



SUSTAINABILITY PROGRESS REPORT

July 2019 – June 2020



PACIFIC INTER-LINK SDN. BHD.

Sustainability Progress Report: July 2019 to June 2020

Introduction

Pacific Inter Link (PIL) was incorporated in 1988 in Kuala Lumpur Malaysia to promote the export of various commodities and services from Malaysia and the Far East to the Global Markets. Envisioning the potential of Asia as an economic powerhouse, PIL rapidly grew to become one of the leading export houses in Malaysia.

The PIL group is actively engaged in a diverse range of activities such as Manufacturing, refining, tank terminal, trading, marketing of Consumer Products.

As a leading edible oil and consumer goods trader, PIL believes that sustainably produced palm oil will secure a better future for generations to come. Therefore, PIL commits to play an important role in promoting and supporting sustainable practice throughout the palm oil industry supply chain. Besides that, PIL is committed to No Deforestation, No Peat, No Exploitation (NDPE) to ensure an environmentally and socially accountable palm oil industry.

Scope

PIL is pleased to present its second Sustainability Progress Report which covers the period July 2019 to June 2020, to share with our stakeholders the accomplishments and activities during this period amidst the challenging conditions caused by the global Covid-19 pandemic.

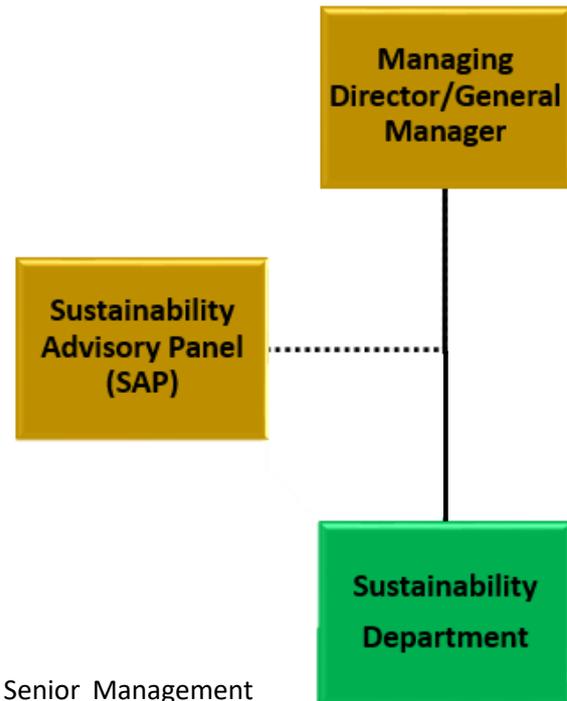


Sustainability Governance

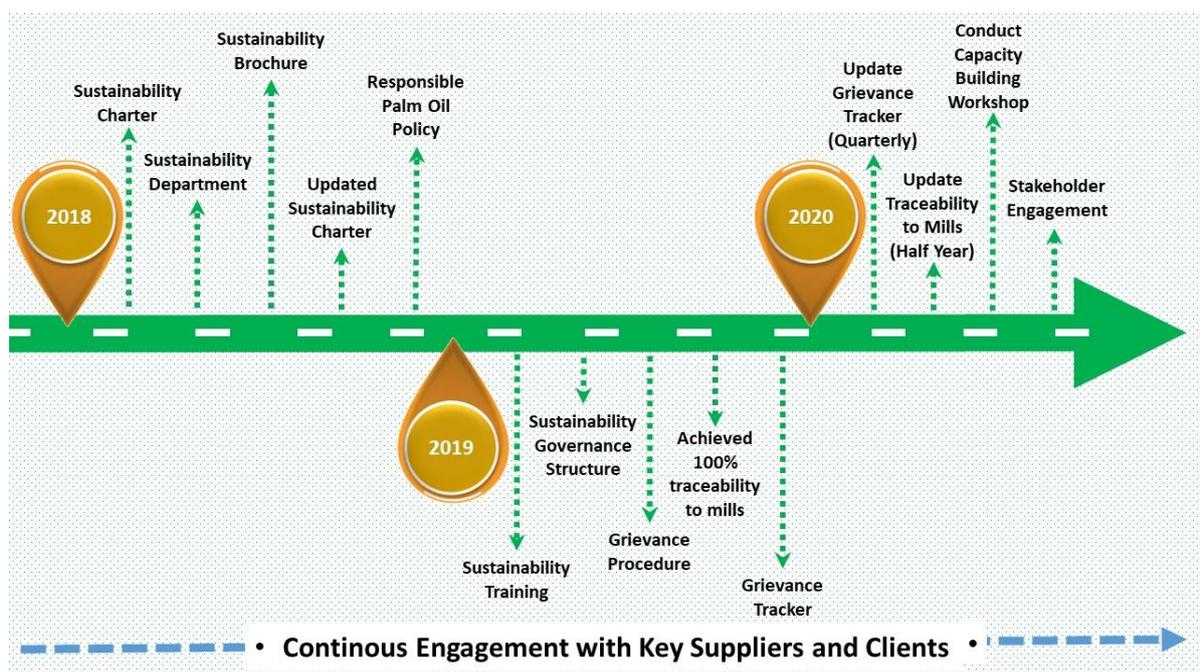
Sustainability has become an integral part of any business today and it is a priority for PIL group. PIL has started the sustainability journey in Year 2018 and formed a Sustainability Governance Structure to promote sustainability, to ensure transparency and to create important values to the organization and the community.

Sustainability Governance Structure is led by the Managing Director together with the General Manager with members comprising the Sustainability Advisory Panel and Sustainability Department. The Managing Director and General Manager will lead the sustainability direction of the company and oversee the PIL's sustainability performance. Besides that, they will approve sustainability policies and procedures.

The Sustainability Advisory Panel comprises of the Senior Management Representatives to advise sustainability department in terms of strategy and specific issued raised by stakeholders and monitor the sustainability practice in PIL. Last but not least, Sustainability Department comprises of sustainability experts to formulate, develop and implement sustainability commitment across PIL.



Key Milestones





Sustainability Charter

In 2018, PIL published its Sustainability Charter which highlights its sustainability execution into three phases following a 3-year timeline, 2018 until 2020.

Broadly in line with the targeted timeline, Phase 1 has been completed by 1H2019. Phase 2 has also been largely completed except for completion of internal systems and the progress is on track. PIL has commenced Phase 3 action plan.

PHASE 1
July – December 2018

Publication of Palm Oil Sustainability Charter	<input checked="" type="checkbox"/>
Launch of a transparent Palm Oil Sustainability Dashboard	<input checked="" type="checkbox"/>
Appointment of a Sustainability Journey Partner to update progress report	<input checked="" type="checkbox"/>
Publication of Responsible Palm Oil Policy incorporating NDPE	<input checked="" type="checkbox"/>
Publication of Grievance Procedure covering its palm oil sourcing	<input checked="" type="checkbox"/>
Engagement with key suppliers	<input checked="" type="checkbox"/>
Collection of data from suppliers	<input checked="" type="checkbox"/>
Publication of traceability date to mill	<input checked="" type="checkbox"/>

PHASE 2
January – December 2019

Development of the internal systems	<input type="checkbox"/>
Roll-out and implementation of all policies	<input checked="" type="checkbox"/>
Conduct engagement with key suppliers	<input checked="" type="checkbox"/>
Update of traceability date to mills	<input checked="" type="checkbox"/>
Engagement with client	<input checked="" type="checkbox"/>
Publication of bi-annual progress report	<input checked="" type="checkbox"/>

PHASE 3
January – December 2020

Development of the internal systems	<input type="checkbox"/>
Conduct engagement with key suppliers	<input checked="" type="checkbox"/>
Update of traceability date to mills	<input checked="" type="checkbox"/>
Engagement with client	<input checked="" type="checkbox"/>
Publication of bi-annual progress report	<input checked="" type="checkbox"/>

Grievance Procedure and Tracker

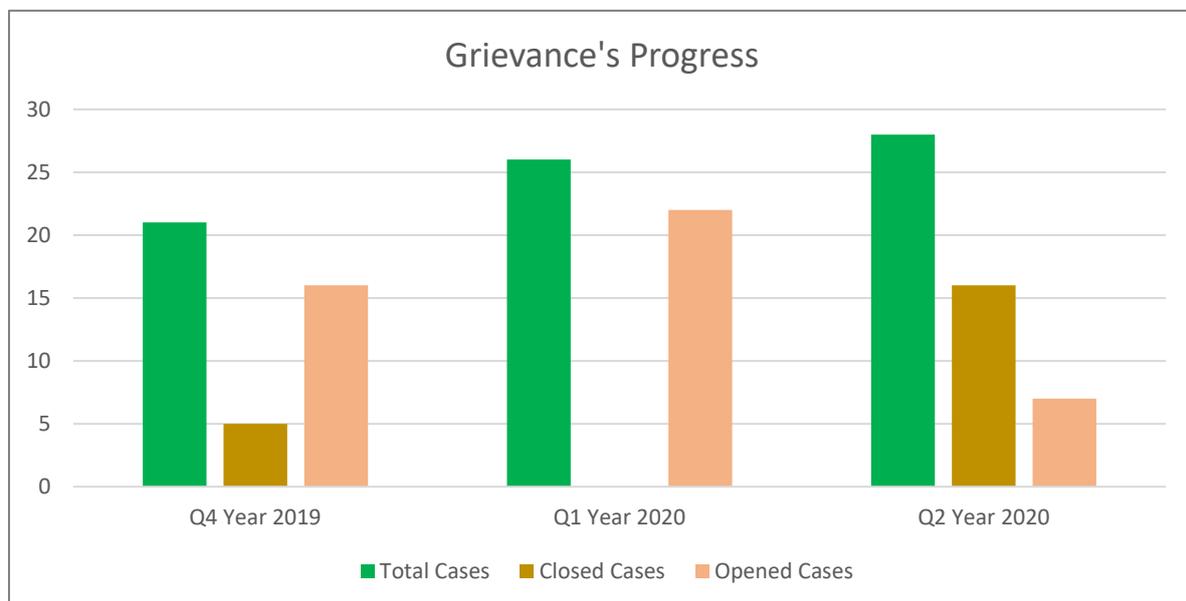
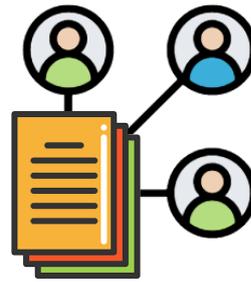
Published in April 2019, PIL's Grievance Procedure is a guideline to address stakeholders' grievances relating to PIL's operations and commitments. All grievances will be resolved fairly within the timeline as stipulated in the procedure.

Grievances can be submitted through **email, mail or telephone.**

As of June this year, **28** grievance cases related to PIL's supply chains have been reported. **21** grievance cases has been resolved accordingly and balanced of **7** open grievance cases.

All grievance cases will be received, reviewed, investigated, resolved and monitored as per PIL's grievance procedure. All grievance cases are handled in a transparent manner through cooperation given by suppliers. The Grievance Procedure is available for download at

<https://www.pilgroup.com/grievanceprocedure.html>



To maintain a transparent grievance procedure, all grievances raised with PIL are made accessible to stakeholders on Grievance Tracker at https://www.pilgroup.com/pdf/PIL_Grievance_Track11.pdf

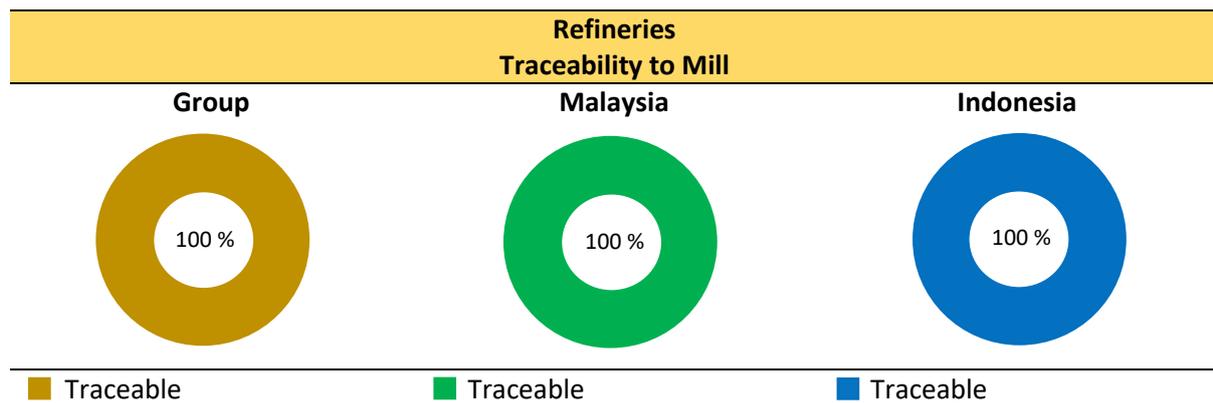
**Beginning from 2020, PIL will publish our Grievance Tracker on a quarterly basis.*

Traceable and Transparent Supply Chain

PIL released its Responsible Palm Oil Policy (RPOP) incorporating No Deforestation, No Peat and No Exploitation commitments in December 2018. Integral to PIL’s commitments is a traceable and transparent supply chain.

While PIL does not own any upstream or downstream facilities, we work with our third party suppliers which mainly traders or processors and their supplying mills to adhere to our commitments as declared in PIL’s RPOP. PIL will only rely on supplies from a transparent and traceable network. Thus, PIL obtain the following traceability data from suppliers:

- Mill name
- Parent company
- Geo-location (address and GPS coordinates)
- Certification status of mill
- Volume



In less than a year of its sustainability journey, PIL has achieved 100% traceability to the mills. Beginning from 2020, PIL will publish our suppliers list on our website on a bi-annual basis.

The January to June 2020 suppliers list is available at <https://www.pilgroup.com/listofmills.html>

PIL will strive to maintain its traceability to mills data at 100%.

Sustainability Training



Capacity Building Workshops conducted at refineries in Malaysia and Indonesia

In line with PIL’s Sustainability Charter, we started the implementation of our RPOP with our sister companies which are also our key suppliers.

Over the period of December 2019 to January 2020, in collaboration with our technical consultant Proforest, assessments against PIL’s RPOP were conducted at:

- Pacific Oils and Fats Industries Sdn Bhd
- PT Pacific Palmindo Industri
- PT Pacific Indopalm Industri

Following the assessments, capacity building workshops were organized to support our sister companies comply with PIL’s policy. These workshops were held in February 2020 and May 2020. The workshops were attended by almost 30 participants and the focus was on practical aspects of compliance to PIL’s “No Deforestation, No Peat and No Exploitation” commitments and supplier assessment and monitoring.



Sustainability Conferences

At PIL, we place a high priority in keeping ourselves apprised of the latest developments in matters related to sustainability, especially in the palm oil industry. With this in mind, we participated in key sustainability related conferences. At these events, we leveraged on the presence of peers and stakeholders to hold bi-lateral engagements to discuss matters of common interest.

2019	
March	Price Outlook Conference (POC)
November	Roundtable on Sustainable Palm Oil Annual Conference (RSPO RT17)
	International Palm Oil Congress and Exhibition (PIPOC)

Stakeholder Engagement

Being relatively new in the sustainability journey, we believe that continuous engagement with stakeholders is crucial in understanding the expectations of our stakeholders as well as the challenges faced by the industry.

Working with our suppliers is important to achieve PIL's commitments of our RPOP and to develop a spirit of common vision and shared responsibility to transform the palm oil supply chain in a meaningful manner. Likewise, PIL regularly engages with our clients to seek their inputs and feedback to validate our efforts.

During the period, PIL has engaged with the following stakeholders, either by way of face-to-face meeting or web based calls –

- AAA Oils and Fats Pte. Ltd.
- Aidenvironment
- Bunge
- FGV
- IOI Group
- Inter-Continental Oils & Fats Pte. Ltd.
- Mewah Group
- Pladis
- Prosper Group
- Sime Darby Plantation Berhad
- Unilever



Concluding Remarks

The second half of the reporting period was particularly challenging due to the Covid-19 pandemic which impacted almost all businesses globally and PIL did not escape unscathed.

Despite the uncertain economic conditions and challenging operating environment, we believe we have made genuine progress within the first two years of PIL's declared sustainability journey. More work lies ahead of us, as the industry and the region recovers from the woes brought on by the pandemic.

PIL will continue to step forward in the global drive to address the sustainability impacts of the palm oil industry, and as a downstream player we commit to make necessary changes in our supply chain while collaborating with industry peers, suppliers, clients and other stakeholders.

PIL wishes to thank all its stakeholders for their encouragement as well as guidance.