

EXECUTIVE SUMMARY

Ramboll Environ Singapore Pte Ltd (Ramboll) was commissioned by PT. Dharma Satya Nusantara, Tbk (hereinafter referred to as DSNG) to undertake an independent annual Environment and Social (E&S) Audit of its operations at the corporate level and at seven of its concessions located in East Kalimantan, Kutai Timur Regency, Kalimantan Timur province of Indonesia. SAIL Ventures, the investment advisor to the &Green Fund (&Green), was consulted and consented to the appointment of Ramboll.

The E&S Audit comprises of the following components: (1) desk-based review of documents; (2) virtual interviews with key leaders from DSNG's operations team; and (3) physical Site Visit to three sites: PT DAN, PT DIN, PT BPN. This document describes ongoing implementation, compliance, monitoring and reporting of the procedures, practices and programmes set out in compliance with the Environment and Social Action Plan (ESAP), Environment and Social Management System (ESMS), requirements of the &Green LPP, and IFC PS on Environmental and Social Sustainability.

The primary objective of the audit is to assess DSNG's compliance against the environmental and social covenants, and to provide recommendations for adjustments and improvements as required. The audit covers the period from **January to December 2021**.

Applicable Standards for the E&S Audit are as follows:

- International Finance Corporation's Performance Standards (IFC PS) on Environmental and Social Sustainability;
- World Bank Group Environmental Health and Safety (EHS) Guidelines;
- Requirements of the &Green Landscape Protection Plan (LPP);
- No Deforestation, No Peat, No Exploitation (NDPE) Policy;
- DSNG's Sustainability Policy; and
- ESMS.

This report presents the findings of the annual E&S review for 2021 progress.

Summary of Findings & Recommendations

Overarching Findings

Comprehensive E&S implementation and IFC PS compliance is an ongoing journey that requires continuous efforts to meet and sustain the requirements, and manage evolving E&S risks. DSNG has made progress in 2021, particularly with the development of an ESMS which is to be implemented throughout all DSNG's subsidiaries.

The key E&S findings can be summarised as follows:

- Lack of detailed action plan to achieve targets / goals efficiently;
- Yet to implement the socialisation/ training of full E&S compliance (Sustainability Policy, NDPE Policy, IFC PS and local regulations) at supply chain level;
- Lack of understanding of waste management requirements among the personnel on the ground, such as related to waste segregation between hazardous and non-hazardous waste, and proper handling of hazardous waste and wastewater;
- Implementation of Grievance Mechanism relating to the claims by civil society organisations and media houses needs to be strengthened.

These issues lead to risks related to compliance with ESAP, LPP KPI, IFC PS and NDPE requirements. Some recommendations to help address these key E&S risks are provided in the table below.

Table ES 1: Summary of Key R&S Risk and Recommendations

Key E&S Risk	Recommendations
Lack of detailed action plan to achieve targets / goals efficiently.	<ul style="list-style-type: none"> Consolidate all action items (including ESAP, LPP KPI, IFC PS, NDPE), break down items into sub-tasks (if required), and prioritise the tasks. Ensure the descriptions are clear (what task, who is responsible, how to achieve target, timeline). Develop item-specific progress tracker to track the status of each action item by the responsible personnel.
Yet to implement the socialisation/training of full E&S compliance (Sustainability Policy, NDPE Policy, IFC PS and local regulations) at supply chain level	<ul style="list-style-type: none"> Provide E&S training to all suppliers related to the requirements of IFC PS, NDPE, Sustainability Policy. Conduct E&S audit for all suppliers to ensure compliance.
Lack of understanding of waste management requirements among the ground personnel	<ul style="list-style-type: none"> Ensure personnel involved in waste management have had adequate training related to DSNG's Waste Management Plan and local regulatory requirements. Conduct audit on regular basis by trained personnel for continuous improvement.
Implementation of Grievance Mechanism relating to the claims by civil society organisations and media houses needs to be strengthened.	<ul style="list-style-type: none"> Develop a mechanism to document grievances and the responses provided to civil society organisations and media houses who have made statements on DSNG operations within the grievance redressal system.

Compliance to ESAP

There are 4 items (ESAP 2.7, 2.9B, 2.15A and 3.4A – highlighted in grey) considered as Partially Compliant in 2020 Audit has now been complied to.

According to the deadlines that were due in 2021, DSNG has successfully addressed 19 out of 25 items; whilst 6 items are considered Partially Compliant (ESAP 2.8B, 2.16 B, 2.18, 4.2, 5.1A and 6.3B)

The Partially Compliant ESAP (these items are either under review and would be confirmed/approved in 2022 or comprise part of actions that are partly fulfilled.)

- DSNG has developed an Evaluation Report Template of effectiveness procedure to review implementation management and monitoring of social impact which is presently under review and expected to be submitted by June 30, 2022.
- NDPE Progress Implementation Report 2020-2021 had not been published on DSNG's website. According to DSNG, the Report is planned to publish online in 2022. Therefore, the ESAP 2.16B relating to the annual release of public information on DSNG's implementation progress is assessed to be Not Compliant.
- Monitoring report of SIA measures (RKS/RPS) of PT BPN and PT BAS is presently under review and is anticipated to be prepared by June 2022.
- A report on adoption of these alternative access roads by the community is yet to be developed. The report is expected to be developed by June 2022.
- Implementation plan for the livelihood restoration program is yet to be developed and envisages it to be complete by December 2022.
- A progress tracker to keep track of the project activities including responsible party and timeline, to ensure DSNG is in compliance with the remedial action plan (for LUCA) is yet to be developed

The ESAP compliance is summarised in the table below.

Table ES 2: Summary of ESAP Compliance

ESAP. No	ESAP Deliverable (ERM, ESAP Report, 2020)	Completion Date	Compliance Status
2.1	Provide an Integrated Environmental and Social Management System (ESMS) overview document for the entire group (incl. all subsidiaries).	31 March 2021	Compliant
2.4.A	Board approved SOP applicable to group level that covers how DSNG measures and monitors the effectiveness of its SIA implementation plan.	31 March 2021	Compliant
2.4.B	Templates for keeping record monitoring activities and results.	31 March 2021	Compliant
2.6.A	Board approved SOP for ensuring children day-care compliance	31 March 2021	Compliant
2.7	Board approved SOP for NDPE implementation.	30 September 2020	Compliant
2.8.A	Documentation of SOP socialisation process to internal and external stakeholders (i.e., schedule of meeting, attendance list).	30 September 2021	Compliant
2.8.B	Report on review of the effectiveness of the SOP.	30 September 2021	Partially Compliant (under review)
2.9.B	Evidence of training and socialisation via documentation photographs and attendance lists).	31 December 2020	Compliant
2.10	Evidence of having implemented SOP in the TPA.	30 September 2021	Compliant
2.12	Document summarising the E&S management program for each subsidiary.	31 March 2021	Compliant
2.13.A	Updated organisation chart that describes all the people responsible for the ESMS and which clarifies the person in charge at group level	31 March 2021	Compliant
2.13.B	Evidence of ESMS-related training received by the appointed person	31 March 2021	Compliant
2.14.A	The SEPs for each subsidiary or an overview document of all SEPs at group level.	31 March 2021	Compliant
2.15.A	Draft reporting template to be approved by &Green	31 December 2020	Compliant
2.15.B	Progress report submitted annually	31 March 2021	Compliant
2.16.A	Communication tools (updated website, sustainability report, etc.)	31 March 2021	Compliant
2.16.B	Annual release of public information on progress	31 March 2021	Partially Compliant (under review)
2.18	Monitoring report of SIA measures (RKS/RPS) of PT BPN and PT BAS.	31 March 2021	Partially Compliant (under review)
3.1	Supporting evidence / documentation (e.g., photos) after construction of permanent fertilizer warehouse for PT BPN.	31 March 2021	<i>Compliant with recommendation</i>

ESAP. No	ESAP Deliverable (ERM, ESAP Report, 2020)	Completion Date	Compliance Status
3.4.A	Action plan for efficiency, monitoring plan and mechanisms	30 September 2020	Compliant
4.2	Evidence of socialisation of the alternative roads towards communities, and report on adoption alternative access roads by the community.	31 March 2021	Partially Compliant
5.1.A	Assessment report including the remediation plan based on the assessment.	31 March 2021	Partially Compliant
6.3.B	Evidence of the implementation of the remedial action plan (for LUCA)	30 September 2021	Partially Compliant
7.1.A	Indigenous People Plan (IPP) of PT BPN and PT BAS including the program implementation plan.	30 June 2021	Compliant with recommendation
7.1.B	Evidence of IP participation and agreement during the development of Indigenous People Plan (MoM, attendee list, and photo)	31 June 2021	Compliant
7.2.A	Indigenous People Plan (IPP) of Muara Wahau Blocks including the program implementation plan	30 September 2021	Compliant with recommendation
7.2.B	Evidence of the community involvement during the development of Indigenous People Plan (MoM, attendee list, and photo)	30 September 2021	Compliant
8.1.A	Cultural Heritage Assessment Report	30 September 2021	Compliant with recommendation
8.1.B	Cultural heritage preservation programme plan that has been developed with the community	30 September 2021	Compliant with recommendation

Compliance to LPP KPI

Currently, DSNG has several separate documents to document the LPP KPI data and activities, but not a consolidated action plan. To better track the implementation progress of the LPP KPI, DSNG should develop a detailed action plan with specific actions required and timeline as well as responsible party (or subsidiary).

LPP KPI is established based on the targets of environmental returns and social impacts for on-concession and off-concession. DSNG should embed NDPE policy as part of the LPP commitment to track conserved forest and restored forest at supplier level, as well as opportunities for smallholders to ensure the supplies also comply to the NDPE and LPP commitments.

The LPP KPI baseline identified by DSNG is summarised in the table below.

Table ES 3: Summary of LPP KPI

LPP	Reference Standard	2021 E&S Finding	Compliance Status
ER1	<p>Protection of the forest</p> <p><u>Target by 2030</u></p> <p>On concession = 4,054 ha Off concession = 3,543 ha</p> <p>-----</p> <p>On concession + 7,597 ha Off concession =</p>	<p><u>On-Concession</u></p> <p>In 2021, there were no satellite images provided by DSNG to confirm the forest protection targets are achieved. According to DSNG, the forest protection area is assumed to be the same as baseline data (2020) since no land clearing happened in 2021.</p> <p>No action plan has been developed to detail the specific actions required and timeline as well as responsible party (or subsidiary) for tracking purpose (Note: This is also a finding in 2020 E&S Audit Report).</p> <p><u>Off-concession</u></p> <p>The off-concession areas to be protected by DSNG are located at two locations: Tebian Langsat (Bengaloon) and Karangany Dalam (Karangan). DSNG is looking for a local forest management institute to manage the off-concession area, and it is expected to be onboard in 2022.</p>	Partially Compliant
ER2	<p>Sustainable intensification of productive land</p> <p><u>Target by 2030</u></p> <p>On concession = 77,208 ha Off concession (SAPRODI's farmers land) = 3,074 ha</p>	<p>DSNG was unable to meet the following ER2 targets due to the challenges, such as lack of capacity of cooperatives to manage SAPRODI smallholders and climate change impact on FFB production.</p> <ul style="list-style-type: none"> Plasma Plantations: Minister of Agriculture requires plantation companies to facilitate the development of Plasma plantations at least 20% of the total plantation area that has been planted and operated by the company. The following subsidiaries did not fulfil the requirement: PT BPN (13.3%) and PT BAS (18%). Relay cropping programme for PT BPN and PT BAS: PT BPN achieved only 3-8% for its nucleus and Plasma plantations, whilst PT BAS achieved 0%, compared with Target 2021. According to DSNG, the subsidiaries were not ready for relay cropping, and they focused the improvement on other aspects such as repairing road and improving conditions of the blocks. Improving road access to increase the efficiency of FFB transport routes for PT BPN and PT BAS: PT BPN completed the road access improvement work up to 98%, whilst PT BAS completed only 13%, compared with Target 2021. Apply EFB in nucleus plantations to increase the yield and to reduce the palm oil waste for all 7 subsidiaries: DSNG completed the EFB application in its nucleus plantations up to 9,006 ha, which is equivalent to 73% compared with Target 2021. Increasing the use of POME in nucleus plantations for all 7 subsidiaries: DSNG increased the use of POME in its nucleus plantations up to 7,761 ha, which is equivalent to 91% compared with Target 2021. 	Not Compliant
ER3	<p>Restoration of forest</p> <p><u>Target by 2030</u></p> <p>PT DAN 48.38 ha Through Community led Forest Conservation Project</p> <p>PT DWT 28.26 ha Through Community led Forest</p>	<p>Total of 1.75 ha of deforestation was detected in the forest village protection zone between the period of January 2021 to January 2022.</p> <p>No action plan has been developed to detail the specific actions required and timeline as well as responsible party (or subsidiary) for tracking purpose (Note: This is also a finding in 2020 E&S Audit).</p>	Partially Compliant

LPP	Reference Standard	2021 E&S Finding	Compliance Status
	<p>Conservation Project</p> <p>PT DIN 37 ha 0.5 ha restored; 36.5 ha regrown</p> <p>-----</p> <p>Total 113 ha</p>		
SI	<p>Small Holders and households benefiting from DSNGs intervention</p> <p><u>Target by 2030</u></p> <p>> 8,153 smallholders</p> <p>Programs:</p> <ol style="list-style-type: none"> 1. Smallholders in Plasma Plantation and SAPRODI Program: Target for the program is to ensure 8,153 smallholders (7051 smallholders and 1,102 SAPRODI farmers) 2. Providing Local Employment and business opportunities: Provision of 9,743 job opportunities and service level agreements. 	<p>Continual progress to benefit 8,025 smallholders by 2030 is underway. In 2021, 1,102 SAPRODI Farmers and 7051 small holders have benefitted from DSNGs intervention</p> <p>In January 2022, the number of employees benefiting from DSNG operations was 14,661. There has been an annual increase of 3,188 employees of DSNG since 2020 with 11,473 employees in 2020.</p> <p>20 construction service contracts were provided to local individuals during January- December 2021. As of December 2021, DSNG serves 1,102 SAPRODI farmers via eighteen cooperatives in PT SWA, PT DAN, PT DIN and PT DWT with this program. Although the baseline incorporates 1,232 SAPRODI farmers, it includes the 130 SAPRODI farmers of PT BAS. These 130 SAPRODI farmers comprise of the Warga Rimba farmers group. In 2020, the 130 SAPRODI farmers of Warga Rimba farmers group have converted themselves into a PT (company). Therefore, DSNG has not included these 130 farmers into the baseline of 1,102 SAPRODI farmers. It was stated by the management the baseline needs revision of planted area for nucleus and number of Plasma farmers & SAPRODI farmers and will be undertaken by DSNG soon.</p> <p>According to DSNG, the action plan to develop for implementation of SI is as follows :</p> <ul style="list-style-type: none"> • Conducting workshop involving Operational Management, HO Supporting and CSR for: • Set the baseline of planted area for nucleus and Plasma, number of Plasma farmers & SAPRODI farmers, • Set up work plan to reach ER2 targets, • Adjust monthly report template according to workshop result and disseminate the template again to each PIC. <p>This is planned to be completed by June 30, 2022.</p> <p>DSNG plans to set the baseline of planted area for nucleus and Plasma, number of Plasma farmers & SAPRODI farmers. However, it is recommended to retain the same baseline agreed upon.</p>	<i>In progress</i>

Compliance to IFC PS

The key document of ESMS for DSNG operations has been developed; ESMS also incorporates the E&S management programme for each subsidiary (refer to ESAP 2.12). The scope of the ESMS covers DSNG operations of Palm Oil plantations, forestry and wood panel industries and renewable energy industry and covers DSN Group, its subsidiaries and third party including Fresh Fruit Bunch suppliers. DSNG has also ensured the establishment of an ESMS Task Force for implementing and updating the ESMS document at the corporate level and the subsidiaries level. Socialisation and capacity building for the ESMS task force is to be undertaken, particularly at concession level, for implementation should be a priority in 2022, including refreshers training to foster effective implementation. The ESMS mentions DSNG is recommended to develop specific action plans to support ESMS implementation. DSNG is yet to develop these action plans. Monitoring mechanism of the performance of all seven subsidiaries are undertaken through continuous updates and quarterly review meetings.

On the ground, Site Visit was conducted as part of this Audit for three (3) concession areas: PT DAN, PT DIN and PT BPN. Although the duration at each concession area is limited due to the travelling between sites, the Site Visit has provided good opportunities for Ramboll to observe the actual conditions of the sites and verify compliance with the implementation activities as well as interview with site employees and local community. Site visit to all concession areas is highly recommended to be undertaken in the next audit, with sufficient duration given at each site to ensure a detailed on-site audit. The ideal site visit duration is proposed to be 16 hours per site.

Key findings from the site visits are summarised below:

- For the environmental aspect, the significant findings from the Site Visit are mainly related to the waste management, of which some are in violation to the local regulations. For example, illegal disposal of caustic soda sludge categorized as hazardous waste (code A108C Waste) to the nearby waterbody, mixed of non-hazardous and hazardous wastes in the temporary on-site landfill, illegal discharge of contaminated wastewater (wastewater generated from mixing chemicals and washing chemical containing containers) to ground, and unknown clinical wastewater quality discharged to an open trench in the forest. In addition, DSNG does not maintain a standardized labelling system for all chemical and waste containers in compliance to the local regulations.
- For the social aspect, it was observed that the access roads were accessible to community members with relevant signages places at strategic locations, however upgrading these signs according to national regulations of Indonesia and its translation to local (Bahasa Indonesia) language was noted as a prerequisite. Assessment of child-care facilities and employee accommodation provided within the concession areas was adequate and with DSNG in the process of upgrading the accommodation facilities it would ensure improved sanitation and housing facilities. Furthermore, it could be derived from consultations with community representatives that there exists a favourable perception of DSNG's operations within community members as opportunities to improve livelihoods of employment through jobs in the plantations or through vendor opportunities were provided. Participative process is ensured while developing programs aimed at community development. SAPRODI farmers also concluded that facilitation and support through trainings are provided from DSNG. Plantation workers were observed to be in appropriate and adequate personal protective equipment (PPE) however, chemical handlers were observed to be in inadequate PPE. Cultural heritage sites were observed to be accessible to community members and maintained by DSNG.

Social

Policies have been developed and endorsed by the board. Indigenous People Development plans and Cultural Heritage Preservation Plans for Muara Wahau Block, PT BAS and PT BPN have been developed which has been recommended for further research and update. Integration of IP into its operations are ensured through periodic meetings with Indigenous community leaders, engagement of them in job opportunities. Trainings and consultations were conducted with employees and community members through a hybrid format (online and physical) meeting. Strengthening of DSNGs grievance mechanism primarily to incorporate media related/organisations related grievances/allegations has been recommended. Aspects related to community health and safety require attention from DSNG which includes appropriate signages and development of SOPs for medical liquid waste management.

Employee working conditions were observed to be broadly adequate with facilities within the concession areas comprising of child day care facilities, worker accommodation and medical clinic facilities.

Consultations with community members suggests that the perception of DSNG amongst them is positive with substantial improvement in their way of life, income. Participatory planning is ensured by DSNG while developing and implementing its CSR activities. Support in the form of trainings and access to raw materials are also provided to SAPRODI farmers.

Environment

All subsidiaries hold valid environmental related permits for environmental impact analysis and environmental management and monitoring program, storage of hazardous waste, wastewater discharge to river, and water extraction from river, except for PKS2 and PKS10 do not have valid permit for storage of hazardous waste.

In 2021, DSNG engaged South Pole and ERM to conduct GHG Emission Scoping and climate risk assessment, respectively with the aim to reduce GHG emissions and adapt to climate resilient future in line with DSNG's sustainability policy. The assessment reports will be ready in 2022, and the results will serve as a baseline prior to the implementation of GHG reduction and climate risk strategies.

DSNG has made many efforts in conserving the environment in 2021, these include use of SMART application to support the biodiversity monitoring, conduct of monthly patrolling within HCV area to prevent illegal activities, conservation of riparian area through vegetation enrichment programme and prohibition of using chemicals at the certain distance to the riparian area, and participate in a Community led Forest Conservation Project in Laman Satong Villages Forest through a funding commitment for a period of 10 years (2021 – 2031) to support conservation and livelihood improvement. Furthermore, DSNG is in the progress of collecting land status from all smallholders to ensure their land legality. A verification system including audit on the smallholders will be implemented from 2022 onwards.

The key environmental issues identified in this Audit can be categorised into two main areas: waste management and deforestation:

Waste management

- **Non-hazardous / Hazardous Waste** – There is no government approved landfill in Muara Wahau, therefore the non-hazardous waste generated by DSNG has to be landfilled within the site temporarily. Hazardous wastes, for example used oil/ lubricants containers, were observed to be mixing with other non-hazardous wastes in the landfill pit. The current landfill construction

is without any impermeable liner to prevent subsurface contamination by leachate. There is a risk that the leachate containing hazardous substance will move into subsurface area and result in contamination.

- **Hazardous Waste** – Caustic soda sludge is categorised as hazardous waste (code A108C Waste). However, DSNG dispose of the sludge to the nearby waterbody which is in violation to the local regulations.
- **Biohazardous or Clinical Waste** – There has no procedure been established for the handling of clinical liquid waste. During the Site Visit, it was observed that the clinical wastewater is channelled to a designated WWTP (as suggested by DSNG) located within the clinic area. The WWTP is completely covered with cement. There is a vertical pipe connecting to the WWTP, which is used for dosing of chlorine, as well as a drain pipe from the WWTP leading to an open trench in the forest. There is no document available to verify the WWTP process. Furthermore, there is no testing has been conducted for the clinical wastewater discharged from the WWTP. It is illegal to discharge the wastewater to environment without meeting the wastewater discharge limit.
- **Wastewater** – During the Site Visit, it was observed that the wastewater generated from mixing chemicals and washing chemical containing containers is discharged directly to ground, without any treatment for PT DAN and PT DIN. The wastewater should be categorised as hazardous waste (code A108d: B3 Contaminated Waste), therefore it is illegal to discharge to environment without further treatment.

Deforestation

Ramboll discovered two deforestation claims through a review of internet sources:

- In October 2021, Greenpeace issued a report, titled “Deceased Estate: Illegal palm oil wiping out Indonesia’s national forest” to claim that DSNG has a total of 569 ha (568 ha belonged to PT Pilar Wanapersada [not within the scope of this audit] and 1 ha belonged to PT DAN) of palm oil plantations illegally located in the forest estate, in breach of national forestry law. Of which, 484 ha belonged to Permanent Production Forest whilst 85 ha belonged to Convertible Production Forest. DSNG with other sixteen companies signed a joint reply claiming that they had “complied with the prevailing Indonesian laws and regulations on land permit usage for oil palm plantations”. DSNG issued an official response in a letter format to Greenpeace, dated 10 March 2021. However, DSNG does not address the deforestation claim on the 1 ha land for PT DAN. DSNG should publish the findings of the review online to confirm the claim is not valid, at the same time demonstrating the transparency of its grievance mechanism. In March 2021, Rainforest Action Network issued a report, titled “Keep Borneo’s Forests Standing” to claim that a total of 956 ha of forest loss was caused by three plantation group under DSNG: PT DWT (1 ha, 5.19%), PT DAN (653 ha, 81.14%), and PT SWA (320 ha, 93.73%). There was no public response from DSNG towards the issue claimed by Rainforest Action Network.

These claims are not flagged under DSNG’s Grievance Mechanism, nor reported to stakeholders (i.e., SAIL Venture, &Green) through an agreed platform (Incident Comms Protocol). This indicates that the grievance mechanism has not been adequately implemented during 2021. All such claims of deforestation should be reported by DSNG to stakeholders, investigated thoroughly by DSNG and the results of the investigation made known to stakeholders and the grievant as a matter of priority, in accordance with the established Grievance Mechanism.

The IFC PS 2021 findings are summarised in the table below.

Table ES 4: Summary of Compliance to IFC PS

Aspect	Compliance Status
PS 1: Assessment and Management of Environmental and Social Risks and Impacts	Partially Compliant
PS 2: Labour and Working Conditions	Partially Compliant
PS 3: Resource Efficiency and Pollution Prevention	Partially Compliant
PS 4: Community Health and Safety	Partially Compliant
PS 5 Land Acquisition and Involuntary Resettlement	Partially Compliant
PS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	Partially Compliant
PS 7 Indigenous Peoples	Partially Compliant
PS 8 Cultural Heritage	Partially Compliant

Compliance to NDPE

DSNG is working to ensure full compliance with the principles of the NDPE Policy, which was introduced to its all subsidiaries in 2020. To date, DSNG has implemented many programmes to ensure compliance, these include stakeholder engagement, management and monitoring measures of HCV areas, and fire reporting system. At the supplier level, the socialisation of NDPE policy for the independent smallholders (including SAPRODI farmers and independent smallholders) will start in 2022 onwards. Therefore, it was unable to assess the compliance status for DSNG’s suppliers in this audit.

Based on the review of DSNG’s implementations in 2021, there are some non-compliance issues noted:

- Environmental non-compliance issues associated with waste and chemical management (refer to PS3) according to the local regulations.
- Lack of evidence based on satellite imagery to verify the landscape protection areas in 2021.
- No yet developed GHG emission reduction plan in 2021.
- Any deforestation claims by third party should be investigated, and the results should be published online to demonstrate the transparency of its grievance mechanism.
- Not yet developed tools relating to human and labour rights which would include risk mapping and risk prioritization of its suppliers.
- NDPE Implementation Progress Report has been developed but it has yet to be publicly disclosed.