Amount of Waste and Effluent Produced by Type	90			
F.14	Waste and Effluent Management Mechanism	90			
F.15	Landfill (if any)	95			
	<b>Complaint of Environmental Aspect</b>				
F.16	Number and Contents of Received and Resolved Environmental Complaint	67			
	<b>SOCIAL PERFORMANCE</b>				
F.17	Commitment to Provide Equal Product and/ or Services to Consumers	118			
	<b>Employment Aspect</b>				
F.18	Equality of Work Opportunities	97			
F.19	Forced and Child Labours	97			
F.20	Regional Minimum Wage	20			
F.21	Decent and Safe Work Environment	112-113			
F.22	Training and Capacity Building for Employees	112			
	<b>Social Aspect</b>				
F.23	Impact of Operations to Surrounding Communities	99-100			
F.24	Public Complaints	99-100			
F.25	Corporate Social Responsibility (CSR) Activities	99-100			
	<b>Sustainable Finance Product and/or Service Development Responsibility</b>				
F.26	Innovation and Development of Sustainable Finance Products/Services	54			
F.27	Number of Evaluated Product/Services for Safety for Customers	118			
F.28	Impact of Products/Services	118			
F.29	Number of Product Recalled	118			
F.30	Survey of Customer Satisfaction on Sustainable Finance Product and/or Services	119			
<b>G</b>	<b>OTHERS</b>				
G.1	Written Verification from Independent Party (if any)	28			
G.2	Feedback Sheet	142			
G.3	Response to the Feedback of Previous Year's Sustainability Report	28			
G.4	Disclosure List in Accordance with Financial Services Authority Regulation Number 51/POJK.03/2017	136			



14



# GRI Content Index



## GRI Used

### GRI 1: FOUNDATION 2021

#### Applicable GRI Sector Standards

### GRI 13: AGRICULTURE, AQUACULTURE AND FISHING SECTORS

#### GRI 2

#### General Disclosures GENERAL DISCLOSURES 2021

2-1	Organizational details	39
2-2	Entities included in the organization's sustainability reporting	28
2-3	Reporting period, frequency and contact point	28
2-4	Restatements of information	28
2-5	External assurance	29
2-6	Activities, value chain and other business relationships	42
2-7	Employees	46
2-8	Workers who are not employees	47
2-9	Governance structure and composition	121
2-10	Nomination and selection of the highest governance body	121
2-11	Chair of the highest governance body	121
2-12	Role of the highest governance body in overseeing the management of impacts	121
2-13	Delegation of responsibility for managing impacts	121
2-14	Role of the highest governance body in sustainability reporting	121
2-15	Conflicts of interest	121
2-16	Communication of critical concerns	134
2-17	Collective knowledge of the highest governance body	123
2-18	Evaluation of the performance of the highest governance body	123
2-19	Remuneration policies	121
2-20	Process to determine remuneration	121
2-21	Annual total compensation ratio	121
2-22	Statement on sustainable development strategy	2
2-23	Policy commitments	129
2-24	Embedding policy commitments	129
2-25	Processes to remediate negative impacts	129
2-26	Mechanisms for seeking advice and raising concerns	134
2-27	Compliance with laws and regulations	134
2-28	Membership associations	48

2-29	Approach to stakeholder engagement	127
------	------------------------------------	-----

2-30	Collective bargaining agreements	127
------	----------------------------------	-----

#### GRI 3

#### Material Topics MATERIAL TOPICS 2021

3-1	Process to determine material topics	30
-----	--------------------------------------	----

3-2	Daftar topik material	31-37
-----	-----------------------	-------

3-3	Management of material topics	31-37
-----	-------------------------------	-------

#### GRI 201

#### Economic Performance ECONOMIC PERFORMANCE 2016

201-1	Direct economic value generated and distributed	51
-------	---	----

201-2	Financial implications and other risks and opportunities due to climate change	77
-------	--	----

201-3	Defined benefit plan obligations and other retirement plans	54
-------	---	----

201-4	Financial assistance received from government	53
-------	---	----

#### GRI 202

#### Market Presence MARKET PRESENCE 2016

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	111
-------	--	-----

202-2	Proportion of senior management hired from the local community	111
-------	--	-----

#### GRI 203

#### Indirect Economic Impacts ECONOMIC IMPACTS 2016

203-1	Infrastructure investments and services supported	107
-------	---	-----

203-2	Significant indirect economic impacts	60
-------	---------------------------------------	----

#### GRI 204

#### Procurement Practices PROCUREMENT PRACTICES 2016

204-1	Proportion of spending on local suppliers	62
-------	---	----

#### GRI 205

#### Anti-Corruption ANTI-CORRUPTION 2016

205-1	Operations assessed for risks related to corruption	132-133
-------	---	---------

205-2	Communication and training about anti-corruption policies and procedures	132-133
-------	--	---------

205-3	Confirmed incidents of corruption and actions taken	132-133
-------	---	---------

#### GRI 302

#### Energy ENERGY 2016

302-1	Energy consumption within the organization	88
-------	--	----

302-2	Energy consumption outside of the organization	88
-------	--	----

302-3	Energy intensity	89
-------	------------------	----



302-4	Reduction of energy consumption	89
302-5	Reductions in energy requirements of products and services	88
<b>GRI 303</b>	<b>Water and Effluents WATER AND EFFLUENTS 2018</b>	
303-1	Interactions with water as a shared resource	93
303-2	Management of water discharge-related impacts	91
303-3	Water withdrawal	92
303-4	Water discharge	92
303-5	Water consumption	92
<b>GRI 304</b>	<b>Biodiversity BIODIVERSITY 2016</b>	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	68-71
304-2	Significant impacts of activities, products and services on biodiversity	68
304-3	Habitats protected or restored	72
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	72
<b>GRI 305</b>	<b>Emissions EMISSIONS 2016</b>	
305-1	Direct (Scope 1) GHG emissions	84
305-2	Energy indirect (Scope 2) GHG emissions	84
305-3	Other indirect (Scope 3) GHG emissions	84
305-4	GHG emissions intensity	85
305-5	Reduction of GHG emissions	86
305-6	Emissions of ozone-depleting substances (ODS)	86
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	86
<b>GRI 306</b>	<b>Waste WASTE 2020</b>	
306-1	Waste generation and significant waste-related impacts	90
306-2	Management of significant waste-related impacts	90
306-3	Waste generated	95
306-4	Waste diverted from disposal	90
306-5	Waste directed to disposal	95

<b>GRI 401</b>	<b>Employment EMPLOYMENT 2016</b>	
401-1	New employee hires and employee turnover	109
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	111
401-3	Parental leave	111
<b>GRI 403</b>	<b>Occupational Health and Safety OCCUPATIONAL HEALTH AND SAFETY 2018</b>	
403-1	Occupational health and safety management system	112
403-2	Hazard identification, risk assessment, and incident investigation	113
403-3	Occupational health services	114
403-4	Worker participation, consultation, and communication on occupational health and safety	114
403-5	Worker training on occupational health and safety	114
403-6	Promotion of worker health	114
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	115
403-8	Workers covered by an occupational health and safety management system	112
403-9	Work-related injuries	116
403-10	Work-related ill health	114
<b>GRI 404</b>	<b>Training and Education TRAINING AND EDUCATION 2016</b>	
404-1	Average hours of training per year per employee	112
404-2	Programs for upgrading employee skills and transition assistance programs	112
404-3	Percentage of employees receiving regular performance and career development reviews	112



*The PT Dharma Satya Nusantara Tbk sustainability report has been developed in accordance with the 2021 Global Reporting Initiative (GRI) Standards, by complying and following the Agriculture Sector Standard.*

Statement of use

<b>GRI 405</b>	<b>Diversity and Equal Opportunity</b> <b>DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	
<b>405-1</b>	Diversity of governance bodies and employees	<b>46</b>
<b>405-2</b>	Ratio of basic salary and remuneration of women to men	<b>111</b>
<b>GRI 406</b>	<b>Non-Discrimination</b> <b>NON-DISCRIMINATION 2016</b>	
<b>406-1</b>	Incidents of discrimination and corrective actions taken	<b>131</b>

<b>GRI 408</b>	<b>Child Labor</b> <b>CHILD LABOR 2016</b>	
<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labor	<b>131</b>
<b>GRI 413</b>	<b>Local Communities</b> <b>LOCAL COMMUNITIES 2016</b>	
<b>413-1</b>	Operations with local community engagement, impact assessments, and development programs	<b>99</b>
<b>413-2</b>	Operations with significant actual and potential negative impacts on local communities	<b>99</b>



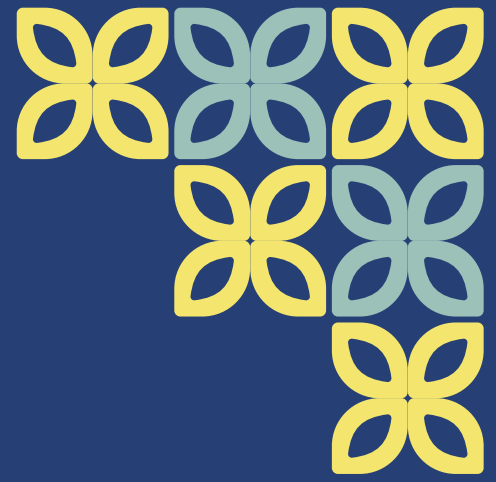


15



# Feedback on This Report

[POJK51 G.2]



We thank you for reading this sustainability report. We hope to receive input to improve quality and meet future expectations. Your response means a lot to us, so allow us to ask you a few questions regarding this report.

### QUESTIONS (YES/NO)

This report provides useful information.	Yes <input type="radio"/>	No <input type="radio"/>
This report is easy to understand.	Yes <input type="radio"/>	No <input type="radio"/>
This report has encouraged you to contribute to sustainability.	Yes <input type="radio"/>	No <input type="radio"/>

### HOW IMPORTANT/INTERESTING IS THE PERFORMANCE BELOW (SCALE 1-10; 1 = LOWEST, 10 = HIGHEST)




Economic Performance <input type="text"/>	Social Performance <input type="text"/>	Environmental Performance <input type="text"/>
---	---	--

### QUESTIONS (FREETEXT)

<p>What information do you feel need to be added?</p> <input type="text"/>	<p>In what aspect do you think the Company needs to improve its contribution?</p> <input type="text"/>	<p>Other advice and recommendation:</p> <input type="text"/>
--	--	--

### STAKEHOLDER'S PROFILE

Shareholder/Investor <input type="radio"/>	Employee <input type="radio"/>	Consumer <input type="radio"/>
Public <input type="radio"/>	Government <input type="radio"/>	Business Partner <input type="radio"/>
Media <input type="radio"/>	NGO <input type="radio"/>	Others <input type="radio"/>

 Gender :	 Age :
 Employee :	 Latest Education :





## Thank You for Your Participation

PLEASE RETURN THIS FEEDBACK SHEET TO THE FOLLOWING ADDRESS:



**PT DHARMA SATYA NUSANTARA TBK**

**GRAHA DSN**

Jl. Pulo Ayang Kav. OR3  
Kawasan Industri Pulo Gadung  
Kel. Jatinegara, Kec. Cakung  
Jakarta Timur - 13930, Indonesia



**COMPANY WEBSITE**

<http://www.dsn.co.id>



**EMAIL**

[corsec@dsn.co.id](mailto:corsec@dsn.co.id)



**PHONE**

+62 21 4618135

**FAX**

+62 21 4606942





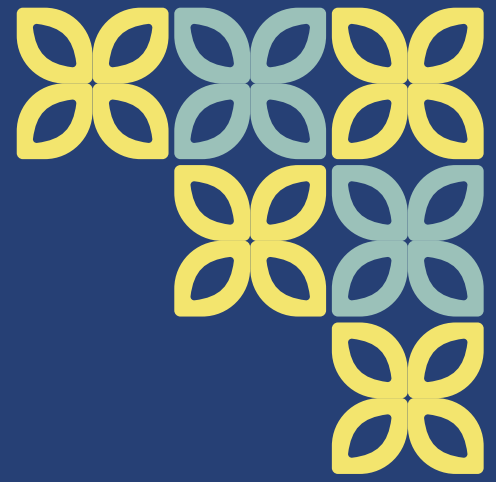
16



◆

# Independent Assurance Statement

◆



## Independent Assurance Statement

Report No. 0524/BD/0037/JK

### To the Management of PT Dharma Satya Nusantara Tbk,

We were engaged by PT Dharma Satya Nusantara Tbk ('DSNG') to provide assurance in respect to its Sustainability Report 2023 ('the Report'). The assurance engagement was conducted by a multidisciplinary team with relevant experience in sustainability reporting.

### Independence

We carried out all our assurance undertakings with independence and autonomy having not been involved in the preparation of any key part of the Report, nor did we provide any services to DSNG during 2023 that could conflict with the independence of the assurance engagement.

### Assurance Standards

Our work was carried out in accordance with ISAE3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

### Level of Assurance

By designing our evidence-gathering procedures to obtain a limited level of assurance based on ISAE3000, readers of the report can be confident that all risks or errors have been reduced to a very low level, although not necessarily to zero.

### Scope of Assurance

The scope of our work was restricted to the following selected information:

- Occupational health and safety
- Energy, water, and waste management
- GHG emission
- Deforestation and biodiversity
- Gender equality and training development

### Responsibility

DSNG is responsible for the preparation of the Report and all information and claims therein, which include established sustainability management targets, performance management, data collection, etc. In performing this engagement our responsibility to the management of DSNG was solely for the purpose of verifying the statements it has made in relation to its sustainability performance, specifically as described in the selected information, and expressing our opinion on the conclusions reached.

### Methodology

In order to assess the veracity of certain assertions and specified data sets included within the report, as well as the systems and processes used to manage and report them, the following methods were employed during the engagement process:

- Review the report, internal policies, documentation, management and information systems

- Interview relevant staff involved in sustainability-related management and reporting
- Follow data trails to the initial aggregated source, in order to check samples of data to a greater depth.

### Limitations

Our scope of work was limited to a review of the accuracy and reliability of selected sustainability performance-related information. It was not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement was not performed continuously throughout the preparation period, and the procedures performed were undertaken on a test basis.

### Conclusions

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Report has not been properly prepared and presented, in all material respects.

All key assurance findings are included herein, while detailed observations and follow-up recommendations have been submitted to DSNG management in a separate report.

Jakarta, May 31, 2024



**James Kallman**  
Chief Executive Officer

*Moores Rowland is an international organization specializing in auditing, accounting and outsourcing, tax, legal and advisory, business and human rights services. Moores Rowland is a member of Praxity AISBL, the world's largest Alliance of independent and unaffiliated audit and consultancy companies.*

*With more than 65,000 professionals operating in 120 countries across the globe, each sharing the same values and sense of responsibility, Praxity is served by Moores Rowland in Indonesia, one of the leading sustainability assurance providers.*





## CONCLUSIONS

*Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Report has not been properly prepared and presented, in all material respects.*

All key assurance findings are included herein, while detailed observations and follow-up recommendations have been submitted to DSNG management in a separate report.

**James Kallman**

Chief Executive Officer  
Moores Rowland



*To be the responsible choice for people, planet and prosperity.*



**GRHA DSN**

Jl. Pulo Ayang Kav. OR3  
Kawasan Industri Pulo Gadung  
Kel. Jatinegara, Kec. Cakung  
Jakarta Timur - 13930, Indonesia



Phone: +62 21 4618135  
Fax: +62 21 4606942



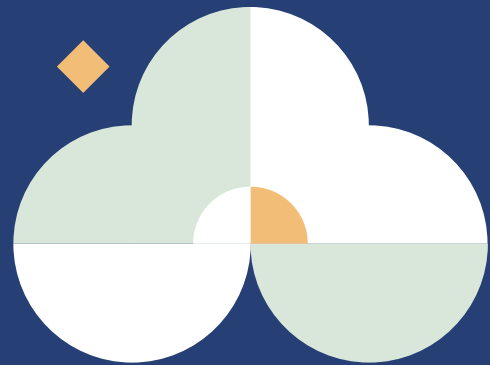
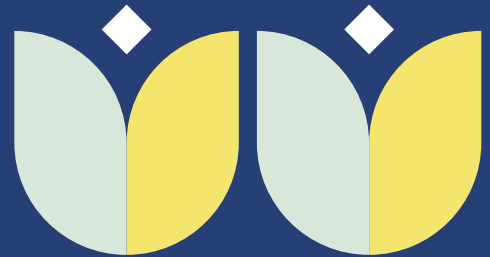
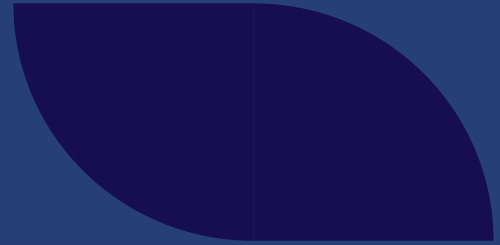
Email: [corsec@dsn.co.id](mailto:corsec@dsn.co.id)



[www.dsn.co.id](http://www.dsn.co.id)



**DSN GROUP**



MADE BY

