



## **SUSTAINABILITY POLICY**

The Group recognises the importance of sustainability development to businesses and is committed to ensure attention is given to environmental, social, economic and governance aspects as an integral part of its business operations.

The Sustainability Policy is based upon the following principles:

- To observe and comply with all relevant legislation, regulations and codes of practice.
- To consider sustainability issues and integrate these considerations into our business decisions.
- To promote and ensure that all employees are aware of and are committed to implementing and measuring sustainability activities considering environment, social, economic and governance factors.
- To annually report, review and to continuously strive to improve our sustainability performance.

The Group practises its Sustainability Policy on the following approaches:-

### **1. The Business**

The Group places the utmost importance on the approaches to achieve a viable and sustainable business that will grow and sustain even during the changes and challenges in the current global economic environment. Emphasis is placed not only for the current financial period but over the future prospect as well. To derive this, the Group had drawn up a 5-year plan on the positioning of the Group and this dynamic strategy will be reviewed and measured every year via an annual budget together with the bases and assumptions thereon.

The Group has invested in advanced machineries to increase production capacity, to improve the quality of our product and to enhance the efficiency of the manufacturing process. Better production efficiency increases the recovery of logs resulting in lower production cost. Using smaller logs has also resulted in lower cost of raw material and broadens the source of log supply for its production.

Besides, setting up a power plant which reuses bulk waste to generate biomass energy to supply electricity to the office, hostel, and production plant has also significantly reduced our dependency on fossil fuel and enhanced cost mitigation.

### **2. The Workplace**

The Group has the responsibility to provide and maintain a safe and healthy working environment for all its employees. Regular inspections and upgrades were carried out to ensure canteen cleanliness, kitchen and sewerage facilities were well maintained. Food hygienic standards are applied to ensure safety and health in the workplace. Recreation activities are organised, such as football and badminton tournaments and festive celebrations for employees and management staff to participate and interact with. The establishment of a Safety and Health Committee for its manufacturing facilities is to ensure a safe and conducive



working environment for its employees. The Group also adopts a Diversity Policy which will provide equal opportunities in respect to employment and training, and for its workplace in regardless of age, gender, ethnicity, cultural background or other personal factors. This is to ensure the Company having a diverse mix of skills and talent among employees in order to enhance Company performance and achieve the corporate goals.

### **3. The Environment**

The Group is committed to reduce environmental impact of its operation and firmly believes in adopting waste management and recycling programs such as the wood waste of which generated from the manufacturing process are used as material for the biomass power plant for regeneration of electricity supply for its operation. The Group is also committed to be in compliance with the relevant laws relating to sustainable forestry, emission standards and plant effluent management.

The Group has complied the following legislations in reducing the environment impacts:-

- (i) Lacey Compliance Verification (LCV) Program in affirming the legality of sourced forest products used in the manufacture of our products, which will give a high level of confidence to our customers of our fulfilment of the requirements of the Lacey Act for the US market.
- (ii) The Group is certified as a CARB Certified Manufacturer by Benchmark Holdings, LLC. The CARB standards regulate formaldehyde emissions from wood products sold in California or used to make finished good for sale in California.
- (iii) JAS Certification for General Plywood under the Law Concerning Standardization and Proper Labelling of Agriculture and Forestry Products (Law No. 175 of 1950) which is granted by Benchmark Holdings, LLC.
- (iv) Environmental Quality Act 1974 in handling the wood waste for combustion in the Power Plant Boiler.
- (v) Any other relevant act and compliance.

### **4. The Community**

The Group has been contributing to the community by donating to the needy and contributing to the charitable events organised by the governmental and private organisations.

### **5. The Stakeholders**

The Group will continue with its focus to enhance and maximise its shareholders' value. The Group believes in enhancing the relationship with all stakeholders including shareholders, regulatory authorities, business associates, bankers and suppliers.

Initiatives undertaken by the Group to improve its governance sustainability include:



- a. Adhering to the requirements of all laws and regulatory requirements, standards, and better practices to which the Company subscribes and establishes;
- b. Having robust policies and procedures in place to ensure the adequacy and integrity of the Company's internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- c. Continuously improving the Company's internal control system; and
- d. Maintaining a dedicated website which facilitates easy access to corporate information, annual reports, press releases and company announcements to its shareholders, prospective investors, stakeholders and the general community.

## **6. The Governance**

The Group has no tolerance towards fraud and unethical practices and conducts in all its business dealings with the stakeholders and within the Group. The Group will promote the best Corporate Governance requirement as well as sustainability practices to maintain the integrity of marketplace.

### **Disclosure and Review**

The Company will disclose the applications of the Sustainability Policy in the Sustainability Statement in the Annual Report.

The Sustainability Policy shall be reviewed annually by the Board.

Reviewed and adopted on 22 April 2020.