

PIL GROUP
SUSTAINABILITY
REPORT 2020 & 2021

**SUSTAINABLE
TODAY**



PACIFIC INTER-LINK SDN BHD

PT PACIFIC MEDAN INDUSTRI
PT PACIFIC PALMINDO INDUSTRI
PT OLEOCHEM & SOAP INDUSTRI
PACIFIC OILS & FATS INDUSTRIES SDN BHD
PT PACIFIC INDOPALM INDUSTRIES

**SUSTAINABLE
—TOMORROW**



PACIFIC INTER-LINK SDN BHD

PIL GROUP SUSTAINABILITY REPORT

2020 & 2021 | VERSION 1.0



YOUR PARTNER IN SUCCESS

PACIFIC INTER-LINK SDN BHD



PT PACIFIC MEDAN INDUSTRI



Pacific Palmindo
Industri

PT PACIFIC PALMINDO INDUSTRI



OLEOCHEM &
SOAP INDUSTRI

PT OLEOCHEM & SOAP INDUSTRI



**PACIFIC OILS & FATS INDUSTRIES
SDN BHD**



PT. PACIFIC INDOPALM INDUSTRIES

PT PACIFIC INDOPALM INDUSTRIES

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PIL GROUP MANAGING DIRECTOR'S STATEMENT



FOUAD HAYEL SAEED

MANAGING DIRECTOR - PIL GROUP

Dear Stakeholders,

As the world emerges from the COVID-19 pandemic that has adversely impacted lives, businesses, and the global economy, I am proud that Pacific Inter-Link (PIL) Group has successfully charted a steady course during these difficult circumstances.

In 2018, PIL embarked on a self-initiated ambitious sustainability journey. We adopted a robust, responsible sourcing policy that commits us to a supply chain free of deforestation, peat conversion, and exploitation of human rights. We implemented a Grievance Procedure to provide an avenue for stakeholders to report their concerns and resolve complaints in a timely manner. PIL also launched our sustainability charter and shared our progress through regular dashboard updates and progress reports.

I am pleased to announce that we have largely met the critical milestones outlined in our charter. We have maintained 100% traceability to mills for PIL-sourced palm oil product. Since 2018, our respective refineries and oleochemical facility have also adopted responsible sourcing policies aligned to PIL's, in keeping with market expectations. We have also expanded our sustainability function to support PIL Group's commitment and implementation of continuous improvement measures.

PIL Group is committed to a sustainable palm oil industry and will do our part to promote this throughout the markets where we operate. We believe a globally sustainable palm oil industry will contribute significantly to United Nations Sustainable Development Goals.

As we chart PIL Group's next phase in our never-ending quest to be Sustainable Today, Sustainable Tomorrow, I am pleased to launch our inaugural Sustainability Report covering Pacific Inter-Link Sdn Bhd, PT. Pacific Medan Industri, Pacific Palmindo Industri, PT. Oleochem & Soap Industri, Pacific Oils & Fats Industries Sdn Bhd and PT. Pacific Indopalm Industries.

I would like to thank our team for their unwavering efforts and dedication to our objectives. We would also like to offer our heartfelt thanks to our stakeholders and customers for their continued support and feedback.

I hope you will enjoy reading this publication as much as I have, and we look forward to your suggestions as we continue on our sustainability journey.

Yours sincerely,

Fouad Hayel Saeed
Managing Director, Pacific Inter-Link Group

MESSAGE FROM MANAGING DIRECTOR OF INDONESIA



SALAH AHMED HAYEL SAEED

MANAGING DIRECTOR - INDONESIA

It gives me great pleasure to be part of this endeavour, and I believe that I speak for the team in Indonesia as well. The PIL Group is strongly committed to the vision and mission of the Roundtable on Sustainable Palm Oil (RSPO)

Heading the PIL Group's palm oil business in Indonesia, we face multiple challenges to ensure that our supply chain is free of deforestation, peat conversion and social exploitation. This is our commitment and over the recent years, PIL Group has implemented processes to ensure that our supply chain complies with these requirements. We recognize that this is a continuous journey to reach higher performance to meet stakeholders' expectations. Supported by a strong team, the refineries in Medan and Dumai operate according to high standards and we are pleased to share some of the recognition that we have won, in this report.

I commend the team for putting up our inaugural Sustainability Report which is one of the ways we share information with stakeholders to reflect our business values, to conduct our business in full alignment with the aspirations of the RSPO.

Yours sincerely,

Salah Ahmed Hayel Saeed
Managing Director, Indonesia



ABOUT THIS REPORT

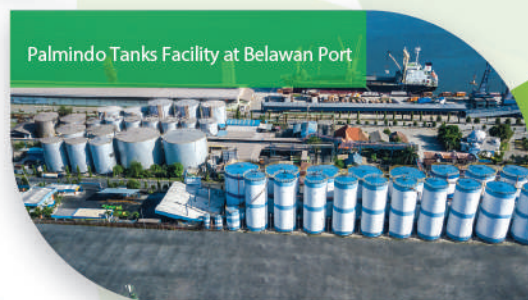
This inaugural statement covers the sustainability-related progress of the Pacific Inter-Link Group, which covers six entities:

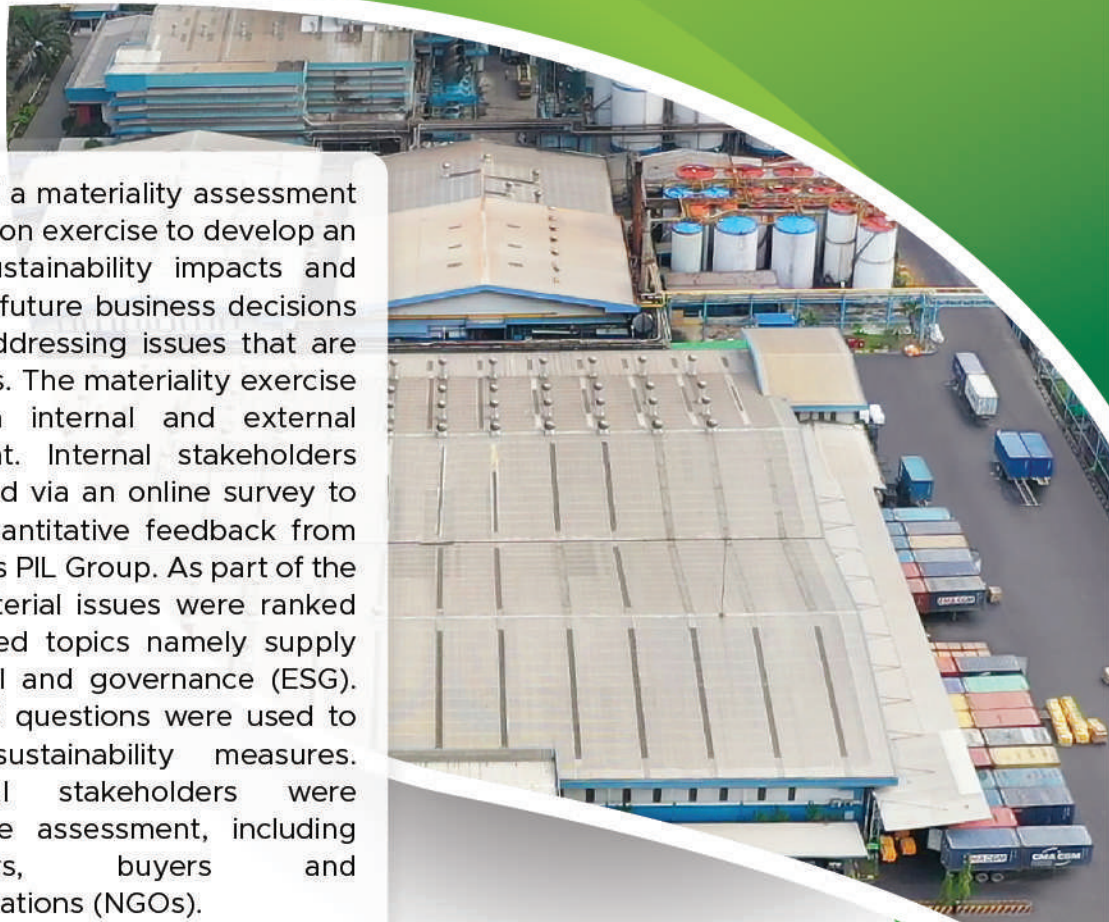
- Our palm oil operations' trading and logistics division: Pacific Inter-Link Sdn Bhd (PIL).
- Our four palm oil refineries in Malaysia and Indonesia: PT Pacific Medan Industri (Pamin), PT Pacific Palmindo Industri (Palmindo), Pacific Oils and Fats Industries Sdn Bhd (Pacoil) and PT Pacific Indopalm Industries (Indopalm).
- Our Indonesian oleochemical and soap manufacturing company: PT Oleochem & Soap Industri (Oleochem).

Sustainability is led and overseen by PIL.

Although the statement covers the commitments and performance of all our entities, some disclosures are specific to PIL's business. We have made this clear throughout the statement. Disclosures in this statement are guided by the Zoological Society of London's Sustainability Palm Oil Transparency Toolkit (ZSL SPOTT), and the Global Reporting Initiative (GRI) Standards. They are meant to be read in conjunction with information on the companies' respective websites.

The purpose of this statement is to provide a baseline for future reporting. The data cover January to December 2020 and 2021. Unless otherwise stated, information is specifically related to our bulk and packed oils as the majority share of our business. We will continue collecting and reporting on our performance data in the coming years to understand our impacts and implement relevant strategies.





In Q4 2021, we conducted a materiality assessment and stakeholder consultation exercise to develop an understanding of our sustainability impacts and risks. This will help guide future business decisions and reporting, besides addressing issues that are crucial to our stakeholders. The materiality exercise was conducted through internal and external stakeholders engagement. Internal stakeholders engagement was managed via an online survey to gather qualitative and quantitative feedback from selected employees across PIL Group. As part of the exercise, PIL Group's material issues were ranked according to priority-based topics namely supply chain, environment, social and governance (ESG). Besides that, open-ended questions were used to assess PIL Group's sustainability measures. Simultaneously, external stakeholders were engaged as part of the assessment, including consultants, suppliers, buyers and non-governmental organisations (NGOs).

Our materiality exercise consists of the following phases:

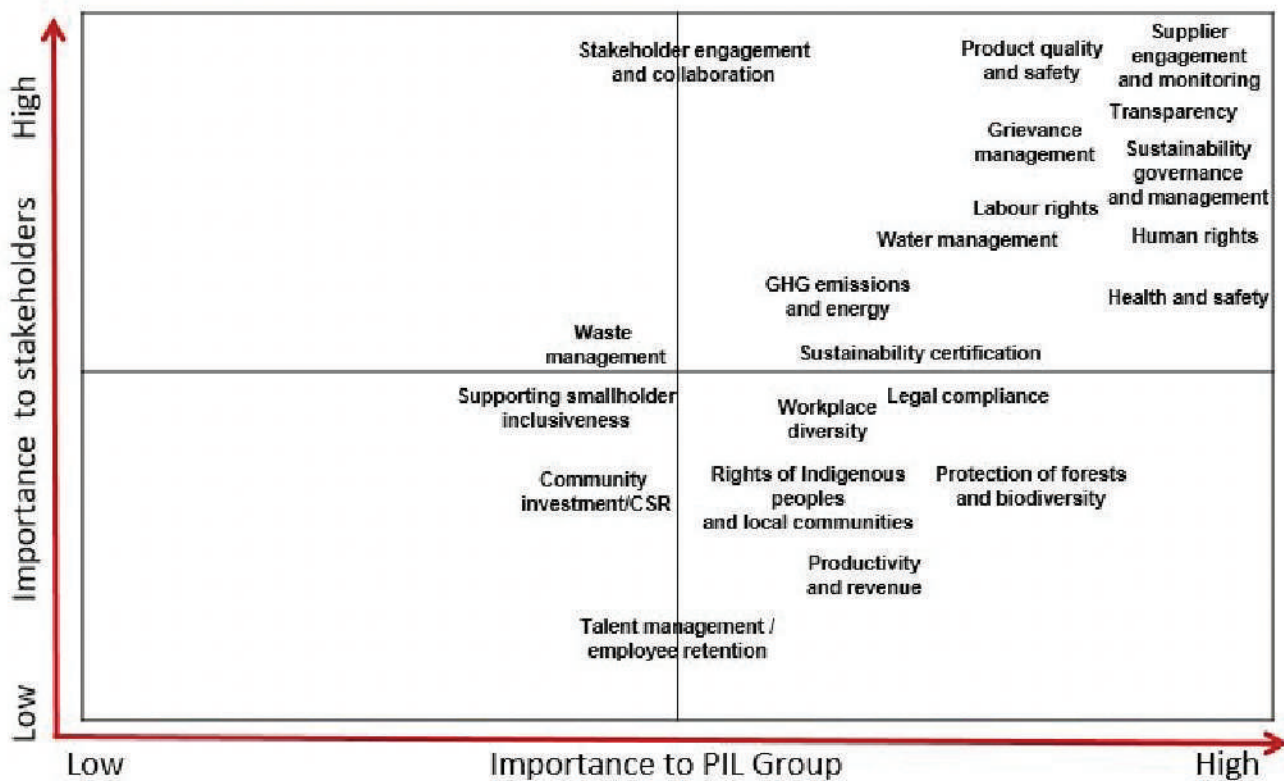
Identify internal & external stakeholders

Recognise & prioritise material issues

Launch survey & conduct interviews

Consolidate data & analyse results critically

Propose action plan, review and materialise



ABOUT PACIFIC INTER-LINK GROUP

The PIL Group is actively engaged in multiple activities across the palm oil value chain: manufacturing, refining, trading, tank terminals, packing, marketing consumer products, and shipping services. PIL was incorporated in 1988 to promote the export of several commodities and services from Asia to the global markets. Today, our products are found in more than 70 countries throughout Southeast Asia, the Middle East, Eastern Europe, and Africa. We supply specific markets through two core vertical businesses: our palm products, and branded consumer goods businesses. Our palm products are primary bulk palm oil and packed oil, and our fast-moving consumer goods (FMCG) include personal care, homecare, dairy, and raw materials.

The PIL Group is overseen by Pacific Inter-Link Sdn Bhd (PIL), a privately held company, and trading and export division based in Kuala Lumpur, Malaysia. We have four palm oil refineries (one in Malaysia and three in Indonesia) dealing in bulk and packed oils. We also operate an oleochemical and soap manufacturing facility in Indonesia, where we produce the most extensive product line of soaps in Southeast Asia. Additionally, our Pacoil refinery is one of the largest private tank terminals in the southern region of Peninsular Malaysia.

OUR OPERATIONS

Over the years, PIL has systematically transformed its palm products business into well-integrated operations across Malaysia and Indonesia.



PIL

Established in 1988

Location:
Kuala Lumpur, Malaysia

Operations:
Sourcing, procurement, logistics, supply chain management and brand management



PAMIN

Established in 1998

RSPO SCCS-certified since March 2015

Location:
Medan, Indonesia

Facilities:
Physical refining plants, manufacturing plant and packaging lines

Refining capacity:
220 MT/day



PALMINDO

Established in 1999

RSPO SCCS-certified since June 2014

Location:
Medan, Indonesia

Facilities:
Physical refining plants, fractionation plant, power plant and bulking terminal

Refining capacity:
1,500 MT/day



OLEOCHEM

Established in 2000

Location:
Medan, Indonesia

Facilities:
Saponification plants, glycerine plant, soap bar manufacturing and packaging lines

Production Capacity:
256 MT/day



PACOIL

Established in 2002

RSPO SCCS-certified since September 2014

MSPO-certified since June 2019
ISCC-certified since 2015

Location:
Johor, Malaysia

Facilities:
Physical refineries, dry fractionation, neutralisation plant, packaging lines and bulking terminal

Production Capacity:
2,000MT/day



INDOPALM

Established in 2009

RSPO SCCS-certified since June 2014
ISCC-certified since 2016

Location:
Dumai, Indonesia

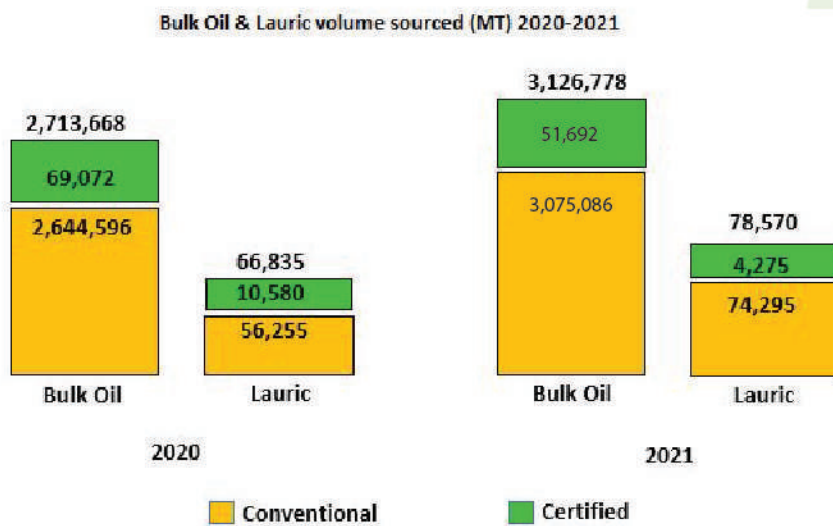
Facilities:
Physical refining plants, fractionation plant, oil storage and ship loading terminal

Production Capacity:
3,300 MT/day



Our refineries produce versatile vegetable oil products from bulk oil (CPO) and lauric (CPKO). These are refined, bleached and deodorised before being fractionated for further manufacturing into food and consumer goods. Some of this refined oil is manufactured or packed by PIL Group entities, while the remainder is sold to other downstream buyers.

In 2021, the PIL Group sourced 3,205,348 MT of bulk oil, lauric and derivatives from Malaysia and Indonesia. 3,126,778 MT (98%) was bulk oil and its derivatives, while 78,570 (2%) was lauric and its derivatives. Of the total sourced, 51,692 and 4,275 MT were certified bulk oil and lauric respectively (including derivatives of bulk oil & lauric).



The above figure includes Bulk Oil and Lauric derivatives

APPROACH TO SUSTAINABILITY

Our sustainable palm oil policy commitments guide our objective towards a transparent, traceable and responsible supply chain. Underpinning PIL Group's sustainability foundation is our No Deforestation, No Peat and No Exploitation (NDPE) commitments that apply to our operations and third-party suppliers.

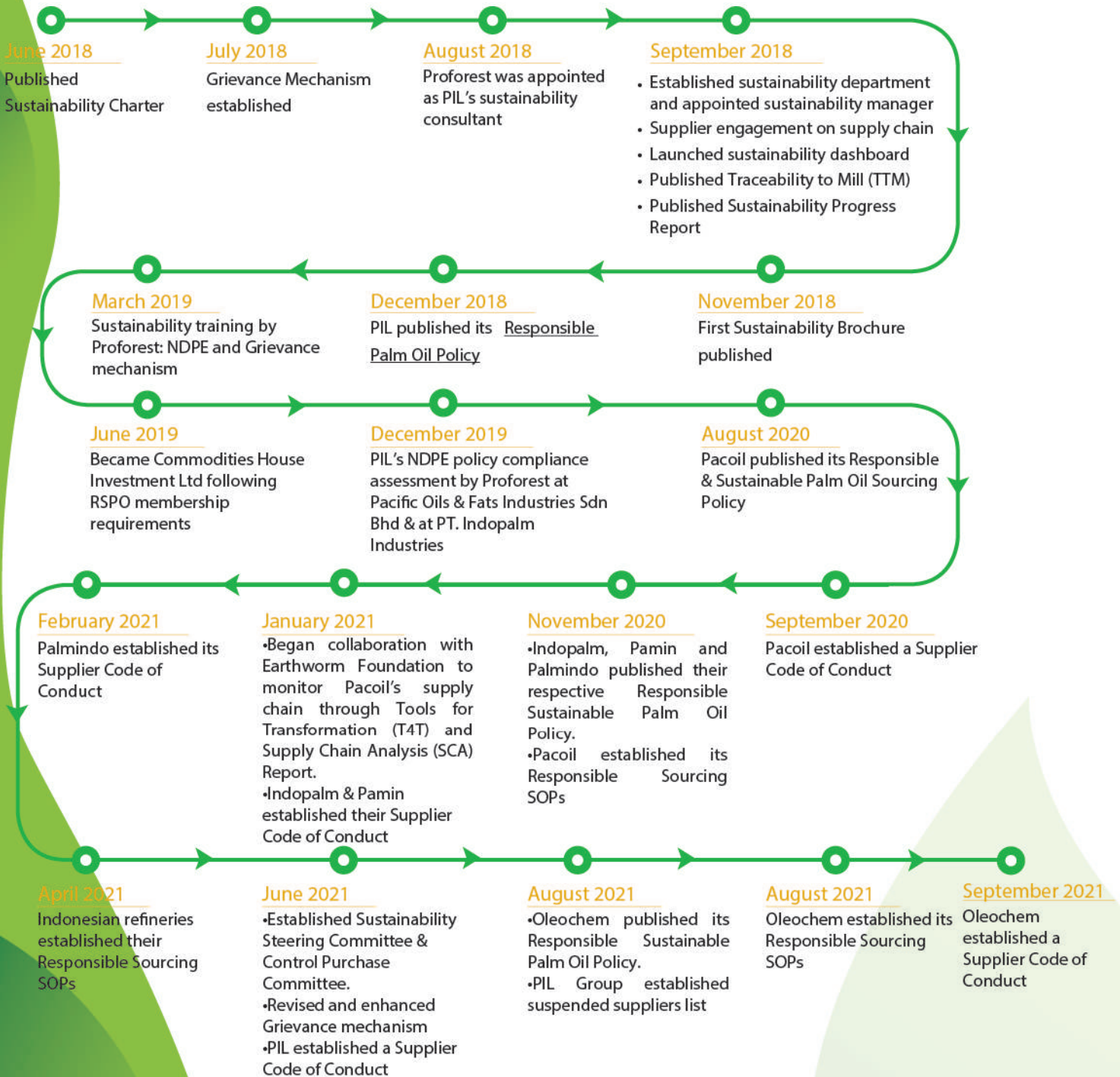
PIL began its sustainability journey in June 2018 when we finalised and published our Sustainability Charter. In December 2018, PIL produced and published its Responsible Palm Oil Policy. From November 2020 to July 2021, our refineries and oleochemical company published their own policies. By September 2021, these policies were made publicly available on our entities' respective websites.

In 2018, Pacific Inter-Link initiated a three-year Sustainability Charter – a roadmap outlining critical milestones towards our NDPE commitments by 2020. These include publication of an NDPE policy, supplier engagement programmes, information coordination from suppliers, publication of our traceability progress, publication of progress reports, and developing internal systems to support and track our progress. Despite the slight delays due to resource and COVID-19 pandemic-related constraints, we have met most of the commitments of the Sustainability Chartered by 2021.



SUSTAINABILITY POLICIES

SUSTAINABILITY MILESTONES



ENVIRONMENTAL & OSH RELATED AWARDS, RECOGNITIONS AND CERTIFICATIONS

Achievement	Site: Year
Zero Accident Award	Palmino: 2003–2008, 2010–2012, 2015–2017 Indopalm: 2011, 2015 Oleochem: 2005, 2007, 2010
Green Industry Award (Level 5)	Palmino: 2014, 2015, 2016, 2017, 2019 Pamin: 2019, 2021
Green Industry Award (Level 4)	Oleochem: 2017, 2019 Pamin: 2018
PROPER Award	Indopalm: 2016, 2017 Palmino: 2019, 2020, 2021
Commemoratives Yell Competition (Second rank)	Oleochem: 2020
eSMK3 Certificate (Occupational Safety and Health Management System) with a gold flag from the Ministry of Manpower and Transmigration of Indonesia	Palmino: 2017, 2021 Pamin: 2021
ISO 14001 (Environmental Management System)	Palmino, Indopalm, Pamin, Oleochem

SUSTAINABILITY GOVERNANCE

Improved governance and processes

We strive to incorporate sustainability throughout the Group. Pacific Inter-Link's Group Managing Director is responsible for overall management and strategy of the group and holds the highest position for sustainability-related decisions

In 2021, PIL focused on improving and streamlining our sustainability governance and processes. We established a Sustainability Steering Committee (SSC) to oversee the sustainability strategy and direction of the company and monitor our policy implementation process. SSC replaces our former Sustainability Advisory Panel. We also established a Control Purchase Committee (CPC) to convene on grievance cases and review suppliers that are non-compliant with PIL's policies. An updated governance structure can be found on our website. The Group Managing Director heads both committees.

PIL's sustainability function leads the sustainability agenda for PIL Group and implements our day-to-day responsibilities. This includes recommending strategic direction and implementation plans for approval by the SSC, maintaining oversight of implementation across all entities, coordinating suppliers and stakeholder engagement, and coordinating relevant programmes. As of mid-2021, the department expanded to a team of four from only one in 2018. The department reports to PIL Group's General Manager and Managing Director.

In March 2019, we hosted a senior management workshop with our sustainability consultant, Proforest. This was conducted for all six entities and focused on NDPE requirements, grievance mechanisms, and other sustainability-related topics.



ETHICS AND CONDUCT

We are committed to the highest ethical and corporate responsibility standards. PIL, refineries and Oleochem launched a Code of Conduct and Business Ethics in 2014 and 2016 respectively. This code of conduct focuses on our core values of impartiality, independence, integrity and anti-bribery / corruption. This has been shared with all PIL staff, together with extensive employee engagement to ensure familiarity with our policies and procedures.

In 2014, PIL established an internal Whistleblowing Policy and it was revised in 2021. Our refineries and Oleochem in Indonesia initiated their Whistleblowing Policy in 2016. This policy is of use for our employees and stakeholders. The procedure is a formal mechanism for stakeholders to report alleged improper or unlawful conduct without fear of retribution. Whistleblowers can choose to remain anonymous unless disclosure is mandated by law.

CERTIFICATION AND COMPLIANCE

The PIL Group strongly supports international and national sustainability certification schemes. Since 2009, we have been a committed member of the Roundtable on Sustainable Palm Oil (RSPO). PIL's entities were previously registered individually, but in 2019 our membership was consolidated under Commodities House Investments Limited. All refineries (100%) are certified against RSPO Supply Chain Certification Standard (SCCS). Pacoil, our refinery in Malaysia, is also certified to the Malaysian Sustainability Palm Oil (MSPO) SCCS. Our Pacoil and Indopalm sites are accredited to the International Sustainability and Carbon Certification (ISCC). We are certified in multiple food and safety-related certifications, including International Organization for Standardisation (ISO), Hazard Analysis Critical Control Point (HACCP), Halal and Kosher. Our operations comply with all applicable national laws.

Cooking oil filling station at Pacoil



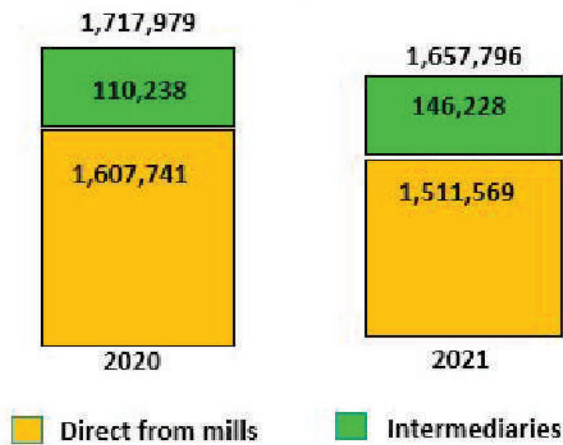
SUPPLY CHAIN

In 2021, PIL Group sourced bulk oil and lauric from 311 suppliers which includes mills, refineries and traders. Our refineries sourced from 267 mills and refineries, as well as 16 traders. Three of our refineries sourced 100% of bulk oil and lauric directly from mills, while Pacoil sourced 64% of bulk oil directly from mills and 36% indirectly from intermediary traders. For our total volumes sourced at the refinery-level in 2021, 91% were from direct sources; 9% were from indirect sources.

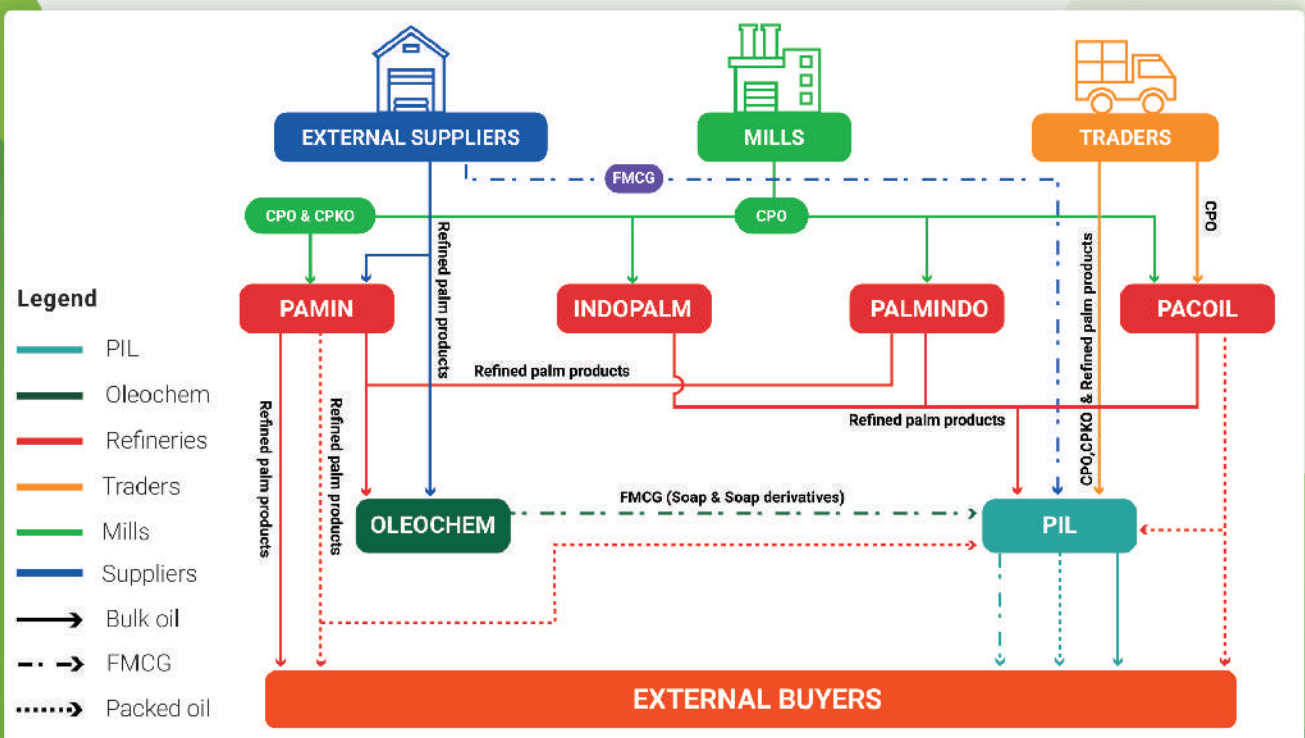
Pacific Inter-Link sourced from 28 traders and/or refiners. Three of these are from internal suppliers or our sister refineries: Palmindo, Pacoil, and Indopalm. The remaining are external suppliers, i.e. not from PIL Group entities.

Oleochem sourced refined palm products from Palmindo, Pamin and an external supplier.

Direct & indirect volumes of Bulk Oil, Lauric & derivatives 2020-2021 (MT)
Refineries



PIL GROUP VALUE CHAIN



SUPPLIER ENGAGEMENT AND ASSESSMENT

Throughout 2020 and 2021, all entities implemented standard operating procedures (SOP) to verify and monitor new and existing suppliers against our NDPE policy commitments. The SOPs formalise policy-related measures such as stakeholder engagement, complaints and grievances, recruitment, traceability, supplier verification and monitoring, non-compliant suppliers, and re-entry processes. The SOPs outline personnel responsible for actions, processes, and references to relevant records.

The SOPs comprise collecting information on mill names, parent company information, geographic locations and RSPO statuses and confirming whether NDPE policies have been established. As of December 2021, 259 of our 311 mill suppliers (83%) have signed our supplier Code of Conduct, requiring them to adopt and commit to our NDPE commitments. In 2020 and 2021, we hosted five supplier engagement workshops. To date, 137 suppliers have attended and become familiar with our NDPE obligations.

We believe that continuous engagement and close collaboration with suppliers is crucial for reducing and managing risks and tackling the complexities of supply chain structures. We mandate our suppliers to provide information for verification and assessment by a given deadline. Extreme cases of post-engagement reluctance or non-compliance will lead to suspension or termination. We work closely with all our suppliers to understand and close any public grievances and assist them in meeting our responsible sourcing policies.

In 2021, Pacoil commenced a collaboration with the Earthworm Foundation to use satellite technology to monitor supplier compliance against our NDPE commitments. The suppliers are obliged to carry out self-assessments to measure their compliance level towards NDPE commitment. Their progress is then monitored via time-bound action plan and regular engagement. Besides that, the Earthworm Foundation also assists in quarterly reporting of high-risk suppliers associated with potential deforestation and/or peat clearing, followed up with verification and engagement by Pacoil.

Production facility at Indopalm



TRACEABILITY

We understand that it is critical to trace supply flows from refineries back to palm oil mills and oil palm plantations. This is an integral part of providing greater supply chain transparency and includes understanding supplier locations and on-the-ground practices. By 2019, PIL Group has attained traceability to mills for CPO and CPKO sourced by the group.

We are now focusing on traceability to plantation. Our refineries are committed to achieve 100% traceability to plantation by 2025 and will begin engaging their suppliers on traceability-to-plantation data in 2022. Demand for certified products is limited based on the markets we operate in. However, we will strive to achieve traceability to plantation by 2025, starting with our internal suppliers.

We publish PIL and sister refineries' mill list on half yearly basis, and these are available at their respective websites. (www.pilgroup.com/supplychain.html) Besides that, the Group's progress can be found on our Palm Oil Sustainability Dashboard at PIL's website. (www.pilgroup.com/susdashboard.html)



Storage Tanks at
Palmindo

GRIEVANCES

In 2018, PIL established a Grievance Procedure, allowing stakeholders to raise grievances concerning our operations and suppliers. Other Group entities have also established similar procedures. The methods include receiving, reviewing, investigating, resolving, and monitoring all grievances and ensuring they are resolved in a timely and transparent manner. A crucial component is identifying, managing, and working with willing suppliers who violate NDPE policy commitments. Although each entity has its respective grievance procedure, Pacific Inter-Link manages them through our consolidated Grievance Register.

When a supplier complaint is filed, as per the procedure, we will engage with all relevant parties to verify and discuss any issues raised. If a case is valid, an engagement process is initiated. If the supplier does not resolve and comply with our sustainability policy, we will review our relationship with them. If sufficient remedial action is not taken, PIL will consider the suspension of commercial activities, which only happens as a last resort. Grievance progress is regularly updated on our website.

To date, 42 complaints have been registered. Grievances were mainly from NGO reports against direct and indirect suppliers about deforestation and/or peat development. Of these complaints, 10,211 hectares in our supplier operations were associated with alleged deforestation. Two of the seven instances raised in 2021 have been closed. We are working closely with our open-case suppliers to address any outstanding issues. In 2021, we stopped sourcing from one supplier due to non-compliance with our responsible supplier code of conduct commitments.

Included in our grievance register are two cases against us which have been lodged with RSPO. We take the complaint cases seriously and are always prepared to engage with our stakeholders. We have faced delays in the process of RSPO Complaints Procedure, and we are working closely with RSPO Secretariat to progress the resolution of the complaints. Progress of both cases can be found on the RSPO case tracker website. (<https://askrspo.force.com/Complaint/s/casetracker>)

GRIEVANCE CASES AS OF DECEMBER 2021

Total raised 2018–2021	Total Closed as of Dec 2021	Active as of Dec 2021
42	30	12

Packaging operations at Oleochem



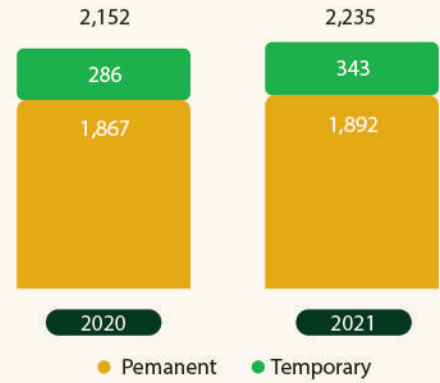
SOCIAL RESPONSIBILITY

We strive to respect and protect human rights, encourage workers and employees inclusion, and eliminate employment-related discrimination. We also promote equal opportunities and constantly ensure that PIL Group adheres to the highest human rights standards. This is achieved through extensive trainings and workshops organised by respective entities under PIL Group. Our effort to protect and uphold human rights is applicable across the board for all employees covering managerial, non-managerial and administrative staff, as well as workers hired for manual, skilled and unskilled, technical and operational work.

PIL Group's success is underpinned by our employees' collective effort and dedication. As of December 2021, there are 2,235 permanent and temporary employees across our six entities in Malaysia and Indonesia. Of the total, 85% are permanent employees and the remaining 15% are temporary workers. Workers are hired to do any manual, unskilled, skilled, technical, and operational work across our entities.



Employee by contract type 2020-2021(no.)

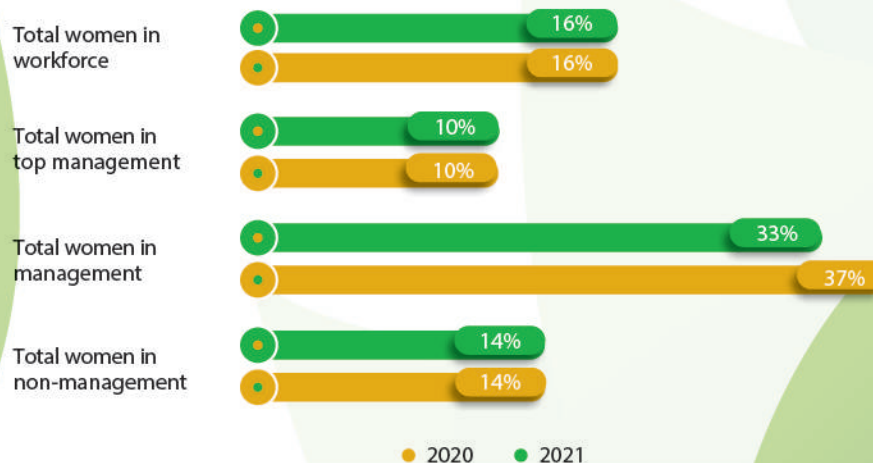


DIVERSITY

We are committed to an inclusive workplace and strive for high female representation across multiple operational levels. Women account for 16% of our total workforce across PIL Group. Key female decision makers in PIL Group comprises 10% in top management and 37% in management level. In PIL alone, the female members of staff account for 54%. All our employees receive the same remuneration and benefits regardless of gender, operation and location. We provide trainings to our employees to equip them with knowledge to prevent inequity or harassment at workplace, and the appropriate medium to report such incidences.

Our workforce in Indonesia is primarily local, but our Malaysian entities employ both local and foreign employees. At PIL, 32% are non-Malaysian employees who are part of both the senior management and management teams. They came from different nations namely Egypt, India, Jordan, Russia, Tunisia and Yemen. Pacoil hires foreign workers from neighbouring countries for manual and operational work. These workers make up 14% of the total Pacoil's workforce.

WOMEN IN WORKFORCE RESPECTIVE TO EACH CATEGORY 2020-2021



FAIR LABOUR PRACTICES

We adhere to local labour regulations and have complied with national minimum wage requirements rates throughout our operations.

PIL Group strictly prohibits child, forced or bonded labour across our entire operations and third-party suppliers. We believe that all our workers should have access to grievance mechanisms. They are paid at least minimum wage, have access to their passports and identification, are subject to fair contracts, have freedom of association, and enjoy decent work and living conditions.

All foreign workers at Pacoil are paid minimum wage, provided with housing and transportation, and have access to the same benefits as local employees.

COVID-19 MEASURES AND RESPONSES

PIL Group aims to ensure business continuity during COVID-19 and continues to safeguard the welfare of our workforce and communities. These measures were guided by national health authorities' advice and best practice. Our internal communication teams and human resource division applied effective communication and best practices to protect our employees and implement charitable initiatives. The following table summarises these measures:

SUMMARY OF PIL'S COVID-19 RESPONSES

Policy or measure	Actions taken
Internal communication and engagement	<ul style="list-style-type: none"> • Establishment of relevant policies and SOPs • Regular announcements, circulars and reminders sent to employees on SOPs (such as the wearing of masks, social distancing and the importance of good hygiene) • Physical signs and posters to remind employees of social distancing and other SOPs
General preventive and risk minimising efforts	<ul style="list-style-type: none"> • Daily temperature screenings and social distancing implementation • Established work from home procedures and rotation systems. Employees with infants and vulnerable family members were encouraged to work from home on a full-time basis
Workers' welfare and wellbeing	<ul style="list-style-type: none"> • Our human resource departments helped employees encountering problems registering for the national vaccination plan • In collaboration with Pharmaniaga Berhad, Pacoil arranged vaccinations for all its employees • To mitigate the risk of exposure at eateries, we distributed free lunches to all employees during the Movement Control Order period and this still continues in PIL.

WORKPLACE SAFETY AND HEALTH

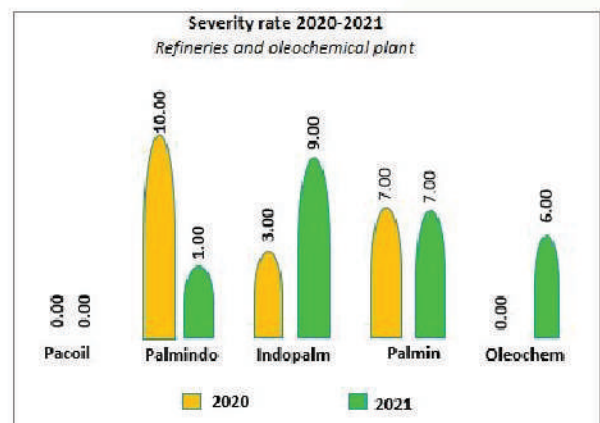
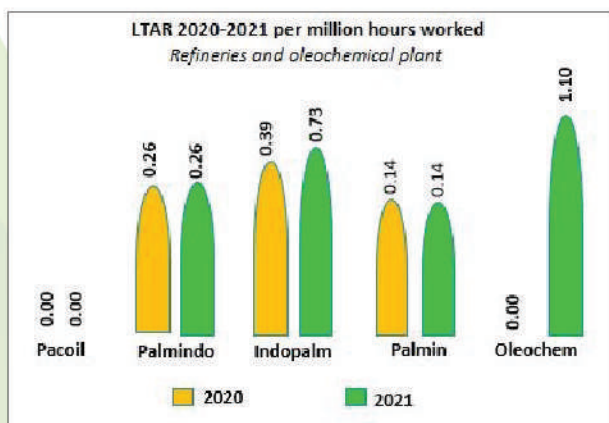
Workplace safety is integral to the way we work. Our refineries, and oleochemical and soap manufacturer have respective occupational safety and health (OSH) policies that outline our commitment to upholding legal requirements and instilling a culture of continuous improvement to prevent injuries and minimise workplace accidents. All our refineries have an on-site OSH committee led by their respective General Managers. Audits and reviews of OSH measures are regularly implemented. Employees are provided with personal protective equipment (PPE) and are required to undergo regular monthly health and safety training. This training focuses on safety and preparedness for handling critical situations and emergencies.

We monitor our safety performance by tracking lost time accident rates (LTAR) and severity rates across our entities. In 2021, some accidents resulted in lost time at our Palmindo, Indopalm, Pamin and Oleochemical facilities. However, Pacoil facility remained accident-free from 2020 to 2021.

There were two major incidents in 2020 and 2021. In 2020, a wrist fracture caused by a fall during electrical installation work at our Palmindo facility. There was also an accident in 2021 at our Indopalm facility – an employee’s was exposed to hot steam while repairing valve gasket. For both incidents, the employees were given initial first aid before being sent to hospital for treatment. Upon returning to work after recovery, they were offered light duty for a period of time.

We take each incident seriously by investigating root causes and following up with corrective actions and training to prevent future occurrences. Following both instances, safety briefings and training were provided on the importance of PPE and proper procedures during machine maintenance.

Across all entities, no fatalities have been recorded since the beginning of their respective operations.



Notes:

1. The lost time accident rate (LTAR) measures decreased employee productivity due to accidents. It is calculated as follows: the number of recordable injuries divided by total hours worked, multiplied by 1,000,000. The severity rate measures the seriousness of recordable injuries and is calculated as follows: total number of days lost divided by the total number of recordable injuries.
2. We do not collect occupational safety and health (OSH) data for our PIL trading entity. This is because our operations allow for minimum physical employee involvement, thereby lowering the likelihood of on-site injuries.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Guided by PIL Group's CSR Strategy, our objective is to enhance community collaboration by focusing on three main areas: economy, society and environment. We aim to be a socially responsible corporate citizen and develop trust with community members through active participation in societal growth and development. We also encourage management and staff to participate in welfare, work, and charity projects.

WE PROGRAMME

ESG journey of PIL Group was born out of our belief that our business should have a positive impact on our environment and stakeholders. As a privately held group, we have no mandate to embark on the journey of ESG, it was self-initiated programme as we wanted to lead the way for privately held groups. Wherein, we wanted not just to focus on ESG but also our internal stakeholders like our employees. PIL employees were always considered a family within the family business.

PIL has the most diverse workforce with different nationalities, language and cultural background. Through an employee engagement platform we wanted to harness this diversity in a meaningful way and also make PIL a fun work place. This was the purpose of 'We' initiative which was conceived, planned and executed by PIL employees to facilitate and enhance the work environment by the exchange of ideas, values, information and expressions.

I take pride in leading such as diverse workforce which is the basic foundation for building a diverse and high performing organization.

Sriram Iyer
General Manager - PIL Group



PIL employees planting mangroves at Kuala Selangor Nature Park, Malaysia 2020

RECENT SIGNIFICANT CSR ACTIVITIES

Type	Activity/programme	Activity details/purpose
Employee engagement	Yoga classes	Bi-monthly yoga classes held at the PIL office to boost employee mental and physical health. During the WFH period, classes took place online.
	Game on!	Board games and indoor sports activities organised as ice-breaking events to welcome new employees. These events also served as team-building activities for current employees.
Environmental conservation	Green office campaign	Campaign launched in February 2021 to distribute plants to employees on their birthdays.
	Mangrove tree planting	In 2020, PIL collaborated with the Malaysian Nature Society, a local NGO, on a conservation project to plant mangrove trees at Kuala Selangor Nature Park, Malaysia.
Community health and wellbeing	Dialysis machine donation and centre rehabilitation	PIL employees contributed to a voluntary donation drive to rehabilitate a dialysis centre at Turbah in Yemen.
	Donation to a shelter for women and children	In April 2021, PIL organised a donation drive for a shelter for abused women and children in Seremban, Malaysia. Employees donated groceries, packed oils, dairy products, food staples, and other daily essentials.

ENVIRONMENTAL RESPONSIBILITY

We are committed to ensuring that our operations are environmentally responsible and strive to take appropriate measures to protect and effectively mitigate risks that may adversely impact the surrounding environment. This includes managing and reducing risk from operational activities where we have direct control, such as energy and water consumption, and waste management. Our policies outline our environmental protection expectations for our entities' and third-party suppliers' sustainability practices.

WASTE MANAGEMENT AND TREATMENT



We have implemented systems to measure and dispose of the waste we produce in a responsible manner, and in line with regulation. Our refineries generate scheduled waste and non-scheduled waste. All waste classified as scheduled may possess hazardous characteristics with the potential for adverse effects on public health and the environment. Therefore, handling of scheduled waste requires special storage, packaging, labelling and management of containers.

Types of waste	Source	Disposal method
Scheduled	Used cotton rags, residual glycerine, lubricants, used oil, air filters and empty chemical containers	All scheduled and non-scheduled waste is disposed of through licensed contractors approved by respective national authorities, and verified by government bodies
Non-scheduled	Spent bleaching earth from degumming and bleaching CPO and sludge from wastewater treatment plants	

We also ensure that all palm oil refinery effluent (PORE), or wastewater, from our refineries is treated before being discharged to waterways. We use biological and chemical processes to maintain pollutants level within regulatory thresholds. The treatment process involves aeration, coagulation, and filtration through carbon and sand before the clean water is discharged. Pamin, Palmindo and Oleochem are situated within one industrial site, and therefore all the treated water is discharged to Kawasan Industri Medan (KIM) before being channelled to nearby waterbodies. Indopalm discharges its treated water to Dinas Lingkungan Hidup Kota Dumai. The PORE treatment processes at our Indonesian sites are all externally verified by the relevant Indonesian body and assured by independent laboratories. PACOIL's treatment process is verified by our annual certification audits as well as the Malaysian Ministry of Health.

WATER



We source water from the ground, surface water and municipal water across our Malaysian and Indonesian operations. At Indopalm, 90% of water used is from desalination of sea water through two desalination plants. These plants have the capacity to process a total of 180 metric cube per hour of sea water. Water is a shared resource; therefore, optimising its consumption is crucial. PIL Group has started collecting data to track our consumption patterns, and we plan to improve water-use intensity wherever applicable.

GHG EMISSIONS AND ENERGY



Since 2015, two of our refineries – Pacoil and Indopalm – have been International Sustainability and Carbon Certification (ISCC) certified for their storage, warehouse and processing facilities. ISCC is an international certification system for sustainability, traceability, and greenhouse gas emission savings.

Part of the certification process entails calculating the greenhouse gas (GHG) footprint for facilities processing ISCC-certified materials using the ISCC methodology. We only monitor GHG emissions for volumes handled at our ISCC certified sites as and when there is a request from customers. In the future, we will consider implementing GHG emissions monitoring and tracking systems for all volumes at Pacoil and Indopalm.

We recognise that biomass is a sustainable renewable resource that can produce cleaner and cheaper energy. Our Indopalm refinery has taken measures to generate their own electricity using palm kernel shells as renewable biomass fuel.

TRANSPARENCY

Transparency is an integral part of our journey towards responsible practices. In September 2018, we launched a [Palm Oil Sustainability Dashboard](#) on our website. It incorporates key features such as traceability to mills, supplier profile and links to relevant sustainability pages. The dashboard will also update stakeholders on the progress of our current sustainability commitments as per our [Sustainability Charter](#).

STAKEHOLDER ENGAGEMENT

Stakeholder engagement, assessment, and feedback are an integral part of our sustainability journey, and we continuously engage with them through multiple communication channels.

Stakeholder group	Communication channel/platform/method of engagement
Employees	Meetings, training programmes, staff gatherings, and other engagement channels
Customers	One-on-one meetings
Suppliers/vendors	Liaison with suppliers before sourcing and contract manager engagement One-on-one meetings and group workshops, business alliance events/ meetings, vendor service/support channels
Government and regulators	Meetings and events
Local communities	Corporate social responsibility (CSR) activities
Industry associations	Membership (RSPO) and compliance with various standards (such as RSPO, MSPO, ISCC, ISO, HACCP, Halal and Kosher)
Implementation partners	Collaboration with solutions provider organisations

To improve transparency and disclosure, we refer to leading benchmarks such as the Zoological Society of London's Sustainability Palm Oil Transparency Toolkit (SPOTT). SPOTT assesses 100 palm oil producers, processors, and traders on their public disclosure as per organisational policies and practices on environmental, social and governance (ESG) issues.

In 2021, we initiated an exercise to map our disclosures against SPOTT indicators and scored 31.19%, the most improved out of 100 companies assessed. We will continuously look to improve our scores and quality of disclosure. Our sustainability statement's objective is to improve our transparency and disclosure. We will periodically update our stakeholders on our progress.



SUPPORTING DATA

Occupational health and safety data

Refineries	FY2020				
	Pacoil	Palmindo	Indopalm	Pamin	Oleochem
Total number of accidents	0	1	1	1	0
Total number of days lost to accidents	0	10	3	7	0
Total number of man hours worked	632,184	758,389	548,250	1,415,420	729,336
Refineries	FY2021				
	Pacoil	Palmindo	Indopalm	Pamin	Oleochem
Total number of accidents	0	1	1	1	0
Total number of days lost to accidents	0	10	3	7	0
Total number of man hours worked	566,496	780,126	513,550	1,401,270	679,242

GLOSSARY

Bulk Oil / Crude palm oil (CPO) is an edible oil extracted from oil palm fruit pulp.

Fast-moving consumer goods (FMCG) refer to high demand products that are affordable and sold quickly.

Green Industry Award is the Government of Indonesia's Ministry of Industry recognition for businesses with efficient and environmentally-friendly production processes.

International Sustainability and Carbon Certification (ISCC) is a sustainability certification system covering the entire supply chain, biobased feedstocks and renewables.

Lauric / Crude palm kernel oil (CPKO) is edible plant oil derived from the oil palm kernel.

Malaysian Sustainable Palm Oil (MSPO) is a national certification standard developed with input from palm oil industry stakeholders.

No Deforestation, No Peat, No Exploitation (NDPE) policies or commitments were adopted by the private sector (downstream companies, traders, mills and growers) oil palm production organisations. These companies have adopted and supported practices to mitigate deforestation, encourage sustainable land development, avoid peatlands, and protect workers, communities, and smallholders.

Palm oil refinery effluent (PORE) is a by-product of refined CPO.

PROPER Awards is an assessment initiative by the Government of Indonesia's Ministry of Environment and Forestry that aims to improve environmental compliance and encourage business excellence throughout the country.

Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder organisation based in Kuala Lumpur, Malaysia, that has developed a sustainable palm oil certification scheme. All RSPO members must comply with RSPO Principles and Criteria (P&C) – a set of stringent standards for producing sustainable palm oil.

Sustainable Supply Chain Certification (SCCS) is an RSPO standard with auditable requirements designed for organisations in the palm supply chain to demonstrate implemented systems to control RSPO-certified oil palm products.

Zero Accident Award is an annual initiative of the Government of Indonesia's Ministry of Manpower and Transmigration, given to businesses that successfully implement occupational safety and health procedures.

Zoological Society of London's Sustainability Palm Oil Transparency Toolkit (ZSL SPOTT) is an online platform for monitoring and managing environmental risks from palm oil production.



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