

Environmental, Social and Governance

Reporting on our Progress and Milestones
Hok Lai Timber (M) Sdn Bhd



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ABOUT US

HOK LAI TIMBER (M) SDN. BHD. was first established in 1992 and was founded by the late Mr. Per Eng Lee. Over the years, the company experienced a rapid growth from a small sawmill to one of the largest plywood, veneer, sawn timber and wood pellet supplier & exporters in Malaysia

Hok Lai Timber is also well known as timber grower which providing research and development field for Malaysia Universities Agriculture students. Hok Lai Timber is also a certified supplier of PEFC organization (Program for the Endorsement of Forest Certification).

ABOUT THIS REPORT

This reports cover matter pertaining to our company operations, initiatives, achievements and challenges that complemented and recognised our ESG efforts. These ESG efforts are aligned to the International-recognised standards of Global Reporting Initiatives (GRI) and the United Nations' Sustainable Development Goals (SDGs)

With this report, we hope to provide the general public and stakeholders with and understanding and clear activities of Hok Lai Timber 's ESG-related policies and practices, and the progress that we are making in achieving these and in going beyond what is required.

This report covers Hok Lai Timber's operations from 1st January 2024 to 31st December 2024



ESG MISSION

With the aim to reach Carbon Neutrality by 2050, Hok Lai Timber 's will build up corresponding environmental and energy management systems in the coming years





MESSAGE FROM OUR MANAGEMENT



Mr. Per Chin Poh
Managing Director

As Managing Director of Hok Lai Timber (M) Sdn Bhd, I am proud to present our commitment to Environmental, Social, and Governance (ESG) principles. At Hok Lai Timber, we recognize the importance of sustainability and responsible business practices in creating long-term value for our stakeholders, including shareholders, employees, customers, and the communities in which we operate.

We view ESG integration as essential to our long-term success and resilience. By aligning our business objectives with sustainable development goals, we strive to create value for both our company and society as a whole. We remain dedicated to advancing our ESG initiatives, measuring our progress, and reporting transparently on our performance to stakeholders. Together, we can build a more sustainable future for generations to come.



Environmental Sustainability:

We are dedicated to minimizing our environmental footprint and promoting conservation efforts. Through the implementation of energy-efficient technologies, reduction of waste generation, and responsible sourcing practices, we strive to protect natural resources and mitigate climate change impacts. Our commitment to environmental sustainability is demonstrated through ongoing initiatives to reduce greenhouse gas emissions, increase renewable energy usage, and enhance resource efficiency across our operations.

MESSAGE FROM OUR MANAGEMENT



Mr. Per Chin Wui
Director



MESSAGE FROM OUR MANAGEMENT



Mr. Per Chin Chuen
Director

Social Responsibility:

We prioritize the well-being and development of our employees, fostering a diverse, inclusive, and equitable workplace culture. We believe in treating all individuals with dignity and respect, providing opportunities for growth and advancement, and supporting work-life balance initiatives. Additionally, we engage with our local communities through philanthropic activities, volunteerism, and partnerships with nonprofit organizations. By investing in education, health, and social welfare programs, we aim to address societal challenges and contribute positively to the communities we serve.



Governance Excellence:

We uphold the highest standards of corporate governance, ethics, and integrity in all aspects of our business operations. Our governance framework is designed to promote transparency, accountability, and sound decision-making processes. We maintain open channels of communication with our stakeholders and adhere to regulatory requirements and best practices to safeguard shareholder interests and maintain trust and confidence in our company. We are committed to continuous improvement, regularly reviewing and updating our governance policies and procedures to adapt to changing business dynamics and emerging risks.

MESSAGE FROM OUR MANAGEMENT



Ms. Bernice Per
General Manager



VISION STATEMENT



OUR VISION

“ To be a responsible and sustainable leader in the timber industry, creating long-term value for our stakeholders while protecting the environment and enhancing social well-being ”

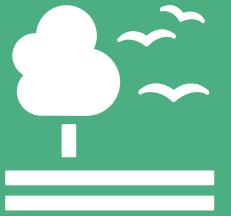
OUR MISSION

- **Environmental:** Embrace sustainable practices in timber production, reducing waste and conserving resources.
- **Social:** Ensure a safe, fair, and inclusive workplace for our employees and contribute to the well-being of the communities we serve.
- **Governance:** Uphold the highest standards of transparency, ethics, and accountability in every aspect of our business

ECONOMIC PERFORMANCE



SALES REVENUE

2024		
	QTY (PCS)	MYR
		
 Export	190,697	17,622,857.88
 Local	501,182	22,074,748.00
 Total	691,879	39,697,605.90



OUR MATERIALITY ASSESSMENT

The assessment was carried out through a series of surveys with our stakeholders to determine the necessary information and assessment criteria needed.

1 Environmental Compliance (GRI 307)

To sustain, restore, and protect the environment

2. Waste Management (GRI 306)

Complying with Environmental Quality Act (Scheduled Waste Regulations 2005)

3. Anti Corruption (GRI 205)

Commitment to Anti Bribery and Anti Corruption Practices

4. Occupational Health and Safety (GRI 403)

- Adherence to Occupational Safety and Health (OSH) policy that is tailored to Hok Lai Timber's operations based on HIRARC guidelines
- Conducted yearly safety training

5. Supply Chain Management (GRI 204)

Prioritize suppliers with recognized environmental certifications (FSC/PEFC for sustainable forestry)

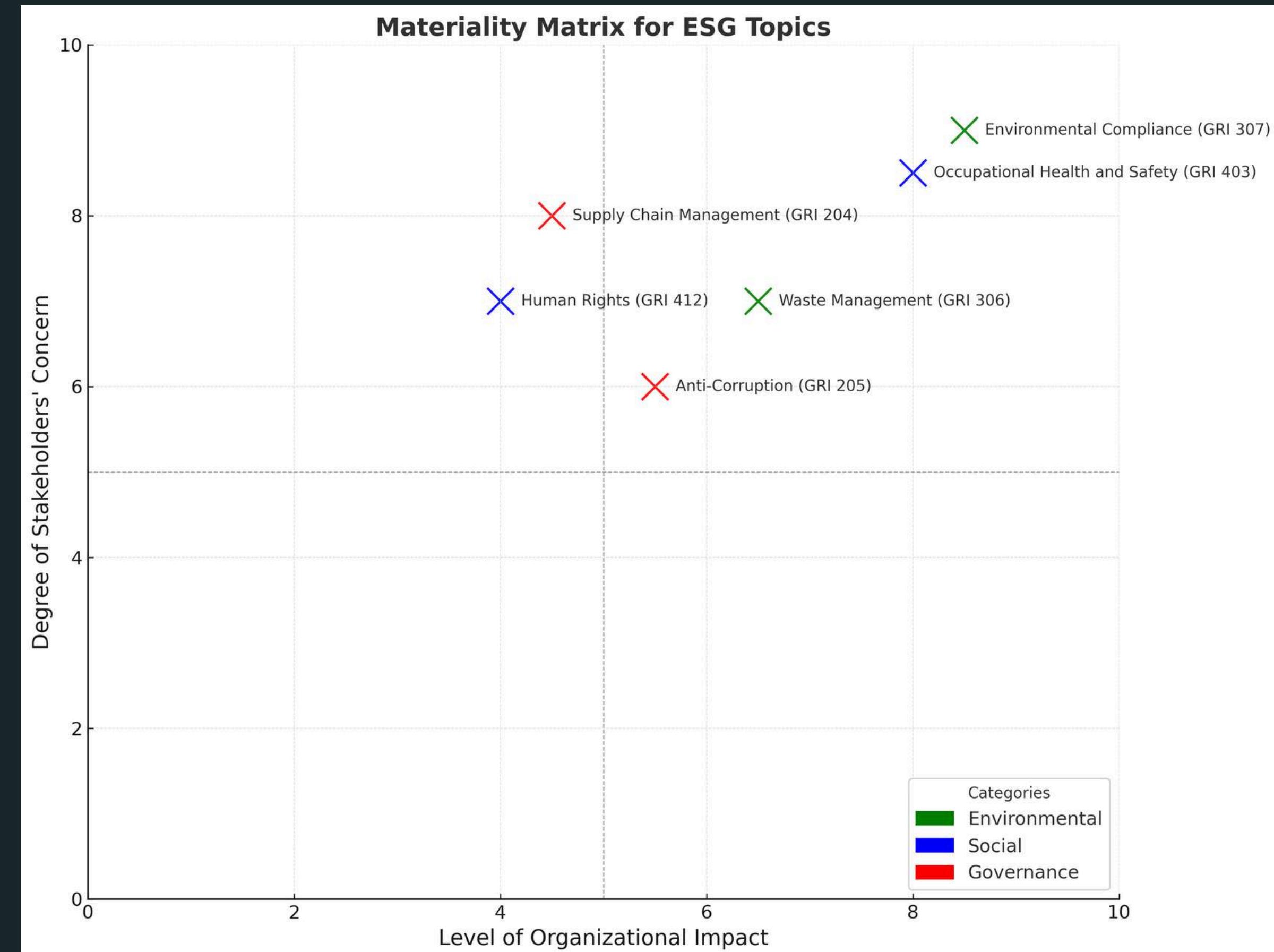
6. Human Rights (GRI 412)

To respect human rights and create positive impact with our workers and local communities



OUR MATERIALITY ASSESSMENT

The assessment was carried out through a series of surveys with our stakeholders to determine the necessary information and assessment criteria needed.





OVERVIEW OF POLICIES

These overview policy statements provide a clear and concise expression of the organization's commitment to ESG reporting, outlining its purpose, guiding principles, and key commitments in a straightforward manner.

Human Rights Policy

Our organization is committed to upholding human rights principles and ensuring that all individuals, including employees, contractors, and stakeholders, are treated with dignity, fairness, and respect.

Anti-Bribery and Anti-Corruption (ABAC) Policy

Our organization maintains a zero-tolerance approach towards bribery, corruption, and unethical business practices. We are dedicated to conducting our business with integrity, transparency, and honesty.

Health & Safety Policy

The health and safety of our employees, visitors, and communities are our top priorities. We are committed to providing a safe and healthy work environment free from hazards and risks.

ESG Committee Team

Hok Lai Timber (M) Sdn Bhd



Mr. Per Chin Poh
ESG Chairman

Mr. Per Chin Wui, Mr. Per Chin Chuen, Ms. Bernice Per
Steering Committee



Environmental

Yong See Mei
Sales & Marketing

Hazirah
Health, Safety & Environmental



Social

Nurliah
Human Resource & Admin

Liew Shin Jye
Purchasing



Governance

Wong Wai Kuan
Finance & Account

Khalidah
Certification & Lab

Nadiah | Iman | Liew Jia Yu | Syahira | Ain | Gisele
Support Team



OUR CERTIFICATES

CARB 93120 PHASE 2 EPA TSCA



PEFC Certificate

Programme for the Endorsement of Forest Certification Schemes (PEFC) / Chain of Custody





OUR CERTIFICATES

Hok Lai Timber (M) Sdn Bhd

EN 13986 : 2004+A1:2015 (CE2+ Marine)

HFB ENGINEERING GMBH 
TEST AND CERTIFICATION INSTITUTE FOR CONSTRUCTION PRODUCTS

 DAKKS Deutsche Akkreditierungsstelle
D-01-38812-01-03
The certificate is valid for the contact listed in the approved document.

 NB 1034

 SAC 05

CERTIFICATE
of Conformity of Factory Production Control
No. 1034 - CPR - 2959/1/2024

In compliance with the Regulation No. 305/2011/EU of the European Parliament and of the Council of March 9th, 2011 (Construction Products Regulation – CPR), the present certificate applies to the construction product

"Hok Lai Plywood"
according to the performance characteristics for wood-based panels for use in construction, as presented on page 2 of this certificate

placed on the market by and produced in the factory

Hok Lai Timber (M) Sdn Bhd
Lot PT2200, Bidor Industrial Estate
35500 Bidor, Perak Darul Ridzuan
Malaysia

This certificate attests that all provisions concerning the assessment and verification of constancy of performance described in Annex ZA of the standard

EN 13986:2004+A1:2015

according to system 2+ are applied and that

the factory production control is assessed to be in conformity with the applicable requirements.

The present certificate will be valid as long the test methods defined by the harmonised standard and/or the factory production control requirements defined by the harmonised standard, used to assess the performance of the declared characteristics, do not change, and the product, and the manufacturing conditions in the plant are not modified significantly.
The validity of the certificate will be confirmed by the certification report issued every six months by the certification laboratory.

Leipzig, August 27th, 2024



Dipl.- Ing. L. Röwer
Head of Certification Laboratory



ESG Report 2024

HF Engineering GmbH • Zschotterau Strasse 42 • 04129 Leipzig • Telefon: 0341/56036300 • Internet: www.hfb-online.de • Email: info@hfb-online.de

BS 1088:2018 (Marine Plywood)

HFB ENGINEERING GMBH 
TEST AND CERTIFICATION INSTITUTE FOR CONSTRUCTION PRODUCTS

 CE

 SAC 05

CERTIFICATE
No. MP 311002968/1/2024

The present certificate applies to the product
Standard Marine Plywood
placed on the market and produced in the factory

Hok Lai Timber (M) Sdn Bhd
Lot PT2200, Bidor Industrial Estate
35500 Bidor, Perak Darul Ridzuan
Malaysia

This certificate attests that the requirements of the standard
BS 1088:2018 Marine Plywood – Requirements

for the following products are fulfilled:

No.	Panel Type	Wood Species	Veneer Thickness / Panel Layup
	Nominal Thickness	Number of Plies	
1	4.0	3	Keruing SC = 2.4mm x 1 / FB = 0.8mm x 2
2	6.0	5	Kapur SC = 1.7mm x 2 / LC = 1.7mm x 1 / FB = 0.8mm x 2
3	9.0	7	Acacia SC = 1.5mm x 3 / LC = 1.5mm x 2 / FB = 1.2mm x 2
4	12.0	7	Mersawa SC = 2.4mm x 3 / LC = 1.7mm x 2 / FB = 1.2mm x 2
5	15.0	9	Meranti SC = (2.4mm x 2) + (1.7mm x 2) / LC = 1.7mm x 3 / FB = 1.2mm x 2
6	18.0	11	MLH SC = (2.4mm x 2) + (1.7mm x 3) / LC = 1.7mm x 4 / FB = 1.2mm x 2
7	25.0	15	*1 SC = (2.4mm x 2) + (1.7mm x 5) / LC = 1.7mm x 6 / FB = 1.2mm x 2

*1 = Different combinations are possible, but all outer veneers are made from wood species classified as DC 3 or better according to EN 308.

This certificate will remain valid as long the requirements contained in BS 1088:2018 do not change, and the products, and the manufacturing conditions in the plant are not modified significantly.
The validity of this certificate is limited to December 31st, 2024.

Leipzig, January 16th, 2024


Dipl.- Ing. L. Roewer
Head of Certification Laboratory



The present certificate is based on an inspection and certification procedure under private law. This procedure and HFB's corresponding certification program is completely independent of existing legal regulations, especially those concerning building law and corresponding regulations (Construction Products Regulation/CPR as well as construction product standards); the certification program does not affect such regulations.

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Geschäftsführer:
Claudia Schmidt,
Uwe Gies, Lutz Röwer
Leipzig HF 991

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ENVIRONMENTAL COMPLIANCE

To comply with Environmental Quality (Clean Air) Regulation 2014, implementing continuous emission monitoring (CEMS) where required, and at present are complying with stack sampling monitoring in accordance to existing approval from Department of Environment (DoE).

To comply with Environmental Quality Act (Scheduled Waste Regulations 2005)



WASTE MANAGEMENT

Waste management as an integral part of our ESG strategy and a reflection of our commitment to sustainability and corporate responsibility.

Waste Reduction Strategies

3R Program: "Green Steps"

Reduce:

Objective: Minimize the generation of waste at the source.

Reuse:

Objective: Encourage the reuse of materials and products to extend their lifecycle.

Recycle:

Objective: Manage waste through effective recycling programs

Waste Disposition

- General waste disposition
Domestic waste, solid waste, wood waste
- Hazardous waste disposition
Schedule waste

Hazardous Waste Management

Hok Lai Timber complies with the disposal requirements for scheduled wastes under Environmental Quality (Scheduled Waste) Regulations 2005. Waste items generated from individual operating units that are classified under Scheduled Waste are contained in labelled containers and stored in designated scheduled waste storehouse. Designated waste management contractors approved by the authorities will collect the containers and dispose of them in a disposal center.



ENGAGING OUR STAKEHOLDERS

Hok Lai Timber's approach to stakeholder engagement is characterized by consistency, constructiveness and collaboration. Through transparent communication, we can put in place a robust corporate governance framework that meets the interests of our stakeholders.

Stakeholder Group

Buyers & Suppliers

Employees

Goverment and regulators

Financial Institutions and Investors

Focus Area

- Visibility of sustainability
- Performance
- Commitment

- Company's ESG Commitments
- Achievements
- Occupational Health & Safety
- Career development
- Grievance and Welfare

- Regulatory compliance
- Strong ESG governance

- ESG commitment & efforts
- Governance
- Human Rights
- Transparency

Value Creation

Establish long-lasting relationship with guarantee of highest quality products and services that meet ESG requirements

Establishing an open, honest and transparent two way communication for more inclusiveness, greater skills and knowledge

Raise ESG requirements in cooperation with, and with assistance and support of authorized bodies

Form lasting business relationship, based on a firm spirit of partnership, trust and cooperation



“The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.”

The 17 Goals, United Nations Department of Economic and Social Affairs
sdgs.un.org/goals





ADDRESSING OUR STAKEHOLDERS' CONCERNS AND CONTRIBUTIONS TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Hok Lai Timber's recognises the importance of these goals and the role we play in contributing to the advancement of these values.

The implementation and development of new standards and approaches require a combination of efforts from our stakeholders and surrounding communities alike to achieve the goal of sustainable development.

Priority Issues	GRI Standard	Summary of Initiatives	UN SDGs
Environmental Compliance	GRI 307 Environmental Compliance	To comply with Environmental Quality (Clean Air) Regulation 2014 & Environmental Quality Act (Scheduled Waste Regulations 2005)	 15 LIFE ON LAND 
Employee occupational safety and well-being	GRI 403 Occupational Safety and Health	<ul style="list-style-type: none"> Adherence to Occupational Safety and Health (OSH) policy that is tailored to Hok Lai Timber's operations based on HIRARC guidelines Conducted yearly safety training 	 8 DECENT WORK AND ECONOMIC GROWTH 
Protect of Human Rights	GRI 412 Human Rights Assessment	Adherence to human rights commitments	 8 DECENT WORK AND ECONOMIC GROWTH 

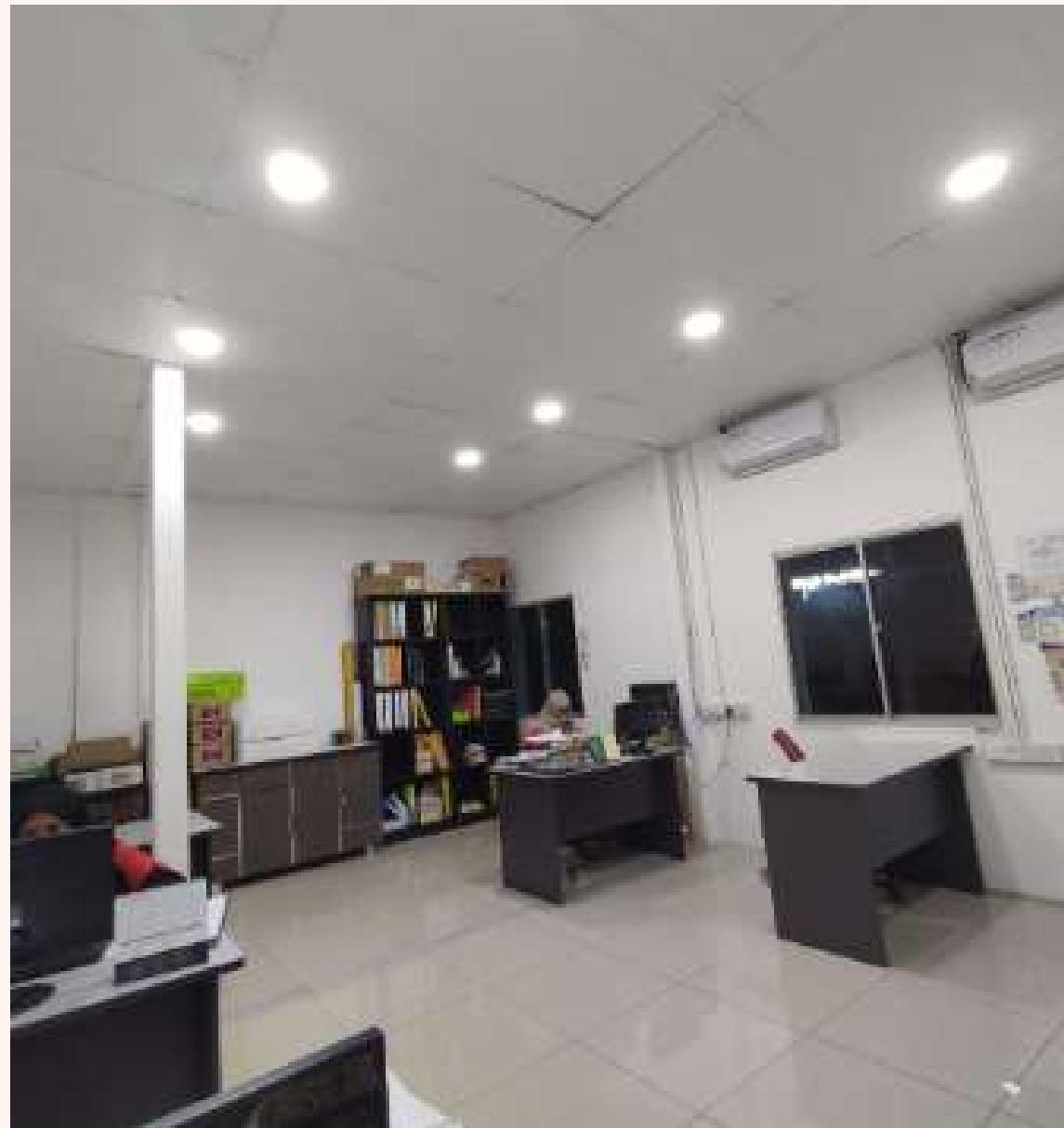
Our ESG Journey Through The Year

Environmental Pillar : Waste Management

Hok Lai Timber (M) Sdn Bhd

Waste Management Data		Details (2024)	Key Actions Taken	Impact
Total Waste Generated	150 tons annually			
Recycled Waste	90 tons (60% of total waste)			- 90 tons of waste diverted from landfills annually in 2024 - 50 tons of wood waste used as a renewable energy source in 2024 - Ensured proper disposal of scheduled waste in compliance with regulations
Recycled Veneer and Wood Dust	50 tons of veneer waste and wood dust recycled into wood pallets for boiler fuel			
Non-Recycled Waste	60 tons (40% of total waste)			
Scheduled Waste Generated	0.02 tons annually (for contaminated glove with schedule waste and contaminated container with schedule waste)			
Scheduled Waste Properly Managed	100% (all scheduled waste is disposed of according to regulatory guidelines)			
Waste Diversion Rate	60% (waste diverted from landfill)			

Replace lamps - As part of our ESG commitment, Hok Lai Timber has replaced traditional lighting systems with energy-efficient alternatives, such as LED lamps, across our facilities.



Objectives:

- Reduce electricity consumption.
- Lower greenhouse gas (GHG) emissions associated with energy usage.
- Enhance workplace lighting quality for employee comfort and productivity.

Future Plans:

- Hok Lai Timber is committed to expanding energy-efficient practices by exploring other sustainable energy technologies, such as motion-sensor lighting and renewable energy sources.

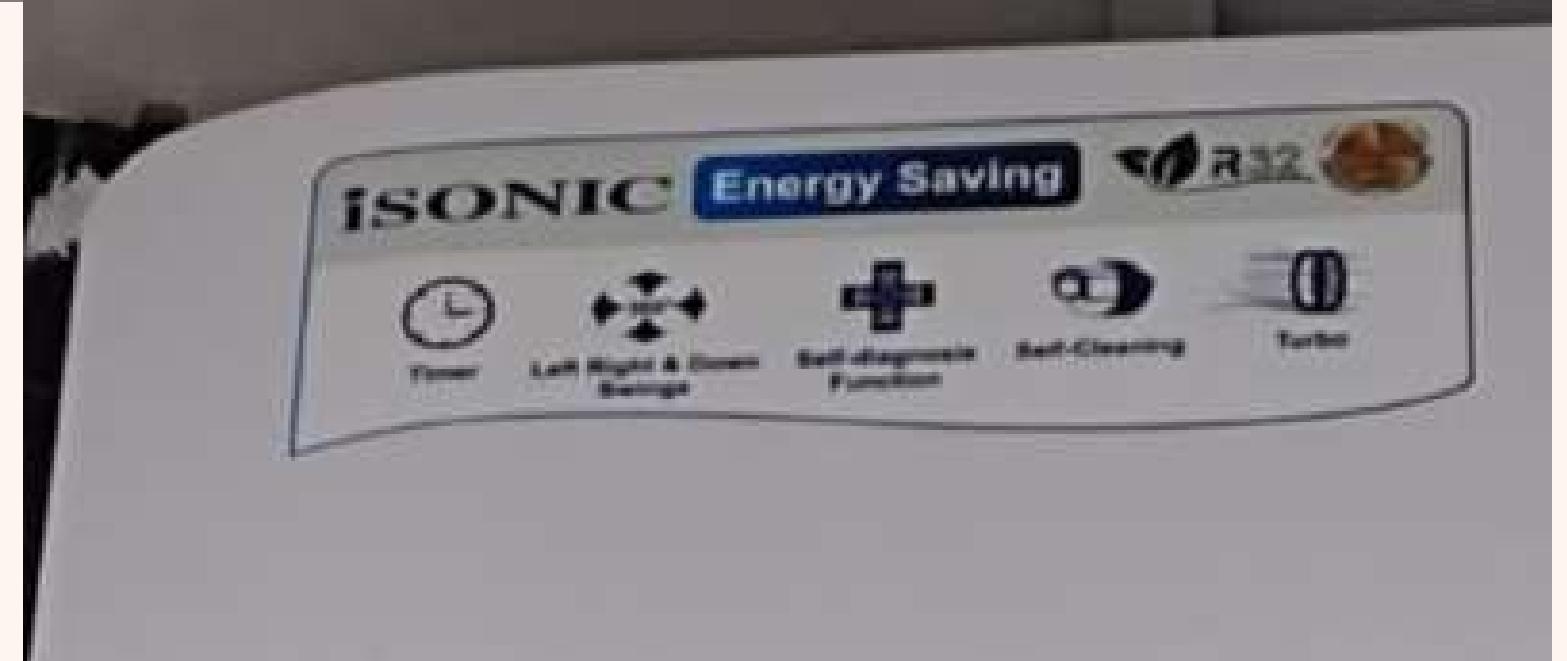
Environmental Pillar : Energy Management

Hok Lai Timber (M) Sdn Bhd

Transition to R32 Air Conditioning Units - In line with our commitment to sustainability, Hok Lai Timber has replaced outdated air conditioning systems with modern units using R32 refrigerant. R32 is a more energy-efficient and environmentally friendly refrigerant with a lower global warming potential (GWP) compared to older refrigerants such as R410A

Objectives:

- Improve energy efficiency in cooling systems.
- Reduce the carbon footprint associated with air conditioning.
- Transition to more sustainable refrigerants with lower GWP.



Future Plans:

- Hok Lai Timber aims to further optimize energy use by implementing regular maintenance schedules, exploring smart temperature control technologies, and invest on Solar Panel Project for better energy management.



SOCIAL INCLUSION: ESG ESSENTIALS TRAINING

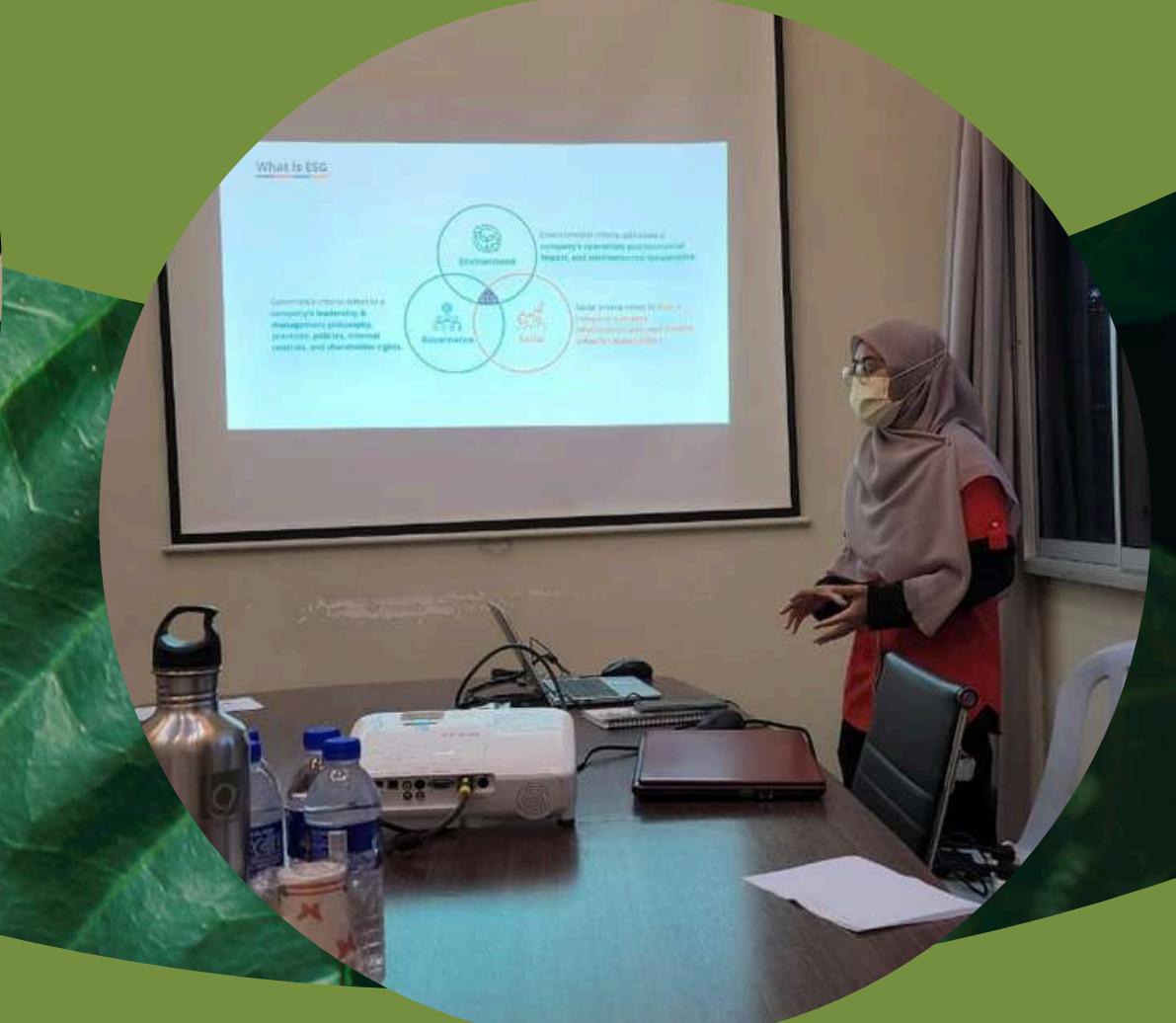
Hok Lai Timber (M) Sdn Bhd

NAVIGATING IMPLEMENTATION IN THE TIMBER INDUSTRY BY MALAYSIA TIMBER INDUSTRY BOARD (MTIB)

The graphic features the MTIB logo at the top right. Below it, the title "ESG ESSENTIALS: NAVIGATING IMPLEMENTATION IN THE TIMBER INDUSTRY" is displayed in orange. A white callout box on the left contains the heading "MAIN HIGHLIGHTS:" followed by a bulleted list: Fundamental of ESG, ESG Risk Assessment, National i-ESG Framework, Futureproofing Through ESG, ESG Reporting, and ESG Best Practices. To the right, three icons are shown: a calendar labeled "BASED ON REGION", a clock labeled "9.00 AM - 5.00 PM", and a location pin labeled "BASED ON REGION". At the bottom, two circular portraits are shown: Lucas Lim (ESG Project Manager) and Tina Thomas (ESG Project Director). The background of the graphic is a stylized green landscape with trees and a path.



ESG Training Awareness



ESG Training Awareness for all staff across departments

"Enhancing ESG knowledge and awareness among all staff to promote sustainability practices."

Health, Safety Training

*Safe Handling and Management
of Forklift Training*





Social Inclusion:



Fire Drill Training for Production and Hostel



Social Inclusion:

Formaldehyde Emission Analysis Training

*Forest Research Institute Malaysia
(FRIM), Kepong Selangor*





SOCIAL INCLUSION: EMPLOYEE WELL BEING BADMINTON MATCH BETWEEN STAFF

Hok Lai Timber (M) Sdn Bhd

"Weekly badminton matches were organized to enhance employee well-being, encourage team-building, and promote a healthy workplace environment."



SOCIAL INCLUSION: PROMISING A HEALTHY AND SAFE WORKING ENVIRONMENT

Hok Lai Timber (M) Sdn Bhd

Category	Details
Health and Safety Policies	<ul style="list-style-type: none">- Commitment to ensuring a safe and healthy working environment.
Training and Awareness	<ul style="list-style-type: none">- Regular safety training sessions for employees.- Focus on hazard awareness, emergency procedures, and first aid training.
Hazard Identification, Risk Assessment, and Risk Control (HIRARC)	<ul style="list-style-type: none">- Regular hazard identification and risk assessments to identify potential workplace hazards.- Implementation of appropriate risk control measures to mitigate identified risks.
Employee Engagement and Involvement	<ul style="list-style-type: none">- Employees encouraged to participate in maintaining a safe work environment.- Regular safety meetings to discuss concerns and improvements.

OUR ANNUAL HEALTH AND SAFETY PROGRAMME :

- Forklift Training Awareness
- Office Hazards & Occupational Stress
- Schedule Waste and Safety Data Sheet
- Workplace Safety
- 5S Training Awareness
- Noise Risk Assessment
- Fire Drill Training

OCCUPATIONAL INJURY

There were three minor occupational injuries reported in 2024

COMPLIANCE

Establish safety and health policy covering all employees, visitors, contractors and related stakeholders.



Social Inclusion:

EMPLOYEE WELL BEING :

TO CELEBRATE THE CHRISTMAS SEASON,
HOK LAI TIMBER ORGANIZED A GIFT
EXCHANGE ACTIVITY AND A SPECIAL LUNCH
TREAT FOR ALL EMPLOYEES. THESE
INITIATIVES AIMED TO:

- Express gratitude for employees' hard work and dedication throughout the year.
- Foster a sense of belonging and camaraderie among the workforce.
- Promote a healthy work-life balance by recognizing the importance of festive celebrations in enhancing morale.





"Promoting Employee Well-Being: Christmas Treats and Gift Exchange"



At **Hok Lai Timber**, we prioritize ethical business practices and regulatory compliance as fundamental aspects of our operations. In 2024, we took initial steps to establish a governance framework that aligns with our long-term sustainability goals.

Governance Activities in 2024

1. Policy Implementation

- Introduced a Code of Conduct for employees, defining ethical expectations and workplace behavior.
- Introduced an Anti-Bribery and Anti-Corruption Policy, which was shared with employees to promote integrity in internal operations.

2. Transparency Initiatives

- Communicated management updates through weekly team briefings to ensure alignment with company goals.
- Displayed key policies on notice boards for easy access and reference by employees.

3. Basic Governance Practices

- Maintained organized records of compliance-related documents, such as licenses and permits.
- Assigned a person for every departments to oversee governance activities and provide regular updates to General Manager.

Governance Matrix in 2024

Matrix	Result
Code of Conduct distributed	100% of employees received it
Anti-bribery and Anti-corruption policy awareness	100% of employees received it
Governance oversight assigned	The person in charge (PIC) for each department should regularly update the General Manager

Future Governance Plan 2025

- **Expand Anti Bribery and Anti-Corruption Policy Reach:** Share the anti-corruption policy with key suppliers and partners.
- **Introduce Stakeholder Feedback Mechanisms:** Launch a suggestion box for employees to raise concerns or provide ideas.
- **Begin Risk Identification:** Identify key risks to operations and develop basic mitigation strategies.





HOK LAI TIMBER (M) SDN BHD