



Better Lives through Sustainable Innovation

D&L Industries, Inc.
Sustainability Report 2022
April 15, 2023



About the Cover

Drone shot by night of the Company's three new factories inside the First Industrial Township–Special Economic Zone (FIT-SEZ) in Tanauan, Batangas.

D&L Premium Foods, Inc. and Natura Aeropack Corporation are scheduled to commence operations in mid-2023.

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Message from the President & CEO

GRI 2-22

Dear Fellow Stakeholders,

In 2022, our Company recorded its highest ever net income, demonstrating a full recovery from the COVID pandemic amidst a confluence of macroeconomic headwinds and an Omicron surge early in January. Last year's results outperformed expectations and were mainly driven by strong consumer spending amidst a wider economic reopening and the Company's exports undergoing resilient growth. The three biggest business segments of the Company—food ingredients, oleochemicals and other specialty chemicals, and specialty plastics—all booked positive earnings growth for the year which were either at or close to record highs.

D&L's robust earnings for 2022 demonstrated its ability to weather various macroeconomic conditions given its diversified businesses, the essential nature of the products it manufactures, and its ability to adjust its selling prices regularly.


While macroeconomic risks remain in the form of elevated inflation, the threat of a US recession, and a global banking turmoil, we remain optimistic on the structural growth story of the Company. By the middle of 2023, our plant in Batangas is slated to commence its commercial operations. It will further complement our capabilities that will allow us to increase our relevance in the overall production chain and service new and bigger customers globally.

From a sustainability perspective, the new plant is crucial in our high impact sustainability initiatives where we advocate for a dramatic reduction in the carbon footprint of the coconut oil and derivatives industry, by enabling global brands to buy direct from source. This direct from source approach simply means converting raw materials into finished goods in the country of raw material origin, instead of going through multi-leg production stages which usually happen across different locations in the globe.

We believe that our Batangas facility and our high impact sustainability efforts put us in a very good position as the world shifts towards more sustainable consumption. With a strong conviction in the long-term prospects of the businesses we are in, we look forward with eagerness and hope. We see the coming decade as transformational for us, both from a business and sustainability perspective.



We are deeply grateful for the trust and support given by our shareholders throughout the years. Rest assured that D&L's management team is working extra hard to continuously enhance shareholder value while building a more sustainable future for all of us.


Alvin D. Lao

About this Report

GRI 2-1, 2-3

In line with its commitment to transparency, accountability, and proactive stakeholder engagement, D&L Industries, Inc. ("D&L" or "the Company") has updated its Annual Sustainability Report, reporting the material topics on economic, environmental, and social impacts for the 4th year ending December 2022.

This Report should be read in conjunction with the D&L Annual Report 2022, and both documents are available online at the Company website, (<http://www.dnl.com.ph/>).

For questions or feedback, please contact D&L Investor Relations at ir@dnl.com.ph.



Better Lives through Sustainable Innovation

GRI 2-29, 3-1; 3-3

2022 was a great year for D&L!

The Company emerged from another year of the pandemic with its strongest corporate performance in history, eclipsing its record net income in 2018.

This was not apparent in January 2022 when Omicron wreaked havoc through the ranks of management and staff returning from the Christmas holidays. Thankfully, the Company's health protocols and relentless drive to vaccinate stakeholders and their families bore fruit, as most COVID infections at this time were mild and cured within a week or so. Still, leadership prepared contingency plans as weakness in sales at the beginning of the year and the continuing supply chain disruptions threatened the hoped-for recovery from the global pandemic.

In April, the Company's leaders from across the business, operations, and support units spent the whole of the Palm Sunday weekend on a Strategic Thinking

Workshop. This laid the groundwork for how the Group would reshape and refocus its efforts for the rest of the year, and the near future.

A key theme permeating discussions during the early part of 2022 was ESG, which McKinsey & Co. defines as:

Environmental, social, and governance (ESG) criteria [are] useful in measuring a company's progress toward achieving social goals in addition to creating shareholder value.¹

With the worst of the pandemic hopefully in the rearview mirror, external stakeholders such as investors and large business customers frequently queried the Company on its ESG policies and commitments, particularly where it stood on supply chain concerns such as traceability and social impacts, over and above economic and environmental ones, both positive and negative.

By mid-2022, the Global Reporting Initiative (GRI) released a new set of Universal, Sector, and Topic Standards for all organizations reporting from January 1, 2023 onwards, with a renewed focus on "mandatory human rights-related disclosures"².

¹ "What is ESG?," McKinsey & Company, accessed January 30, 2023, <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-esg>.

² Global Reporting Initiative, "Public FAQs on Universal Standards," accessed January 30, 2023, 7, <https://www.globalreporting.org/media/zauil2q3/public-faqs-universal-standards.pdf>.

Throughout the year, the Company developed new and tweaked existing policies and processes. Conversations vertically across ranks and horizontally across functions and stakeholder groups led to plans and actions increasingly geared towards good governance and positive impacts, as well as in mitigating risks, non-sustainable outcomes, and negative consequences. ESG filtered into Google Meets, weekly and monthly reports, and informal discussions behind COVID masks.

As leadership assessed these developments, pondered their implications, and engaged in continuing dialogues and actions with both internal and external stakeholders, the Company's commitment to ESG gained in depth and breadth.

Along the way, a battle cry emerged: Better lives through sustainable innovation!

Better lives is the desired outcome.

Better profits for investors. Better jobs for management and staff. Better work-life balance for families. Better business for suppliers. Better products for customers. Better air quality, productive land, and cleaner waters. Better communities. A better future for all.

To *better lives* is what D&L strives to do every day and everywhere, as a corporation and in cooperation with like-minded others.

Sustainable investments for the capital markets. Fair trade for farmers and upstream communities. Living wages. Recycling, reusing, and upcycling resources. Resilient supply chains. Non-polluting factories. Reliable distribution networks. Educational scholarships to qualified deserving students.

Sustainable innovation takes the Company's core strength and takes it to the next level.

D&L is known for its deep knowledge of chemistry, engineering, product design, and advanced manufacturing capabilities. Its prowess is recognized for quality and cost-competitive solutions for customized specialty and strategic ingredients for the food, plastics, oleochemicals and OEM/ODM industries. It leads in using sustainable feedstock to serve diverse basic industry market segments.

Sustainable innovation is all about telling the Company's story: what it does, how it does them, why it does them, who it does them with, who it does them for.

This is D&L's story, its ongoing ESG journey.

ESG | Five Themes

GRI 2-9, 3-1; 3-3

D&L has identified five themes on what comprises ESG in the Company, each embodying the drive for greater positive and lesser negative impacts across a combination of environmental and human conditions.

Sustainable Growth is the foundation of the Company's ESG efforts, and is achieved through good governance, risk management, and a culture of ethics that promotes positive outcomes for all stakeholders. These principles lay the groundwork for how the Company builds competitive advantage on top of its capabilities.

Responsible Products use sustainable materials, ethical supply chains, and carefully calibrated processes to create products that have positive impacts on society and the environment.

The **Resilient Supply** chain is built through close collaboration with upstream and downstream partners to promote sustainable practices, reduce disruptions, and enhance the lives of each stakeholder in the value chain. This approach drives the Company's Coconut Sustainability Initiative.

The Company promotes **Better Lives** for its stakeholders through diversity and inclusion in the workplace, by delivering best-in-class products and services for its clients and customers, and by working with its communities on safety, training, education, and holistic development.

Finally, D&L engages in **Outreach** efforts by itself and through its various subsidiaries, especially through independent non-profit Lao Foundation, Inc. (LFI), to fund its own initiatives or forge multi sectoral partnerships that positively impact the lives of the families of its workforce, the communities and environment around its facilities, and beyond.

These five themes promote understanding, transparency, and accountability in the Company's ESG performance, fostering a culture of trust and collaboration among its various stakeholders.

Sustainable Growth

Robust Fundamentals



Sustainable Growth

GRI 3-1, 3-3

A strong foundation is necessary for sustainability, encompassing both stable structures and the right values.

Good governance guarantees clear and adequate objectives and processes, fair and equitable rules, and proper representation. It involves taking deliberate and dedicated action to benefit all stakeholders.

Enterprise Risk Management (ERM) aims to prevent adverse events, reduce negative impacts, and transform risks into value-creation opportunities.

Capabilities are the foundation for success, adding value and competitive advantage in the market. Though setbacks may be unavoidable, they offer opportunities for learning, and perseverance and dedication lead to success.

The Company

GRI 2-2, 2-6

D&L Industries is a Filipino company engaged in product customization and specialization for the food, chemicals, plastics, and consumer products ODM industries. The Company's principal business activities include manufacturing of customized food ingredients, specialty

raw materials for plastics, and oleochemicals for personal and home care use.

With a track record that spans over five decades, D&L has established itself as the dominant market leader in the industries it serves. It also enjoys long-standing customer relationships with the Philippine's leading consumer and manufacturing companies.

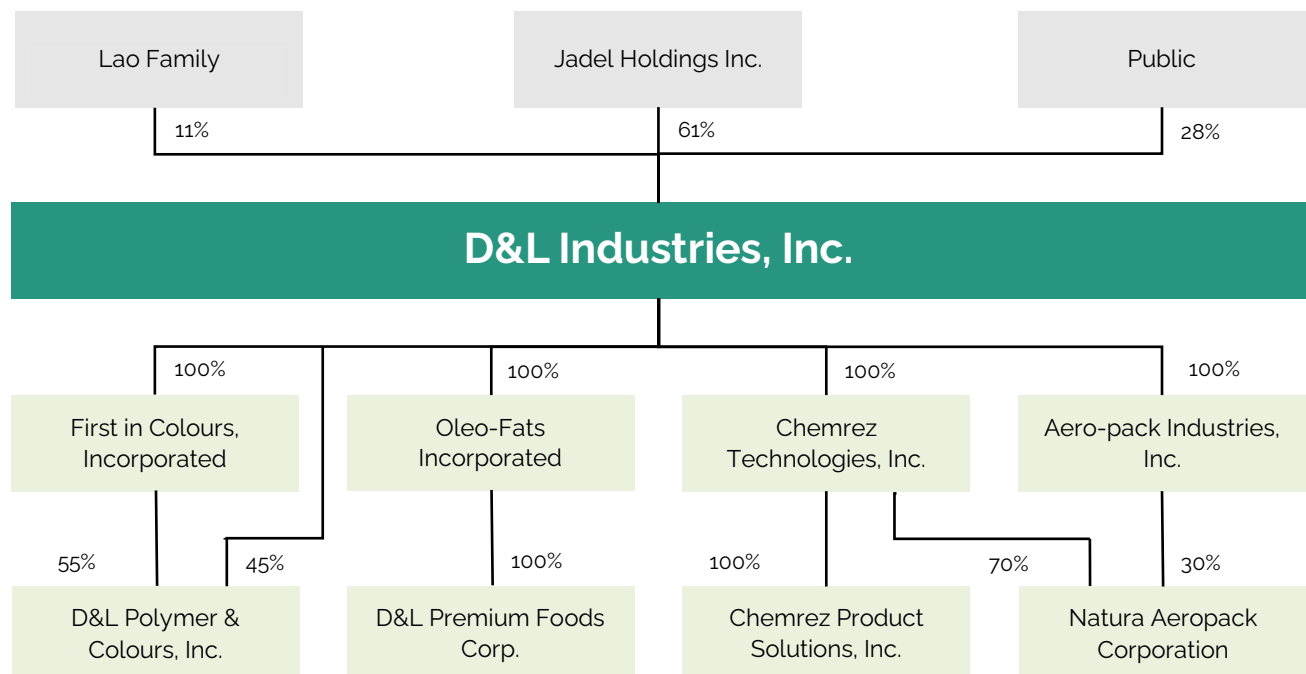
As the majority of the products that the Company manufactures caters to basic industries which are considered essential, D&L sees continued strong demand for its products even amidst global geopolitical, energy, and food supply uncertainties, even as pandemic fears still linger.

Organization

The Company was incorporated on July 27, 1971.

It was listed on the Philippine Stock Exchange on December 12, 2012. It is 72% beneficially owned by the Lao family, the rest by the public.

The Company's registered office address and principal place of business is at 65 Calle Industria, Brgy. Bagumbayan, Quezon City, Philippines.



Business Presence

GRI 2-2, 2-6

Food Ingredients
<p>Oleo-Fats, Incorporated D&L Premium Foods Corp.*</p> <p>Fats & oils, specialty food ingredients, food safety products</p> <p>Serves the domestic market Exports mostly to Asia, plus US & EU</p>
Oleochemicals & Specialty Chemicals
<p>Chemrez Technologies, Inc. Oleochemicals (cocobiodiesel & high-value coconut derivatives)</p> <p>Chemrez Product Solutions, Inc. Resins, colorants, powder coating</p> <p>Serves the domestic market Exports to Asia and US, UK, EU, & AU</p>
Specialty Plastics
<p>First in Colours, Incorporated Pigment blends, color and additive masterbatches</p> <p>Predominantly domestic</p> <p>D&L Polymer & Colours, Inc. Engineered polymers for various applications such as auto, construction, electrical, etc.</p> <p>Domestic, plus exports predominantly to Asia</p>
Consumer Products Original Design Manufacturer
<p>Aero-Pack Industries, Inc. Natura Aeropack Corporation*</p> <p>Consumer products for personal and home care applications in aerosol or bottle packaging</p> <p>Predominantly domestic</p>

*Pre-operating for the full year in 2022

Corporate Social Responsibility

GRI 2-2, 2-6

The Lao Foundation, Inc. (LFI) is an independent non-stock, non-profit organization which the Company partners with for its Corporate Social Responsibility (CSR) initiatives. Their work is discussed in [Resilient Supply](#), [Better Lives](#), and [Outreach](#).

Culture

GRI 2-22, 2-24, 2-29

Altruism permeates D&L's culture, from excellence in every act, to every choice in favor of the best outcome for the majority of stakeholders.

Values passed on from the first to the second generation of leaders permeate the inclusive culture of excellence the Company cultivates and nurtures, throughout and across, within and beyond, its boundaries.

Our Vision

To be the Philippines' Majority Leader in Sustainable Ingredients, Materials and Solutions, and a Major Exporter in identified continents.

Our Mission

To excel and be the leader in the industries we serve.

We are dedicated to growth. We are not complacent, timid, or satisfied with the status quo.

We are research-oriented. We will keep abreast of the latest technology and have our fingers on the pulse of the market to identify the market needs that must be met.

We are committed to increase productivity and profitability, but not at the expense of ethics.

We will continuously enhance our reputation for quality and value. Our products and services must always represent good value for money and be competitive in the marketplace.

We will maintain our market leadership through creativity, innovation and excellence in performance tempered with experience.

We are proud of our employees. We consider them as our most valuable asset. We will maintain an atmosphere where our people can develop their abilities and potential while working together enthusiastically to achieve our goal.

We will contribute to the well-being of the communities in which we operate, and accept our responsibilities as citizens of the Philippines.

Our Beliefs

Progress and development can be realized only through the combined efforts and cooperation of each member of our organization from the highest to the lowest.

Dedication to meeting customers' expectations and needs by providing them the best value from our products and the best service, through the combined efforts and cooperation of each member of the organization.

Passion for excellence in providing intelligent, responsible, and capable direction in the conduct of the business.

Conviction to manage company activities on the basis of the highest standards of conduct and ethics.

Our Corporate Values

Passion to lead

Drive to excel
Discipline and hard work
Positive attitude

Being honest, fair, and humble

Integrity and honesty
Fairness and humility

Caring together

Gratitude and appreciation
Harmony and cooperation
Courtesy and respect for others

Code of Business Principles

GRI 2-15, 2-24, 2-27, 2-29, 415-1 | SDG 5.1, 5.5

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors.

At D&L, our values are at the core of our work and our operations. Our corporate Code of Business Principles (the "Code") incorporates our commitment to this fundamental and basic belief and shows the way to doing things.

We enjoin our subsidiaries, affiliates, and member companies to adhere where ever and at all times to the set standards of conduct and behavior.

We strongly encourage our people as well as our suppliers, customers, contractors, and all those we partner with, to live up to the direction and guidance of the Code. We firmly believe upholding what is right and ethical greatly benefits all.

The Way We Commit to the Code

We call upon our people to comply and commit to the Code of Business Principles. We exhort them to conform to the norms of conduct prescribed therein. We encourage them to seek clarification and guidance from their supervisors, the Head of HR, the Legal Counsel, and the Compliance Officer. We do not tolerate non-compliance. We enforce heavy disciplinary measures on those who ignore and fail to follow the Code. We expect more from our managers and supervisors. We look at them to inspire, lead and model the way of ethical behavior.

Our business unit heads and managers are ultimately responsible in ensuring compliance. We expect them to actively and visibly provide support. We enjoin them to patiently but persistently promote and encourage employees' adherence to the Code. We hope that our organizational leaders personally engage in assisting and training their own staff in the context of their specific duties and responsibilities.

We urge our employees to bring to the attention of their supervisor or of senior management any breach or suspected violation of the Code. We have support

provisions to safeguard strict confidentiality. We also assure that those reporting do not suffer the consequence of disclosing in confidence what they know.

The Way We Do Business

We conduct business guided by the principles of honesty, integrity and transparency. We respect the legitimate rights and interests of those we transact with. We take into account the unique culture of the countries we operate in and comply with their laws and regulations.

The Way We Care for Our Stakeholders

Our People

Our employees are our greatest asset. We provide them with opportunities for continuing skills and capability development. We communicate with and consult them. We provide them with safe and healthy working conditions. More importantly, we recognize the dignity and uniqueness of their person. We respect their freedom and their valid and lawful rights. We do not resort to force or any form of coercion. We do not employ child labor or engage minors to work.

We do not discriminate. We treat all equally regardless of race, religion, color, status, sexual orientation, ethnicity, or nationality. Our screening, selection, and hiring and compensation policies are solely based on qualifications. Our training, development, evaluation, promotion, reward, retention and separation procedures follow the principles of meritocracy and objectivity.

Our Customers

We offer products and services of the highest standards of quality and safety. We are committed to creating value. We make sure they are properly and accurately labelled. We use available and appropriate media communications to advertise their unique proposition.

Our Community

We recognize our responsibility as good corporate citizens. Our aim is to contribute to the development of the communities we operate in. Our goal is to create lasting and deep impact benefits to society.

We take extra care to avoid disruptions, if not minimize them.

Our Environment

We care for the environment. We are committed to sustainable development. We meet the ever-increasing needs of the business but never forget the conservation and preservation of nature. Our long-haul horizon goes beyond the present and stretches to generations yet to come. Our efforts not to endanger but rather enhance the ecosystem continue. We also recognize the importance of biodiversity and support the global community in protecting it.

Our Business Partners

We acknowledge the contribution of our customers, suppliers and business partners. We are grateful. We are strongly committed to continue building lasting and mutually benefiting relationships with them. We urge them to partner with us in the pursuit and practice of the Code.

Our Shareholders

We adopt the principles and practice of internationally accepted prescriptions of good corporate governance. We regularly update our shareholders with timely, reliable and accurate information on the company's operational performance and financial position. We continually communicate with them our key initiatives and major activities

The Way We Grow

We are dedicated to growth. In pursuit thereof, we continually innovate. We develop new ways and new products to meet the changing needs of our customers.

We adopt strict standards of sound science and apply very disciplined testing procedures to ensure high level product quality and safety

The Way We Deal with Politics

We cooperate with governments and other organizations in the protection and promotion of the company's legitimate business concerns. We closely collaborate with them in the development of

regulatory and legislative initiatives impacting our investments and interests. We do not in any way participate in party politics. We also neither make contributions in kind nor fund campaign connected activities

The Way We Handle Conflicts of Interest & Maintain Integrity

Our employees are expected to keep clear from financial, business, or other relationships and activities that might be opposed to, in competition with, and disadvantageous to company businesses and the proper performance of their duties. We exhort them to conduct themselves in a manner that avoids even just the appearance of a conflict of interests between their personal self-interests and those of the company.

We refrain from receiving gifts beyond accepted, common, and customary courtesy, in cash or kind, directly or indirectly, that might impair judgement, provide preferential treatment, and result in unfair competition. We also do not subscribe to tendering nor accepting payments as bribes. We strongly advise that any demand or offer be readily rejected and immediately reported to management.

Our corporate funds, assets, services, and facilities are not to be used for any unlawful, unethical, and personal enrichment purpose.

Corporate Governance

GRI 3-3, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 2-18, 2-19, 2-20, 2-22, 405-1 | SDG 5.1, 5.5, 8.5, 16.6, 16.7

D&L is committed to good Corporate Governance aligned with its purpose to Better Lives Through Sustainable Innovation for the Company's long-term success shared with all its stakeholders and the nation.

The Company's Corporate Governance provides for the system of stewardship, control and feedback that guides the organization in fulfilling its long-term economic, moral, legal and social obligations to all its stakeholders. It establishes the direction, feedback and control using regulations, performance standards, and ethical guidelines to hold everyone in the organization accountable starting from the Board of Directors (BOD) and Senior Management.

Commitment to Sustainability

D&L recognizes the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its businesses, while contributing to the advancement of the society. The Company commits to its social responsibility in all its dealings with the communities in which it operates and ensures that its business activities serve the environment and all its stakeholders in a positive and progressive manner. In this regard, D&L not only complies with existing regulations, but also voluntarily employs value chain processes which take into consideration Environmental, Economic, Social and Governance (EESG) issues and concerns.

Board of Directors

D&L is headed by a competent BOD and is composed of directors, who individually and collectively, have working knowledge and experience relevant to the Company's industries. The Company's BOD has an appropriate mix of competence and expertise to fulfill its roles and responsibilities and respond to the needs arising from the evolving business environment and strategic direction.

To ensure the exercise of objective and independent judgement on all corporate affairs and for proper checks and balances, six (6) of the seven (7) Board seats are occupied by Non-Executives (NED), and four (4) of the six (6) NEDs are Independent Directors (ID). The BOD has three (3) female ID and sufficient diversity to ensure optimal decision-making is achieved to avoid the acceptance of a viewpoint or conclusion that represents

a perceived group consensus. In addition, the BOD has a Lead Director among the IDs to ensure independent views and perspectives. The Lead Independent Director has sufficient authority to lead the BOD in cases where management has clear conflicts of interest.

The NEDs conduct separate periodic meetings with the external auditor and head of internal audit, compliance and risk functions without any executive directors for proper checks and balance, constructive scrutiny of performance and satisfy themselves on the integrity of Company's internal control and effectiveness of the risk management systems.

Board of Directors		
Chairperson	Non-executive	Yin Yong L. Lao
Vice Chairperson	Non-executive	John L. Lao
Members	Lead Independent Director	Atty. Mercedita S. Nolleddo
	Independent Director	Corazon S. de la Paz-Bernardo
	Independent Director	Dr. Lydia R. Balatbat-Echaz
	Independent Director	Engr. Filemon T. Berba, Jr.†
	Executive	Alvin D. Lao

† Mr. Berba passed on last April 4, 2023. His position remains to be vacant as of this writing.

Board Committees

The Board established committees composed of board members that focus on specific board functions to aid in the optimal performance of the BOD's roles and responsibilities. Each Committee has a Committee Charter that contains its purpose, membership, structure, operations, reporting process and other relevant information.

Audit Committee

The Audit Committee enhances the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit as well as compliance with applicable laws, regulations, and internal policies. It is responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective internal control framework that will allow operational efficiency and safeguarding of assets.

The Audit Committee is composed of four (4) IDs and all members have relevant background, knowledge, skills and experience in the areas of accounting, auditing and finance.

Audit Committee		
Chairperson	Independent Director	Corazon S. de la Paz-Bernardo
Members	Lead Independent Director	Atty. Mercedita S. Nolleddo
	Independent Director	Dr. Lydia R. Balatbat-Echaz
	Independent Director	Engr. Filemon T. Berba, Jr.†

Related-Party Transaction Committee

The Related-Party Transaction (RPT) Committee evaluates relations between businesses and counterparties to continuously identify related-parties and review RPTs to ensure that these are undertaken on an arm's length basis that is appropriately monitored, reported and disclosed. The RPT Committee further ensures that no corporate or business resources are misappropriated or misapplied, and determines potential reputational risks that may arise as a result of or in connection with the RPTs.

Related-Party Transaction Committee		
Chairperson	Independent Director	Dr. Lydia R. Balatbat-Echaz
Members	Lead Independent Director	Atty. Mercedita S. Nolleddo
	Independent Director	Engr. Filemon T. Berba, Jr.†

Corporate Governance Committee

The Company is committed to good corporate governance, which promotes the long-term interests of shareowners, strengthens Board and Management accountability, and helps build public trust in the Company.

The Corporate Governance (CG) Committee oversees the implementation of the corporate governance framework, principles and practices, and ensures its continued relevance in light of the Company's size, complexity, business strategy and the regulatory

environment. CG Committee also oversees the evaluation and assessment of the BOD and the Board Committees, nomination of BOD members and appointment and remuneration of key executives and officers.

Corporate Governance Committee		
Chairperson	Lead Independent Director	Atty. Mercedita S. Nolleto
Members	Independent Director	Dr. Lydia R. Balatbat-Echaz
	Independent Director	Corazon S. de la Paz-Bernardo
	Non-executive	Yin Yong L. Lao

Nomination Committee

The Nomination Committee determines the nomination, screening and selection parameters of the Company's BOD, and ensures that the election and termination process conforms with applicable laws and regulations. The Nomination Committee further defines the general profile of board members in terms of knowledge, competencies and expertise that are appropriate and relevant to the Company's businesses.

Nomination Committee		
Chairperson	Non-executive	John L. Lao
Members	Independent Director	Engr. Filemon T. Berba, Jr. [†]
	Executive	Alvin D. Lao

Compensation/Remuneration Committee

The Compensation/Remuneration Committee establishes a formal and transparent procedure for developing a policy on the remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

Compensation/Remuneration Committee		
Chairperson	Non-executive	Yin Yong L. Lao
Members	Lead Independent Director	Atty. Mercedita S. Nolleto
	Non-executive	John L. Lao

Risk Oversight Committee

The Risk Oversight Committee (ROC) helps the BOD in assuring that there is an effective and integrated risk management process in place. The ROC oversees that a sound Enterprise Risk Management (ERM) framework is instituted to effectively identify, monitor, assess and manage key business risks. The risk management framework guides the BOD in identifying business unit and enterprise-level risk exposures, as well as the effectiveness of the risk management strategies.

Risk Oversight Committee		
Chairperson	Independent Director	Engr. Filemon T. Berba, Jr. [†]
Members	Lead Independent Director	Dr. Lydia R. Balatbat-Echaz
	Independent Director	Corazon S. de la Paz-Bernardo
	Non-executive	John L. Lao
	Executive	Alvin D. Lao

Executive Committee

During the intervals between the meetings, the BOD lawfully delegated to the Executive Committee (EXCOM) the exercise of the powers of the Board related to the management and direction of the affairs of the Company. All actions by the EXCOM are reported to the BOD at its meeting and may be subject to revision and alteration by the Board, provided that no rights of third parties are affected by targets and budgets, should there be any such revision or alteration.

Roles and responsibilities that may be relegated to the EXCOM include governance, strategic and operational leadership, drive portfolio/investment decisions, resource allocation, setting and approval budgets and hard targets, approval of strategic transactions and performance review.

Executive Committee		
Chairperson	Non-executive	Dean L. Lao
Members	Non-executive	Leon L. Lao
	Non-executive	Alex L. Lao
	Non-executive	Yin Yong L. Lao
	Non-executive	John L. Lao
	Executive	Alvin D. Lao

Advisory Board

Acknowledging the wisdom of the Founders, the Advisory Board was established as a source of insights and advice, help explore new opportunities by stimulating robust, high-quality conversations and stimulate critical thinking to increase the confidence of decision-makers who represent the Company to help the organization achieve its goals and objectives. The Advisory Board helps fill in the knowledge gap in the Company and acts like an impartial third-party or a sounding board.

Advisory Board		
Members	Non-executive	Dean L. Lao
	Non-executive	Leon L. Lao
	Non-executive	Alex L. Lao

Corporate Governance & External Parties

External Auditors

PwC Philippines - Isla Lipana & Co.

Government Agencies

Board of Investments (BOI)
Bureau of Animal Industry (BAI)
Bureau of Customs (BOC)
Bureau of Fire Protection (BFP)
Bureau of Internal Revenue (BIR)
Department of Environment and Natural Resources (DENR)
Department of Labor and Employment (DOLE)
Department of Trade and Industry (DTI)
Energy Regulatory Commission (ERC)
Fertilizer and Pesticide Authority (FPA)
Food and Drug Administration (FDA)
Intellectual Property Office (IPO)
Laguna Lake Development Authority (LLDA)
Land Transportation Office (LTO)
Local Government Units (LGUs)
National Privacy Commission (NPC)
Philippine Drug Enforcement Agency (PDEA)
Philippine Economic Zone Authority (PEZA)
Securities and Exchange Commission (SEC)

Investor Conferences

JP Morgan Philippine Conference

January 27, 2022 | Virtual

Credit Suisse Finding Alpha Conference

February 24, 2022 | Virtual

CLSA ASEAN Forum

March 9-10, 2022 | Virtual

Jefferies - Regis CEO Roundtable Forum

March 24, 2022 | Virtual

Nomura Investment Forum Asia

June 10, 2022 | Virtual

PSE Star Investor Day

August 17, 2022 | Virtual

Non Deal Roadshow in London

September 19 - 21 | In-person, London

UBS Consumer Conference

November 15 | In-person, Manila

Membership Associations

GRI 2-28

Aero-Pack Industries, Inc.

Chamber of Cosmetics Industry of the Philippines, Inc. (CCIP)
Cosmetic Toiletry & Fragrance Association of the Philippines, Inc.

Chemrez Product Solutions, Inc.

Philippine Association of Paint Manufacturers, Inc. (PAPM)

Chemrez Technologies, Inc.

Chamber of Cosmetics Industry of the Philippines, Inc. (CCIP)
Entrepreneurs' Organization Philippines (EO)
Metalworking Industries Association of the Philippines, Inc. (MIAP)
Philippine Oleochemical Manufacturers Association (POMA)
Philippine Parts Maker Association, Inc. (PPMA)
Private Label Manufacturers Association (PLMA)
The Philippine Biodiesel Association (TPBA)
United Coconut Associations of the Philippines (UCAP)

D&L Industries, Inc.

Association of Petrochemical Manufacturers of the Philippines (APMP)
Entrepreneurs' Organization Philippines (EO)
Financial Executives Institute of the Philippines (FINEX)
Management Association of the Philippine (MAP)
Packaging Institute of the Philippines (PIP)
Wallace Business Forum (WBF)

D&L Polymers & Colours, Inc.

Technical Committee on Electric Wires And Cables (TC1)

First in Colours, Incorporated

Philippine Plastics Industry Association, Inc. (PPIA)

Oleo-Fats, Incorporated

American Oil Chemists' Society (AOCS)
Packaging Institute of the Philippines (PIP)
Philippine Association of Food Technologists, Inc. (PAFT)
Philippine Chamber of Food Manufacturers, Inc. (PCFMI)
Roundtable on Sustainable Palm Oil (RSPO)
Sustainable Coconut and Coconut Oil Roundtable (SCCOR)

Awards & Recognition

Institutional Investor 2022

Honored Company
Small & Mid cap category

D&L Industries, Inc.

Institutional Investor 2022

Honored Company
Consumer Staples category

D&L Industries, Inc.

Institutional Investor 2022

Best IR Professional in Asia-ex China, Japan
Consumer Staples Category as voted by Buyside

1st place | Crissa Bondad

Institutional Investor 2022

Best IR Professional
Small and MidCap Category as voted by Buyside

3rd place | Crissa Bondad

Corporate Governance & Internal Parties

Policies and Procedures

These are the basic guidelines on how we should do things properly and with accountability.

Internal Audit

This team of competent auditors is our conscience. They tell us when something has to be improved in terms of control and recognize where good practices are. They report directly to the board's Audit Committee. This protects the interest of our stakeholders in economic, environment and social aspects.

Certifications

To ensure that its manufacturing practices comply with global best practices, the company keeps itself abreast and compliant with various global standards. In addition, the company also complies with the standards of its customers, which in some cases, especially for multinational customers, are stricter than the global standards.

Health, Safety, and Environment Committee

This team ensures that the company complies with the government-mandated requirements in the areas of health, safety, and environment.

Data Privacy Officer

This ensures that the company does not violate the rights to privacy of its employees, customers and other stakeholders.

Certifications SDG 12.8

Certification	Description
COSMOS	Organic and Natural Certification for Cosmetics
FSSC 22000	Food Safety System Certification
GMP	Good Manufacturing Practices
HACCP	Hazard Analysis Critical Control Point
Halal (IDCP)	Halal Certification from Islamic Da'wah Council of the Philippines
ISO 14001:2015	Environmental Management System
ISO 17025:2017	Laboratory Management System
ISO 45001:2018	Occupational Health and Safety Management System
ISO 9001:2015	Quality Management System
Kosher	Kosher Certification
Non-GMO Project	Non-GMO Project Certificate of Verification
Organic EU	Organic Certification - European Union
Organic JAS	Organic Certification - Japan Agricultural Standards
Organic NOP	Organic Certification - USDA-NOP (National Organic Program)



Enterprise Risk Management

GRI 3-3, 2-13, 2-24, 2-25

ERM is integral to an effective corporate governance process and the achievement of the Company's value creation objectives. With an integrated approach, the BOD and Senior Management are in a position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Company continuously institutes a strong and effective internal control system and ERM taking into account its size, risk profile, nature and complexity of operations.

Governance guides the course of the organization and the effectiveness of ERM will be highly dependent on its integration to the Governance of the organization, thus D&L adopted the Integrated Corporate Governance and ERM Framework for better risk management.

An adequate and effective internal control system and ERM framework help sustain safe and sound operations as well as implement management policies to attain corporate goals. Moreover, an effective internal control system embodies the Management's oversight and control culture, risk recognition and assessment, control

activities, information and communication, monitoring activities and correcting deficiencies. On the other hand, an effective ERM framework typically includes activities such as identification, sourcing, measurement, evaluation mitigation and monitoring of risk.

Internal control is a process designed and effected by the Company's BOD, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of Company objectives through efficient and effective operations; reliable, complete and timely financial and management of corporate information; and compliance with applicable standards, laws, regulations, as well as the Company's policies and procedures.

Social Control

Integration with the Company's culture and core values is the foundation and the Company's first line of defense, having Risk Management in the employee's DNA is key.

The Company has a Code of Business Conduct and Ethics that provides standards for professional and ethical behavior. The Code also articulates acceptable and unacceptable conduct and practices in its internal and external dealings. A code of Business Conduct and Ethics is an important tool to instill an ethical corporate culture that pervades throughout the Company.



Anti-Corruption Policy

The BOD sets the tone and makes a stand against corrupt practices. In this regard, the Company launched the iCARE (acronym from I Convey All Risks and Exposures) Program, a Whistleblowing Program that aims to create an open, transparent and safe working environment where all stakeholders can communicate their concerns like actual or suspected violation of the Company's code of ethics and policies, criminal or unlawful acts or omissions, irregularities like fraud, embezzlement, harassment, theft, corruption, collusion and nepotism, bribery and other procedural malpractice. The iCARE Program encourages employees to report corrupt practices and outlines the procedures on how to combat, resist and stop these corrupt practices.

People Excellence and Succession

Policies, programs and procedures are established to encourage employees to actively participate in the realization of the Company's goals and governance. These policies and programs covering among others health, safety and welfare, training and development and employee reward/compensation, encourage employees to perform better and motivate them to take a more dynamic role in the organization.

To ensure business continuity and uninterrupted operations, succession planning is instituted for the positions of directors, key officers and other identified critical roles and functions.

Output Control

The BOD oversees the development of and approves the Company's business and strategy and monitors its implementation in order to sustain the Company's long-term viability and success. Sound strategic policies and objectives guide the proper prioritization and allocation of resources for optimal value to the Company.

The President and CEOs of the business units lead in the realization of D&L's Vision to be the Philippines' Majority Leader in Sustainable Ingredients, Materials and Solutions, and a Major Exporter in identified continents.

With Capability as the Driving Force to pursue D&L's Mission to Excel and Be the Leader in the identified Industries, the President and CEOs ensure the sustainability and continued relevance of the businesses by building Strategic Capabilities that include the development of integration plans to enhance synergies

across Business Units (BUs); institution of a structured innovation process; establishment of talent development, engagement and succession plans; and building of capabilities in Business Intelligence and Operational Excellence.

Successes are measured through the following 5Ps:

People	Empower and place the best people for every job to allow them to function effectively and keep them engaged.
Product	Keep the innovative product pipeline filled and commercialize the same with the shortest lead time through proper Product Life Cycle Management.
Process	Continuous improvement and innovation for cost-efficiency and competitive advantage.
Planet	Strategic and sustainable innovation for business growth and preservation, ensuring that D&L's businesses are not negatively impacted by the effect of industrialization on the environment (e.g. sustainable supply of major raw materials like coconut).
Profit	Sustained growth for the benefit of all Stakeholders.

Process Control

Process Controls like decision authority, segregation of duties, physical and access controls, having review, approval and audit processes, etc. are established to ensure the integrity of transactions, avoid conflict of interest situations, efficient and effective operations as well as compliance with applicable standards, laws, regulations, and the Company's policies and procedures.

Process Control includes the clear definition of roles and responsibilities which starts with the BOD. This allows the BOD to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all stakeholders. The position of the BOD Chairman and the CEO are held by separate individuals, each one has clearly defined responsibilities to foster an appropriate balance of power, increased accountability and better capacity for independent

decision-making. Identification and definition of clear roles and responsibilities are implemented across all levels in the organization to empower employees while ensuring accountability

Management Information System

Transparency is one of the core principles of corporate governance, thus to ensure better protection of stakeholders' rights, the Company's Management Information System (MIS) is instituted to allow monitoring and immediate response should there be a red flag. MIS is continuously built to provide reliable, complete and timely financial and other relevant non-financial information critical for business management and decision-making.

The BOD establishes corporate disclosure policies and procedures that are practical and in accordance with generally acceptable practices to ensure comprehensive, accurate, reliable and timely reports to stakeholders that gives a fair and complete picture of the Company's financial condition and results of business operations. In addition, material and reportable non-financial and sustainability issues as well as RPTs are reviewed based on materiality thresholds to guarantee fairness and transparency of disclosures.

The Company maintains a website to provide a comprehensive, cost-efficient communication channel for disseminating relevant information to allow informed decision-making by investors and other stakeholders. The BOD also established an Investor Relations Office to ensure constant engagement and communication with its shareholders. This is also maximized as an avenue to receive feedback, complaints and queries from stakeholders and assure their active participation with regard to the activities and policies of the Company.

Performance Management System

Rewards, recognition and remuneration are given to employees based on meritocracy established relating to performance and contribution to the achievement of the Company's goals and objectives.

At the Board level, the BOD conducts an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committees based on minimum criteria using a predefined process that also allows feedback mechanism from stakeholders.

Assurance

Also in place is an independent internal audit function that provides an independent and objective assurance and consulting services designed to add value and improve the Company's operations. It helps the Company achieve its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the Company's governance, risk management and control functions.

Climate-Related Risks & Opportunities

GRI 3-3, 2-23 | SDG 13.1, 15.9

Risk management is seen in the company as a shared responsibility between Management and Employees. At the top level, the Board Risk Oversight Committee oversees the Company's Enterprise Risk Management system to ensure its functionality and effectiveness.

Annually, or as soon as the need arises, the Committee reviews the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment.

Management requires all department heads to assess risks facing their respective business units and establish both Risk Management and Business Continuity Plans. The target is to have the shortest possible downtime, and to minimize, if not entirely eliminate, negative impacts of adverse events on the business. Risk Management and Business Continuity Plans are reviewed at least annually to keep abreast with changing economic and environmental conditions.

This section identifies the climate-related risk and opportunities the company is currently exposed to. The risks outlined below are not exhaustive and instead identify only those that are highly relevant to the business.

Risks associated with natural and man-made disasters that may cause interruption in operations

Potential impact

- Destruction of property
- Loss of life
- Delays in delivery
- Lost sales
- Quality issues in finished goods
- Customer complaints
- Damage to Company reputation

Mitigating measures

- + Improvements in company infrastructure to withstand extreme weather
- + Employee education and trainings on safety procedures during and after a disaster
- + Participation in company and nationwide drills
- + Adequate insurance coverage for identified assets

- + Regular review of IT Disaster Recovery and Business Continuity Plans

Risks associated with rising temperature due to climate change

Potential impact

- Higher than normal temperatures may lead to lower crop yield which may affect the supply of key commodities that the company uses
- Higher raw material prices and supply chain disruptions

Mitigating measures

- + Proactive monitoring of raw material prices, availability, and trend, and property imputing the impact of the same in selling price structure
- + Development of local and diversified sourcing
- + Leveraging on scale in order to negotiate prices
- + Leveraging on technical know-how to develop alternative raw materials

Opportunities in changing consumer preferences towards a more sustainable and environment-friendly consumption

Potential impact

- + Higher demand for the company's natural, organic, and sustainable offerings across the different business segments commodities that the company uses
- + Higher margins and profitability

Opportunities in the regulatory space: Implementation of a higher biodiesel blend from the current 2% blend to the 5% blend mandated by the Biofuels Act of 2006

Potential impact

- + Higher demand for the company's coconut biodiesel
- + Higher margins and profitability

Capability

GRI 3-3 | SDG 9.4, 15.9

D&L Industries recognizes that ensuring a sustainable future is a strategic action to future-proof the business. Identified as the Driving Force for the Company in the short to medium term, Capability³ is the cornerstone for delivering ever greater value to stakeholders when building new or reinvigorating existing infrastructure for sustainability.

Research and Development

One of the Company's core advantages is its strong R&D capabilities, allowing it to customize solutions and offer innovative product offerings to its customers to help them stay ahead of the competition. D&L puts strong emphasis in keeping abreast of the latest technology and having its fingers on the pulse of the market to identify the market needs that must be met. About 14% of the company's workforce are in technology-related roles.

In the past, the company has successfully helped its customers adapt to the changing consumer preferences. As a leading B2B company, D&L works hand in hand with its customers in tweaking their product formulation in order to make them more economical, appeal better to the market, and even more environmentally friendly. D&L anticipates more of these opportunities moving forward, especially in the field of making product formulation more sustainable.

As such, the Company is strategically positioning itself by investing further in R&D to equip itself and stay ahead of the curve in offering customers innovative and sustainable product solutions.

³ A capability-driven company has built special capabilities into its production process that allows it to make products with features that are difficult for its competitors to duplicate.

Next Generation Facility in Batangas

This 2023, the Company is gearing up to commercially launch its next generation manufacturing facility, the culmination of half a decade's worth of planning and more than doubling production capacity. The new plant sits on a 26-hectare property in First Industrial Township-Special Economic Zone in Batangas.

The new plant will be instrumental to the Company's future growth, in line with plans to develop more high value-added coconut-based products and penetrate new international markets. It will mainly cater to D&L's growing export business in the food and oleochemicals segment. It will also add the capability to manufacture downstream packaged products, allowing the Company to capture a bigger share of the production chain. For instance, while the Company primarily sells raw materials to customers in bulk, the new factories will allow it to "pack at source". This means that D&L will have the ability to process the raw materials and package them closer to finished consumer-facing products.

This will enable D&L to move a step closer to its customers by providing customized solutions and

simplifying their supply chain, which is of high importance given global logistical challenges and concerns.

The new facility is envisioned to showcase state of the art technology in manufacturing, as well as global best practices in incorporating sustainability in operations. The following are some of the key sustainability features of the said facility.

Sustainably Designed Buildings and a Central Command Center

Energy and water efficiency, CO₂ emission reduction, and excellent indoor air quality are incorporated in the overall design of the new facility. In addition, a central command center will house the monitoring of all key environmental elements. It will also house the centralized security, risk management, and business continuity departments of the Company.

Renewable energy sources

A significant portion of the new facility's power requirement will be coming from solar power. In



addition, the Company is also exploring other renewable energy sources as fuel for its manufacturing plants.

Chilled Water System

All cooling requirements of the new facility will be centralized. This is expected to translate into greater energy efficiency and lower maintenance costs.

Water Retention System

Surface run-off and rainwater will be collected in a water retention pond which can store up to 5 days' worth of the plant's water requirements. This is expected to mitigate risk of water scarcity.

Sensors Throughout the Facility

Several sensors will be installed throughout the facility to monitor various indicators such as water turbidity and acidity levels, effluent leakage and other possible contamination. With sufficient sensors installed, any abnormal reading will be easily detected and a corresponding corrective action can be promptly done.

Continuous Emission Monitoring System (CEMS)

While not required by the Department of Environment and Natural Resources (DENR), the Company intends to install its own CEMS to consistently test boiler emissions. This is part of the Company's initiatives to track and reduce its overall emissions.

Noise Monitoring System

In order to monitor and minimize noise pollution, noise monitors and sensors will be installed in the noisiest part of the plant to ensure adherence to the limits set by the park and to also ensure the surrounding communities are not adversely affected.

Coconut Greenhouse

The Company is awaiting industrial park approval to plant hybrid coconut trees within the compound. The planned greenhouse will serve as an R&D facility for coconut farming technologies, as well as a showcase for the Company's [Coconut Sustainability Initiative \(CSI\)](#)

The Sustainability Challenge for Brands

GRI 304-2

As the world slowly emerges from the throes of a global pandemic, the lingering effects of disrupted supply chains, mounting geopolitical uncertainties, and still unmitigated effects of climate change combine and continue to batter countries, companies, and consumers alike. Nations hold their breath on whether new COVID variants would again close borders and overwhelm hospitals. War in Ukraine continues to drive uncertainty in energy and global food supplies. Big business and small enterprises alike deal with wildly swinging labor supply and demand, even as ordinary shoppers flood the malls and online stores on weekends, but end the day with fewer purchases than they would like.

In this environment, how can brands win?

On the one hand, supply chains stretch and snake their way around roadblocks to and from the usual places in East Asia and their home markets. On the other, regulators, activists, and consumers alike are demanding better, cheaper... and more sustainable, everything, really.

Sustainability adds a cost burden which must be borne.

The question is, how could brands mitigate the rising cost of sustainability?

The more disrupted the supply chain, the more nodes and stops there are, especially as new connections are needed to go around blocked normal routes. Each new intermediary adds cost.

One seemingly simple but oh-so-hard-to-find solution? A one-stop shop.



Groundbreaking at FIT Tanauan

A Vision for Vertical Integration

The middle years of the past decade saw slow but consistent GDP growth of 2%-3% for the global economy. The Philippines, in turn, was roaring ahead versus much of the world in the 6%-8% annual GDP growth range.

With excess manufacturing capacity at the time fast disappearing, listed company D&L Industries, Inc. (PSE:DNL) strategically invested in a 26-hectare property at First

Industrial Township, a PEZA export processing zone. With groundbreaking in August 2018, D&L sought to combine the capabilities of its largest business units into an integrated facility targeting the ever-growing demand in export markets in the Americas, Europe, and the Indo-Pacific.

In one fell but deliberate swoop, D&L would more than triple its capacity to fill the world's shelves, cupboards, bedrooms, and homes with sustainable alternatives for the growing Gen Z and millennial consumer segments and their environmentally enlightened and socially responsible sensibilities. Boomers and Gen Xers alike would simply be swept along in their offspring's wake of climate activism.

Then again, no one could have anticipated the ravages of COVID from March 2020 onwards. The Natura Aeropack and D&L Premium Foods factories in Batangas would face years of construction and supply chain delays hence, and here we are.

Fully vertically integrated, from sourcing coconut oil to consumer packaging in one location

Starting this 2023, Natura Aeropack offers the brand owner an integrated facility to serve its personal care and health & nutrition markets from one location. Housed at the First Industrial Township (FIT) economic zone in Tanauan, Batangas, just South of Manila, Natura Aeropack cuts through supply chain knots like a hot knife through vegan butter.

Strategically placed in the Philippines, a global leader in the supply of coconut oil, Natura Aeropack has forged backward links to oil mills and small farmers throughout the country. All told, the company sources thousands of metric tons of coconut oil per month, serving export markets for oleochemical ingredients and specialty oils & fats alike.

FIT is a nexus for a significant share of the Philippines' coconut oil production. Within its research laboratories, scientists and specialists use high-tech tools to concoct, tweak, and deliver the exact color, aroma, flavor, texture, skin care, or other health benefit a brand owner seeks. Iterate to a formulator's satisfaction. Test products to a marketer's delight.

Thereafter, Industry 4.0 automation takes over, guided through production by skilled engineers at every step. At the other end of the line, organic lotions, scented soaps, or health supplements emerge, ready to fill the shelves and virtual stores of the brand's markets.

Vertical integration brings ingredients, formulating & compounding, contract manufacturing, and OEM/ODM packaging together under the pivotal one roof, ready to ship to shelves worldwide.

Green chemistry, renewables, and carbon reduction

Three all-new factories provide oleochemical ingredients, specialty fats & oils, and OEM/ODM packaging to brand owners wherever their customers are in the world.

Copra from coconuts grown by small scale farmers are crushed into crude coconut oil (CNO) in strategic oil mills

throughout the country, just one road or barge trip away to Natura Aeropack. Henceforth, this carbon-rich plant-based oil is refined, bleached, and deodorized (RBD) to various grades, up to the highest food-grade organically-certified coconut oil suitable for infants.

Whether as food-grade specialty fats & oils or as base or high-grade carriers for beauty products, all-natural coconut oil takes the place of less sustainable alternatives, be they palm oil or petroleum-based ingredients. No rain forests or endangered orangutans were harmed. No crude oil was extracted from the sands or the deep blue seas. Coconut oil has a far smaller carbon footprint and environmental cost than both palm oil and petroleum. Coconut oil is sustainability embodied.

The Natura Aeropack facility is engineered for safety, quality, and sustainability. From Autoclaved Aerated Concrete (AAC) used in construction for better thermal and acoustic performance to smart LED lighting and LEED Gold certification for employee work areas, painstaking attention to detail has been taken to ensure both active and passive measures are in place to ensure safety, enhance efficiency, and optimize operations.

Biomass replaces fossil fuels in boiler systems. Condensate water is collected and recycled from air conditioning, providing a swimming pool's worth of distilled water every day. Waste water treatment replenishes the needs of the cooling tower used in production. When and where commercially available, renewable grid energy is preferred over non-renewable sources. Multimegawatt solar energy will be available once the panels are installed and commissioned later in the year or soon thereafter.

Climate disaster is real

Over the last decade, droughts have lasted longer, hurricane winds have become stronger, floods have destroyed more and more coasts along the Pacific, Atlantic, and Indian Oceans. Habitats for people, flora, and fauna are increasingly threatened by natural phenomena more devastating than the last. Without climate action, coastal cities and ecologies would be inundated in the next few decades. Entire species could disappear as food chains are disrupted.

In response, the United Nations has forged the Sustainable Development Goals (SDGs). As countries commit to the SDGs, more and more ordinary voices add to the clamor to mitigate climate risk, protect biodiversity and animal rights, and rights for people of all ages, sexual orientation, races, religion, and income opportunities.

Climate disasters do not discriminate between rich and poor. Hurricanes in the US Eastern seaboard, extreme drought and wildfires followed a year later by the worst flooding in decades in the Australian East, and frost devastating French vineyards have ravaged the haves in recent years. Equally tragic were the locust invasion in East Africa due to extreme rainfall, alternating floods and drought in Brazil, and thousands killed and millions displaced in Pakistan floods.

Nothing galvanizes action stronger than disasters close to home. With heatwaves and wildfires in Europe and Australia, torrential rains and storm surges in the Americas and Asia, people everywhere are bombarded with bad news whenever they pick up their smartphones. In turn, activists like Greta Thunberg, David Attenborough, and Leonardo DiCaprio amplify these messages, using combinations of carrots and sticks to entice governments and brands towards further climate action, or to desist from non-sustainable policies, products, and practices.

Responsible brands can respond

Brand owners in the consumer products space can lead the drive to sustainability. As ESG resonates louder among higher income consumers, higher margin brands have the opportunity to deploy more sustainable ingredients and processes in their products.

Take the base and carrier oils in beauty and healthcare. Petroleum production and consumption is one of the most destructive human activities vis-à-vis climate change. Removing petroleum-based ingredients should be a brand's number one priority.

Vegetable oils are a far better alternative, of which, the most prevalent and most affordable is palm oil. True, palm oil is a far better source of carbon as an ingredient than petroleum-based oil. However, in growing the palm oil industry to its current scale, vast tracts of tropical forests across Asia, Latin America, and West Africa were cut down. Orangutans have become endangered chiefly because their homes were converted into palm plantations.

In response to the global backlash against palm oil, RSPO certification seeks to greenwash away the sins of the industry. Tell that to the vanishing orangutans.

In stark contrast, coconut oil has none of the environmental trauma of palm oil. Allegations of harming biodiversity levied against the coconut oil industry are largely inflated, as anecdotal cases of endangered species in small tropical islands comprise a minuscule share of the global supply. As a leading producer of coconut oil, the Philippines has 346 million coconut palms growing in 3.64 million hectares (or 27% of agricultural land area) across most of the country. Most of these coconut plantations have been passed on from father to son across many generations, some even across centuries. No forests have been converted to coconut plantations in recent years.

Natura Aeropack and its siblings under listed company, D&L Industries, Inc., have expanded the scope of corporate social responsibility (CSR) into environmental, social, and governance (ESG) advocacies for the farmer communities from which they draw their coconut supply. Working with other stakeholders and adhering to emerging standards and best practices in sustainability, the company has conducted agricultural training for farmers and provided educational scholarships. Programs for traceability, coconut replanting, and other initiatives to improve the livelihood of small farmers are being planned and integrated into overall ESG programs.

Brand owners may even join in these smallholder initiatives, if they so wish to engage. Natura Aeropack could show them how.

Supply Chain Management

GRI 3-3, 308-1, 408-1, 409-1 | SDG 16.5

Sustainability in the supply chain has been of increasing importance and of growing concern in the past years, especially for manufacturing companies such as D&L. Much like many others, the company has followed that trend, and continues to improve its approach towards several sustainability topics.

The company's Supplier Selection and Assessment procedure includes an initial and succeeding regular audit where potential suppliers' manufacturing facilities and processes, employees' welfare and human rights, health and safety programs, compliance to government regulations, waste management, and even their own supply chains are inspected and quantitatively evaluated. All materials purchased are traceable, and the company makes it a point not to purchase materials with banned or harmful minerals or chemicals. Certifications to guarantee the quality of the goods manufactured by D&L and the processes that went into them are very important to its business, so it is absolutely necessary for the company to go through great lengths, even at the beginning stages of procurement, to ensure compliance.

A Supply Chain Management System is in place across most of the companies under the group, and is compliant with the Quality Management System ISO 9001:2015, the Environmental Management System ISO 14001:2015, and the Occupational Health And Safety Management System ISO 45001:2018. It is the direction of D&L to qualify suppliers of direct and indirect materials to qualify on the said standards.

In addition, the subsidiaries of D&L also ensure that they are compliant with other rules, regulations and standards pertaining to their respective raw materials and products. The Food Division prioritizes suppliers that will support food safety concerns in order to maintain the Food Safety System Certification (FSSC), as it is fully recognized by the Global Food Safety Initiative (GFSI). The Chemicals Division is a qualified member of the Supplier Ethical Data Exchange (SEDEX) and the Sedex Members Ethical Trade Audit (SMETA), where an ethical standard practice is being followed across customers and suppliers. It also uses materials that conforms to the regulatory requirements of the Environmental Management Bureau

and other controlled chemicals that may cause harm to the public and the environment.

The logistics department maintains proper storage separating food and non-food items to ensure the safety of the products. It is a medium-term goal to implement a warehouse management system tool to equip an error-free mechanism, and achieve near-perfect picking rates.

Moving forward, the company aims to move closer to a just-in-time inventory system in order to make more efficient use of its warehouses. It has also begun looking into materials and suppliers that support the call for a "circular economy". Constantly looking towards global market trends, D&L ensures that it is always taking the necessary steps to improve holistically.

Procurement Practices

GRI 3-3, 2-6; 204-1

D&L believes that sustainable procurement practices are the backbone of truly sustainable operations. As such, the company is committed to constant improvements to make its procurement processes as efficient and sustainable as possible.

The company's sustainable procurement practices start with a formal Supplier Selection and Assessment guidelines which are implemented across the organization. This ensures that the suppliers the company deals with are capable of supplying consistent high-quality raw materials and are legitimate entities that are fully compliant with all applicable laws and regulations.

The company also does a regular audit of the manufacturing processes including quality assurance, handling of complaints, employee welfare, supply & delivery assurance, and even resource conservation efforts and waste management program of its suppliers. As far as environmental sustainability is concerned, the company generally favors suppliers with good manufacturing practices and are compliant with global standards such as ISO 14001 (Environmental Management), ISO 50001 (Energy Management), and ISO 46001 (Water Efficiency Management).

To institutionalize further the company's initiatives to make its supply chain more sustainable, its various business units are either in the process of formalizing or have already formalized their respective Responsible Sourcing Policies (RSP) which outlines the company's general requirements and material specification requirements for all its suppliers. General requirements usually touch on social and environmental responsibility, health, safety and hygiene, and business integrity.

Anti-Corruption

GRI 3-3, 2-16, 2-26, 205-2, 415-1 | SDG 16.5

D&L conducts its business guided by the principles of honesty, integrity and transparency. The company respects the legitimate rights and interests of those it transacts with. It takes into account the unique culture of the countries it operates in and comply with their laws and regulations. These principles are well-documented in the company's [Code of Business Principles](#).

Whistleblower Policy

With the objective of strengthening D&L's culture and core values of integrity and honesty embodied in its Employee Code of Behavior, the **iCARE** Whistleblowing Program was launched. **iCARE** also aims to intensify each employee's conviction and commitment to the highest standards of conduct consistent with its Professional Code of Conduct and Discipline.

iCARE is an avenue where concerned stakeholders can report actual or suspected violations of the Company's code of ethics and policies, criminal or unlawful acts or omissions, irregularities like fraud, embezzlement, harassment, theft, corruption, collusion and nepotism, bribery, and other procedural malpractices. Reports are handled with strict confidentiality and whistleblowers are protected against possible retaliation, reprisal, or harassment.

Conflicts of Interest

The company's employees are expected to keep clear from financial, business or other relationships and activities that might be opposed to, in competition with and disadvantageous to company businesses and the proper performance of their duties. The company exhorts employees to conduct themselves in a manner that avoids even just the appearance of a conflict of interests between their personal self-interests and those of the company.

Use of Corporate Assets

The company's funds, assets, services and facilities are not to be used for any unlawful, unethical and personal enrichment purpose.

Insider Trading Policy

The company's Insider Trading Policy states that all Covered Persons are prohibited from buying, selling, trading or otherwise dealing in the Securities while in possession of material non-public information. All Covered Persons are likewise prohibited from passing such material non-public information to any person who might use such information to deal in the Securities. A Covered Person should exercise prudence in evaluating whether the non-public information he possesses is material or not. Any doubt should be resolved in favor of treating such non-public information as material.

Material Related Party Transaction Policy

The company has formed a Related Party Transaction (RPT) Committee at the Board level which is composed solely of independent directors. The RPT Committee is tasked to review the material facts of all Material RPTs and either approve or disapprove such transactions. In assessing an RPT, the RPT Committee shall be guided by the arm's length principle and consider such factors as it deems appropriate: including without limitation (i) the benefits to the Company of the transaction; (ii) the commercial reasonableness of the terms of the Material RPT; (iii) the degree of materiality of the transaction to the Company; (iv) the extent of the Related Party's interest in the Material RPT; (v) if applicable, the impact of the Material RPT on the non-employee director's independence; and (vi) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

To further ensure that the Material RPTs are conducted at arm's length, the RPT Committee shall engage an external independent party to evaluate the fairness of the terms of the Material RPTs and employ an effective price discovery mechanism such as, but is not limited to, acquiring the services of an external expert, opening the transaction to a bidding process or publication of available property for sale.

Material RPTs approved by the RPT Committee shall be elevated to the Board for final approval.

The Way the Company Deals with Politics

The company cooperates with governments and other organizations in the protection and promotion of the company's legitimate business concerns. The Company closely collaborates with them in the development of regulatory and legislative initiatives impacting its investments and interests. The company does not in any way participate in party politics. It also neither makes contributions in kind nor fund campaign connected activities.

Path to Net Zero

GRI 3-3, 305-5 | SDG 6.4

D&L strives to reduce its carbon footprint throughout its operations, by renovating facilities, managing its use of resource, ensuring environmental compliance to regulations, and preserving biodiversity.

Cocomethyl Ester (CME), commonly known as coconut biodiesel, is the Company's biggest contribution to the Philippines GHG reduction commitments from the

inception of the B2 blend requirement under RA 9637 Biofuels Act of 2006.⁴

Facility Renovation

The LBL Building has been the headquarters for D&L since 1981. The heritage building was due for several upgrades in line with the growth of the business and new building codes. The Company has completed an extensive renovation of the building to invest in the company's most important asset: its people.

Through efficient design, the capacity of the building was doubled, and staff facilities and workspaces were upgraded. All works were done while all business functions remained fully operational. In 2021, the Company celebrated the LBL Building's 40th birthday with the following installations, sustainable features, and improvements:

Efficient Design & Systems for Employee Work Environment & Wellbeing

Fresh Air System with ERV (Energy Recovery Ventilator) for fresh air, filtering and removal of allergens/toxins for indoor workspaces. It is designed for 12 air exchanges/hour to exceed ASHRAE62.1-2010 indoor air quality standard (2-3 air exchanges) for better staff health and focus

Activated main stair to encourage office hour exercise

Training & meeting rooms with video conferencing capabilities

Acoustic improvements all throughout the building

Phone booths to give staff a place to have calls privately

Clinic, Nursing Room, and PWD/All Gender toilet provision

CPS Pump to improve overall potable water distribution

Water purifier (reverse osmosis) to improve water quality and keep staff hydrated

IP phone system upgrade to save costs & improve call clarity

Use of in-house products eg. powder coating, waterproofing, paints/colorants & special paint effects

⁴ Republic of the Philippines, "Republic Act No. 9367," Official Gazette, accessed March 31, 2023, <https://www.officialgazette.gov.ph/2007/01/12/republic-act-no-9367/>.



Sustainable Equipment, Fixtures & Materials

Electrical metering for monitoring of total building energy use

Installation of sewage treatment plant (STP) with effluent to water the gardens (only property on Calle Industria with a garden)

100% LED lights that are extremely energy efficient and low power consumption

Carpets made of renewable fibers using non-toxic glues for installation

Engineered wood made with non-toxic adhesives and finishes

Water-based, low-VOC paints which do not present an explosion hazard

UV resistant, non-toxic, low-VOC waterproofing

Aluminum Composite Panel Façade with solar reflectance instead of absorbing radiant energy

Low flow faucets with up to 20% water saving with sensors to prevent cross-contamination between users

Water closets with 0.8 gallon per flush (GPF) flow rate and 0.125 GPF for urinals

Safety and Security

24/7 CCTVs to keep track of what is happening at the premises

Addressable smoke detectors to quickly identify the location of a potential emergency

Additional fire exits

Essential sanitation procedures and signages

Non-smoking building & grounds policy

Automatic Fire Sprinkler System

FM200 Fire Suppression System for Server and UPS Rooms

Maintenance

Facility management technical team for proper maintenance of equipment

Ozone generators and air purifiers for additional sanitation of work areas

Resource Management

GRI 3-3, 302-1, 302-3 | SDG 7.2, 7.3, 12.4, 12.5, 13.1, 15.9

The company uses various types of energy sources for its operations. For the office buildings, the company uses purchased electricity. For the plant operations, the company uses boilers. Meanwhile, diesel is used to run generator sets during power outages.

The company is constantly looking for ways on how to further make its operations more efficient with lower energy consumed per unit of product manufactured. These initiatives include:

- Installation of motion detector lights at warehouses
- Use of LED lights which are more energy efficient than fluorescent and incandescent lights
- Regular maintenance of air conditioning units
- Optimizing the production schedule to yield the lowest possible energy consumption per unit of product manufactured
- Identification of compressed air line leaks
- Megger testing and preventive maintenance
- Replacing old supply pump motors with high efficiency motors
- Turning off lights and air conditioning during lunch breaks
- Recycling of diesel fuel for equipment cleaning
- Use of biodiesel waste as fuel for diesel boiler

To monitor the company's progress and to champion the resources conservation initiatives, an Environmental Group within the company was formed. This group is composed of Pollution Control Officers from each business unit.

Water Consumption

GRI 3-3, 303-1, 303-3, 303-5 | SDG 6.4

In the Company's day to day activities, water is primarily used for the operations of the cooling tower, for equipment cleaning, and for domestic uses in the office buildings such as for restroom usage, washing, and food preparation in the canteens.

The Company is proactively looking for ways on how to further reduce its water consumption. Similarly, the company's Environmental Group, which is composed of the Pollution Control Officers from each business unit, is in charge of monitoring and championing the water conservation initiatives of the company. Some of these initiatives include:

- Regular identification and repair of water leaks
- Use of pressure water for product transition cleaning
- Installation of stainless float valve at make-up water of cooling tower system to control water overflow
- Use of knee valve faucet
- Replacement of manual flush to electronic flush with automatic sensor
- Recycling of condensate water from air conditioning units
- Signages located at strategic areas to encourage employees to conserve water

Environmental Impact Management

GRI 3-3 | SDG 12.4, 12.5, 13.1, 15.9

Air Emissions/GHG

GRI 3-3, 305-1, 305-2, 305-6

In the normal course of operations, the Company generates greenhouse gas (GHG) emissions. Direct emissions from boilers, oil heaters, generator sets, trucks, and service vehicles represent the company's Scope 1 emissions. Meanwhile, the energy used to light up its facilities and office buildings comprise the company's Scope 2 emissions.

The Company is committed to reducing its emissions over time and making its operations more environmentally friendly. To reduce emissions, the company has instituted various initiatives from energy conservation to prudently replacing equipment to make operations more efficient.

Air Pollutants

GRI 3-3, 305-7

D&L is fully-compliant with all the operating condition requirements by the Department of Environment and Natural Resources (DENR) and the Environmental Management Bureau (EMB). As far as air emissions and pollution are concerned, the company is strictly abides by RA8749 or Philippine Clean Air Act.

Solid Waste

GRI 3-3, 301-1, 301-2

Waste is generated by plants and offices. In order to properly manage waste, each plant has a designated Material Recovery Facility (MRF), in compliance with R.A. 9003 for Solid Waste management. Before waste materials get transferred to the MRF, each operating section already does the first layer of waste segregation. A designated person is responsible in each MRF who receives and further sorts the waste to facilitate systematic disposition.

Wastes are classified as hazardous, non-hazardous, sellable, and garbage. Hazardous wastes are hauled by accredited treaters before being hauled off site. Non-hazardous waste may be recycled for internal use. Sellable wastes such as old plastic and steel drums, wooden and plastic pallets, cartos, packaging materials, and metal debris are sold to recycling companies. The rest are considered trash and hauled by accredited garbage collectors. The company enforces strict accreditation policies to ensure that all plant and office wastes are disposed of in accordance with the standards of the regulating government agencies.

Lastly, to increase awareness and to encourage employees to help minimize waste, the company has various programs in place such as Trash to Treasure, War on Waste (WOW), and Reduce, Reuse, Recycle, Repair, Repurpose (5R).

Hazardous Waste

GRI 3-3, 306-1, 306-3, 306-5 | SDG 6.3, 6.6, 12.4, 15.1

Hazardous wastes are properly managed in compliance with government requirements. To ensure safe handling, procedures were established in the storage, treatment, and disposal of these materials. All facilities comply with the ISO standards for Environmental Management (ISO 14001:2015) and Occupational Health and Safety (OHSAS 18001:2007).

Each company has obtained its Generator Registration Certificate from the DENR. Waste classified as

hazardous based on the DENR-EMB standards are disposed of by DENR-accredited third-party treaters which have passed the stringent accreditation process of this government agency.

As part of risk assessment during the design and development stage for both finished products and packaging, the Company strictly adheres to health, safety, and environment standards to further reduce hazardous waste.

Effluents

GRI 3-3, 303-4

In addition, the company invests in various infrastructure to make its operations more sustainable. For instance, its water treatment facility is much stricter than the standards set by the Department of Environment and Natural Resources, ensuring that water released is the cleanest possible.

Environmental Compliance

GRI 3-3, 2-27 | SDG 12.4, 12.5, 13.1, 15.9

The Company is compliant with all environmental laws and regulations that are applicable to its business operations. Management provides a clear statement of the Company's responsibility towards creating, maintaining, and ensuring a healthy, safe, and clean environment for sustainable growth.

In summary, the Company is committed to:

Comply with applicable laws and regulations and other requirements and measures considered necessary to its business operations;

Create Health & Safety programs that ensure the well-being of its employees;

Conserve natural resources through efficient equipment utilization, wise use of resources, recycling, and reducing wastage, discharge, and emissions;

Continuous Health, Safety and Environment (HSE) education programs for employees, outsourced personnel, and suppliers;

Implement creative shared values with local communities through fire drills, HSE training, Emergency Response, Medical Missions, and Tree Planting activities, and promote green surroundings at its manufacturing locations as the company works in

harmony with local government units, stakeholders and NGOs; and

Promote awareness and shared responsibility for occupational health, safety and environmental protection among its contractors, suppliers, and customers.

Ecosystem & Biodiversity

GRI 3-3, 304-2 | SDG 6.6, 15.9

Embedded in the Company's [Code of Business Principles](#) is its commitment to sustainable development. D&L cares for the environment and strives to meet the ever-increasing needs of the business but never forgets the conservation and preservation of nature.

The Company's long-haul horizon goes beyond the present and stretches to generations yet to come. The company endeavors not to endanger but rather enhance the ecosystem. The company also recognizes the importance of biodiversity and supports the global community in protecting it.

D&L is fully-compliant, and in many cases implements stricter measures than what is required by relevant laws such as:

RA 9003: Ecological Solid Waste Management Act of 2003

RA6969: Toxic substances and hazardous and nuclear wastes control act (1990)

RA8749: Philippine Clean Air Act

RA 9275: Philippine Clean Water Act of 2004

RA11285: Energy Efficiency & Conservation Act

B5 by the Numbers

Emissions, Economy, Health
GRI 305-5

By mandating B2 blend biodiesel for transportation, the Philippines has already reduced its carbon footprint by 16.31%, or 0.0125 kg CO₂E per liter, vs. B0 fossil fuel diesel. Over the 8.8 billion liters of biodiesel used by vehicles in 2021,⁵ we have already reduced our carbon footprint by 4.6 million tons (MtCO₂E).

If we could use B5 throughout 2022, we would have further reduced our carbon footprint by another 588 thousand tons, on top of the 4.8 million tons CO₂E for the year if we remained on B2.

If we started in 2022, a yearly ramp from B3 to B4 to B5 would further reduce our GHG emissions up to 2030 by a total of 6.5 million tons CO₂E.⁶

Simply by ramping up to B5, we would achieve 14% of the energy sector's 45.9 MtCO₂E target under the country's Nationally Determined Contributions (NDC),⁷ in accordance with the Paris Agreement.

What does a reduction of 6.5 million tons of carbon dioxide over the next nine years mean?

For the biodiesel industry, it means an additional 3.1 billion liters of B100 CME sold, equivalent to an **additional 186 billion pesos to GDP**.

For the farmers, it means an additional 21.7 billion coconuts harvested and sold. On average, that amounts to over 1.9 billion additional coconuts per year until 2030, or up to **2.3x more income for the farmers in a year**, compared to now, not even factoring the rise in coconut prices due to the increased demand.

For the jeepney & truck drivers, B5 allows them to **drive 6% further in average traffic**,⁸ compared to B2. This increased mileage somewhat offsets the increase in fuel prices due to the shift to B5, but the cleaner burn also helps declog diesel engines and fuel lines, and **decreases maintenance costs**.

For each of us 110 million Filipinos, it means **the air we breathe is up to 6.6 kilograms CO₂E cleaner** each year by 2030. Simply shifting from B2 to B5 reduces particulate matter from 1.47% to 3.14%, **more than double the PM reduction** just by using the higher biodiesel blend.

⁵ 70% of biodiesel demand attributable to transportation, based on DOE estimates

⁶ UPLB Interdisciplinary Life Cycle Assessment Laboratory, Carbon Footprint and GHG Reduction Potential of Coco-Biodiesel from Chemrez Technologies, Inc. (Los Baños, Laguna: UPLB, 2021).

⁷ Philippine Energy Plan: 2020 - 2040

⁸ UP National Center for Transportation Studies

⁹ "Biodiesel Emissions Calculator," National Biodiesel Board, accessed January 20, 2022, <https://www.biodiesel.org/support-pages/emissions-calculator>.

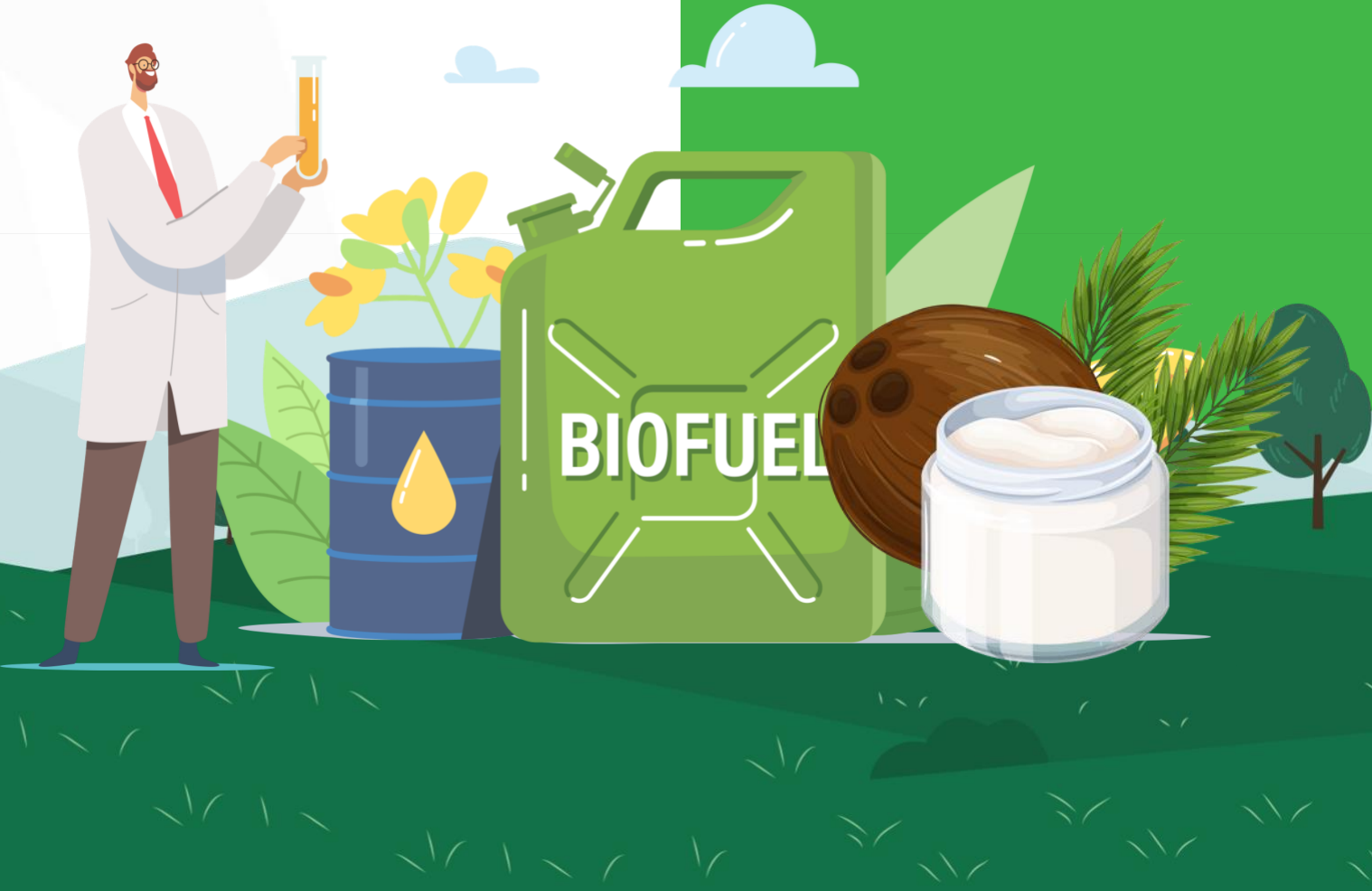
Research by CREA & ICSC¹⁰ finds that approximately **66,000 premature deaths every year are linked to PM_{2.5} and NO₂ pollution in the country**. We thus need every tool at our disposal to protect our people from the ravages of heart disease and stroke due to polluted air. Transitioning to B5 as soon as possible helps reduce these preventable deaths.

With environmental, economic, and health benefits for the country and ordinary Filipinos alike, it's time we start pumping B5 biodiesel into our jeepneys and trucks.

¹⁰ Institute for Climate and Sustainable Cities and Center for Research, Education, and Advocacy, "Benchmarking the Philippine Clean Air Act: Aiming Higher for Health and Climate," accessed January 20, 2022, 3, https://icsc.ngo/wp-content/uploads/2021/11/AimingHigher_BenchmarkingthePhilippineCleanAirAct_CREA_ICSC_v4_10Nov2021.pdf.

Responsible Products

For Business & Consumers



Responsible Products

GRI 3-1, 3-3

The modern world's dependence on fossil fuels to power its industries has resulted in a significant increase in global temperatures over the past few decades. As a result, extreme weather disturbances have become more frequent and devastating worldwide, leading to the occurrence of hurricanes, droughts, and wildfires in places where they normally do not occur, nor as often.

Petroleum has the largest carbon footprint of any substance used by man, releasing carbon dioxide into the atmosphere and contributing to global warming. It is essential that the world moves away from extracting and burning fossil fuels to allow nature to heal and reduce the number of climate disasters.

Switching to renewable sources of energy from fossil fuels is crucial in combating climate change. However, it is also necessary to replace petroleum with plant-based oils across a wide range of industries beyond energy.



COCO PURE
COCONUT OIL

MADE FROM PHILIPPINE COCONUTS

PURE COCONUT OIL. PURE GOODNESS.
Made from carefully selected and processed coconuts, Cocopure Coconut Oil has undergone special refining process to remove all impurities.

- SUSTAINABLY SOURCED
- TOP QUALITY COCONUTS
- CERTIFIED & COMPLIANT

- RBD
- COCHIN
- INFANT GRADE
- ORGANIC
- CRUDE

Coconut Oil

GRI 3-3

Coconut oil is a leading plant-based oil for both food and non-food use globally. It competes well with palm oil, which is the volume leader by far. However, palm oil is plagued by the environmental stigma associated with deforestation in the rainforests of Asia, Africa, and Latin America. Large palm plantations have been established, leading to the steady encroachment of endangered orangutan habitats, for example.

In contrast, coconuts are grown in smallholdings throughout the Philippines, passed on from father to son across many generations. There is no systemic deforestation to make way for coconut farms, and there is no significant danger to biodiversity. Coconut oil is a more environmentally friendly alternative to palm oil.

While the Company sells small quantities of palm oil-based products for price-sensitive B2B customers in the food sector, D&L is known for the volume and quality of its coconut oil-based products across many product segments. Whereas the Philippines is one of the world's largest producer of coconut oil, the Company is the country's largest exporter of RBD coconut oil. D&L is a pillar in the Philippine coconut industry via its supply chain and by working with the sector's various stakeholders.



Coconut Based Products

- Coconut Oil Spray
- Vinaigrette
- Virgin Coconut Oil
- Liquid Coconut Oil
- RBD Coconut Oil (in Jar, in Bottle)
- Popping Oil / Popcorn Oil
- Coconut All-purpose Shortening
- Cocoa Butter Substitute
- Vegan Pancake Mix
- Coconut Caramel Syrup




Butter Substitutes and Spreads

- Cocoa Butter Substitutes
- Buttery Spreads
- Vegan Butter



On Palm Oil

D&L is cognizant of the various environmental and social issues associated with palm oil. It is mainly used for the company's food ingredients segment. While coconut oil is abundant in the Philippines, the country's cooking oil market has traditionally been dominated by palm oil. This is because palm oil is about 30-50% cheaper than coconut oil, hence, why many of D&L's food ingredients customers are still partial to using palm oil, despite the public pressure to prohibit or dissociate with it.

In line with D&L's view on sustainability and in conjunction with consumer preferences that are developing globally, the company's product portfolio offers a wide range of palm alternatives. In communications with customers, the company finds that they are often well-versed in sustainability issues but are hesitant to switch due to cost considerations. The company normally suggests and presents better or more sustainable alternatives to customers, but is not in a position to forcefully impose these changes. D&L can, however, address any issues from switching to sustainable sources and adjust formulation to mitigate any impact on the taste or sensory qualities of the product.

With vegetable oils accounting for the majority of D&L's raw materials, the company is conscious of the fact that supporting initiatives that lead to a more sustainable future for the planet is consistent with its goal of achieving sustainable long-term growth.

While D&L's RSPO-certified palm oil only accounts for less than 10% of its total requirements, it is important to highlight that another 70% are traceable back to the plantation. While not necessarily requiring RSPO certification, many of D&L's multinational customers require full traceability of the palm oil they use, making sure that the source plantation is not involved in any deforestation and illegal activities. In many cases, these customers provide a list of accredited sustainable plantations where D&L can source the crude palm oil it refines and supplies to them.

RSPO-certified palm oil normally commands a premium. This is the main reason why many of our customers still opt to buy either the traceable palm oil or just the regular palm oil.

Where the Company Sees the Future

Internally, D&L targets 100% RSPO by 2025. It should be pointed out, however, that this goal is highly dependent on the readiness of the market to switch to more expensive but sustainably-sourced palm oil. The company believes the more realistic scenario is 100% traceability in the near to medium term.

D&L's involvement with palm is similar to its proactive activities related to the replacement of Chlorofluorocarbons (CFC gases) which used to be the propellant for aerosols,

lead and cadmium in chemicals, artificial transfat, salt, and sugar in food—where the company, instead of waiting for the market, promoted among its clients an early shift to more sustainable solutions.

D&L's Influence

While D&L has limited control on its food customers who are much more price sensitive, the company's influence is more pronounced in its Oleochemicals business. Under Chemrez, the company manufactures coconut-based oleochemicals used as active ingredients for many personal and home care products. These oleochemicals are natural and sustainable direct substitutes for petroleum-based or palm-based active ingredients. Chemrez handles no palm and actively promotes sustainable and natural coconut-based raw materials especially in the export market.

Green Chemistry

GRI 3-3 | SDG 9.4, 9.5

The Company has been practicing Green Chemistry for a while now, even before ESG became mainstream. With the increasing awareness on health, safety, and the environment, the Company is further capitalizing on this trend by developing products which are inherently sustainable. Moreover, the Company sees huge potential in incorporating Green Chemistry to improve processes and yields.

Oleochemicals

The Company recognizes the huge potential of developing coconut-based oleochemicals as a sustainable alternative to traditional petroleum-based raw materials for various applications.

With the growing trend of sustainable consumption, the Company is well-positioned to capitalize on its expanding portfolio of low-carbon footprint products, as it actively looks beyond the Philippines and identifies significant export opportunities for these types of products.

Health & Nutrition



Laurin CocoMCT® is a medium chain triglyceride derived from coconut oil. It does not contain palm or other oil products. It is used for various applications, including pharmaceuticals, food, and beverage

products, as well as carriers for flavors, colors, and vitamins. It provides a natural energy boost to muscles during strenuous physical workouts and strengthens the immune system thanks to its natural antiviral, antibacterial, and antifungal properties. **CocoMCT®** is available in various formats including oil, water soluble, and powder.



Liquid Coconut Oil is enriched with medium chain triglycerides, and it remains in a liquid state at temperatures up to 5 degrees Celsius. It is used in food and beverage applications and as carriers

for flavors, colors, and vitamins.

Personal & Home Care



Cocolatum is an all-natural, petroleum-free, and silicone-free solution that provides maximum protection and hydration for the skin. It has been clinically tested to be safe and gentle, and it helps

treat various skin conditions such as diaper rash, chapped lips, dry hands, and elbows. It also locks in moisture, keeping the skin feeling soft, smooth, and healthy.



Glyzer CB Coconut Butter is a specially formulated product that instantly melts on the skin, creating a protective layer that seals in moisture. Enriched with powerful *Lauric acid* as an antibacterial agent, it helps

protect the skin from environmental aggressors. Enjoy long-lasting hydration and superior protection with **Glyzer CB Coconut Butter**.



Glyzer CT is a versatile, light coconut moisturizer that creates a protective layer on the skin to keep it hydrated while preventing water loss. This silicone-free product has been clinically tested and proven

to be safe and gentle for all skin types. Additionally, it feels light and non-greasy when applied to the skin.



NatPro is a natural preservative that can be used for cosmetics applications. This active antimicrobial has a broad spectrum of activity and helps maintain the quality and stability of your

products without altering the color or scent of the final product.



Sufravon is a coconut soap that offers a natural, biodegradable, and non-toxic alternative to petroleum-derived surfactants. This coco surfactant is gentle on the skin and easy to rinse,

which saves time, energy, and money. Enjoy the power of nature with **Sufravon**, which is compatible with a wide range of wash applications for personal care and home care products

Agrochemicals

The Company produces organic, safe, and effective agrochemicals that support sustainable agriculture. By addressing the challenges of the environment, the Company contributes to food security.



Active 32E® and **CropGuard®** are Emulsified Organic Spray Oils that exhibit high biodegradability and excellent wetting and spreading characteristics. They possess insecticidal

and fungicidal properties and are ideal for use in organic or less chemical farming, making them highly recommended for such applications.



BioMate Forte Foliar Fertilizer® is an emulsifiable concentrate (EC) that contains the primary nutrients N, P, K, as well as secondary and necessary micronutrients, all of which are vital to plant

growth and development. Organic chelates used in the formulation make the nutrients easily assimilable for plant use. It is safe and effective for a wide variety of crops, including grains, plantation crops, legumes, fruit-bearing trees, fruit and leafy vegetables, orchard, and ornamentals.

Industrial Biochemicals

The Company is a pioneer in the Philippine biodiesel industry. It is working with partners to push for the mandated higher blends and is committed to replacing petroleum-based ingredients in industrial and consumer products.



Coco Methyl Ester (CME) or Biodiesel is a plant oil-derived fuel oil enhancer that has fuel properties superior to petroleum diesel. It can improve the operation of compression ignition engines and

optimize engine performance due to its unique quality-enhancing features. D&L exclusively uses coconut oil as the feedstock for its biodiesel production..



Lubricote is a plant-based lubricant formulated from ester-based synthetic oil. It has superb features of effectively penetrating into the core and serves as a rust inhibitor for corrosion control in the inner and

outer surfaces of the wire rope, cable, or chain.



Surfasol/Dispersa is an organic, plant-based, and non-aromatic additive that enhances the solvency of formulations when combined with other solvents. It is commonly used in various applications

such as printing ink, paint, household cleaners, and the oil and gas industries.

Advanced Materials

GRI 3-3 | SDG 14.1

The Company is driven by the pressing need to address plastic pollution and is dedicated to material sustainability and innovative solutions in the field of polymers. It recognizes that sustainable solutions are essential and offer significant opportunities throughout the entire waste treatment process chain.

Reduce Plastic Waste

To combat plastic pollution, FIC & DLPC have developed a broad range of product solutions utilizing various approaches. By offering these solutions, the Company is actively contributing to reducing plastic waste and promoting a more sustainable future.

Biodegradable Alternatives

One strategy involves using biodegradable materials as an alternative to traditional polymers. This aims to ensure that grocery bags can ideally end up in composting facilities or, at worst, landfills, where they can decompose in the solid waste heap over a period of up to two years from the production date, depending on the customer's requirements.



Biorez® compostable polymer: Alternative plastic material for incumbent polymers. Fully biodegradable and bio-based materials which promote sustainable waste management and cradle-to-cradle material cycle.

Durable and Reusable Materials

Another strategy focuses on increasing the durability and high-performance characteristics of plastic products, thus extending their service life and replacement cycle, and improving their reusability.

Proflex® Glass-Filled Compounds: Polymer compounds for high durability and high-performance applications. This allows typical plastics to have longer service lives.

Renewable Resources

A third strategy involves outright replacing plastic compounds with renewable resources, reflecting the company's commitment to creating sustainable, high-performing products.

Biorez® Bio-based Compounds: Polymer compounds made from sustainable and renewable materials. The product portfolio enables application-specific formulation which require renewable polymers or materials.



NEU®: An eco-friendly alternative to plastics primarily made with sustainable minerals—crafted to greatly reduce carbon footprints.

Recycling & Upcycling

Its fourth strategy centers on improving the recyclability of plastic products, reducing plastic waste. The fifth strategy promotes the use of upcycled products with increased recycled content, further decreasing plastic waste.

The Company's multifaceted approach to developing sustainable solutions for every step of the waste treatment process chain highlights its dedication to responsible business practices and proactive stance in tackling plastic pollution.



Polygard® Anti-Oxidant Stabilizers: Polymer additives to improve the processing cycle of most polyolefins plastics. This allows PE, HDPE, & PP to be more recyclable and resistant to processing degradation.



PlastiBond® Bonding Agent: Plastic additive which allows the inclusion of contaminants in the processing of recycled polyolefin-based products. This gives manufacturers the edge to increase the recycled content of their process.

Reduce Carbon Footprints

In addition to reducing plastic waste, businesses today are under increasing pressure to reduce their environmental impact and minimize their carbon footprint.

Material and Energy Optimization

The Company offers a range of products and solutions that improves the efficiency of manufacturing processes, reduces waste, and maximizes the use of materials and energy. By implementing such sustainable manufacturing practices, a company can minimize its environmental footprint while also achieving cost savings and improving its bottom line.



Polymate® Process and Material Optimization

Additives: To help manufacturers achieve material and energy optimization, the company has developed **Polymate®** process and material

optimization additives. This set of additive packages is formulated to improve extrusion processes and material utilization of plastics. This allows converters to experience more efficient energy utilization, higher throughput of the extrusion machine, and better material utilization.



Hi-Purge® Extruder Cleaning and Maintenance Compounds

Efficient cleaning and maintenance are also critical components of material and energy optimization. To address this, the company has developed **Hi-Purge®** extruder cleaning and maintenance compounds. These efficient cleaning

compounds reduce the excessive use of pristine materials for cleaning and material shift during transitions. Efficient cleaning also enables lower energy and material utilization, along with faster down-times during machine maintenance or process transitions.



Colormate® White Masterbatches for Laminates

Finally, the company has developed **Colormate®** white masterbatches for laminates. This color additive is used to impart

white color for printing background in sachets and laminate packaging. This enables manufacturers to reduce the use of solvents in printing inks for white backgrounds, resulting in a more sustainable production process.

Resilient Supply

Coconut Industry Sustainability



Resilient Supply

GRI 3-1, 3-3

Over the years, D&L's business has grown in lockstep with the volume of coconut oil used in products across many sectors, from food ingredients to home & personal care, from biodiesel to industrial solutions. To fuel its current and future growth, the Company needs a stable, resilient, and progressive Philippine coconut industry.

On the other hand, the rising frequency of extreme weather conditions in many parts of the world has sharpened awareness among many stakeholders on the need to slow down, if not entirely reverse, anthropogenic global warming. Poor nations that bear the brunt of devastating floods and fierce forest fires call on wealthier nations to spend more to make up for the decades of burning fossil fuels that have fed the latter's industrialization. The rich nations themselves have not been immune, with hurricanes and drought alternately wreaking havoc on their cities and vineyards.

Stakeholders, from the United Nations to governments, regulators, capitalists, and industries, down to non-government organizations, activists, and workers, all see the need to act from the largest to the smallest scales.

Renewable energy sources are replacing fossil fuel power. Plant-based oils are preferred over industrial and commercial uses of petroleum-based ingredients.

Coconut Industry Development

GRI 3-3 | SDG 17.16, 17.17

Philippine Government Initiatives

The Philippine government launched the Coconut Farmers and Industry Development Plan (CFIDP) on June 24, 2022, as mandated by Republic Act 11524, also known as the Coconut Farmers and Industry Fund Act.¹¹ The CFIDP aims to develop the coconut industry through Executive Order 172 signed on June 2, 2022, which provides funding for programs that support farming, processing, marketing, research, development, and social protection. The plan seeks to enhance productivity, promote sustainability, integrate the value chain, and expand market access. The coconut industry,

which employs over three million workers and contributes 1.5% of the GDP, plays a crucial role in the Philippine economy, and the CFIDP is a significant initiative that supports the industry's sustainable development.

Chemrez actively engages with the Philippine Coconut Authority (PCA) and coordinates industry action with the United Coconut Association of the Philippines (UCAP). Meanwhile, the Lao Foundation works with D&L, Chemrez, Oleo-Fats, some affiliates, and a few business customers interested in smallholder initiatives for coconut farmers.

Coconut Sustainability Initiative (CSI)

GRI 2-22

While green investors show heightened interest in the Company's sustainability profile, B2B customers have increasingly queried subsidiaries Chemrez and Oleo-Fats on their programs, if any, supporting traceability in their supply chains, as well as on improving the lives of small farmers, their families, and rural communities upstream.

Given how coconut oil plays such a huge role in its overall business, the Company formalized its Coconut Sustainability Initiative in 2022.

Sustainable Coconut and Coconut Oil Roundtable (SCCOR)



SUSTAINABLE Coconut & Coconut Oil Roundtable

Oleo-Fats actively participates in the Sustainable Coconut and Coconut Oil Roundtable as a Member, attending the Seventh Sustainable Coconut In-Person Event in The Peninsula Manila on November 25, 2022.¹²

D&L is integrating the framework of the Sustainable Coconut Charter (SCC) with Government's CFIDP. The Company's commitment to sustainability is evident in its CSI, which is rooted in the SCC's four key principles:

¹¹ Philippine Department of Agriculture, "CFIDP Launched to Strengthen PHL Coconut Industry," Department of Agriculture, June 24, 2022, accessed March 31, 2023, <https://www.da.gov.ph/cfidp-launched-to-strengthen-phl-coconut-industry/>.

¹² "Seventh Sustainable Coconut In-Person Event," Sustainable Coconut Charter, accessed March 31, 2023, <https://www.sustainablecoconutcharter.com/seventh-sustainable-coconut-in-person-event>.

responsible production, responsible sourcing, social responsibility, and economic viability.

The SCCOR is a global initiative that aims to promote sustainability and responsible sourcing in the coconut industry. It unites coconut industry stakeholders from all over the supply chain to work together towards a sustainable and responsible coconut industry. Oleo-Fats' membership in the SCCOR demonstrates D&L's dedication to sustainability and responsible sourcing in the Philippine coconut industry. By embracing the SCC's framework and implementing it through its CSI, the Company is contributing to the promotion of sustainable and responsible coconut production and sourcing, and positively influencing change in the industry.

ProForest Scorecard Criteria (SCC)



	Main scorecard criteria	Phase 1 (6-12 months)	Phase 2 (2 years)	Phase 3 (4-5 years)
Policy	Public commitment	✓	✓	Covered in P1&P2
	Scope of policy	✓	✓	Covered in P1&P2
	Policy endorsement	✓	✓	Covered P1
	Environmental elements in the sustainability policy	✓	✓	Covered in P1&P2
	Social elements in the sustainability policy	✓	✓	Covered in P1&P2
Understanding the supply base	Traceability commitment	✓	✓	Covered in P1&P2
	Transparency of traceability data	✓	✓	Covered in P1&P2
	Traceability to crusher	✓	✓	Covered in P1&P2
	Traceability to production region (village/ barangay/ desa)		✓	✓
	Traceability to farm		✓	✓
	Frequency of traceability data	✓	✓	Covered in P1&P2
Planning	Environmental risk assessment		✓	✓
	Social and human rights risk assessment		✓	✓
	Timebound implementation plan		✓	Covered in P2
	Scope of timebound implementation plan		✓	Covered in P2
	Elements of timebound implementation plan		✓	Covered in P2
	Consultation and endorsement		✓	Covered in P2
	Responsibility & resources		✓	✓

	Main scorecard criteria	Phase 1 (6-12 months)	Phase 2 (2 years)	Phase 3 (4-5 years)
Engage within the supply chain (volumes/suppliers)	Certification / Compliant traceable volume	✓	✓	✓
	Suppliers onboarding process	✓	✓	✓
	Suppliers engagement process and activities	✓	✓	✓
	Grievance mechanism		✓	✓
Engage beyond the supply chain (landscapes/sectors)	Supporting beyond supply chain initiatives CNO sector transformation		✓	Covered in P2
	Supporting beyond supply chain initiatives for farmers support		✓	Covered in P2
	Supporting beyond supply chain initiatives for sustainability certification		✓	Covered in P2
	Other landscape initiatives		✓	Covered in P2
Monitoring and reporting	Supplier monitoring activities			✓
	Public Reporting (sustainability)		✓	✓
	Public Reporting (traceability)		✓	✓
	Public Reporting frequency		✓	✓

In 2022, Oleo-Fats began working with ProForest¹³ to meet a set of sustainability criteria required of coconut

¹³ Proforest, accessed March 31, 2023, <https://www.proforest.net/>.

¹⁴ Oleo-Fats also works with a different team from ProForest on RSPO criteria. However, most of the sustainability activities on palm oil are referred back to upstream suppliers locally and from

¹⁵ Oleo-Fats, Incorporated, "Sustainable Sourcing Policy for Coconut Oil," OFI.SCG.01.01, approved by Executive Committee, effective May 10, 2022.

oil¹⁴ suppliers by large multinational customers. The ProForest Scorecard Criteria evaluates and advises Oleo-Fats in developing policies and programs over three (3) phases within a five (5) year timeframe.

Sustainability Sourcing Policy for Coconut Oil¹⁵

Effective May 10, 2022, the Executive Committee issued the Sustainability Sourcing Policy for Coconut Oil, covering Oleo-Fats, its subsidiaries, officers, employees, contractors and suppliers. The policy states:

The Company shall integrate sustainable practices in its operations including but not limited to traceability, reliability, credibility and compliance to ensure the sustainability of the coconut sector that protects the people, planet and profit for the best interest of all its stakeholders.

Upscaling Supply & Quality

GRI 3-3 | SDG 2.3, 2.4, 17.16, 17.17

The Company collaborates with its upstream supply chain team and partners, including coconut oil mills, aggregators/dealers, and copra buying stations. The Lao Foundation plays a crucial role in this team, utilizing their multisectoral expertise to connect with and engage the coconut farming communities.

Farmers' Registration

To ensure traceability in the coconut supply chain, copra origin is traced through multiple levels:

Country of origin: 100% local (Philippines);

Crusher/oil mill: traces origin to the geographical region where the oil mill is located, including adjacent regions and provinces where applicable;

Municipality/Barangay: based on the farmers' registry of aggregators, dealers, and/or copra buying stations; and

Farm: provides the exact address, farm ownership details, available workers, number of families, size and scale of coconut planting, and other economic and social conditions in the area.



Farmers' Meeting in Quezon Province

Meeting the farmers is an effective means of introducing the Company through its copra buying team, to extend the program to barangays further afield and learn firsthand of the farmers' livelihood conditions, concerns, and preferences.

Farmers' Agricultural Training

Conducting training in established copra source communities and new outreach areas is an essential program that teaches best agricultural practices and

introduces new technology to improve coconut production.



Agriculture training

Coconut Replanting

Many smallholdings have senile trees, making the replanting of coconut seedlings a critical step in improving future supply.



Coconut replanting

Three-month-old seedlings are replanted 10-meters apart in a triangular arrangement for optimal growth.

The Company is collaborating with the PCA to introduce dwarf hybrid coconuts, which mature a few years sooner than tall varieties. The Company is also leveraging its R&D capabilities to explore coconut tissue culture technologies with the assistance of in-country experts.

Cash Incentives for Farmers

There is no guarantee that coconut seedlings distributed to farmers will be properly cared for in the crucial first few months after replanting. The Company's team returns to the farms after three (3) months to check on the seedlings' growth. Farmers receive a small cash reward for each successfully nurtured seedling at that milestone date. In the countryside, where every peso counts, a small financial reward is highly appreciated for a job well done.



Mr. Romeo Baloloy planted 30 dwarf hybrid coconut seedlings and received a cash incentive under the CSI.

Organic Certification

Chemrez and Oleo-Fats have premium customers who require certified organic coconut oil. Consequently, the Company assists farms with their initial and annual certification inspection requirements.



Organic copra certification document review in Davao Occidental.

Better Lives

Wellness for All Stakeholders



Dedicated to Better Lives

The D&L Dictionary (July 30, 2021)

v. dedi-cated : devoted to a cause, ideal, or purpose : zealous¹⁶

Two brothers started a company in 1963, manufacturing, marketing, and distributing colorants, chemicals, and additives for the plastic, paint, and ink industries. By the time they formally incorporated the company as D&L Industries in 1971, it was a rough time to run an enterprise. Buckling down to work, Dean Lao thought, "Doing business in the Philippines is a challenge. I look at the positive side. There's an opportunity in everything."

D&L thrived. Thinking back, Leon Lao mused, "We grew in spite of this crisis. Whatever the circumstance, it is the drive, hard work, and attitude that matter. That is what the spirit of an entrepreneur is all about."

Being in business is no mean feat. Look no further than our founding brothers to see how the passion to overcome the odds could nurture a dream to great heights. From just two thousand pesos in hand all those decades ago, here and now, in the midst of a pandemic in 2021, D&L Industries is valued at over 57 billion pesos in the Philippine Stock Market.¹⁷

Dedication, devotion, zeal. This is the secret sauce that drives every ka-D&L.

adv. bet-ter : to a higher or greater degree : more¹⁸

"It should be a matter of doing what you do best."
-- Alex Lao

We do not settle. Hindi pwedeng pwede na.

We simply *do* better. Our products *are* better. Our service *is* better. We *are* better.

No ifs, no buts. Fact.

adj. bet-ter : more attractive, favorable, or commendable

It shows in the products we create & innovate for our clients & consumers, be it the perfect shade of teal for their wall, the perfect blend of taste & aroma for their sauce, the perfect balance of care & scent for their skin.

This is where each and every ka-D&L counts. When sales & marketing deliver above & beyond what their clients need & expect, when technical & production meticulously fine tune their formulations & processes for quality & efficiency, when supply chain, finance, & admin ensure the smooth running of the engine that is D&L, the result is a *better* product. We provide a *better* service.

Edwin Lao sums it best. "D&L's most important asset is our dynamic and loyal employees. How the company will grow and prosper in the next 50 years will be dependent on how we hire, train, and retain the best talents."

n. plural lives : the sequence of physical and mental experiences that make up the existence of an individual¹⁹

Why do we do what we do?

We do it for God. We do it for country. We do it for family. We do it for us.

By so doing, we cannot help but be driven, for these are the most important things in life. We have a burning desire to do well... nay, to do our *best!*

Every good word and every good deed fuel the fire even more. Every task well done makes it easier for the next task to be done better. We do well, we feel great.

Our peers get infected with our *joie de vivre*. Our products are delightful, our services, *par excellence*. Our customers & stakeholders are gratified.

The factory hums & thrums with efficiency. There is little or no waste. The community prospers. The environment is cleaner.

Our lives are better.

"We are always passionate about what we do. We were the first to come into the market, and we can't be stagnant. We can't take it easy or be complacent. We work together for long term growth."
-- John Lao

This is us.

We are D&L.

¹⁶ "Dedicated," Merriam-Webster.com Dictionary, accessed July 30, 2021, <https://www.merriam-webster.com/dictionary/dedicated>.

¹⁷ "PSE Edge - Company Data: D&L Industries, Inc.," Philippine Stock Exchange Edge, accessed July 30, 2021, https://edge.pse.com.ph/companyPage/stockData.do?cmpy_id=639.

¹⁸ "Better," Merriam-Webster.com Dictionary, accessed July 30, 2021, <https://www.merriam-webster.com/dictionary/better>.

¹⁹ "Life," Merriam-Webster.com Dictionary, accessed July 30, 2021, <https://www.merriam-webster.com/dictionary/life>.

Better Lives

GRI 3-1, 3-3

D&L Industries recognizes that its business directly impacts the lives of investors, employees, customers, suppliers, communities, and the environment.

The Company delivers long-term value for investors through sustainable investments and offers employees a safe and supportive work environment with competitive compensation & benefits, opportunities for growth, and wellness programs for body & soul.

For customers, D&L provides high-quality products and services, building long-term relationships through exceptional customer service and innovative solutions. The Company works with suppliers transparently, building strong relationships based on mutual respect and trust.

D&L invests in initiatives that support local businesses, education, and the environment, creating better lives for communities.

Throughout all this, the Company minimizes its environmental footprint through sustainable practices, protecting the planet for future generations.

Economic Performance

GRI 2-6, 3-3, 201-1, 203-2 | SDG 1.2, 8.2, 9.4, 9.5

D&L's strong corporate performance is key to providing better lives for all. With growth comes opportunities to do more, to do better, to pursue even more sustainable action.

For FY2022, D&L Industries recorded its highest ever net income, demonstrating a full recovery from the COVID pandemic amidst a confluence of macroeconomic headwinds. The P3.3 billion of earnings exceeds the company's previous record of net income achieved in 2018. The company's full year 2022 net income stood at P3.3bn, higher by 26% YoY. In 4Q22 alone, earnings were up 62% YoY to P777 million. These results outperformed expectations and were mainly driven by strong consumer spending amidst wider economic reopening and the company's exports undergoing resilient growth. The three biggest business segments of the company—food ingredients, oleochemicals and other specialty chemicals, and specialty plastics—all booked positive earnings growth for the year which were either at record highs or slightly below.

D&L's robust earnings for the year demonstrate its ability to weather various macroeconomic conditions given its

diversified businesses, the essential nature of the products it manufactures, and its ability to adjust its selling prices regularly.

Employee Management

GRI 3-3, 2-7.

Employee Hiring and Benefits

GRI 3-3, 401-1, 401-2 | SDG 1.2, 3.8, 5.1, 5.5, 8.2, 8.5, 8.6, 10.3

D&L's hiring practices only give merit to the competence and skills of applicants, and match them according to job requirements as defined by the Hiring Manager and the department filling the position. Gender, race, age and other discriminatory characteristics are never standards by which applicants are decided upon.

Standard social and government-mandated benefits are provided upon employment. Minimum wage laws are complied with at the lowest entry level positions. On top of the benefits mandated by the government, the company implements programs which safeguard the health and welfare of its employees and their families through health insurance, maternity assistance, medicine subsidies, and even financial risk alleviation initiatives. The Performance Dashboard is used as the basis for merit increases, promotions, job rotations, new assignments, and training and development.

Educational Program

SDG 4.1, 4.3, 4.4, 4.5

The Lao Foundation, under the Lao Boh Lim Educational Program, has been extending scholarships to deserving dependents of both regular and outsourced service providers (OSP) employees since 2018.

The Foundation has also been rewarding children of employees in all levels who excel academically through the Educational Excellence Awards established in 2005. It also recognizes auxiliary educational achievements such as placing in national and international competitions, passing board exams, among others.

Talent Succession Planning

There is also a detailed succession plan organized by the Talent Management team identifying and grooming high potential employees to assume greater roles in the future. It emphasizes that employee development and progression is a top priority for the company.

D&L Talent Planning Process



Employee Training & Development

GRI 404-1, 404-2 | SDG 5.1, 5.5 8.2, 8.5, 8.6, 10.3

D&L takes the growth of its employees very seriously because management believes that the development of its people will ultimately redound to the benefit of the group. In this regard, D&L has established a dedicated team specifically for employee training and development called 'Infinite Learning'.

Since its formalization in 2019, the team has been organizing various training sessions and programs about many different topics including certification compliance, equipment handling, and the refinement of soft skills, among many others. The team has always been open to suggestions for new topics of interest, and is always looking at trends in order to keep training topics up to date. D&L has also forged partnerships with a number of institutions such as Dale Carnegie Training, the Ateneo Graduate School of Business, and the Philippine Red Cross to share their expertise in certain areas with the group. High potential employees are enrolled under the Leadership Development Program in the hopes of producing future leaders.

The team also maintains a feedback system for both internal and external training sessions. It is to ensure that sessions are actually useful and informative, and to take note of any subtopics that may have been missed or any additional topics that may call for extra sessions.

The Infinite Learning team, together with D&L's Information Systems Department, had launched a series of training sessions that aims to upskill its employees to be able to work better digitally. The series also came at an opportune time because COVID hit and all non-essential employees in the group were forced to work from home. The team has since pivoted and continues to conduct training sessions virtually.

Labor-Management Relations

GRI 2-16, 2-26, 3-3, 402-1 | SDG 8.8

"Kumustahan" Sessions (or catch up sessions) are regularly conducted between upper management and all the employees in order to present the state of the business, and to respond to concerns and issues raised by employees.

D&L has always been a company that listens to its employees. Everyone has a direct line to the Managing Directors, the President and CEO, and their immediate managers. It is a two-way communication with no layers. HR has also implemented a 24/7 HR Program so employees are able to reach out to the HR Business Partners anytime, any day.



Diversity and Equal Opportunity

GRI 405-1 | SDG 5.1, 5.5, 8.2, 8.5, 8.6, 10.3

D&L has no restrictions in hiring and promotion. There is no discrimination and no age requirement, and the company engages retirees to become consultants in order to continue working for the company for as long as they wish. Job postings do not require gender, age, and any other restriction as long as the candidate is qualified for the role being filled. Resumes are not required to contain photos or any such distinguishing information, other than their experience for the role they are being considered for. Despite operating production plants normally populated by male workers, 34% of the workforce in D&L are female.

The Infinite Learning Team reviews training requirements and works with the Talent Management Team to identify

competency gaps and deliver appropriate training programs regardless of gender, age, and race. The main consideration is the individual needs of employees.

Occupational Health & Safety

GRI 403-1, 403-2, 403-3, 403-5, 403-8, 403-9, 403-10 | SDG 8.8

D&L implements a Safety and Health Program to comply with RA 11058 and other relevant regulations through its Health, Safety and Environment (HSE) Department. Each plant has a satellite HSE unit. The department regularly conducts virtual safety orientations for new employees (direct hire and OSPs), contractors, and third-party haulers in light of the pandemic. It also acknowledges the innumerable hazards that come with operating manufacturing plants. Thus, it also conducts various other plant-specific seminars and training sessions on topics such as hand and finger safety, aspect impact hazard and risk assessment, EPR (fire, spill, typhoon, earthquake), work environmental hazards, behavioral safety, and welding, electrical, forklift, chemical and boiler safety, among many others.

The department regularly conducts safety walkthrough audits with follow-up monitoring of corrective actions where necessary. It also enforces self-assessment audits in all of its plants, warehouses and buildings. It has an efficient accident reporting mechanism, and conducts safety drills where possible given the pandemic.

As much as physical health and safety is important, employees' mental health is also a priority for the company. D&L's HR Business Partners provide counselling to employees needing help. Employees can freely approach any of the HR representatives and discuss issues without fear of reprisals.

Rights & Privacy

Labor Laws & Human Rights

GRI 3-3

The family culture in the company allows employees to be open and straightforward in discussing any issues they have without fear of retaliation. Communication is top-down, bottom-up, and sideways. There are no layers and barriers, so issues are resolved at the onset and no grievances are escalated.

D&L takes human rights issues seriously, and always considers the topics of forced labor, child labor, discrimination, and harassment in its dealings within and outside its subsidiaries. Its Code of Business Principles strictly outlines the company's stance and policies on such matters, and guides all its employees on business decisions involving such.

Customer Management

GRI 2-16, 2-26, 3-3, 416-1 | SDG 12.8

As a B2B company, D&L deals with most of its customers on a face-to-face basis, thus making customer service one of its top priorities. Its dedicated sales teams have been working throughout the pandemic to ensure that every customer is served well despite the local and global restrictions. The nature and specificity of its products also call for close coordination between the customers and the technical teams of the subsidiaries. Major concerns are elevated to top management quickly, and are dealt with immediately. The Company believes that customer feedback is very important especially when it comes to product development.

Key Concerns	Actions Taken to Address Concerns
Consumer Products ODM	
Worry over stock outs during pandemic, floods, unforeseen events	Created a business continuity plan for products and personnel
Stock security for imported raw materials and packaging	Aggressive forecasting, maintenance of 3 months' worth of stocks, and monthly updating of forecasts
Food Ingredients	
Constant shifting of consumer wants	Present customer range of product flavors and builds based on current up-to-date trends

Simplification of customer supply chain	Educate customers on proper product usage across their respective product ranges for convenience and cost efficiency
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Reduction of customer regulatory risk	Ensure products supplied to customers are compliant with local food laws and regulations, as well as global food safety standards
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Chemicals

Demand for formulation of natural products and use of renewable packaging	Development and innovation geared towards natural, pursuit of regulatory compliance (ecosearch, organic certification)
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Low stocks	Discuss lead times with customers, produce safe level of buffer stocks
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Warping of sealed HDPE packaging for hydraulic brake fluids	Redesign bottle, nitrogen purging
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High raw materials price	Sourcing of new suppliers, exploration of alternative materials
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Long lead time	Increased inventory levels, advanced ordering of raw materials, advanced booking of orders, and regular updating of forecasts
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Plastics

Limited finished goods	Close coordination between sales and warehouse teams prior delivery
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Shortage of raw materials	Regular communication between sales, technical and production teams on level of raw materials on stock and urgent items for production
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Marketing and Labeling

GRI 3-3, 417-1 | SDG 12.8

The Company has no history of substantiated complaints on marketing and labelling and, therefore, no complaints addressed.

Most of its products and services are offered to business entities and not directly to consumers. They only indicate the product name, packing size, and batch number on the labels.

Customer Privacy

GRI 3-3, 418-1 | SDG 16.10

Customers provide information for purposes of applying for credit extension. The information is both private and confidential and, therefore, is treated with utmost care to prevent leakage. Once the credit application has been approved, the Customer Information Sheet is kept by a Marketing Assistant for safekeeping. A separate form is prepared and submitted to the Accounting department. It contains information needed only for customer account creation and does not contain any unnecessary personal information. Access to the customer data master file is limited only to an assigned person who is at least supervisory level.

The Company is committed and motivated to protect its customers' information.

Product Health and Safety

GRI 3-3; 416-1 | SDG 12.8

Aero-Pack's adherence to green chemistry has made many a home beneficiaries of organically sourced household products. These eco-friendly products have provided families peace of mind—secure in the belief that the likes of insect killers and dishwashing detergents are safer and greener.

Chemrez' green innovations have provided coco-based wellness solutions for health-conscious consumers. The remarkable market acceptance of its medium chain triglyceride (MCT), **Laurin™**, is a strong testimony to the company's green advocacy.

D&L Polymer & Colours (DLPC) has developed a key raw material—durable and non-toxic—used in the production of the toy sensation, Hatchimals. The use of raw materials on other products of DLPC also complies with the RoHS (Restriction of Hazardous Substance) requirement.

First in Colours provides business solutions to companies given the potential ban on single-use plastics.

Oleo-Fats' standard operating procedures mandate that all food-related products undergo shelf life studies, microbial, and sensory tests to ensure these remain safe for human consumption until the end of shelf life.

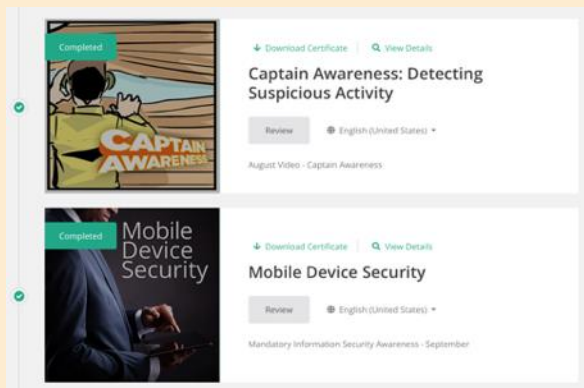
Focusing on what the customer wants and needs, subscribing to green chemistry and subjecting finished products to rigorous testing processes have helped the Company develop products that are healthy and safe for humans and the environment.

Data Security

GRI 3-3, 418 | SDG 16.10

In the sphere of ever-evolving technology, data security and privacy have become increasingly important topics. With the emergence of alternative working arrangements, threats to cybersecurity are at an all-time high. The Company recognizes this, and ensures that various controls are in place to secure all pertinent data. It is compliant with the Data Privacy Act of 2012 and all other regulations set forth by the National Privacy Commission.

An appointed Data Protection Officer (DPO) oversees and monitors all topics concerning cybersecurity. The success of a cybersecurity program hinges on how well a company's employees understand the importance of the policies, and how consistently these rules are followed. Thus, a data security and privacy awareness program is permanently in operation. It includes a monthly wallpaper and email newsletter, as well as regular online training on cybersecurity.



The Company makes extensive use of data sharing agreements with clients, third parties, and sister companies. Client information is treated as strictly confidential, even between subsidiaries, and client permission is always sought before it is shared. When and where applicable as required by law, a privacy notice is displayed on all external websites for the information of site visitors. Privacy impact assessments are regularly conducted to evaluate each department on processes that collect or process personal information. Departments that deal with a large volume of sensitive information and those that are at high-risk of data breaches are also closely monitored by the DPO.

Community Action

GRI 3-3 | SDG 13.1



The Company employs an in-house team of safety officers trained in firefighting, rescue, and emergency response. These assets are deployed not just for contingencies in its offices, warehouses, and facilities, but also to assist local communities and government and volunteer teams during emergencies and natural calamities.



The Company also fields volunteers in such diverse civic activities as tree planting, river clean-up, fumigation, firefighting, and first aid training in and around its communities

Outreach

Working Together for Greater Impacts



Outreach

GRI 3-1, 3-3

Lao Foundation

Fostering a good relationship with our community is not just a matter of social responsibility, but a means to be "connected" and be aware of the conditions around us. It is better to establish early on a mutually beneficial relationship with the community. This comes in handy when problems occur or when difficult situations arise.

Our strategy is in line with our advocacy on education, which empowers and gives hope to people. It is an opportunity to uplift one's life. We choose to start with school children, as we believe that the youth is the hope of the country. We support, nurture, guide, and give them the opportunity to grow and spread their wings.

These initiatives work both for the communities and the Company. While the Company offers scholars the opportunity of a proper education, the latter become eligible for employment upon graduation.

This arrangement helps fill the manpower requirements of the Company. Successful scholars are provided with on-the-job training experience.

2011 to Present	Number
Scholars with Partner Organizations	
No. of scholarship/educational assistance awarded with partner organizations (elementary to college and Technical Vocational – nationwide)	2,096
No. of college graduates with partners	137
No. of Technical and Vocational graduates	281
Employment rate	85-90 %
Directly managed scholars	
No. of scholars in the adopted communities	168
No. of scholars who are children of in-need employees of D&L Group and outsourced workers assigned in the companies of D&L	106
No. of college graduates	21
Employment rate	85 %
Educational Excellence Awards	
No. of awardees (counted per year since 2005)	3,607



Focus on the Youth

GRI 3.3 | SDG 4.3 4.4 8.2 8.5 8.6 10.3

On Education

The Lao Foundation believes that it is through education—having the necessary knowledge, skills, and proper values—that one will be able to transcend poverty.

Education being the main thrust of the Foundation, is central to all its programs and projects. LFI supports the education of in-need youth nationwide through its different partner organizations. It also offers and directly manages scholarships to in-need senior high school and college students in the communities where the companies of the D&L Group are located.

In believing that charity should begin at home, LFI offers scholarships to the children of in-need employees of the D&L Group and outsourced workers assigned to the different companies of D&L. Annually, it also awards the academic excellence of the children of D&L Group employees to promote the value of education.

LFI works towards building minds through its scholarship projects, transforming hearts through values formation that is central to its scholarship projects, and changing lives through its education to employment thrust.

In 2021, a number of companies of the D&L Group were accredited by TESDA – opening its doors to the scholars of LFI from Dualtech Training Center Foundation, Inc. and Don Bosco Agro-Mechanical Technology Center in Legazpi and to other students in need of a place for their in-plant training. 133 multi-skilled trainees have been trained in the different plants thus far and 65 of them have been hired as regular employees.



Sustainable development requires holistic multi-sectoral cooperation. It is to this end that the Lao Foundation joined the Zero Extreme Poverty 2030 Movement. LFI has been collaborating with the different organizations in bringing families out of extreme poverty.

The Lao Foundation has extended its scholarship in partnership with Dualtech Training Center to identified youths from families in extreme poverty since 2019. In just 2 years of Dualtech's technical course, the youths are equipped with multi-skills, gainfully employed, and have slowly changed the lives of their families.

Community Development

GRI 3.3, 413-1, 413-2 | SDG 2.3, 2.4



Coconut is one of the main ingredients that the D&L Group uses for its products. LFI, as a way of giving back to the coconut farming community, embarked on a challenging task of working with the communities and expanding its current programs. LFI envisions sustainable livelihood and better lives for the coconut farmers and their families.

In 2022, LFI started with the profiling of its target communities to holistically assess the needs of the target communities. LFI believes that for its projects to be sustainable and impactful, LFI must work with the different stakeholders in the community to respond to the assessed need.



"I was able to organize my own community-based training on what I have learned from this program, and I shared it too with the 50 PWD members of our community."

Mr. Friday Moratalla

Farmer Beneficiary and Person with Disability (PWD)



Donated solar panels

Working with communities means assessing their needs, even beyond coconut farming.

With holistic community assessments by professional third-party partners, LFI is able to plan long term, embarking on a series of projects from the most pressing needs to longer gestation ones, building on the gains for greater impacts.



Animal livelihood

Through our Livelihood Programs, we work with non-profit organizations and farmer cooperatives to provide coconut farmers with the appropriate values, skills, knowledge and opportunities to increase their agricultural productivity and income.



Multisectoral Cooperation

GRI 3.3 | SDG 14.1, 17.16, 17.17

The whole is more than just the sum of its parts.

Different sectors bring different strengths to the table when working beyond their normal boundaries. B2B providers and customers bring the technology and the market. National agencies and local governments serve and bring the support of their constituents.

Combining goals and means bring new opportunities for addressing gaps in environmental initiatives.

Upcycling for residual plastic management



Tweet

Cebu Pacific Air @CebuPacificAir

CEB is proud to be a partner of the @TourismPHL in promoting sustainable travel not just in Boracay but in all Philippine destinations through #JuanEffect!

Berna Romulo Puyat @BernaPuyat · Oct 16, 2018

Thank you @CebuPacificAir for donating these beautiful trash bins, which are now being placed around Boracay island.

No more excuses to litter. Throw your trash in the garbage bins, where they belong. Keep our beaches clean and pristine. #betterboracay #responsibletravel

Figure 1 - Cebu Pacific Air Twitter post, October 16, 2018, accessed March 31, 2023, <https://twitter.com/cebupacificair/status/1052132020472635392>

UpCycled™ initiative and partnership to convert residual plastic wastes (no value and non-recyclable plastic waste like sachets) to higher value plastic products.

Bio-based initiatives for reduced carbon footprints



Figure 2 - Bakong Project website, accessed March 31, 2023, <https://bakong.carrd.co/#about>

Design Center - Bakong Project

A DTI Design Center-initiated project to use invasive indigenous plant materials for higher value products. The project is geared towards the use of *Crinum asiaticum*, locally known as "bakong", in wood-like plastic products which showcases the strength of fibers in polymer products. This is coupled with the bio-based materials used in **Biorez®** and similar technologies to produce environmentally sound materials while sustaining community-government-industry engagements.

Frameworks & Standards

GRI 3-1, 3-3

The [Five Themes](#) present a narrative structure that allows D&L to present its ESG efforts in an engaging way without getting lost in the technical details of the frameworks. This approach captures the interconnections between economic, environmental, and social aspects of the business, providing a holistic view of the Company's sustainability efforts. The simplicity of the narrative immerses the reader in the story, while meeting the reporting requirements of the standards.

The next sections provide the depth and details on ESG performance which each framework requires, ensuring transparency, accountability, and adherence to global best practices.

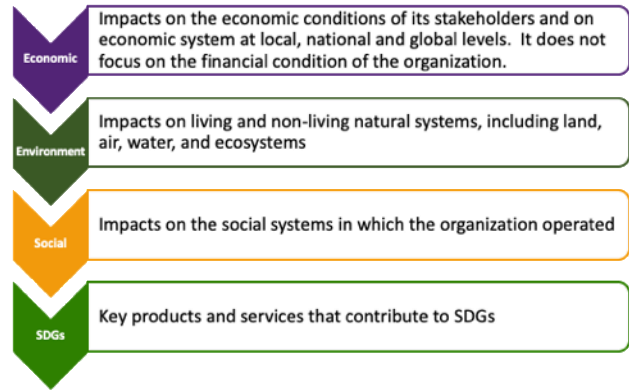
Between the story and the statistics, D&L invites investors, regulators, customers, employees, partners, and its communities into a sneak peek into the better lives it is forging.

The Philippine SEC Sustainability Framework



SEC Sustainability Reporting Framework for PLCs

On February 15, 2019, the Philippine Securities and Exchange Commission (SEC) issued Memorandum Circular No. 4, Sustainability Reporting Guidelines for Publicly Listed Companies (PLCs), and provided a Sustainability Reporting Framework and a reporting template for Philippine companies.



SEC Reporting Template

For companies who already have sustainability reports in accordance with internationally recognized frameworks and standards, their reports shall already be considered as their compliance with the reporting template. Companies may choose to attach the whole sustainability report to their Annual Report or just include a statement providing a link to said report.

Since the SEC's approach relied on global sustainability standards, D&L is able to cross-reference and align its impacts with the UN Sustainable Development Goals and the GRI Standards.

For the Sustainability Report 2022 and henceforth, the Company has expanded on the SEC's suggested impacts and generated material topics in accordance with the new GRI Standards 2021 for reports issued from January 2023 onwards.

SUSTAINABLE DEVELOPMENT GOALS



United Nations Sustainable Development Goals (UN SDGs)

D&L Industries is strongly committed to support specific targets of the United Nations Sustainable Development Goals in areas which the Company can have significant positive while addressing negative impacts.

In the initial three years of Reporting, the Company had identified twelve (12) Goals and twenty-two (22) Targets as its own contributions to Philippine sustainability.

For 2022 onwards, the Company reviewed its principles, operations, and impacts and is pleased to report that it now covers 16 SDG Goals and contributes to 50 Targets.

Linking the SDGs and the GRI Standards

GRI has created and regularly updates its mapping document²⁰, linking the Disclosures with the SDGs.

Following the adoption of the Sustainable Development Goals (SDGs), we [GRI] have supported businesses in measuring and reporting on their impacts – and hence their contribution towards the goal of sustainable development – through a number of reporting tools. This mapping document is the latest addition that we bring to the table, to help accelerate progress and drive bolder action.

The Company uses this mapping tool to help illustrate its ESG impacts across both sets of global standards, while maintaining coherence and consistency in its reporting.

²⁰ Global Reporting Initiative, "Linking the SDGs and the GRI Standards", accessed March 31, 2023, <https://www.globalreporting.org/umbraco/Surface/ResourceCentre/PopupResource?id=8585>



SDG 1 | No Poverty

1 NO POVERTY

The Company impacts poverty reduction in a myriad of ways during the conduct of its business.



First, as it grows, so do its suppliers, partners, and customers. Revenue generated along the value chain benefits the stakeholders therein, spurring further economic activity, whether via new investments, operational expansion, increased consumption, or savings generated. With continuing capital reinvestment and expansion, the Company generates ever higher economic value.

Second, the communities around and the people who join the Company in various capacities feel the direct and trickle-down effects of its presence, with every investment, purchase, salary, and consumption by various stakeholders within and beyond the geographic boundaries. In turn, these economic activities cascade to numerous internal and external stakeholders—staff, suppliers, customers, government, and communities—uplifting their financial and social circumstances.

Finally, Government itself, both at the local, regional, and national levels, in allowing the Company to exist and expand its business, provides avenues for employment and opportunities for its citizens, generates taxes for its development programs, and enhances the welfare of all stakeholders all around.

Target 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.

Target 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

[Economic Performance](#), p.46:
202-1;
203-2

Target 1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.

SDG 2 | Zero Hunger

2 ZERO HUNGER



In the same way the Company impacts poverty reduction through its business, it likewise impacts the goal of Zero Hunger. In addition to the LFI's continuing programs

Target 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

Target 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

[Upscaling Supply & Quality](#), pp. 42-43;
[Community Development](#), pp. 53-54;
413-2

Target 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

[Upscaling Supply & Quality](#), pp. 42-43;
[Community Development](#), pp. 53-54



SDG 3 | Good Health and Well-Being



Beyond standard and mandated benefits, the Company implements programs safeguarding the health and welfare of its workers and their families, including financial risk alleviation.

Health

Clinics in selected facilities
Doctor & nurse consultations
Annual physical examination
Annual medicine subsidy
HMO
Maternity assistance

Insurance

Group life insurance
Group accident insurance

Financial Risk Alleviation

Retirement plan
Bereavement assistance

Target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. [Employee Hiring and Benefits](#), p.46-47: 203-2

SDG 4 | Quality Education



The Company proactively provides various training programs and opportunities for further education to its employees via its Infinite Learning Team. It also provides avenues for learning and development to high potential employees through its Talent Management Team.

The Company, through the Lao Foundation, engages in diverse projects under four core programs:

1. Partner-Based Educational Program,
2. Community-Based Educational Program,
3. Lao Boh Lim Educational Program, and
4. Evelyn Lee Lao Teacher's Welfare Program.

Projects outside these core programs that are deemed worthwhile and responsive to an assessed need are placed under Special Assistance Projects. LFI endeavors to provide target beneficiaries access to projects incorporated with values formation activities for holistic transformation of their lives.

The Company strongly believes that education is the fundamental solution to poverty. Through LFI, D&L provides full scholarships to deserving students in need within the communities it operates. The Company also has various value formation programs for the less fortunate.

The Company, through LFI, provides on the job training to the scholars of Don Bosco and Dualtech Training Center. This helps the students be better equipped for real life work.

Target 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. [Employee Training & Development](#), p. 47; [Educational Program](#), p. 46

Target 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. [Educational Program](#), p. 46; [Focus on the Youth](#), p. 53: 404-1

Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. [Educational Program](#), p. 46; [Focus on the Youth](#), p. 53: 404-1

Target 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. [Educational Program](#), p. 46; 404-1



Target 4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries.

Target 4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States.

SDG 5 | Gender Equality



From hiring to training, from promotions to leadership, gender equality permeates every facet of the Company's business and operations.

The Company does not discriminate on the basis of any social category. All employees are treated equally, and are afforded equal opportunities to learn and to progress in the workplace. Hiring, succession and all other business decisions are based on competence and quality of work.

Female employees account for about 34% of the Company's workforce. In addition, three of the four independent directors on the Company's Board are women.

Target 5.1 End all forms of discrimination against all women and girls everywhere.

[Code of Business Principles](#), pp. 10;
[Corporate Governance](#), pp. 11
[Employee Hiring and Benefits](#), p.46-47;
[Employee Training & Development](#), p. 47;
[Diversity and Equal Opportunity](#), p.47-48;
202-1;
401-1,3;
404-1;
405-1;

Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

[Code of Business Principles](#), pp. 10
[Corporate Governance](#), pp. 11
[Employee Hiring and Benefits](#), p.46-47;
[Employee Training & Development](#), p. 47;
[Diversity and Equal Opportunity](#), p.47-48;
2-9;
2-10;
405-1

SDG 6 | Clean Water and Sanitation



In the Company's day to day activities, water is primarily used for the operations of the cooling tower, for equipment cleaning, and for domestic uses in the office buildings such as for restroom usage, washing, and food preparation in the canteens.

The Company is proactively looking for ways on how to further reduce its water consumption. Similarly, the company's Environmental Group, which is composed of the Pollution Control Officers from each business unit, is in charge of monitoring and championing the water conservation initiatives of the company.

Target 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

[Hazardous Waste](#), p.29;
306-1



Target 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. [Path to Net Zero](#), pp. 26-27; [Water Consumption](#), p. 28; 303-1, 303-3, 303-5

Target 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes. [Ecosystem & Biodiversity](#), p. 30; 304-2; [Hazardous Waste](#), p.29; 306-1, 306-3, 306-5

SDG 7 | Affordable and Clean Energy



The Company actively undertakes various initiatives to improve energy efficiency. These initiatives include the use of LED lights, installation of motion detectors, optimizing production schedules, and regular maintenance, among others.

Through its biodiesel business, which uses coconut oil as feedstock, the Company is able to promote a cleaner and more sustainable alternative to diesel. Biodiesel lowers the emission of nitrous oxides and sulfur oxide—the main contributors to smog. It also significantly reduces pollutants such as black smoke and air toxics that cause lung cancer, pulmonary tuberculosis, pneumonia, bronchitis, heart attack, and stroke.

For its new facility in Batangas, the Company is exploring the use of renewable energy sources to fuel its operations.

Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. [Resource Management](#), p. 28; 302-1

Target 7.3 By 2030, double the global rate of improvement in energy efficiency. [Resource Management](#), p. 28; 302-1, 302-3

SDG 8 | Decent Work and Economic Growth



The Company, through the ordinary course of business, provides numerous quality jobs for the communities it operates in. In pursuit of innovation, the Company invests heavily in research and development, thus encouraging the diversification of its supply chain and the growth of the enterprises it engages with.

Target 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. 201-1

Target 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. [Economic Performance](#), p.46; [Employee Hiring and Benefits](#), p.46-47; [Employee Training & Development](#), p. 47; [Diversity and Equal Opportunity](#), p.47-48; [Focus on the Youth](#), p. 53; 201-1

Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. [Corporate Governance](#), pp. 11; [Employee Hiring and Benefits](#), p.46-47; [Employee Training & Development](#), p. 47; [Diversity and Equal Opportunity](#), p.47-48; [Focus on the Youth](#), p. 53; 2-7; 202-1; 203-2; 401-1, 401-2; 404-1, 404-2; 405-1



Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.

[Employee Hiring and Benefits](#), p.46-47;
[Employee Training & Development](#), p. 47;
[Diversity and Equal Opportunity](#), p.47-48;
[Focus on the Youth](#), p. 53;
401-1

Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

[Occupational Health & Safety](#), p. 48;
2-30;
[Labor-Management Relations](#), p.47;
402-1;
403-1, 403-2, 403-3, 403-5, 403-8, 403-9,
403-10;

SDG 9 | Industry, Innovation and Infrastructure



The Company is shaped and driven by R&D and disciplined innovation. It is among the largest employers of chemists in the Philippines, outside of academe. Technology staff account for about 14% of the Company's total manpower.

The Company is committed to keep itself abreast of the latest technology and to have its fingers on the pulse of the market to identify the market needs that must be met with sustainable solutions.

Through automation and installation of the latest equipment, the Company is able to increase its production yields and decrease generated waste.

With a plan to engage in IOT4.0 in the next 4-5 years, the Company plans to upskill its employees to be able to perform more complex tasks.

Target 9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

Target 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

[Capability](#), pp. 20-24;
[Green Chemistry](#), pp. 35-36;
[Economic Performance](#), p.46;
201-1;

Target 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

[Green Chemistry](#), pp. 35-36;
[Economic Performance](#), p.46;
201-1

SDG 10 | Reduced Inequalities



The Company actively espouses equality and diversity throughout its values, policies, and advocacies, as could be seen in the way it deals with employees, partners, suppliers, and members of local communities it operates in. Beyond gender neutrality, it also protects, preserves, and enhances the welfare of the youth, the elderly, and persons with disabilities.



Target 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Target 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

[Employee Hiring and Benefits](#), p.46-47;
[Employee Training & Development](#), p. 47;
[Diversity and Equal Opportunity](#), p.47-48;
[Focus on the Youth](#), p. 53;
2-7
401-1;
404-1;

Target 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

SDG 12 | Responsible Consumption and Production



Through its various resource management initiatives, the Company constantly strives to make its operations as efficient and sustainable as possible.

The Company actively promotes its various innovative product offerings that are natural, organic, and sustainable. This helps in spreading global awareness about sustainable development and lifestyles that are in harmony with nature.

Target 12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Target 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

[Resource Management](#), p. 28;
[Environmental Impact Management](#), pp. 28-29;
[Environmental Compliance](#), pp. 29-30;
303-1
[Hazardous Waste](#), p.29;
306-1, 306-3, 306-5

Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

[Resource Management](#), p. 28;
[Environmental Impact Management](#), pp. 28-29;
[Environmental Compliance](#), pp. 29-30;
301-2;

Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Target 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

[Certifications](#), p. 16;
[Customer Management](#), pp. 48-49;
[Marketing and Labeling](#), p. 49;
[Product Health and Safety](#), p. 49;
416-1;
417-1

Target 12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.



SDG 13 | Climate Action



The Company supports energy efficiency in its operations. Furthermore, for its expansion plans in Batangas, the Company is exploring renewable energy sources. A significant portion of the new plant's power requirement will be coming from solar energy. In addition, the Company has invested in steam boilers that utilize biomass energy.

Through its biodiesel business, which uses coconut oil as feedstock, the Company is able to promote a cleaner and more sustainable alternative to diesel.

Target 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

[Climate-Related Risks & Opportunities](#), pp. 19-20;
[Resource Management](#), p. 28;
[Environmental Impact Management](#), pp. 28-29;
[Environmental Compliance](#), pp. 29-30
[Community Action](#), p. 50;
302-1, 302-3;
305-1, 305-2, 305-3, 305-5

SDG 14 | Life Below Water



To combat plastic pollution, FIC & DLPC have developed a broad range of product solutions utilizing various approaches. By offering these solutions, the Company is actively contributing to reducing plastic waste and promoting a more sustainable future.

Target 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

[Advanced Materials](#), pp. 37-38;
[Multisectoral Cooperation](#), p. 55

SDG 15 | Life on Land



The Company is cognizant that protecting life on the planet is synonymous with ensuring the long-term survival of its business. The Company is fully-compliant, and in many cases, implements stricter measures than what is required by relevant environmental laws.

The Company's next generation facilities in Batangas is central to integrating sustainability into its operations. In order to protect our planet and further minimize its ecological footprint, D&L intends to use more environmentally friendly and sustainable fuel. The Company has also built environmentally-certified buildings and is securing authorization to plant trees in the area.

Target 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

[Hazardous Waste](#), p.29;
306-3, 306-5

Target 15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.

Target 15.9 Integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.

[Climate-Related Risks & Opportunities](#), pp. 19-20;
[Capability](#), pp. 20-24;
[Resource Management](#), p. 28;
[Environmental Impact Management](#), pp. 28-29;
[Environmental Compliance](#), pp. 29-30;



SDG 16 | Peace, Justice and Strong Institutions



The Company is firm in its stand to abide by human rights in all its dealings within and outside its subsidiaries. It operates within a strict code of corporate governance, and expects the same from its suppliers through a thorough supplier assessment process.

Open employee-management communication is of prime importance to the Company due to its culture as a family business. Feedback and grievances are always welcome without any fear of repercussions. Issues are oftentimes resolved before escalating into conflicts.

Target 16.5 Substantially reduce corruption and bribery in all their forms.

[Supply Chain Management](#), pp. 24-26;
[Anti-Corruption](#), pp.25-26
205-2, 205-3;
308-1
415-1

Target 16.6 Develop effective, accountable and transparent institutions at all levels.

2-11;
2-15

Target 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.

2-9;
2-10;
2-12;

Target 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

[Customer Privacy](#), p. 49;
[Data Security](#), p. 50;
418-1

SDG 17 | Partnerships for the Goals



Chemrez actively engages with the Philippine Coconut Authority (PCA) and coordinates industry action with the United Coconut Association of the Philippines (UCAP). Meanwhile, the Lao Foundation works with D&L, Chemrez, Oleo-Fats, some affiliates, and a few business customers interested in smallholder initiatives for coconut farmers.

FIC & DLPC work with B2B customers & government agencies in using alternative materials, pursuing plastic waste reduction, & upcycling initiatives with local governments across the country.

Target 17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020.

Target 17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

[Coconut Industry Development](#), pp. 40-41;
[Upscaling Supply & Quality](#), pp. 42-43
[Multisectoral Cooperation](#), p. 55

Target 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

[Coconut Industry Development](#), pp. 40-41;
[Upscaling Supply & Quality](#), pp. 42-43
[Multisectoral Cooperation](#), p. 55

Global Reporting Initiative (GRI)

GRI 2-3, 3-1, 3-2, 3-3

D&L Industries, Inc. has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.

The material topics herein cover the economic, environmental, and social impact of the Company and its subsidiaries. The sustainability information contained assets within D&L's organizational boundary.

This Sustainability Report features the Company's thirty-one (31) material topics under thirteen (13) categories in five (5) themes:

Sustainable Growth <i>GRI 3-1, 3-3</i>	Responsible Products <i>GRI 3-1, 3-3</i>	Resilient Supply <i>GRI 3-1, 3-3</i>	Better Lives <i>GRI 3-1, 3-3</i>	Outreach <i>GRI 3-1, 3-3</i>
The Company GRI 2-2, 2-6	Coconut Oil GRI 3-3	Coconut Industry Development GRI 3-3 SDG 17.16, 17.17	Economic Performance GRI 3-3, 2-6, 201-1, 203-2 SDG 1.2, 8.2, 9.4, 9.5	Focus on the Youth GRI 3.3 SDG 4.3 4.4 8.2 8.5 8.6 10.3
Culture GRI 2-22, 2-24, 2-29 SDG 5.1, 5.5	Green Chemistry GRI 3-3 SDG 9.4, 9.5	Upscaling Supply & Quality GRI 3-3 SDG 2.3, 2.4, 17.16, 17.17	Employee Management GRI 3-3, 2-7	Community Development GRI 3-3, 413-1, 413-2 SDG 2.3, 2.4
Code of Business Principles GRI 2-15, 2-24, 2-27, 2-29, 415-1	Advanced Materials GRI 3-3 SDG 14.1		Employee Hiring and Benefits GRI 3-3, 401-1, 2, SDG 1.2, 3.8, 5.1, 5.5, 8.2, 8.5, 8.6, 10.3	Multisectoral Cooperation GRI 3-3 SDG 14.1, 17.16, 17.17
Corporate Governance GRI 3-3, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 2-18, 2-19, 2-20, 2-22, 405-1 SDG 5.1, 5.5, 8.5, 10.3 16.6, 16.7			Employee Training & Development GRI 3-3, 404-1, 404-2 SDG 5.1, 5.5, 8.2, 8.5, 8.6, 10.3	
Enterprise Risk Management GRI 3-3, 2-13, 2-24, 2.25			Labor-Management Relations GRI 2-16, 2-26, 402-1 SDG 8.8	
Climate-Related Risks & Opportunities GRI 2-23 SDG 13.1, 15.9			Diversity and Equal Opportunity GRI 3-3, 405-1 SDG 5.1, 5.5, 8.2, 8.5, 8.6, 10.3	
Capability GRI 3-3, 304-2 SDG 9.4, 15.9			Occupational Health & Safety GRI 3-3, 403-1, 403-2, 403-3, 403-5, 403-8, 403-9, 403-10 SDG 8.8	
Supply Chain Management GRI 3-3, 308-1, 408-1, 409-1 SDG 16.5			Rights & Privacy GRI 3-3	
Procurement Practices GRI 3-3, 2-6, 204-1			Labor Laws & Human Rights GRI 3-3	
Anti-Corruption GRI 3-3, 2-16, 2-26, 205-2, 415-1 SDG 16.5			Customer Management GRI 3-3, 2-16, 2-26, 416-1 SDG 12.8	
Path to Net Zero GRI 3-3, 305-5 SDG 6.4			Marketing and Labeling GRI 3-3, 417-1 SDG 12-8	
Resource Management GRI 3-3, 302-1, 302-3 SDG 7.2, 7.3, 12.4, 12.5, 13.1, 15.9			Customer Privacy GRI 3-3, 418-1 SDG 16.10	
Water Consumption GRI 3-3, 303-1, 303-3, 303-5 SDG 6.4			Product Health and Safety GRI 3-3, 416-1 SDG 12.8	
Environmental Impact Management GRI 3-3 SDG 12.4, 12.5, 13.1, 15.9			Data Security GRI 3-3, 418-1 SDG 16.10	
Air Emissions/GHG GRI 3-3, 305-1, 305-2, 305-6			Community Action GRI 3-3 SDG 13.1	
Air Pollutants GRI 3-3, 305-7				
Solid Waste GRI 3-3, 301-1, 301-2				
Hazardous Waste GRI 3-3, 306-1, 306-3, 306-5 SDG 6.3, 6.6, 12.4, 15.1				
Effluents GRI 3-3, 303-4				

Sustainable Growth

GRI 3-1, 3-3

Responsible Products

GRI 3-1, 3-3

Resilient Supply

GRI 3-1, 3-3

Better Lives

GRI 3-1, 3-3

Outreach

GRI 3-1, 3-3

Environmental Compliance

GRI 3-3, 2-27, 307; | SDG 12.4, 12.5, 13.1, 15.9

Ecosystem & Biodiversity

GRI 3-3, 304-2 | SDG 6.6, 15.9

Management of Material Topics

GRI 2-12, 3-1, 3-3

The management approach is built on the Company's rich history, codified into its vision, mission, beliefs, and corporate values. Upon this foundation, the [Code of Business Principles \(COBP\)](#) further defines the Company's soul, espousing good corporate governance, ethical business practices, and high standards of personal conduct & behavior, internally and externally, among and across its various stakeholders.

At the Board level, these foundations are reviewed and assessed annually to ensure the Company remains relevant with the changing times. At the Management Committee level and down through the executive ranks, leadership strictly adheres to these core principles, setting the example for the humblest stakeholder. On the operational level, the Company's relevant core and support departments are empowered to develop, implement, and monitor the policies & programs targeted at all internal and external stakeholders.

The Board of Directors regularly revisits the Company's mission statements at the end of every fiscal year. This is undertaken to ensure the statements remain relevant and accurate in depicting the Company's objectives and strategies.

By mid-2022, the Global Reporting Initiative (GRI) released a new set of Universal, Sector, and Topic Standards for all organizations reporting from January 1, 2023 onwards, with a renewed focus on "mandatory human rights-related disclosures". Among other things, the GRI had deprecated the materiality matrix.

In response, the Company re-evaluated its material topics and developed instead the Five Theme internal ESG framework.

GRI Metrics²¹

GRI 2-4

GRI Ref	Description	UM	2019	2020	2021	2022
201-1	Direct Economic Value Generated	M Php	22,386	21,739	30,855	43,485
	Revenue breakdown					
	Food ingredients	%	57 %	59 %	62 %	65%
	Chemrez	%	25 %	26 %	24 %	25%
	Plastics	%	14 %	12 %	10 %	7%
	Consumer products ODM	%	4 %	5 %	4 %	3%
203-2	Direct Economic Value Distributed					
	Payments to suppliers	M Php	16,600	18,943	25,657	36,773
	Other operating costs	M Php	1,300	874	1,088	1,616
	Employee wages and benefits	M Php	610	1,252	754	857
	Payments to providers of capital (interest)	M Php		160	142	236

²¹ As the Company continually improves its data collection and analytics, it restates previous years' figures as needed.

GRI Ref	Description	UM	2019	2020	2021	2022
	Payments to governments (taxes)	M Php	1,147	1,004	1,063	1,267
	Community investments (CSR initiatives)	M Php	32	26	21	28
	Economic Value Retained (dividends)	M Php	2,300	1,307	1,364	1,714
204-1	Proportion of spending on local suppliers	%	38%	45%	45%	61%
302-1	Energy usage					
	Energy consumption	M kWh	243	190	203	224
302-3	Energy intensity					
	(per thousand Php in net income)	kWh	90	100	88	76
	Energy intensity (per MT of product)	kWh	964	876	838	792
303-5	Water usage					
	Water consumption	m ³	284,982	267,167	288,187	243,157
	Water consumption (per thousand Php in net income)	m ³	109	133	109	73
	Water intensity (per MT of product)	m ³	0.87	0.84	0.82	0.60
	Air emissions/GHG					
305-1	Direct (Scope 1) GHG Emissions	Tonnes CO ₂ e	90,792	98,043	73,036	66,406
305-2	Energy indirect (Scope 2) GHG Emissions	Tonnes CO ₂ e	23,265	21,363	16,621	17,366
305-6	Emissions of ozone-depleting substances (ODS)	Tonnes	0	0	0	0
305-5	GHG reduction per year	MT CO₂E²²	113,682	84,996	84,413	138,450
	GHG reduction, cumulative	MT CO₂E	113,682	198,678	283,091	421,541
303-4	Solid waste generated by manufacturing plants	Kg	4,189,246	2,745,444	1,820,361	2,886,463
	Reusable	Kg	380,324	303,439	201,677	110,016
	Recyclable	Kg	1,334,348	1,008,979	138,917	671,227
	Residuals/landfilled	Kg	2,474,574	1,433,026	1,479,767	2,105,220
	Hazardous waste generated by manufacturing plants					
306-3	Hazardous waste generated	Kg	151,762	141,726	205,424	90,790
306-5	Hazardous waste transported	Kg	64,859	38,480	54,554	62,512
307-1	Monetary fines and non-monetary sanctions for non-compliance with environmental laws and regulations reported	Count	0	0	0	0
2-7	Number of employees	Count		779	810	949
	Female	%	46 %	43 %	42 %	34 %
	Male	%	54 %	57 %	58 %	66 %
	Attrition rate	%	-2 %	6.71 %	5.14 %	8 %
	Ratio of lowest paid employee at minimum wage	%	0 %	0 %	0 %	0 %
	Employee benefits (number of employees availing)					
	SSS	Count			238	267

²² All GHG calculations are based on the technical report, Carbon Footprint and GHG Reduction Potential of Coco-Biodiesel from Chemrez Technologies, Inc., by the UPLB Interdisciplinary Life Cycle Assessment Laboratory, 2021.

GRI Ref	Description	UM	2019	2020	2021	2022
	PhilHealth	Count			195	194
	Pag-ibig	Count			196	259
	Parental leaves	Count			20	20
	Vacation leaves	Count			810	821
	Sick leaves	Count			810	821
	Medical benefits (aside from PhilHealth)	Count			770	837
	Housing assistance (aside from Pag-ibig)	Count			0	0
	Retirement fund (aside from SSS)	Count			5	8
	Further education support	Count			0	0
	Company stock options	Count			0	0
	Telecommuting	Count			1	0
	Flexible-working hours	Count			0	0
	Total training hours provided to employees	Hours	7,626	4,177.0	15,185	18,107
	Female	Hours	2,540	1,655.5	6,798	7,415
	Male	Hours	5,086	2,521.5	8,387	10,692
404-1	Average training hours provided to employees	Hours		5.36	18.8	19.1
	Female	Hours	7	5.22	19.8	23.3
	Male	Hours	12	4.90	18.0	16.9
	Employees covered with Collective Bargaining Agreements	%	There are no labor unions in any company locations.			
	Consultations conducted with employees concerning employee-related policies (In-premises only for on-site personnel)	Count	51	10	6	12
	Employees from indigenous communities and/or vulnerable sector	Count	Present but not explicitly counted.			
403	Safe man-hours	Hours	2,134,790	1,896,768	1,261,782	1,950,600
403-9	Work-related injuries	Count	2	1	0	2
403-9	Work-related fatalities	Count	0	0	0	0
403-10	Work-related ill health	Count	0	0	0	0
	Safety drills conducted (In-premises only for on-site personnel)	Count	21	20	11	20
417	Substantiated complaints on marketing and labelling	Count	0	0	0	0
417	Complaints addressed regarding marketing and labeling	Count	No complaints received.			
418-1	Complaints on Customer Privacy	Count	0	0	0	0
418	Number of data breaches, including leaks, thefts, and losses of data	Count	0	0	0	0

Statement of use	D&L Industries, Inc. has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	About this Report , p.3				SDG 1
	2-2 Entities included in the organization's sustainability reporting	The Company , p.7; Business Presence , p. 8; Corporate Social Responsibility , p. 8				SDG 1
	2-3 Reporting period, frequency and contact point	About this Report , p.3				SDG 1
	2-4 Restatements of information	GRI Metrics , p. 67-68				SDG 1
	2-5 External assurance			Not applicable	The organization has determined that external assurance shall not be engaged for this report.	
	2-6 Activities, value chain and other business relationships	The Company , p.7; Business Presence , p. 8; Corporate Social Responsibility , p. 8; Procurement Practices , p. 25; Economic Performance , p.46				
	2-7 Employees	Employee Management , p. 46-48				SDG 8 SDG 10
	2-8 Workers who are not employees			Confidentiality constraints	These workers are employed by external service providers.	
	2-9 Governance structure and composition	ESG Five Themes , p.5; Corporate Governance , pp. 11-14				SDG 5 SDG 16
	2-10 Nomination and selection of the highest governance body	Corporate Governance , pp. 11-14				SDG 5 SDG 16
	2-11 Chair of the highest governance body	Corporate Governance , pp. 11-14				SDG 16

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance , pp. 11-14 Management of Material Topics , p. 67				SDG 16
	2-13 Delegation of responsibility for managing impacts	Corporate Governance , pp. 11-14; Enterprise Risk Management , pp. 17-19				
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance , pp. 11-14				
	2-15 Conflicts of interest	Code of Business Principles , pp. 9-11				SDG 16
	2-16 Communication of critical concerns	Anti-Corruption , pp. 25-26; Labor-Management Relations , p.47; Customer Management , pp. 48-49				
	2-17 Collective knowledge of the highest governance body	Corporate Governance , pp. 11-14				
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance , pp. 11-14				
	2-19 Remuneration policies	Corporate Governance , pp. 11-14				
	2-20 Process to determine remuneration	Corporate Governance , pp. 11-14				
	2-21 Annual total compensation ratio			Information unavailable	This information has not been made available.	
	2-22 Statement on sustainable development strategy	Message from the President & CEO , p. 3; Culture , pp. 8-9; Corporate Governance , pp. 11-14				
	2-23 Policy commitments	Climate-Related Risks & Opportunities , pp. 19-20				
	2-24 Embedding policy commitments	Culture , pp. 8-9; Code of Business Principles , pp. 9-11:				

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
		Enterprise Risk Management , pp. 17-19				
	2-25 Processes to remediate negative impacts	Enterprise Risk Management , pp. 17-19				
	2-26 Mechanisms for seeking advice and raising concerns	Anti-Corruption , pp.25-26; Labor-Management Relations , p.47; Customer Management , pp. 48-49				
	2-27 Compliance with laws and regulations	Code of Business Principles , pp. 9-11; Environmental Compliance , pp. 29-30				
	2-28 Membership associations	Membership Associations , p. 15				
	2-29 Approach to stakeholder engagement	Better Lives through Sustainable Innovation , p 4; Culture , p. 8-9; Code of Business Principles , pp. 9-11				
	2-30 Collective bargaining agreements			Not applicable	The organization has no labor unions in any of its companies and operating facilities.	SDG 8
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Better Lives through Sustainable Innovation , p 4; ESG Five Themes , p.5; Sustainable Growth , p.7 Global Reporting Initiative (GRI) , p.66 Management of Material Topics , p. 67; Responsible Products , p. 33; Resilient Supply , p. 40; Better Lives , p. 46; Outreach , p. 52-54				
	3-2 List of material topics	Global Reporting Initiative (GRI) , p.66				

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Sustainable Growth						
GRI 3: Material Topics 2021	3-3 Management of material topics	ESG Five Themes , p.5; Sustainable Growth , p.7				
The Company						
GRI 3: Material Topics 2021	3-3 Management of material topics	The Company , p.7:				
GRI 415: Public Policy 2016	415-1 Political contributions	Code of Business Principles , pp. 9-11; Anti-Corruption , pp.25-26				SDG 16
Corporate Governance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance , pp. 11-14				
Enterprise Risk Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management , pp. 17-19				
Climate-Related Risks & Opportunities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate-Related Risks & Opportunities , pp. 19-20				
Capability						
GRI 3: Material Topics 2021	3-3 Management of material topics	Capability , pp. 20-24				
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	The Sustainability Challenge for Brands , pp. 22-24				SDG 6 SDG 15
Supply Chain Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain Management , pp. 24-26				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management , pp. 24-26				SDG 16
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Supply Chain Management , pp. 24-26				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Management , pp. 24-26				

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Procurement Practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Procurement Practices , p. 25				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Procurement Practices , p. 25				
Anti-Corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Corruption , pp.25-26				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Anti-Corruption , pp.25-26				SDG 16
Path to Net Zero						
GRI 3: Material Topics 2021	3-3 Management of material topics	Path to Net Zero , pp. 26-31 Advanced Materials , pp. 37-38				SDG 6
Resource Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	Resource Management , p. 28				SDG 12 SDG 13 SDG 15
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Resource Management , p. 28				SDG 7 SDG 13
	302-3 Energy intensity	Resource Management , p. 28				SDG 7 SDG 13
Water Consumption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Consumption , p. 28				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Consumption , p. 28				SDG 6 SDG 12
	303-3 Water withdrawal	Water Consumption , p. 28				SDG 6
	303-5 Water consumption	Water Consumption , p. 28				SDG 6
Environmental Impact Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Impact Management , pp. 28-29				SDG 12 SDG 13 SDG 15
Air Emissions/GHG						
GRI 3: Material Topics 2021	3-3 Management of material topics	Air Emissions/GHG , p. 28				

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Air Emissions/GHG , p. 28				SDG 12 SDG 13
	305-2 Energy indirect (Scope 2) GHG emission	Air Emissions/GHG , p. 28				SDG 12 SDG 13
	305-5 Reduction of GHG emissions	Path to Net Zero , p. 26; B5 by the Numbers , pp. 30-31				SDG 13
	305-6 Emissions of ozone-depleting substances (ODS)	Air Emissions/GHG , p. 28				SDG 12
Air Pollutants						
GRI 3: Material Topics 2021	3-3 Management of material topics	Air Pollutants , p.29				
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Pollutants , p.29		Information unavailable	Our companies have yet to standardize their units of measure for these air pollutants.	SDG 12
Solid Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Solid Waste , p. 29				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Solid Waste , p. 29				
	301-2 Recycled input materials used	Solid Waste , p. 29				
Hazardous Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Hazardous Waste , p.29				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Hazardous Waste , p.29				SDG 6 SDG 12
	306-3 Waste generated	Hazardous Waste , p.29				SDG 6 SDG 12 SDG 15
	306-5 Waste directed to disposal	Hazardous Waste , p.29				SDG 6 SDG 12 SDG 15
Effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Effluents , p.29				
GRI 303: Water and Effluents 2018	303-4 Water discharge	Effluents , p.29				SDG 6

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Environmental Compliance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Compliance , pp. 29-30				SDG 12 SDG 13 SDG 15
Ecosystem & Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Ecosystem & Biodiversity , p. 30				SDG 15
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Ecosystem & Biodiversity , p. 30				SDG 6 SDG 15
Responsible Products						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Products , p. 33				
Coconut Oil						
GRI 3: Material Topics 2021	3-3 Management of material topics	Coconut Oil , p. 33				
Green Chemistry						
GRI 3: Material Topics 2021	3-3 Management of material topics	Green Chemistry , pp. 35-36				
Advanced Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Advanced Materials , pp. 37-38				SDG 14
Resilient Supply						
GRI 3: Material Topics 2021	3-3 Management of material topics	Resilient Supply , p. 40				
Coconut Industry Development						
GRI 3: Material Topics 2021	3-3 Management of material topics	Coconut Industry Development , pp. 40-41				SDG17
Upscaling Supply & Quality						
GRI 3: Material Topics 2021	3-3 Management of material topics	Upscaling Supply & Quality , pp. 42-43				SDG 2 SDG17
Better Lives						
GRI 3: Material Topics 2021	3-3 Management of material topics	Better Lives , p. 46				
Economic Performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Performance , p.46				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance , p.46				SDG 8 SDG 9

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Economic Performance , p.46				SDG 1 SDG 8
Employee Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Management , p. 46-48				
Employee Hiring and Benefits						
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Hiring and Benefits , p.46-47				SDG 3
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Hiring and Benefits , p.46-47				SDG 5 SDG 8 SDG 10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Hiring and Benefits , p.46-47				SDG 8
	401-3 Parental leave	Employee Hiring and Benefits , p.46-47				SDG 5 SDG 8
Employee Training & Development						
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Training & Development , p. 47				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Training & Development , p. 47; Educational Program , p. 46				SDG 4 SDG 5 SDG 8 SDG 10
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training & Development , p. 47				SDG 8
Labor-Management Relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Labor-Management Relations , p.47				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Labor-Management Relations , p.47				SDG 8
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity and Equal Opportunity , p.47-48				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Equal Opportunity , p.47-48				SDG 5 SDG 8 SDG 10

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Occupational Health & Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health & Safety , p. 48				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health & Safety , p. 48				SDG 8
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health & Safety , p. 48				SDG 8
	403-3 Occupational health services	Occupational Health & Safety , p. 48				SDG 8
	403-5 Worker training on occupational health and safety	Occupational Health & Safety , p. 48				SDG 8
	403-8 Workers covered by an occupational health and safety management system	Occupational Health & Safety , p. 48				SDG 8
	403-9 Work-related injuries	Occupational Health & Safety , p. 48				SDG 8
	403-10 Work-related ill health	Occupational Health & Safety , p. 48				SDG 8
Rights & Privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Rights & Privacy , pp. 48-50				
Labor Laws & Human Rights						
GRI 3: Material Topics 2021	3-3 Management of material topics	Labor Laws & Human Rights , p. 48				
Customer Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Management , pp. 48-49				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Customer Management , pp. 48-49				SDG 12
Marketing and Labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Marketing and Labeling , p. 49				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Marketing and Labeling , p. 49				SDG 12

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Customer Privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Privacy , p. 49				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy , p. 49; Data Security , p. 50		Not applicable	The organization had no substantiated complaints concerning breaches of customer privacy and losses of customer data.	SDG 16
Customer Privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Health and Safety , p. 49				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Health and Safety , p. 49				SDG 12
Data Security						
GRI 3: Material Topics 2021	3-3 Management of material topics	Data Security , p. 50				SDG 16
Community Action						
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Action , p. 50				SDG 13
Outreach						
GRI 3: Material Topics 2021	3-3 Management of material topics	Outreach , p. 52-54				
Focus on the Youth						
GRI 3: Material Topics 2021	3-3 Management of material topics	Focus on the Youth , p. 53				SDG 4 SDG 8 SDG10
Community Development						
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Development , pp. 53-54				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Development , pp. 53-54				
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Development , pp. 53-54				SDG 2

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG linkage
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Multisectoral Cooperation						
GRI 3: Material Topics 2021	3-3 Management of material topics	Multisectoral Cooperation , p. 55				SDG 14 SDG 17

Corporate Information

Company Headquarters	GRI 2-1	D&L Industries, Inc. 65 Calle Industria Bagumbayan, Quezon City 1110 Metro Manila, Philippines
Location of Operations	GRI 2-1	Philippines
Subsidiaries	GRI 2-2	Aero-pack Industries, Inc. Chemrez Product Solutions, Inc. Chemrez Technologies, Inc. D&L Polymer & Colours, Inc. D&L Premium Foods Corp. First in Colours, Incorporated Natura Aeropack Corporation Oleo-Fats Incorporated
Investor Relations	GRI 2-3	Tel +63 2 8635 0680 Fax +63 2 8635 0703 E-mail ir@dnL.com.ph

Stockholder Inquiries

D&L Industries, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "DNL". Inquiries regarding dividend payments, accounts status, address changes, stock certificates, and other pertinent matters may be addressed to the Company's transfer agent.

Stock Transfer Service, Inc.

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