



SUSTAINABLE PROCUREMENT POLICY

1. INTRODUCTION

At PT. Krishna Sukses Abadi, we are committed to conducting business responsibly and contributing to a sustainable future. Sustainable procurement is a key pillar of our overall sustainability strategy, integrating environmental, social, and governance (ESG) considerations into our purchasing decisions. This policy guides the procurement of goods, services, works, and utilities in a way that supports economic viability while minimizing negative impacts on the environment, society, and human rights.

This policy is aligned with:

- Global Reporting Initiative GRI Standards (especially GRI 204: Procurement Practices)
- United Nations Sustainable Development Goals, particularly SDG 12 (Responsible Consumption and Production), SDG 8 (Decent Work and Economic Growth), and SDG 13 (Climate Action)
- Indonesian regulations, including Presidential Regulation No. 16/2018 on Public Procurement (as reference for best practices), OJK sustainable finance guidelines, and relevant KLHK (Ministry of Environment and Forestry) requirements
- Our internal Code of Business Ethics, Supplier Code of Conduct, and Human Rights Policy

The policy applies to all procurement activities across the organization, including direct operations in Aceh, North Sumatera and extends to our supply chain partners.

2. PURPOSE AND OBJECTIVES

The purpose of this Sustainable Procurement Policy is to:

- Reduce environmental impacts (greenhouse gas emissions, waste, resource depletion) associated with purchased goods and services, contributing to Scope 3 emissions reduction targets.
- Promote social responsibility, fair labour practices, human rights, and support for local economies, including SMEs in Indonesia.
- Enhance economic value through lifecycle cost considerations, innovation, and resilient supply chains.
- Mitigate ESG-related risks (reputational, regulatory, operational) and improve stakeholder trust.

PT. KRISHNA SUCCESS ETERNAL

IMAGE TOWER KAYORAN LT 3 UNIT H1 KAV A6

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Key Objectives:

- Achieve at least 75% sustainable spend (goods/services meeting defined ESG criteria) by 2030.
- Prioritize suppliers demonstrating strong ESG performance.
- Support local and diverse suppliers (UMKM, women-owned businesses) in line with Indonesian priorities.

3. CORE PRINCIPLES

Our sustainable procurement is guided by the following principles:

- **Accountability** – We take responsibility for the impacts of our procurement decisions.
- **Transparency** – We promote clear communication of expectations and performance reporting.
- **Ethical Behaviour** – We prohibit corruption, bribery, and unfair practices.
- **Respect for Human Rights** – We uphold ILO core conventions and prevent forced/child labour, discrimination, and unsafe conditions.
- **Environmental Stewardship** – We prioritize low-carbon, circular, and resource-efficient options.
- **Fair Labor & Social Equity** – We support decent work, fair wages, and inclusion.
- **Risk & Opportunity Management** – We assess ESG risks/opportunities in procurement.
- **Innovation & Continuous Improvement** – We encourage suppliers to innovate toward sustainability.

4. KEY COMMITMENTS

Environmental:

- Prefer products/services with lower lifecycle environmental impacts
- Reduce packaging waste and single-use plastics.
- Using recycled pallets

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Social:

- Require compliance with labour laws, fair wages, safe working conditions, and non-discrimination.
- Promote local sourcing and inclusion of SMEs, women-owned, and minority businesses.
- Extend human rights due diligence to high-risk suppliers.

Governance & Economic:

- Integrate ESG criteria into supplier selection, tenders, and contracts
- Conduct risk-based supplier assessments and audits.

5. IMPLEMENTATION

Supplier Expectations:

- All suppliers must sign our Supplier Code of Conduct.
- High-risk or strategic suppliers complete ESG self-assessments or third-party audits.

Procurement Process Integration:

- Planning: Identify needs with sustainability in mind
- Specification & Tender: Include ESG requirements and evaluation criteria.
- Supplier Selection: Use weighted scoring incorporating sustainability performance.
- Contract Management: Include sustainability KPIs, monitoring, and improvement clauses.
- Performance Monitoring: Track supplier compliance and report annually.

Responsibilities:

- **Procurement Team:** Embed ESG criteria and monitor compliance.
- **Senior Management:** Approve policy, review performance, and endorse commitments.
- **All Employees:** Report concerns and support sustainable choices.

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6. MONITORING, REPORTING, AND CONTINUOUS IMPROVEMENT

- **KPIs:**
 - 75% of procurement spend classified as sustainable.
 - 50% of local/UMKM spend.
- Progress reported in the annual Sustainability Report under GRI 204 and relevant topics.
- Annual policy review and updates based on performance, stakeholder feedback, and regulatory changes.

7. LEADERSHIP ENDORSEMENT

This Sustainable Procurement Policy is endorsed by the Board of Directors and senior leadership. We commit to leading by example and collaborating with suppliers to build a more sustainable supply chain.

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