



## PIL GROUP TAX POLICY

At PIL Group<sup>1</sup> we practice and advocate a profound corporate philosophy that is focused on creating a truly dynamic global enterprise based on reputation, integrity, and mutual prosperity. PIL Group's tax department works hand in hand to promote this purpose as well as the Group's values.

### What is our tax policy?

At PIL Group, our tax policy has three key fundamental foundations:

1. We adhere to paying taxes under applicable laws and regulations and regulate risks in a calculated manner
2. Stakeholder value is our top priority, and we practice efficient, sustainable, and proactive management of our tax affairs related to our stakeholders
3. We are committed to fostering positive and genuine relationship with regulatory bodies to conceptualize tax-related legislation.

### What scope do we cover?

We aim to positively impact global businesses with our tax payments and local investments in manufacturing, Trading, Sales & Distribution facilities, recruitment, and sourcing.

1. Direct corporate income taxes
  - Based on profits
  - Based on income
2. Indirect taxes
  - Social security costs
  - Customs duties
  - Withholding Tax
  - VAT, Sales & Service taxes
  - Real Property Gains Tax

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<sup>1</sup> PIL Group refers to Pacific Inter-Link Sdn. Bhd, PT. Pacific Medan Industri, Pacific Palmindo Industri, Pacific Oils & Fats Industries Sdn Bhd, PT. Pacific Indopalm, PT. Oleochem & Soap Industri



### **What professional responsibility code does the tax department follow?**

PIL Group is committed to ensuring the responsible tax practices of all the businesses within the group. These include the following:

- Act as per PIL Group Code of Conduct, in an accountable and moral manner.
- Adhere to relevant legislation, guidelines, and transparency codes.
- Use logical thinking and competent decision-making to draw practical inferences.
- Ascertain all decisions are applicable and corroborated with documents that contain essential procedures, decisions, and calculated probabilities.
- Execute sound and transparent risk analyses in uncertain events to prevent the assessment of more likely than not.
- Develop and maintain honest and professional relationships with tax and government authorities, and external stakeholders; educate industry and third-party bodies regarding formulating tax policy and balance the interests of both parties.
- Obey all anti-bribery regulations.

Furthermore, all tax teams should act collaboratively and promptly to provide effective, complete, and solution-oriented communication regarding tax matters.

### **How do we maintain compliance and risk mitigation?**

- PIL Group (or any associated external firms) should submit careful and thorough tax returns by their relevant due dates.
- All material filing done in such tax reports must be supported by underlying documentation involving facts and circumstances.
- Tax risks customarily arise from the complexity of the law and ambiguity regarding its application. The department will observe any updates in the tax law and exercise appropriate training to examine any implications for PIL Group to diminish detrimental impacts.
- PIL Group should actively oversee any discrepancies that may be present in its compliance efforts.
- PIL Group ultimately strives to reasonably comply with applicable taxes by regularly updating tax processes and controls. These apply to all PIL Group and affiliated companies. .

Additionally, external firms that are employed by PIL Group through outsourced functions must also be evaluated for tax compliance, quality assurance, proficiency, and trustworthiness.



To establish local profits with adherence to applicable rules and regulations, PIL Group seeks to adopt the arm's length principle for all its affiliated companies. For each subsidiary company, PIL Group follows local tax policies to compute the right tax amounts and pays over to the designated fiscal authority.

In addition to compliance, our obligation towards responsible action extends to the validity and thoroughness of our financial reporting of the tax position. The Group expects full disclosure between the business, accounting, and tax teams to ensure the appropriateness of external reporting conclusions. Where applicable, PIL Group will provide further tax information to keep stakeholders updated and to represent its responsible tax approach.

#### **How do our Group partnerships and shareholder value play into our tax policy?**

The Group's commitment and accountability towards its internal and external stakeholders form the basis for all tax planning. We pay our taxes according to the local and operational context where business value is created. PIL Group's reputation, brand value, and corporate and social responsibilities are all taken into account when considering tax matters.

In the case PIL Group needs to defend its tax position, we will do so through valid legal processes. PIL Group prefers to resolve tax matters through efficient agreements with fiscal authorities, but where both parties are unable to come to a settlement, PIL Group is prepared to involve judicial systems. PIL Group will also evaluate any material tax adjustments which impact another territory that should be adjusted by that territory through claims under the appropriate tax treaty network (Mutual Agreement Process) to avoid double taxation on the group, and so will typically only resolve such disputes when all relevant fiscal authorities are consulted and are in agreement. In order to avoid any exposure on transfer pricing, the group will comply to transfer pricing regulations of the respective territory of each group company including but not limited to preparation of Transfer Pricing Documents and reporting Country by Country Report at the holding company jurisdiction (CbCR)

#### **How do we maintain our tax authority relationships?**

PIL Group seeks to work professionally and promptly with tax authorities in an open discussion format to bring about the qualified debate over areas of potential lack of consensus regarding the correct interpretation of local tax laws. PIL Group will conduct all such dealings in a professional, suitable, and, prompt manner, and the tax department will manage relationships with the tax authorities (through tax consultants/tax agents wherever applicable) to collaboratively resolve disputes in a forward manner when possible, minimizing the risk of challenges and conflicts.