



YOUR PARTNER IN SUCCESS

# AMPLIFYING SUSTAINABILITY BEYOND LIMITS



SUSTAINABILITY REPORT

# 2022

## PIL GROUP



We are a member of Roundtable on Sustainable Palm Oil (RSPO)  
under Commodities House Investments Limited

# Inside This Report

## MANAGING DIRECTOR'S STATEMENTS 04

PIL Group Managing Director's Statement	05
Message from Managing Director of Indonesia	06

## ABOUT THIS REPORT & PIL GROUP 07

About This Report	08
About Pacific Inter-Link Group	09

## APPROACH TO SUSTAINABILITY 13

Certification and Compliance	14
Awards, Recognitions and Certification	15
Sustainability Milestones	16
Sustainability Governance	17
Ethics and Conduct	17

## SUPPLY CHAIN 18

PIL Group Value Chain	19
Supplier Engagement and Assessment	20
Traceability	20
Grievances	21

## SOCIAL RESPONSIBILITY 22

Diversity	23
Fair Labour Practices	24
Workplace Safety and Health	24
Corporate Social Responsibility (CSR)	25

## ENVIRONMENTAL RESPONSIBILITY 28

GHG Emissions and Energy	29
Water Management	29
Waste Management	29

## TRANSPARENCY 31

Stakeholder Engagement	31
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## SUPPORTING DATA 32

## GLOSSARY 32

# Managing Director's Statements



## PIL GROUP MANAGING DIRECTOR'S STATEMENT



Dear Stakeholders,

This report is wider in scope, covering group level reporting not only on our current achievements but also encapsulating our group's progress over the glorious four years since PIL Group embarked into sustainability journey.

The theme of this year's report is "Amplifying Sustainability Beyond Limits". Being a key player in the palm oil industry, we always trust that sustainability is the future of our business. We have crucial responsibility to ensure sustainability gets integrated across our supply chain. Over the past few years, we have expanded our sustainability functions, setting time-bound milestones and addressing crucial gaps. All initiatives helped us evolve in meeting our sustainability commitments. It is time for us to amplify our commitments beyond our supply chain and reach out to other significant stakeholders, government institutions, education organizations and professionals to embed the foundation of sustainability and its importance.

At PIL Group, we believe that across the globe, sustainable palm oil industry will contribute significantly to the United Nations Sustainable Development Goals. Thus it is vital to go beyond our present achievements and continue to make significant progress. Consistent with our commitment for a supply chain free of deforestation, peat conversion, and exploitation of human rights, we are well pleased that our operations are resilient in addressing various challenges and alterations without compromising our sustainability commitments. To keep abreast of stakeholders' expectancy, we revised our existing Policy in 2022 into an integrated group wide-PIL Group Sustainable Palm Oil Sourcing Policy, firming up our commitments towards a responsible and transparent supply chain. We have also improved our sustainability dashboard to capture key information on our

It is an honour to present the 2022

# PIL Group Sustainability Report

outlining our progress in sustainability commitments over the last year.

### **Fouad Hayel Saeed**

Managing Director, Pacific Inter-Link Group

sustainability journey and help our stakeholders to remain aware of our progression.

I am contented to announce that we have made a noteworthy progress in annual Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment over the years. In 2022, we remained the most improved company and secured a rank of 37 out of 100 palm oil companies assessed. This is an indication that PIL Group is sailing towards the right direction, in meeting stakeholders' sustainability requirements and operate in a transparent manner. We have maintained 100% traceability to mills for PIL Group sourced palm oil product and have commenced on a timeliness voyage to trace back to plantations. We continue to engage with our suppliers as we believe constant communication is crucial to identify potential gaps and convey our expectations to our suppliers and help them become compliant.

PIL Group is committed to a sustainable palm oil industry and will do its part to promote this throughout the markets where we operate. We will certainly amplify our sustainability commitments beyond our current operations and diversify the idea of sustainability in meeting the ambitions of RSPO.

I would like to thank our team for their steadfast efforts and enthusiasm in meeting our objectives. We would also like to offer our heartfelt thanks to our stakeholders and customers for their continued support and feedback.

Yours sincerely,

### **Fouad Hayel Saeed**

Managing Director, Pacific Inter-Link Group

## MESSAGE FROM MANAGING DIRECTOR OF INDONESIA



PIL Group, being one of the

# major palm oil exporters in the world

makes certain that sustainability is integrated throughout our operations and supply chain.

**Salah Ahmed Hayel Saeed**

Managing Director, Indonesia

I am pleased to present our 2022 Sustainability Report. This is our second annual sustainability report, and I take pride in being a part of this initiative. As a member of the Roundtable on Sustainable Palm Oil (RSPO), the PIL Group is strongly dedicated to the vision and mission of the RSPO.

PIL Group being one of the major palm oil exporters in the world, has taken up "SUSTAINABILITY" as an integrated part of the operations and supply chain. It is indeed a challenge to ensure our value chain is fully compliant with our No Deforestation, No Peat and No Exploitation (NDPE) commitment. However, over the quadrennial glorious years of sustainability voyage, we managed to impose procedures to comply with NDPE requirements. This is a commitment that the group uptake to create positive socio-economic impact on our stakeholders and on the environment we operate in.

We recognize that this is not an overnight goal to accomplish. Thus, we invest continuous effort and dedication to ensure our operations are aligned with our objective. Supported by a synergic team in Indonesia, we are able to make progress and meet our stakeholders' expectations.

Looking back at our achievements over the years, we will certainly make significant progress in delivering our sustainability commitments and spreading the idea of sustainability among our stakeholders in full alignment with the aspirations of the RSPO.

Yours sincerely,

**Salah Ahmed Hayel Saeed**

Managing Director, Indonesia

# About this Report



# 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).

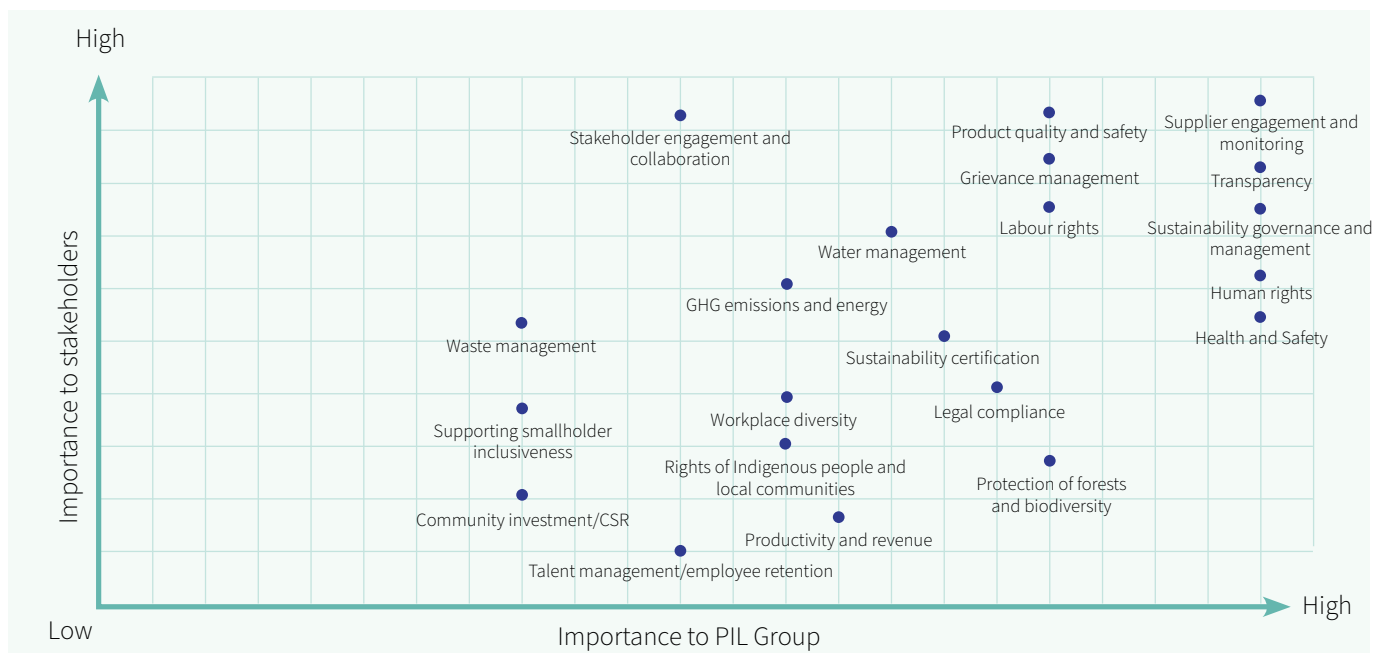
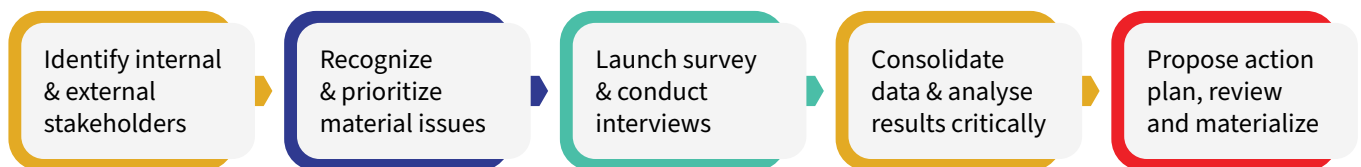
Sustainability is led and overseen by PIL.

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 report is to update the Group's sustainability performance and progress for the 2022 calendar year. Unless otherwise stated, information is specifically related to our bulk oils business which is 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.

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:





# About PIL Group



## 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 primarily bulk palm oil and packed oil, and our fast-moving consumer goods (FMCG) include [personal care](#), [home care](#), [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  
(3.168739°, 101.691519°)

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



#### Pamin

*Established in 1998*

RSPO SCCS-certified since March 2015

**Location:** Medan, Indonesia  
(3.672316°, 98.689225°)

**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  
(3.669973°, 98.690497°)

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

**Refining capacity:** 1,500 MT/day



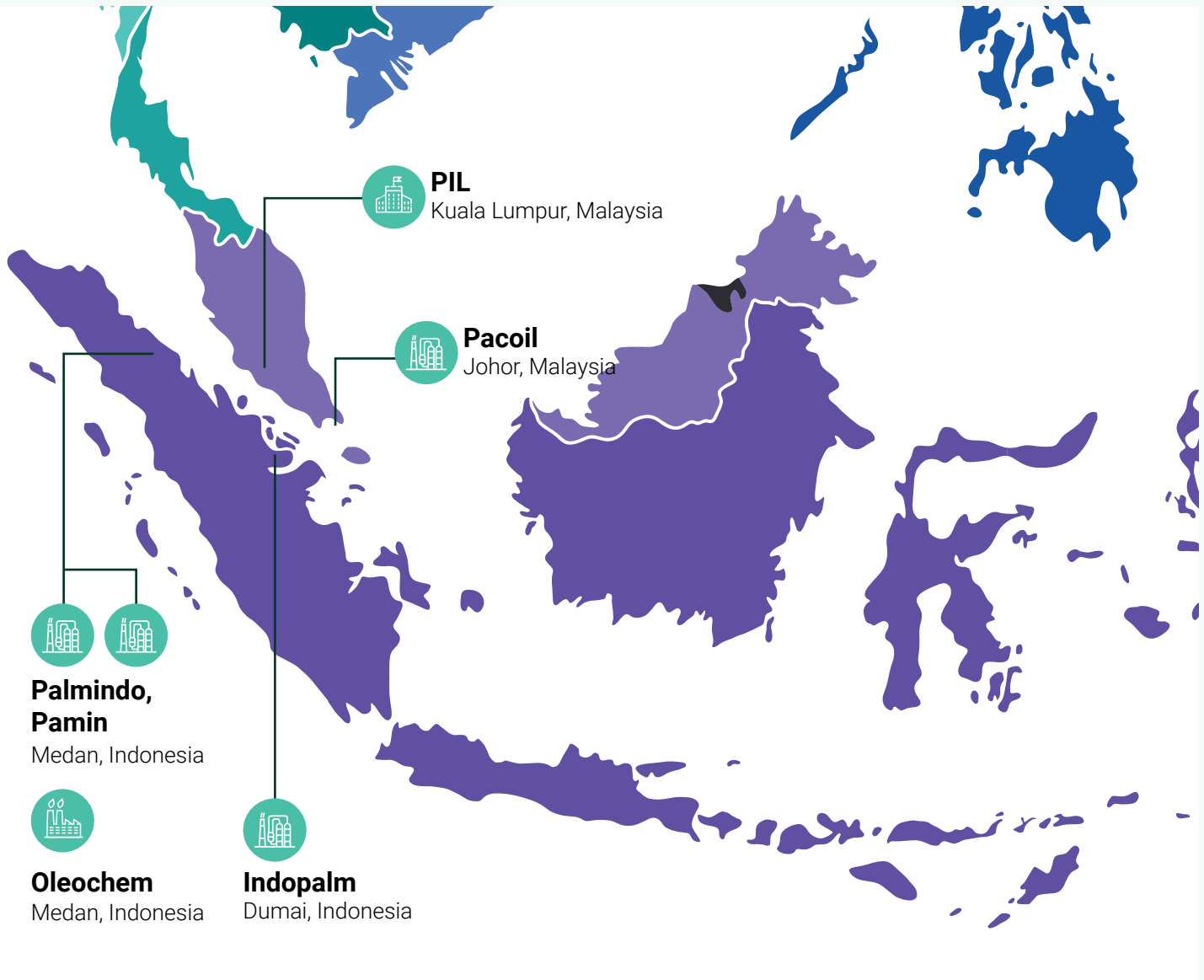
#### Oleochem

*Established in 2000*

**Location:** Medan, Indonesia  
(3.672389°, 98.688064°)

**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

(1.670326°, 103.550930°)

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

**Refining capacity:** 2,000MT/day



**Indopalm**

*Established in 2009*

RSPO SCCS-certified since June 2014

ISCC-certified since 2016

**Location:** Dumai, Indonesia (1.751120°,

101.367873°)

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

**Refining capacity:** 3,300 MT/day



### About Pacific Inter-Link Group

Our refineries produce versatile vegetable oil products from bulk oil (CPO) and lauric (CPKO). These are refined, bleached and deodorized 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.

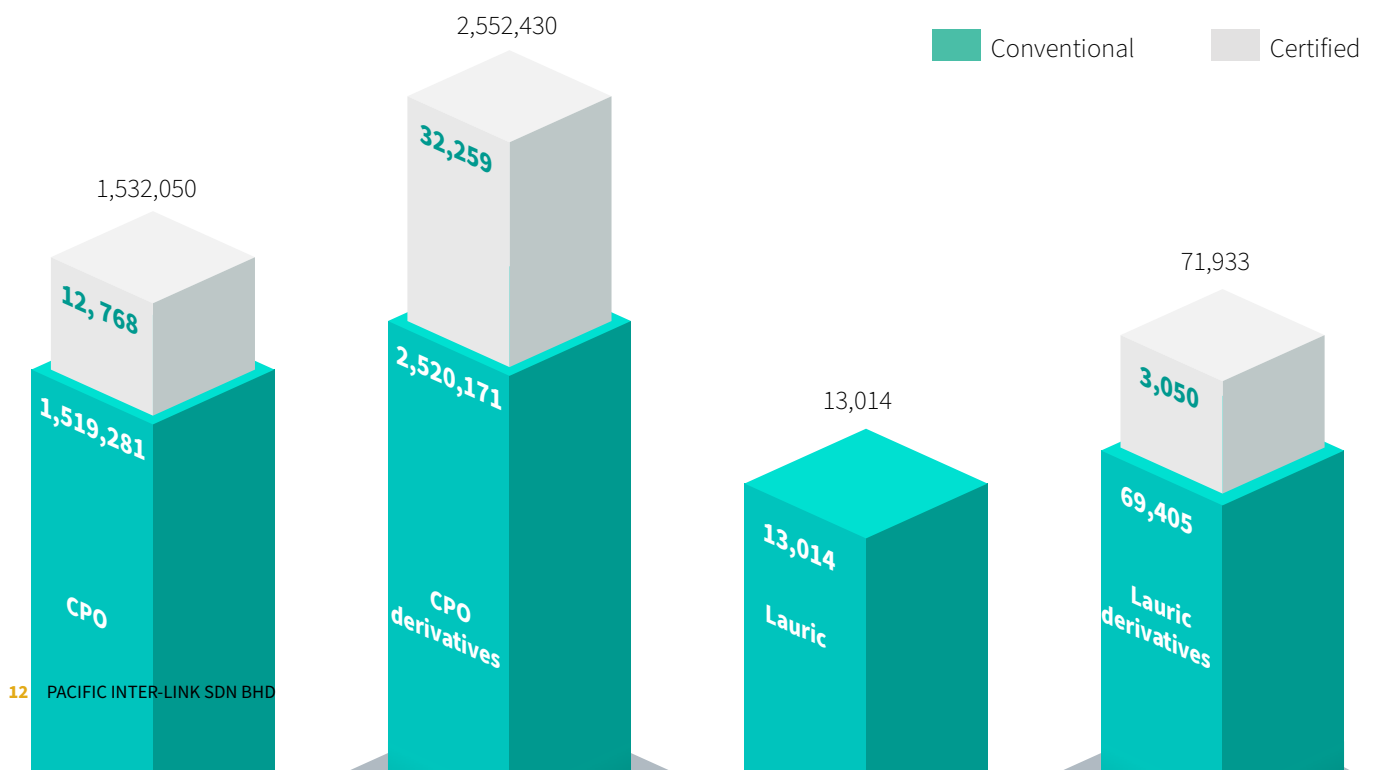
In 2022, the PIL Group sourced 4,169,948 MT of bulk oil, lauric and derivatives from Malaysia and Indonesia. 4,084, 480 MT (98%) was bulk oil and its derivatives, while 84,947 (2%) was lauric and its derivatives. Of the total sourced, 45,027 and 3,050 MT were certified bulk oil and lauric, respectively (including derivatives of bulk oil & lauric).



# 98%

was bulk oil and its derivatives, while 84,947 (2%) was lauric and its derivatives.

### Bulk Oil & Lauric Sourced (MT) FY2022



# Approach to Sustainability



## APPROACH TO SUSTAINABILITY

Our sustainable palm oil policy commitments guide our objective toward 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.

In 2022, we revised our policies into [PIL Group Sustainable Palm Oil Sourcing Policy](#), incorporating key commitments to improve our operations aligned with the industry's best practise. Our group is committed to NDPE, prohibition of burning in operation, committed to conduct Social & Environmental Impact Assessment (SEIA), reduction of chemical usage and GHG intensity in operation, protecting human, labor and land rights, provision of safe working environment, progressive stakeholder engagement, and transparent and traceable supply chain. The content of the revised policy and the mechanism of policy

implementation is conversed with all employees across the group via multiple sessions of training. We also engaged all our suppliers to communicate the changes made in the policy to ensure our suppliers are continuously compliant. This engagement process with employees and suppliers is to highlight that PIL Group has zero tolerance towards deforestation and land and human rights abuse.

Pacific Inter-Link initiated a three-year [Sustainability Charter](#) in 2018 – a roadmap outlining critical milestones towards our NDPE commitments by 2020. These include the publication of an NDPE policy, supplier engagement programs, 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 constraints, we have met the commitments of the Sustainability Chartered by 2021.

### 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 currently, our membership is 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 by the Malaysian Sustainability Palm Oil (MSPO) SCCS. Our Pacoil and Indopalm sites are accredited by 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.

### Sustainable Palm Oil Sourcing Policy



## Environmental & OSH related awards, recognitions and certifications

SITE: YEAR	ACHIEVEMENT
Palmino: 2003–2008, 2010–2012, 2015–2017 Indopalm: 2011, 2015 Oleochem: 2005, 2007, 2010	Zero Accident Award
Palmino: 2014, 2015, 2016, 2017, 2019 Pamin: 2019, 2021	Green Industry Award (Level 5)
Oleochem: 2017, 2019 Pamin: 2018	Green Industry Award (Level 4)
Indopalm: 2016, 2017 Palmino: 2019, 2020, 2021	PROPER Award
Palmino: 2017, 2021 Pamin: 2021 Indopalm: 2022	Commemoratives Yell Competition (Second rank)
Palmino: 2017, 2021 Pamin: 2021 Indopalm: 2022	eSMK3 Certificate (Occupational Safety and Health Management System) with a gold flag from the Ministry of Manpower and Transmigration of Indonesia
Palmino, Indopalm, Pamin, Oleochem	ISO 14001 (Environmental Management System)
Indopalm: 2022	Certificate of Appreciation for Participating in Tree Planting in Dumai (by Mayor of Dumai)
Palmino: 2022	Certificate of Appreciation for The Prevention & Handling COVID 19 at Work Place, Platinum Category (by Ministry of Manpower Republic Indonesia)



## Sustainability milestones

**June 2018**

Published Sustainability Charter

**July 2018**

Grievance Mechanism established

**August 2018**

Proforest was appointed as PIL's sustainability consultant

**December 2018**

PIL published its Responsible Palm Oil Policy

**November 2018**

First Sustainability Brochure published

**September 2018**

- Established sustainability department and appointed sustainability manager
- Supplier engagement on supply chain
- Launched sustainability dashboard
- Published Traceability to Mill (TTM)
- Published Sustainability Progress Report

**March 2019**

Sustainability training by Proforest: NDPE and Grievance Mechanism

**June 2019**

Became Commodities House Investment Ltd following RSPO membership requirements

**December 2019**

PIL's NDPE policy compliance assessment by Proforest at Pacific Oils & Fats Industries Sdn Bhd & at PT. Indopalm Industries

**November 2020**

- [Indopalm](#), [Pamin](#) and [Palmino](#) published their respective Responsible Sustainable Palm Oil Policy
- Pacoil established its Responsible Sourcing SOPs

**September 2020**

Pacoil established a Supplier Code of Conduct

**August 2020**

Pacoil published its Responsible & Sustainable Palm Oil Sourcing Policy

**January 2021**

- Began collaboration with Earthworm Foundation to monitor Pacoil's supply chain through Tools for Transformation (T4T) and Supply Chain Analysis (SCA) Report
- Indopalm & Pamin established their Supplier Code of Conduct

**February 2021**

Palmino established its Supplier Code of Conduct

**April 2021**

Indonesian refineries established their Responsible Sourcing SOPs

**September 2021**

Oleochem established a Supplier Code of Conduct

**August 2021**

- Oleochem published its [Responsible Sustainable Palm Oil Policy](#)
- PIL Group established Suspended Suppliers List
- Oleochem established its Responsible Sourcing SOPs

**June 2021**

- Established Sustainability Steering Committee & Control Purchase Committee
- Revised and enhanced Grievance Mechanism
- PIL established a Supplier Code of Conduct

**May 2022**

Published inaugural PIL Group Sustainability Report 2020 & 2021

**July 2022**

Revised and published [Sustainability Dashboard](#)

**August 2022**

Published our first [Traceability to Plantation](#) data

**September 2022**

Made progress in SPOTT assessment by securing a rank of 32 from 63 in 2021



## Sustainability governance

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

The Group MD is the chairperson for Sustainability Steering Committee (SSC) and Control Purchase Committee (CPC). These two committees are responsible to improve and streamline our sustainability governance and processes throughout the Group. The SSC is dedicated to overseeing the sustainability strategy and direction of the company and monitoring our policy implementation process. This includes addressing NDPE non-compliant cases such as deforestation, peat clearance and human rights violations, and working towards resolution as per PIL Group Grievance Procedure. SSC replaces our former Sustainability Advisory Panel. On the other side, CPC is in control of grievance cases and to review suppliers that are non-compliant with PIL Group's policy. The governance structure can be found on our [website](#).

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 programs. The department reports to PIL Group's General Manager and Managing Director.

## Ethics and conduct

We are committed to the highest ethical and corporate responsibility standards. PIL, our refineries and Oleochem launched a **Code of Conduct and Business Ethics (COBE)** in 2014 and 2016, respectively. This code of conduct focuses on our core values of impartiality, independence, integrity, anti-bribery, and corruption. This has been shared with all PIL staff, together with extensive employee engagement, to ensure familiarity with our policies and procedures. The group organizes periodic engagement sessions to highlight the content of COBE, particularly on anti-corruption and bribery, to ensure our employees act professionally, fairly, and with integrity in all business operations regardless of geographical location. All employees are expected to conduct due diligence prior to the selection of third-party agents in business operations to avoid bribery and corruption, and as of 2022, there are no bribery or corruption cases reported within PIL Group.

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 to 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. The PIL Group whistleblowing mechanism can be found on our website.

Being a group with high ethical standards, PIL Group expects our suppliers to adhere to all relevant local and national laws, and also to comply with national and international certification requirements to ensure the business is operated in a virtuous manner. We monitor the legal compliance level of our suppliers annually and our suppliers are deemed to provide relevant documentations to PIL Group on written request.



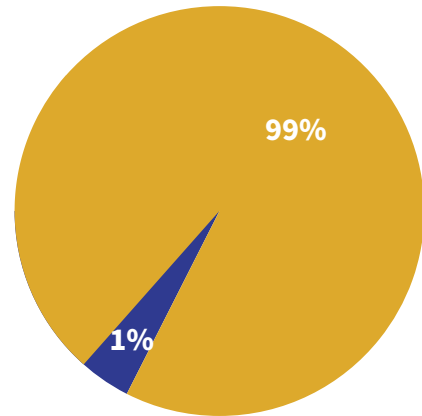
# Supply Chain



# SUPPLY CHAIN

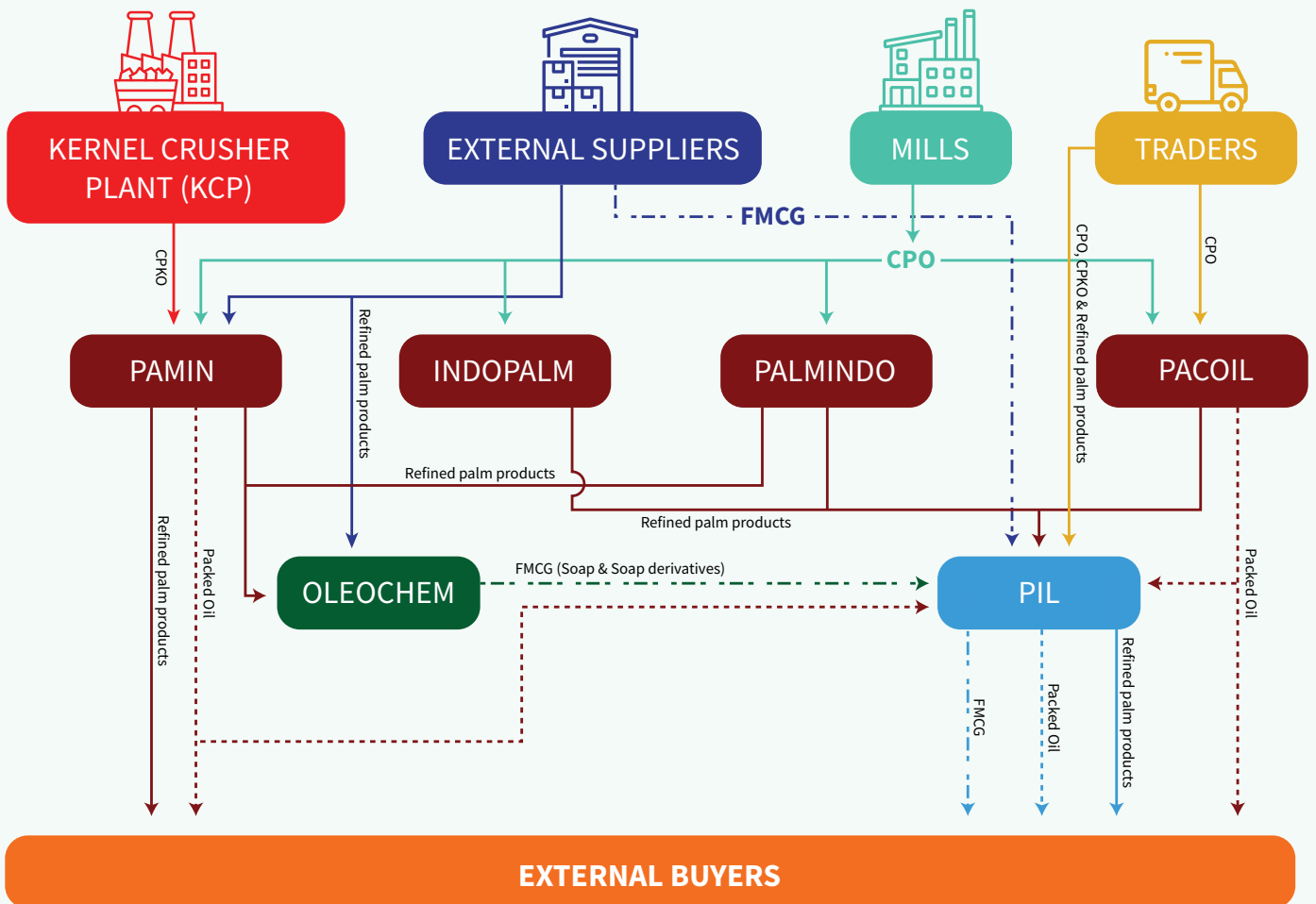
In 2022, PIL Group sourced bulk oil and lauric from 383 suppliers, which includes mills, refineries and traders. Our refineries sourced from 350 mills and refineries, as well as 5 traders. Three of our refineries are sourced 100% of bulk oil and lauric directly from mills, while Pacoil sourced 59% of bulk oil directly from mills and 41% indirectly from intermediary traders. Of our total volumes sourced at the refinery level in 2022, 99% were from direct sources; 1% 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 sources (Yellow) | Indirect sources (Blue)

## PIL Group Value Chain



## Supplier engagement and assessment

Supplier engagement and assessment are guided by our Sustainable Palm Oil Sourcing Policy and set of standard operating procedures (SOP) to verify and monitor new and existing suppliers against our NDPE policy commitments. The SOPs formalize 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 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 2022, 365 suppliers (95%) have signed our supplier Code of Conduct and 163 suppliers have attended our supplier engagement workshop and become familiar with our NDPE obligations, which requires them to adopt and commit to our NDPE commitments.

Besides that, new suppliers are also engaged separately to ensure they are able to understand and comply with our NDPE requirements. We have a set a time-bound commitment to ensure all our suppliers are NDPE compliant by 2030, able to achieve 50% of traceability within 1 year of being in a commercial relationship with PIL Group and cooperate to resolve or progress in any legit grievances pertaining to NDPE compliance within 12 months timeline.

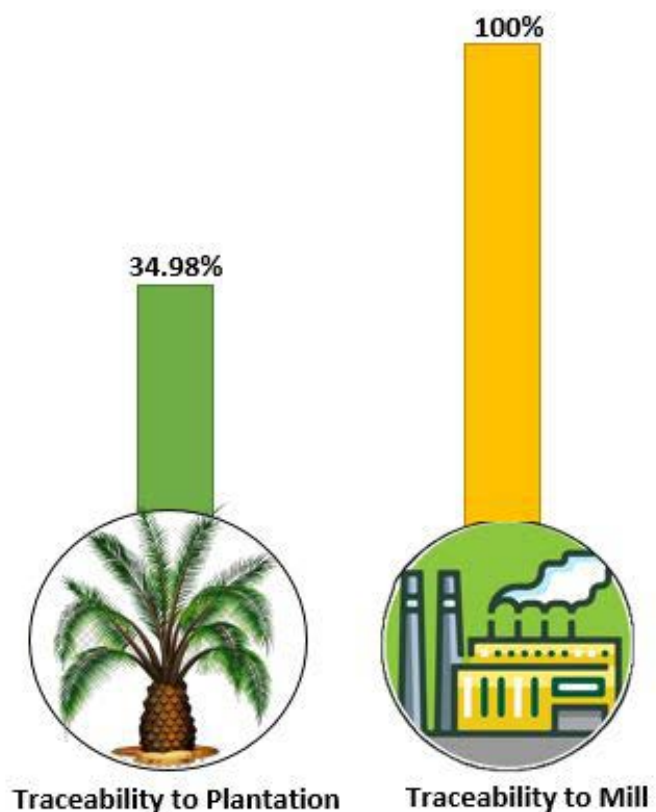
We believe that continuous engagement and close collaboration with suppliers are crucial for reducing and managing risks and tackling the complexities of supply chain structures. We mandate our suppliers to provide information for verification and assessment by a given deadline. Extreme cases of post-engagement 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 Sustainable Palm Oil Sourcing Policy.

### 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 had attained traceability to mills for CPO and CPKO sourced by the group. In 2022, we still maintained our traceability to mills for both CPO and CPKO at 100%.

We are now focusing on traceability to plantation. Our refineries are committed to achieving 100% traceability to plantation by 2025 and have begun engaging our suppliers on traceability-to-plantation data in 2022. We intend to collect this data on an annual basis and managed to achieve 34.98% traceability to plantation 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.

We publish supply chain information on a half yearly basis, and these are available on the [website](#).



## Grievances

In 2018, PIL Group established a [Grievance Procedure](#), allowing stakeholders to raise grievances concerning our operations and suppliers. 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.

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 Group will consider the suspension of commercial activities, which only happens as a last resort. Grievance progress is regularly updated on our website.

As of 2022, 49 complaints have been registered. Grievances were mainly from NGO reports against direct and indirect suppliers about deforestation and/or peat development. Of these complaints, 2,458 hectares in our supplier operations were associated with legit deforestation. One of the three instances raised in 2022 has been closed. We are working closely with our open-case suppliers to address any outstanding issues in a timely manner.

Included in our grievance register are two cases against us that have been lodged with RSPO. One of the cases was closed in August 2022 and the other faced delays in the process of RSPO Complaints Procedure, and we are working closely with RSPO Secretariat to progress the resolution of the complaints. We take the complaint case seriously and are always prepared to engage with our stakeholders. Progress of the active case can be found on the RSPO [website](#).

### Grievance cases as of December 2022

Total raised 2018–2022	Closed as of Dec Total 2022	Active as of Dec 2022
49	39	10



# Social Responsibility

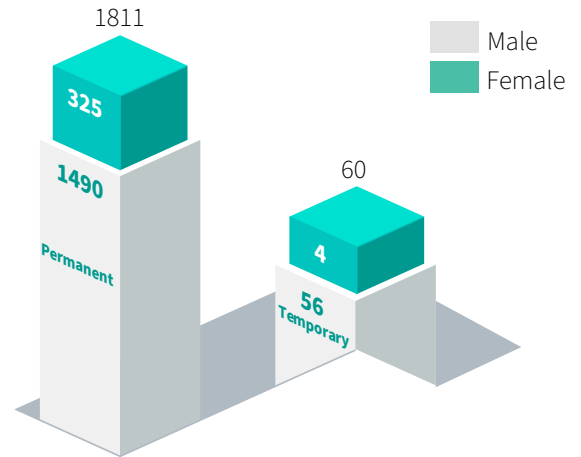


## SOCIAL RESPONSIBILITY

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 and labor standards. This is achieved through extensive training and workshops organized by respective entities under PIL Group. The workshop content is designed based on the Universal Declaration on Human Rights (UDHR), as PIL Group is committed to supporting and to respecting the above mentioned declaration. The workshop session is organized to highlight the content of UDHR, to provide awareness of human rights, and the mechanism of reporting such incidents. The whistleblowing committee is responsible for investigating on any human rights violation within the 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 2022, there are 1,871 permanent and temporary employees across our six entities in Malaysia and Indonesia. Of the total, 97% are permanent employees and the remaining 3% are temporary workers. Workers are hired to do any manual, unskilled, skilled, technical, and operational work across our entities.

### Employee type 2022 (no.)



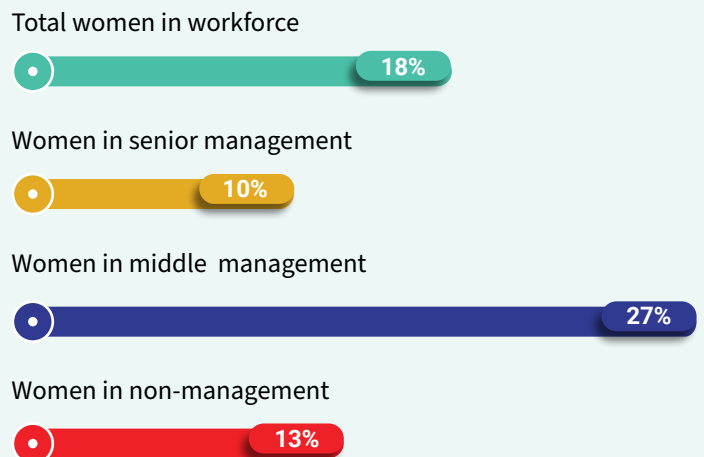
## Diversity

We are committed to an inclusive workplace and strive for high female representation across multiple operational levels. Women account for 18% of our total workforce across PIL Group. Key female decision makers in PIL Group comprise 10% in top management and 27% in management level. In PIL alone, the female members of staff account for 53%.

Our workforce in Indonesia is primarily local, but our Malaysian entities employ both local and foreign employees. At PIL, 36% 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 neighboring countries for manual and operational work. These workers make up 14% of the total Pacoil’s workforce.



### Women in workforce respective to category 2022



## Fair labour practices

PIL Group adheres to local labor regulations and conventions of the International Labour Organization (ILO) to respect all workers' rights. We have complied with national minimum wage requirements rates throughout our operations. All our employees receive the same remuneration and benefits regardless of gender, operation, and location. We provide training to our employees on workers' rights and equip them with the knowledge to prevent inequity, discrimination, and harassment at the workplace, which includes gender discrimination with regard to employment which is clearly stated in our policy. The training is aimed at providing consciousness among the employees on the appropriate medium to report such incidences, and the complaints received will be inspected by the group whistleblowing committee. To date, all our employees across PIL Group have attended in-house training on labor rights.

PIL Group strictly prohibits child, forced or bonded labor 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 recruitment processes and contracts, and enjoy decent work and living conditions. Pacoil hires foreign workers from Indonesia and Nepal. All foreign workers at Pacoil are paid minimum wage, provided with housing and transportation, and have access to the same benefits as local employees.

### Ratio of basic salary and remuneration of male and female employees:

Country of Operation	Malaysia	Indonesia
Top Management	1:1	1:1
Management	1:1	1:1
Non-Management	1:1	1:1

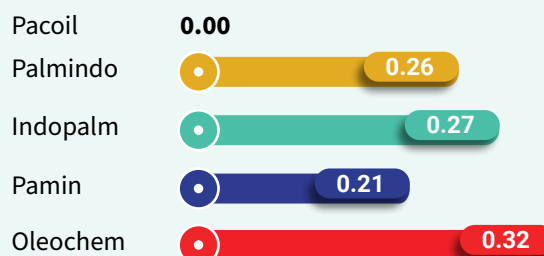
## Workplace safety and health

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 minimize 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.

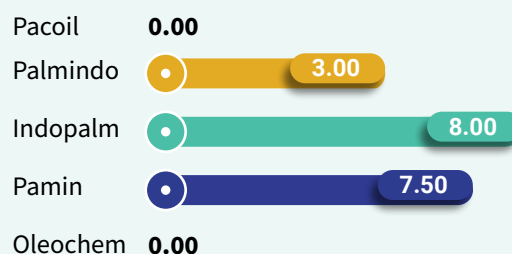
We monitor our safety performance by tracking lost time accident rates (LTAR) and severity rates across our entities. In 2022, some accidents resulted in lost time at our Palmindo, Indopalm, Pamin, and Oleochemical facilities. However, Pacoil facility remained accident-free in 2022. We take any incident seriously by investigating root causes and following up with corrective actions and training to prevent future occurrences.

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

### LTAR 2022 per million hours worked



### Severity rate 2022



Notes:

- 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.
- 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.

Program categories	Activity/program	Activity details/purpose
Employee Engagement	Yoga classes	Yoga classes are held periodically at PIL office to boost employee mental and physical health. These classes are led by an external yoga master.
	Health screening and health talk	PIL collaborated with MCIS Insurance Berhad and Health Junction to organize free health screening for employees above 40 years old. Health talks on Prevention of Breast Cancer and Stress Management were also given to the employees.
	Company trip to Turkey	PIL organized and sponsored an eight days trip to Turkey covering main cities, namely Istanbul, Bursa, Izmir, Pamukkale, and Bodrum. It is a way the company recognizes and appreciates the contribution rendered by the employees.
	Hiking activity	In 2022, employees of PIL took part in two hiking activities at Gasing and Sri Bintang hills to promote healthy lifestyle and foster bond between the employees.
	LRT Treasure Hunt	A team building activity which was held at three different LRT stations. The participants are required to solve puzzle, look for hints, and complete tasks to complete the hunt.
Environmental Outreach	Transplanting tree seedlings	Transplanted tree seedlings at Taman Tugu Nursery, which will be given away for urban greening projects.
	Beach cleaning	Employee of Indopalm participated in beach cleaning activity at Dumai beach, organized by the local port authority in conjunction with National Transportation Day
	Mangrove planting	Indopalm collaborated with Dumai resort police to plant mangrove seedlings at the Purnama Beach to protect the shoreline from abrasion.
Community Wellbeing	Building of musalla, elementary Quran school and mosque	Indopalm contributed to the renovation of Baitul Muttaqin and Al Ihsan Mosque in Rimba Sekampung Village and Bintan Village, respectively.
	Education allowance & food for orphanage	Palmino supports 60 orphan children in terms of education and food allowance on a monthly basis.

### Corporate Social Responsibility (CSR)

We take great pride to announce our corporate social initiative to support the education needs of deserving and talented young children through the **“Wings to Dreams”** initiative. **Wings To Dreams** program is a PIL Group CSR initiative to support the educational needs of underprivileged students through various forms of scholarships and activities. This initiative is run in association with **International Modern Arabic School (IMAS)** in Malaysia and Yemen. IMAS came into existence to address the need for quality education to all those deserving and talented students who are unable to pursue schooling due to their economic background and challenges. PIL Group took it as an important arena of its CSR program to support these children through its contribution to establish IMAS in Malaysia and supporting more than 1700+ students.

Keeping in mind the need to provide education in the war-ravaged country of Yemen, PIL Group has taken it upon itself to help establish three IMAS schools. The schooling and education system has collapsed and in this hour of need, PIL Group has come forward to extend help and

support to the talented students by establishing three schools along with the infrastructure. At present there are around 500 students in these schools and over the next few years these numbers will exceed more than 1000 plus.

With great joy, we can share that our company has launched a corporate social responsibility program called “Wings to Dreams” to help underprivileged young people with skill and merit with their educational needs. A PIL Group CSR initiative called “Wings to Dreams” supports the educational requirements of impoverished youngsters through a variety of scholarships and other initiatives. The International Modern Arabic School (IMAS) in Malaysia and Yemen is the organization behind this effort. IMAS was established to fulfil the demand for high-quality education for all worthy and gifted students who are unable to continue their education because of their financial situation and difficulties. PIL Group saw aiding these kids through its participation to the establishment of IMAS in Malaysia and its support for IMAS as an essential component of its CSR program.



### Corporate Social Responsibility (CSR)



# Environmental Responsibility



## 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.



### GHG Emissions and Energy

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. The key operations at our refineries that contribute to GHG are refining, fractionation, wastewater treatment, electricity, chemical, and fuel consumption.

We recognize that biomass is a sustainable renewable resource that can produce cleaner and cheaper energy. Our Indopalm refinery has taken measures to generate its own electricity using palm kernel shells as renewable biomass fuel. Besides that, all our processing facilities have committed to reducing GHG emissions with a defined timeline, which is published on our website.



### Water

PIL Group recognizes that water is a crucial resource for our operations. We ensure the availability and monitor the quality of water for our refineries to function optimally. We source water from the ground and surface water and municipal water across our Malaysian and Indonesian operations. We realize that water management is important to ensure water is utilized efficiently and to reduce water footprint. Thus, we have adopted water-saving efforts to reduce water intensity, namely; rainwater harvesting for general cleaning purposes and for cooling towers, and recycling wastewater for cooling towers and vacuum pumps. At Indopalm, 90% of the water used is from the desalination of sea water through two desalination plants. These plants have the capacity to process a total of 180 metric cubes per hour of sea water. Our water use intensity for 2022 can be found on our website.



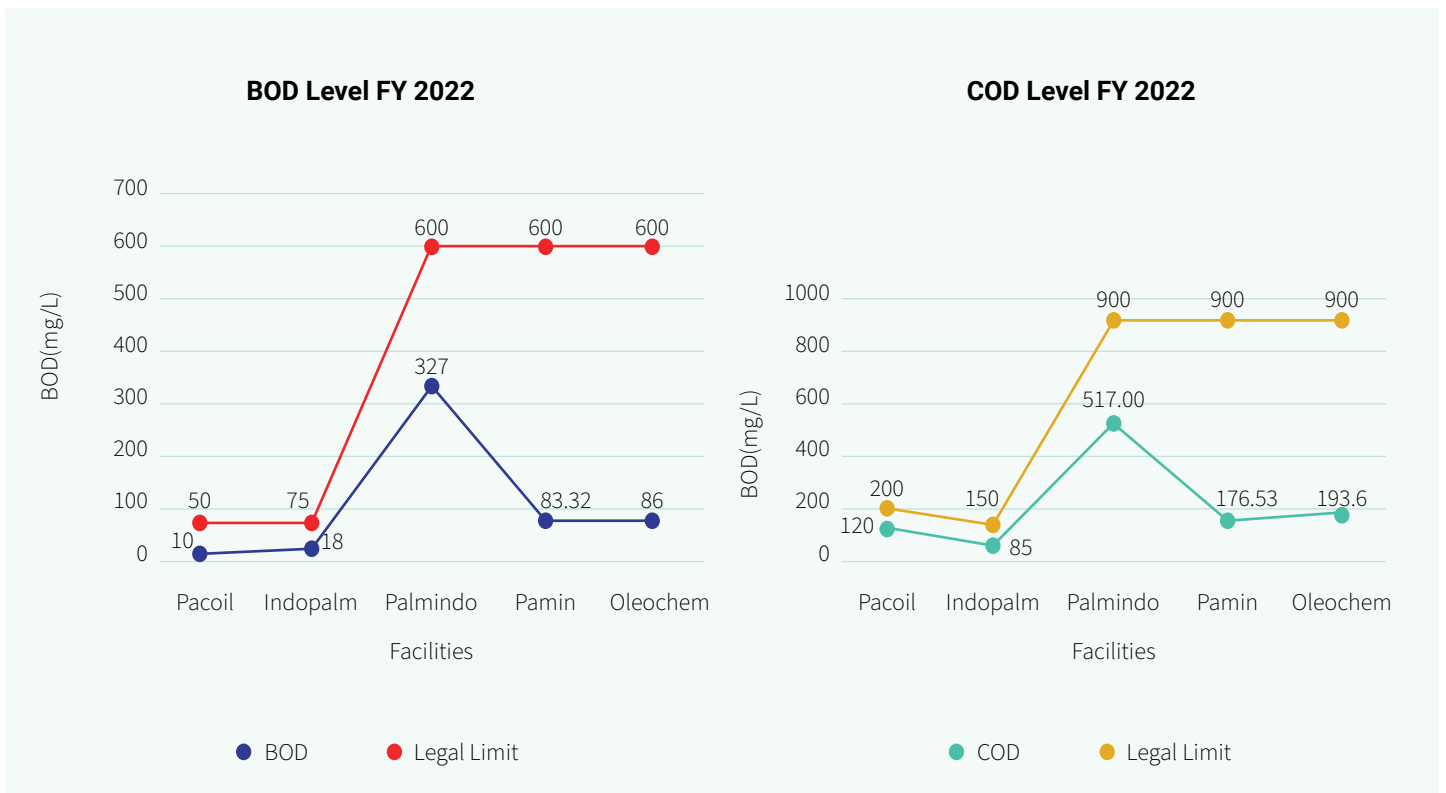
### Waste Management

We have implemented systems to measure and dispose of the waste we produce in a responsible manner, and in line with local regulations. 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 scheduled waste requires special storage, packaging, labeling 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 channeled 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.

We are equally committed to maintaining our Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) within the legal limits and progressing toward the target. In 2022, our BOD and COD for all facilities were within the legal limits. The legal limit for Malaysia operation refers to the specification set by the Department of Environment, Malaysia and for Indonesia operation refers to the specification set by the Kawasan Industri Medan (KIM) which complies with the Ministry of the Environment of Republic of Indonesia.



## TRANSPARENCY

The supply chain is often linked with risks related to deforestation, land clearing, labor conflict, and/or human rights violations. Thus, transparency is an integral part of our journey towards responsible practices to ensure we operate aligned with our policy to eliminate these risk factors. In September 2018, we launched a [Palm Oil Sustainability Dashboard](#) on our website with the aim to provide easy access to information pertaining to our sustainable sourcing and commitments. The dashboard was revised in 2022 to capture information for the entire PIL Group, which incorporates key features such as traceability to mills, supplier profile and links to relevant sustainability pages.

### 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 programs, staff gatherings, awareness, workshops 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, and vendor service/support channels
Government and regulators	Meetings and events
Local communities	CSR activities
Industry associations	Membership (RSPO) and compliance with various standards (such as MSPO, ISCC, ISO, HACCP, Halal and Kosher)
Implementation partners	Collaboration with solutions provider organizations

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 per organizational policies and practices on environmental, social and governance (ESG) issues.

**In 2022, we mapped our disclosures against SPOTT indicators and scored 64.60%, 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

FY2022					
Refineries	Pacoil	Palmindo	Indopalm	Pamin	Oleochem
Total number of accidents	0	1	1	2	1
Total number of days lost to accidents	0	8	3	15	0
Total number of man hours worked	626,240	769,252	735,133	1,885,726	632,668

## 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 organizations. 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 organization 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 organizations 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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