



LINGUI GROUP OF TIMBER COMPANIES  
**SUSTAINABILITY  
REPORT**

---

2020

# CONTENTS

<b>Overview</b>	<b>3</b>
<b>About the Report</b>	<b>4</b>
<b>Message to Stakeholders</b>	<b>5</b>
Our Approach to Sustainability	6
<b>Sustainability at Lingui</b>	<b>7</b>
Our Economic Performance	7
Vision Statement	8
Principles & Values	8
Mission Statement	9
Sustainability Committee	9
Sustainability Commitment	10
Sustainable Management Practices	11
Our Sustainability Journey	12
Future Outlook	12
Overview of Policies	13
<b>Stakeholders' Engagement Overview</b>	<b>14</b>
Approach to Stakeholders' Engagement	15
Our Materiality Assessment	17
Addressing Our Stakeholders' Concerns and Contributions to the United Nations Sustainable Development Goals	18

<b>Commitment to the Environment</b>	<b>20</b>
Contributing Towards Positive Environmental Impact	21
Ensuring Environmental Compliance and Good Forestry Management	23
Certifications	24
Sustainable Industrial Tree Plantation (ITP)	25
Ethical Business Practices	26
Grievance Procedure	26
<b>Our People</b>	<b>27</b>
Promising a Healthy and Safe Working Environment	27
Respecting Diversity and Social Rights	30
Supporting Our Local Community – Community Engagement	31
Lingui’s Corporate Social Responsibility	32
A Socially Responsible Lingui	32
Support to Frontliners and Communities for COVID-19	33
<b>Our Governance</b>	<b>35</b>
Corporate Values	35
Code of Ethics	36
Privacy Policy	37
<b>GRI Content Index</b>	<b>38</b>

# OVERVIEW

Established in 1967, Lingui Group of Timber companies (hereon referred to as “Lingui”) has competitively positioned itself in the production of environmentally friendly forest resources and wood products.

Based in Sarawak, Lingui is a long-standing member of Samling Group and has well-established an international presence through being strategically situated in Malaysia, Guyana, and China. The company employs more than 15,000 employees across its comprehensive suite of operations.

With more than 50 years of experience in developing and operating forest concessions, plantations, and downstream wood products processing, our products have been exported to key international markets such as Japan, China, India, Korea, and North America.

At the core of our business lies the need for responsible management of forest resources. In the process of extracting value, the company ensures that operations strictly adhere to sustainable best practices to guarantee the long-term survival of these resources.

## INTEGRATED TIMBER OPERATIONS

Maximisation of wood resources and ensuring that value is delivered throughout an integrated supply chain.



# ABOUT THE REPORT

As Lingui Group Timber's first stand-alone report, this Sustainability Report covers the company's operations, initiatives, and achievements that complement our overall sustainability efforts.

Keeping this in mind, we aim to disclose our sustainability performance for the financial year with reference to internationally recognised standards under the Global Reporting Initiative (GRI).

This report seeks to provide our stakeholders with an overview of our key Environmental, Social and Governance (ESG) related initiatives. Its scope covers Lingui's operations from 1st January 2020 to 31st December 2020, unless stated otherwise.

Accordingly, detailed contents of the report were established by the following four GRI standard reporting principles:



1 **GRI (Global Reporting Initiative)** is an independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts and report on their sustainability impacts consistently and credibly.

**GRI Standards (Core Option).** This option indicates that a report contains the minimum information needed to understand the nature of the organization, its material topics and related impacts, and how these are managed.

Source: [www.globalreporting.org/standards](http://www.globalreporting.org/standards)

# MESSAGE TO STAKEHOLDERS

We strive towards continuous and steady growth in our business operations. Every step of Lingui's sustainability journey is driven by various transformative initiatives and plays an important role.

Through investments in innovative and sustainable solutions, we improved Lingui's operational efficiency, reduced operational costs, and strengthened our corporate branding on the business front.

Over time, the company has evolved from being a logging operator to a global corporation that delivers healthy performance year on year. We acknowledge that the long-term success of the corporation is dependent on our ability to maintain a delicate balance between delivering stakeholder value and ensuring the continued survival of natural resources. In the same regard, Lingui recognises the increasing need to play a supportive role in the communities we operate in, while also empowering our valued employees to innovate new methods and products in the process.

Our commitment to sustainable development can be found in **Corporate Values** and **Code of Ethics**, which reflects our integrated approach towards business development and responsible environmental management. By adopting proactive initiatives aligned with these goals, Lingui is able to adapt quickly to changes in the markets and its operating environment.

In the process of converting raw materials into finished products, we adopt a fundamental principle: **“We’re always looking out for tomorrow”**. As trusted timber-processing companies, we are committed to our mission and corporate values to **ensure the long-term sustainability of business, community, and environment**.

Therefore, above all, we aim to adapt quickly to changes in markets and the operating environment and take proactive initiatives in our quest for significant growth and delivering long-term value.

**James Ho**

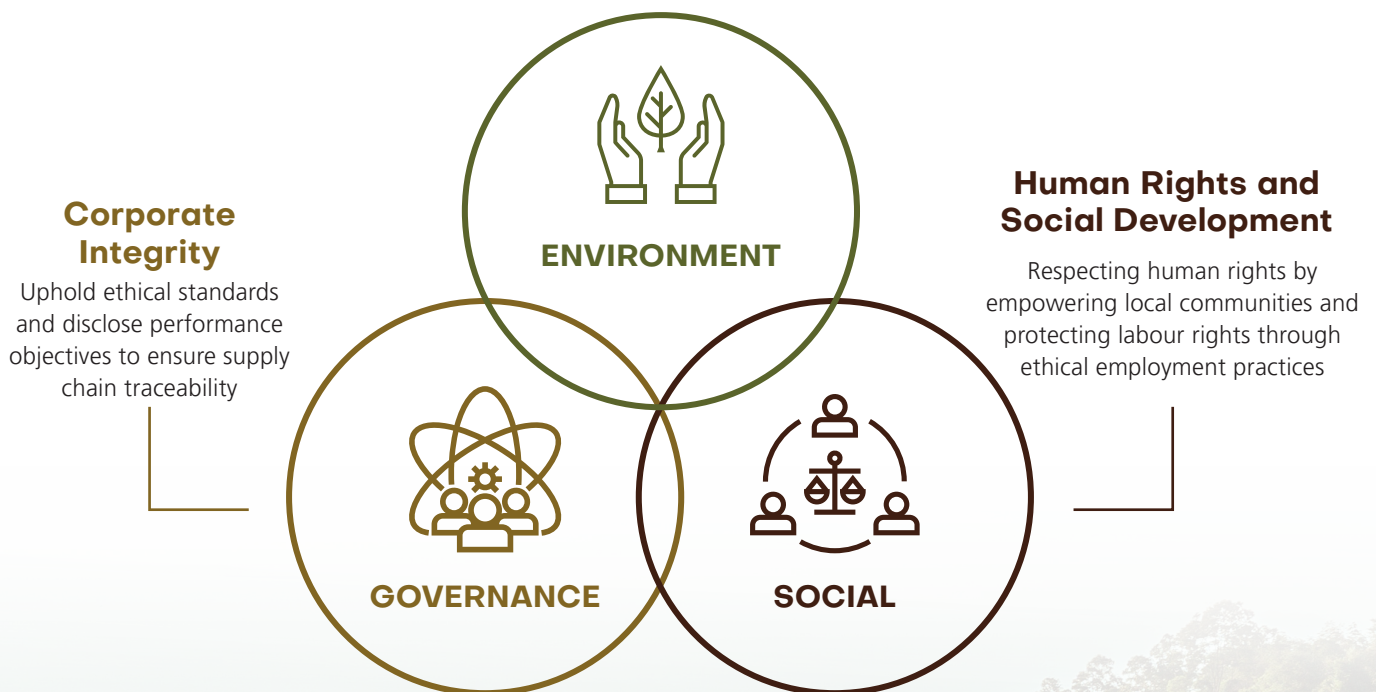
Chief Operating Officer, Lingui Group of Timber Companies

# OUR APPROACH TO SUSTAINABILITY

Effective engagement with our valued stakeholders places us in a position to understand their concerns and interests. As such, aligning stakeholder interests with the goals of our business not only ensures greater accountability, but also a more sustainable business.

## Environmental Commitments

Responsible sourcing and management of forest resources







# SUSTAINABILITY AT LINGUI

## OUR ECONOMIC PERFORMANCE

	Timber Sales*		Wood Product Sales*
	000 m <sup>3</sup>	RM'000	RM'000
<b>Export</b>	197	297,000	71,000
<b>Local</b>	482	226,000	72,000
<b>Total</b>	679	523,000	143,000

### Sales Volumes for FYE June 2020

	349K m <sup>3</sup> Conventional Logs	117K m <sup>3</sup> Plywood	
	154K m <sup>3</sup> ITP Logs	59K m <sup>3</sup> Veneer	

**RM3.74b**

Sarawak Timber Export  
Revenue\*\*

**RM368m**

Lingui Timber  
Export Revenue\*

\* July 2019 - June 2020

\*\* January - December 2020



## Vision Statement



## Our Vision

Lingui believes that sustainable businesses can only be built through a long-term commitment to communities and the environment. Our vision encompasses an integrated approach to achieving business development through responsible environmental management. We are committed to responsible sourcing and to protecting natural resources and nurturing peoples and communities.

## Our Mission

We aim to be inclusive through the adoption of open and transparent collaboration with communities. Guided by the United Nations Sustainable Development Goals (UN SDGs), Lingui will strive to empower the people and communities we work with while preserving an environment in which we all can thrive.



### Care for People and Communities

We understand the value of co-existence - with our partners, our clients, our communities, and our environment.



### Protect Natural Resources

We believe in pragmatism - the preservation of our ecosystem is foremost in every aspect of our operations, even as we leverage on what the same ecosystem can provide for the betterment and advancement of communities.

## Principles & Values

Lingui is not just a corporate entity but a steward of the environment and a partner to the communities in which we operate.



### Aim for Sustainability and Continuous Improvement

We strive for the future - our long-term goals and practices will help ensure that we continue growing and contributing to our stakeholders, our partners, our people, and our communities.



### Adopting Sustainable Practices

We aim for balance - there can be a meeting point in our quest to maximise corporate value by adopting the very highest standards of sustainable practices.

## Mission Statement



Adopt a proactive approach that is based on **collaboration, transparency, trust** and **open communication** with stakeholders



Develop **competitive and responsibly managed resources** that meet or exceed regulatory standards



Satisfy **customer requirements with quality products** and expand the customer base in domestic and international markets



Improve **profit performance** and **Economic Value Added (EVA)**



Partner with groups and agencies to **raise industry standards**

## Sustainability Committee

### The Timber Sustainability Team

**Steering Committee**  
CEO, CFO & COO

### Sustainability Head

#### Business Units

Upstream-Reforestation

Upstream-Natural Forests

Midstream-Downstream

Certification-Traceability

Biodiversity

Community-Native

#### Support/Enabling Team

Legal

Human Resource

IT & Knowledge Management

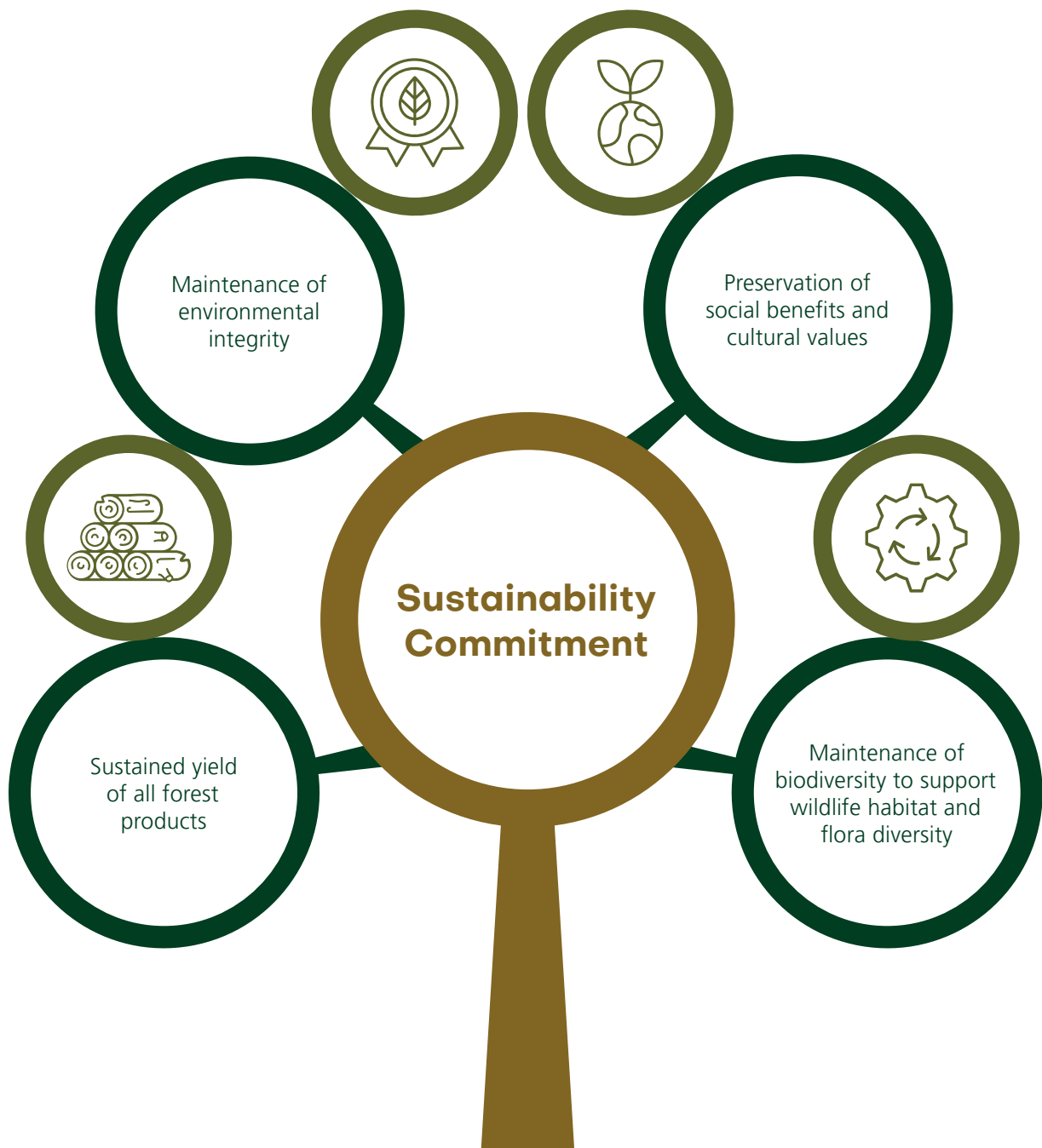
Safety & Health

Communications & CSR

#### Special Projects

# SUSTAINABILITY COMMITMENT

Lingui believes that environmental protection and sustainable socio-economic practices are vital for long-term business growth. With over 50 years of experience, Lingui has extensive expertise in managing sustainable and ethical timber operations.



# SUSTAINABLE MANAGEMENT PRACTICES

Our Responsible Forest Management Policy represents Lingui's commitment to managing its resources sustainably.



# OUR SUSTAINABILITY JOURNEY



## FUTURE OUTLOOK

### Sustaining the Future

The timber industry, which averages around RM20 billion in value annually, remains a significant contributor to Malaysia's economy. This is especially crucial during such unprecedented times of the COVID-19 pandemic, as the exports of such products are of significant importance to Malaysia's economy.

Therefore, Lingui has narrowed down its focus to coincide with that of the United Nations Sustainable Development Goals (2030). Lingui remains committed to the protection of forest resources and the company's initiatives are geared towards ensuring a sustainable future and innovation of green products.

### Our comprehensive end-to-end supply chain involves:

- > Upstream sustainable harvesting operations
- > Downstream responsible manufacturing facilities
- > Global product distribution network

As a fully integrated timber company, Lingui ensures product traceability given its ability to systematically track the chain of custody of each timber and wood-based product. In doing so, we guarantee that each product is manufactured and accounted for based on environmental considerations and strategic business goals.

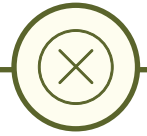


# OVERVIEW OF POLICIES



## Health and Safety Policy

Lingui is committed to incorporating safe systems of work in the planning and execution of all its operational activities. This is done to minimise health and safety risks in line with Malaysia's Occupational Safety and Health Act 1994, as well as acceptable industry and international standards.



## Anti Bribery and Anti Corruption (ABAC) Policy

Lingui is committed to conducting business dealings honestly and ethically by avoiding practices of bribery and corruption of all forms.



## Whistleblower Policy

Lingui has a zero-tolerance policy on corruption, malpractices, and other wrongdoings. It has an internal mechanism for investigation, prevention, and remedy for any breach in or failure to comply with ethical standards.



## Human Rights Policy

Lingui respects, supports, and upholds the fundamental human rights as expressed in the Universal Declaration for Human Rights. Lingui considers a contravention of this policy to be a serious violation, which would result in disciplinary action.



## Gifts and Entertainment Policy

In line with the Anti Bribery and Anti Corruption (ABAC) Policy and compliance with the Malaysian Anti Corruption Commission Act 2009, this policy intends to establish guidelines and parameters for the giving and accepting of gifts for the employees and directors of Lingui.



## Anti Harassment and Discrimination Policy

Lingui is committed to building a safe environment for all of its employees free from discrimination on any grounds and work harassment. We take a zero-tolerance approach to any form of discrimination and harassment and strive to treat all individuals with respect and dignity.



Segan Licence for Planted Forest (LPF)

# STAKEHOLDERS' ENGAGEMENT OVERVIEW

Stakeholder engagement forms the cornerstone of our communication policy. Through constructive and transparent communication, we meet stakeholder interests through comprehensive corporate governance policies coupled with the timely dissemination of accurate information.



Lingui plays a vital role in shaping industry opinions and actions that cultivate goodwill among communities. In the interest of sustainable development, we actively look out for opportunities to alleviate conditions of poverty while ensuring business sustainability.

# APPROACH TO STAKEHOLDERS' ENGAGEMENT







Identified stakeholder groups include employees, customers, local communities, non-governmental organisations, industry groups, and government agencies.

## LINGUI'S 4 STEP APPROACH

Our **4 Steps Action Plan** is developed to show how we can sustain constructive relationships over time through early and frequent engagement with our stakeholders.





Stakeholder Group	Mode of Engagement	Focus Area	Value Creation
<b>Local Communities</b> 	<ul style="list-style-type: none"> <li>&gt; Informal sessions</li> <li>&gt; Community events</li> <li>&gt; Community meetings</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Community relations</li> <li>&gt; Fair dispute management</li> <li>&gt; Livelihood improvement through Corporate Social Responsibility (CSR)</li> </ul>	Engage local communities consistently through formal and informal channels.
<b>Buyers</b> 	<ul style="list-style-type: none"> <li>&gt; Email and hotline queries</li> <li>&gt; On-site visits</li> <li>&gt; Face-to-face meetings</li> <li>&gt; Telephone follow-ups</li> <li>&gt; Annual review and feedback sessions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Traceability of suppliers' products</li> <li>&gt; Visibility of sustainability initiatives</li> <li>&gt; Leadership commitment</li> <li>&gt; Sustainability policies</li> </ul>	Establish long-lasting relationships with buyers while providing highest quality products and services in line with ethical marketing principles.
<b>Employees</b> 	<ul style="list-style-type: none"> <li>&gt; Employee appraisals</li> <li>&gt; Informal one-to-one sessions</li> <li>&gt; Training</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Occupational health and safety</li> <li>&gt; Grievance procedures</li> </ul>	Engage employees consistently through formal and informal channels.
<b>NGOs</b> 	<ul style="list-style-type: none"> <li>&gt; Face-to-face meetings</li> <li>&gt; Regular inspections/visits by the NGOs</li> <li>&gt; Email reporting</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Responsible social and environmental management</li> <li>&gt; Transparency</li> </ul>	Adopt and implement sustainability efforts to promote positive environmental, and social impact.
<b>Banks</b> 	<ul style="list-style-type: none"> <li>&gt; Face-to-face meetings</li> <li>&gt; Regular inspections/visits by the financial institutions</li> <li>&gt; Monthly/yearly reporting</li> <li>&gt; Regular audits</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Sustainability commitments</li> <li>&gt; Structured sustainability governance</li> <li>&gt; Higher transparency</li> <li>&gt; Good practices in human rights</li> <li>&gt; Corporate Social Responsibility (CSR) efforts for environment and community</li> </ul>	Form trusting and lasting relationships by increasing transparency through reporting on sustainability efforts and practices in reducing negative impacts to both environment and social aspects.
<b>Government and Regulators</b> 	<ul style="list-style-type: none"> <li>&gt; Face-to-face meetings</li> <li>&gt; Regular inspection/visit by the agencies</li> <li>&gt; Monthly/yearly reporting</li> <li>&gt; Regular audits</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Regulatory compliance</li> <li>&gt; Sustainability governance</li> </ul>	Comply with all relevant regulations and seek to raise the standards of sustainability practices through regular inspections, audits and reporting.

# 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.

In 2020, Lingui conducted a materiality assessment to review the relevancy of the existing ESG topics against current business operations with the help of an external consultant. The table below describes the list of ESG topics that are mapped to GRI standards for this year:









Environment	Social	Governance
 <p><b>GRI 307</b> Environmental Compliance</p>		Environmental compliance
 <p><b>GRI 403</b> Occupational Safety and Health</p>		Employee occupational safety and well-being
 <p><b>GRI 412</b> Human Rights Assessment</p>		Protection of human rights
 <p><b>GRI 413</b> Local Communities</p>		Protection of local communities
 <p><b>GRI 102</b> General Disclosure</p>		Leadership transparency and accountability
 <p><b>GRI 205</b> Anti Corruption</p>		Commitment to Anti Bribery and Anti Corruption Practices
 <p><b>GRI 417</b> Marketing and Labelling</p>		Accountability, openness, transparency and traceability

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

Lingui 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 Standards	Summary of Initiatives in Lingui	UN SDGs
<b>Environmental compliance</b>  	<b>GRI 307</b> Environmental Compliance	<ul style="list-style-type: none"> <li>&gt; To comply with Environmental Quality (Clean Air) Regulation 2014, existing factories are in process of 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).</li> <li>&gt; All factories are complying with Scheduled waste disposal. Glue waste is part of schedule waste disposed by approved waste disposal contractors.</li> <li>&gt; Upstream: FMUs/LPF carry out Environmental Monitoring Reporting (EMR) by approved external service providers. These reports are submitted to Natural Resources and Environment Board Sarawak (NREB) as part of compliance with Malaysia's Environmental Impact Assessment.</li> <li>&gt; Adherence strictly to SOPs and national laws and regulation</li> </ul>	<b>15 LIFE ON LAND</b> 
<b>Employee occupational safety and well-being</b>  	<b>GRI 403</b> Occupational Safety and Health	<ul style="list-style-type: none"> <li>&gt; Adherence to Occupational Safety and Health (OSH) policy that is tailored to Lingui's operations based on HIRARC guidelines</li> <li>&gt; Annual training to communicate Occupational Safety and Health (OSH) policy and implementation</li> <li>&gt; Voluntary programmes to promote health awareness and safety at the workplace</li> </ul>	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 
<b>Protection of human rights</b>  	<b>GRI 412</b> Human Rights Assessment	<ul style="list-style-type: none"> <li>&gt; Adherence to human rights commitment</li> </ul>	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 



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](https://sdgs.un.org/goals)

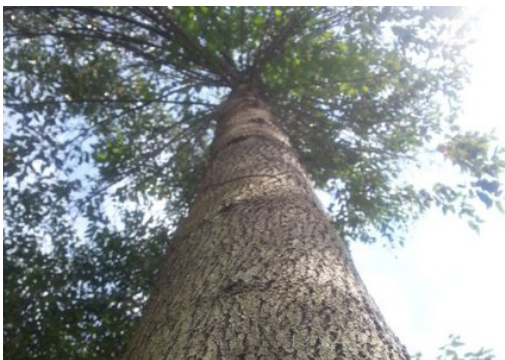
Priority Issues	GRI Standards	Summary of Initiatives in Lingui	UN SDGs
<b>Leadership transparency and accountability</b> 	<b>GRI 102</b> General Disclosure	<ul style="list-style-type: none"> <li>&gt; Establishment of Sustainability Committee</li> </ul>	
<b>Commitment to Anti Bribery and Anti Corruption Practices</b> 	<b>GRI 205</b> Anti Corruption	<ul style="list-style-type: none"> <li>&gt; Adherence and implementation of revised Anti Bribery and Anti Corruption (ABAC) policy</li> <li>&gt; Communication and training on revised Anti Bribery and Anti Corruption (ABAC) policy for employees</li> </ul>	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 
<b>Protection of local communities</b> 	<b>GRI 413</b> Local Communities	<ul style="list-style-type: none"> <li>&gt; Conflict resolution mechanism to address local communities' concerns</li> <li>&gt; Continued engagements with various communities</li> <li>&gt; Plans to formalise Corporate Social Responsibility (CSR) activities based on needs and importance</li> <li>&gt; COVID-19 medical support and assistance for the local communities</li> <li>&gt; Infrastructure support, funded costs of building learning centres, roads, and bridges</li> </ul>	<b>3</b> GOOD HEALTH AND WELL-BEING  <b>4</b> QUALITY EDUCATION 
<b>Accountability, openness, transparency and traceability</b> 	<b>GRI 417</b> Marketing and Labelling	<ul style="list-style-type: none"> <li>&gt; Reported and communicated on our ESG journey via our website</li> <li>&gt; Planned re-evaluation of strategies to ensure transparency</li> </ul>	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 

# COMMITMENT TO THE ENVIRONMENT

## SUSTAINABLE DEVELOPMENT GOALS

Malaysia together with other **192 world leaders** adopted the **2030 Agenda for Sustainable Development** at the United Nations General Assembly in New York on 25th September 2015. This is a global commitment towards a more sustainable, resilient and inclusive development, with **17 Sustainable Development Goals (SDGs)** and **169 targets**.

Source: Economic Planning Unit, Prime Minister’s Department



- Asian Black Hornbill (*Anthracoceros malayanus*) spotted inside Segan FPMU
- Black & Yellow Broadbill (*Eurylaimus ochromalus*) spotted inside Gerenai FMU
- Barred Eagle-owl (*Bubo sumatranus*) spotted inside Ravenscourt FMU
- Bushy-crested Hornbill (*Anorrhinus galeritus*) spotted inside Gerenai FMU
- Crested Serpent Eagle (*Spilornis cheela*) spotted inside Gerenai FMU
- Dusky Broadbill (*Corydon sumatranus*) spotted inside Gerenai FMU
- Eucalyptus pellita*

# CONTRIBUTING TOWARDS POSITIVE ENVIRONMENTAL IMPACT



In our business, we depend on the forest as a vital and precious resource. It is therefore only natural that we take pride in maintaining the forests for generations to come. At Lingui, sustainable forest management is **our commitment to a journey of continuous improvement.**”

## Natural Forests

All our natural forest licences have forest management plans (FMP) that are approved by the Forest Department of Sarawak (FDS). An integral part of the FMP is the general harvesting plan (GHP) which zones the licence area or forest management unit (FMU) into various land types and uses. The operating areas are clearly defined and it is only these areas that will be harvested on a cycle of 25 to 30 years. Only merchantable trees (i.e. those above a certain diameter), are eligible for harvest. In the 25- or 30-years following harvest, the remaining smaller trees that were left will grow to the required diameter and thus be available for harvest in the next cycle.

It is a requirement of the government that all long-term licences must be certified under an approved certification scheme by the end of 2022. Certification provides a third-party verification that Lingui’s forests are being managed sustainably. This guarantees that various services provided by forests, such as timber production, watershed protection, flora and fauna biodiversity, and carbon sequestration are maintained and enhanced in the long term. Additionally, annual inspections and surveillance audits by the certification bodies are required to maintain these certificates. Lingui participates in the re-certification process every five years.



## Reduced Impact Logging (RIL)

RIL is a harvesting system that was introduced many years ago as being essential for successful and sustainable operations in the natural forest. For example, it specifies the way in which the roads and skid trails, essential for the extraction of logs, should be designed and planned. Of particular importance is the actual felling of the merchantable trees and the subsequent skidding of the logs to the skid trail. These two operations present significant opportunities for reducing the inevitable damage to under-sized trees and to saplings that occurs when large trees are felled and extracted in the normal course of harvesting. Some of the former will be the trees that form the crop to be harvested during the next cycle, and those of the latter, the saplings, will subsequently form crops for multiple cycles.

An integral part of the RIL SOP is the forest inventory during which the merchantable trees that are eligible for harvesting are tagged (without such a tag a tree cannot be felled unless there is written permission from FDS, in which case a supplementary tag will be used). Trees of protected species must not be tagged. Tagged trees must be safe for the chainsaw operator to fell; be above the minimum diameter limits and contain logs of commercial grades. After felling, a section of the tree tag is fixed to the tree stump and other sections are fixed to the logs cut from the felled tree – the stump and the logs from that tree all have the same unique tree number. This number is entered in the computerised log tracking system (LTS) and is linked to the royalty assessment documentation. This unique tree number is in all the documentation that accompanies the log on its journey from stump to our mill - whether moved by truck or barge or a combination of the two. At any stage of the log’s journey, it is possible to track the log back to the block and tree stump.

## Scheduled Waste Disposal

Lingui 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. Proper handling and disposal of scheduled waste in forestry activities will reduce the environmental impact of Lingui's operations.



## Solar-Powered Lighting

Lingui is in the progress of implementing solar-powered lighting in timber camps to reduce its carbon emission and footprint of timber activities. As the awareness on the impact of carbon and greenhouse gases emission grows, Lingui is also exploring other initiatives on productivity and operations planning which can reduce carbon footprint, such as reducing the number of equipment utilised, and introducing better and more efficient methods in production and reducing manpower size.



## Wood Residue

In downstream wood manufacturing plant, residues are chipped as solid biomass fuel for boilers to generate steam energy for heating of high pressure contact presses, continuous dryers and kilns used in the processing of HDF door skin, plywood, wood pellets and sawn timber accordingly.



## Drone Technology in Timber

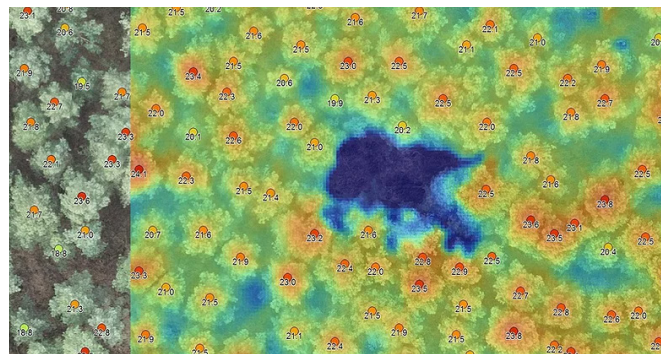
Lingui is exploring new technological territory on the front of Unmanned Aerial Vehicles (UAV) in Malaysia with the deployment of the Trinity F90+ from Quantum Systems. This UAV is capable of a flight time of more than 90 minutes while capturing imagery over 700ha, enabling the Reforestation team to acquire full coverage of an industrial timber plantation within days.

The UAV carries a dual payload, comprising a high-resolution true colour sensor as well as a multispectral sensor. Utilising artificial intelligence (AI) developed specifically for the forestry industry, Lingui is able to model the standing timber volumes from the true colour imagery, while the multispectral imagery allows for species identification and the detection of tree health. Furthermore, the stereoscopic imagery derived from the true colour sensor enables the extraction of a Digital Elevation Model (DEM), which is a virtual model of ground elevation. This dataset allows Lingui to apply improved site/species selection, road planning and slope modelling.

The use of UAVs to monitor forests and remote areas, provides a far more accurate, efficient, cost-effective, and safe means of data collection than traditional methods.



DJI Phantom Pro 4



UAV Imagery showing health of planted trees

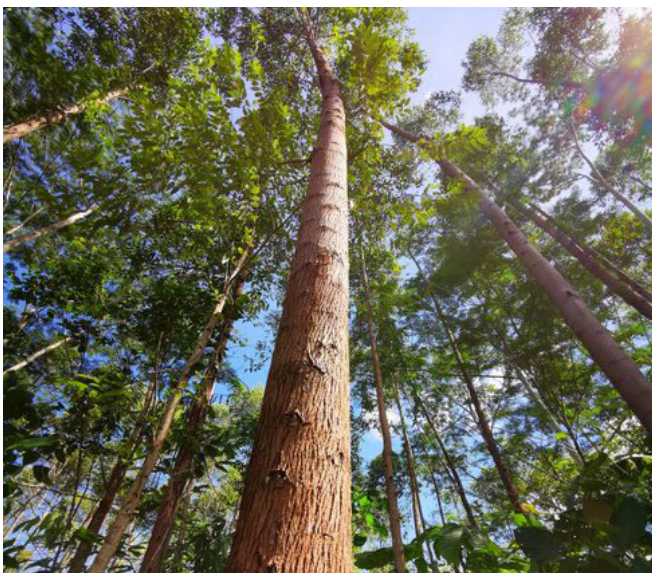
# ENSURING ENVIRONMENTAL COMPLIANCE AND GOOD FORESTRY MANAGEMENT

## Supplying Sustainable Timber

As today's consumers become increasingly conscious about how natural resources are being used, we pride ourselves on assuring that wood products originate from sustainably managed forests in accordance with approved standards.

There are numerous forest certification systems throughout the world – all are voluntary, and each is based on a different standard according to different environmental, social and economic requirements.

Lingui has obtained certification in forest management, chain-of-custody, products, quality management systems and other relevant certifications.



Eucalyptus pellita

## Responsible Forest Management Policy



### In pursuit of our Mission Statement, we shall:

Comply with all relevant environmental legislations, rules and regulations, guidelines, Malaysian Timber Certification Scheme principals and criteria for Sustainable Forest Management, to maintain and enhance the environmental values and functions of the forests.

Uphold international conventions and treaties on social and environmental protection as well as regulations set by the Sarawak Timber Industry Development Corporation (STIDC).

Periodic reviews of our operational standards, plans and programmes to bring continuous improvements to our environmental practices.

Cooperate fully with all relevant authorities, agencies, institutions, local communities, and other stakeholders through dialogues and consultations.

Collaborate with local and international expert organisations to carry out research, development, and monitoring programmes for conservation and protection.

Continue the process of obtaining forest management certification for our areas that are eligible but not yet certified whilst maintaining the status of those areas already certified.



# CERTIFICATIONS

## Why is Sustainable Forest Management (SFM) important?

SFM offers an approach to deliver environmental, social, and economic benefits while balancing the need to preserve the natural environment. As an integrated timber company, we endeavour to track the movement of all harvested trees along their journey from our forests to our mills, which is important to ensure a sustainable timber industry in Malaysia.

## Why is certification important?

Certifications hold Lingui to high standards and showcase Lingui's commitment to making a positive environmental and social impact.

## Programme for Endorsement of Forest Certification (PEFC)

The PEFC is the world's largest forest certification programme, representing more than 300 million hectares of certified forests worldwide.

## Malaysian Timber Certification Scheme (MTCS)

A voluntary timber certification scheme operated by the Malaysian Timber Certification Council (MTCC) to promote SFM through forest management certification and enables the timber industry to produce and export certified timber products to meet international demand. This certification scheme is the first of its kind in the Asia Pacific region to be endorsed by the PEFC.

358,997ha of Lingui's forest concession or forest management unit have already been certified to the MTCS Malaysian Criteria and Indicators for Sustainable Forest Management. The balance of the forest concessions are work in progress to be certified as part of sustainability journey.

## ISO Quality Management Certification



Forest operations under Lingui are certified to ISO 9001:2015 Quality Management System covering the scope of design and planning of harvesting activities, transporting and marketing of merchantable timber logs.



Segan Plantation's Forest Management Certificate

## Chain of Custody Certificates

Factories in Lingui have obtained the PEFC Certificate for Chain of Custody (CoC) to ensure buyers benefit from timber products manufactured with materials from certified sources.



# SUSTAINABLE INDUSTRIAL TREE PLANTATION (ITP)

## Industrial Tree Plantations

Sarawak Industrial Tree Plantations (ITPs) represent a key economic activity and source of income for local communities, the state, as well as private companies.

Lingui invests heavily in fast-growing, high-yield species that are planted and managed for large-scale commercial log production in Sarawak. Lingui has taken steps in environmental protection and fosters best practices such as protecting biodiversity through responsible harvesting.

Lingui obtains forest management certifications of its ITPs under the Malaysian Timber Certification Council's (MTCC) Malaysian Timber Certification Scheme (MTCS).

Segan ITP (10,332ha) was certified by SIRIM QAS International Sdn Bhd in July 2014 and 9,393ha of Lana ITP was certified in January 2017 – also by SIRIM. Marudi ITP (19,941ha) was certified in January 2019.

After certification, there is an annual surveillance audit by a certification body accredited by Standards Malaysia. Re-certification takes place every five years.

Over the past 20 years, Lingui has developed its own in-house expertise to manage ITPs in Sarawak according to international best practices. There are now 31,750 hectares planted with well over 35 million trees – the majority of which comprises *Acacia mangium*, *Acacia crassiparpa*, *Eucalyptus pellita*, *Gmelina arborea* and *Falcataria moluccana*.

These species can be harvested between 8 to 15 years after planting. Our objective is to produce logs suitable for plywood and sawn timber. To meet growing needs from its downstream mills, Lingui strives to increase supply from existing forest plantations while exploring opportunities to expand existing hectareage.

Lingui maximises the utilisation of plantation logs by manufacturing a wide range of products: furniture, acacia boards, cutting boards, floorings, doors, door-skins, plywood, medium-density fibre boards and wood pellets.



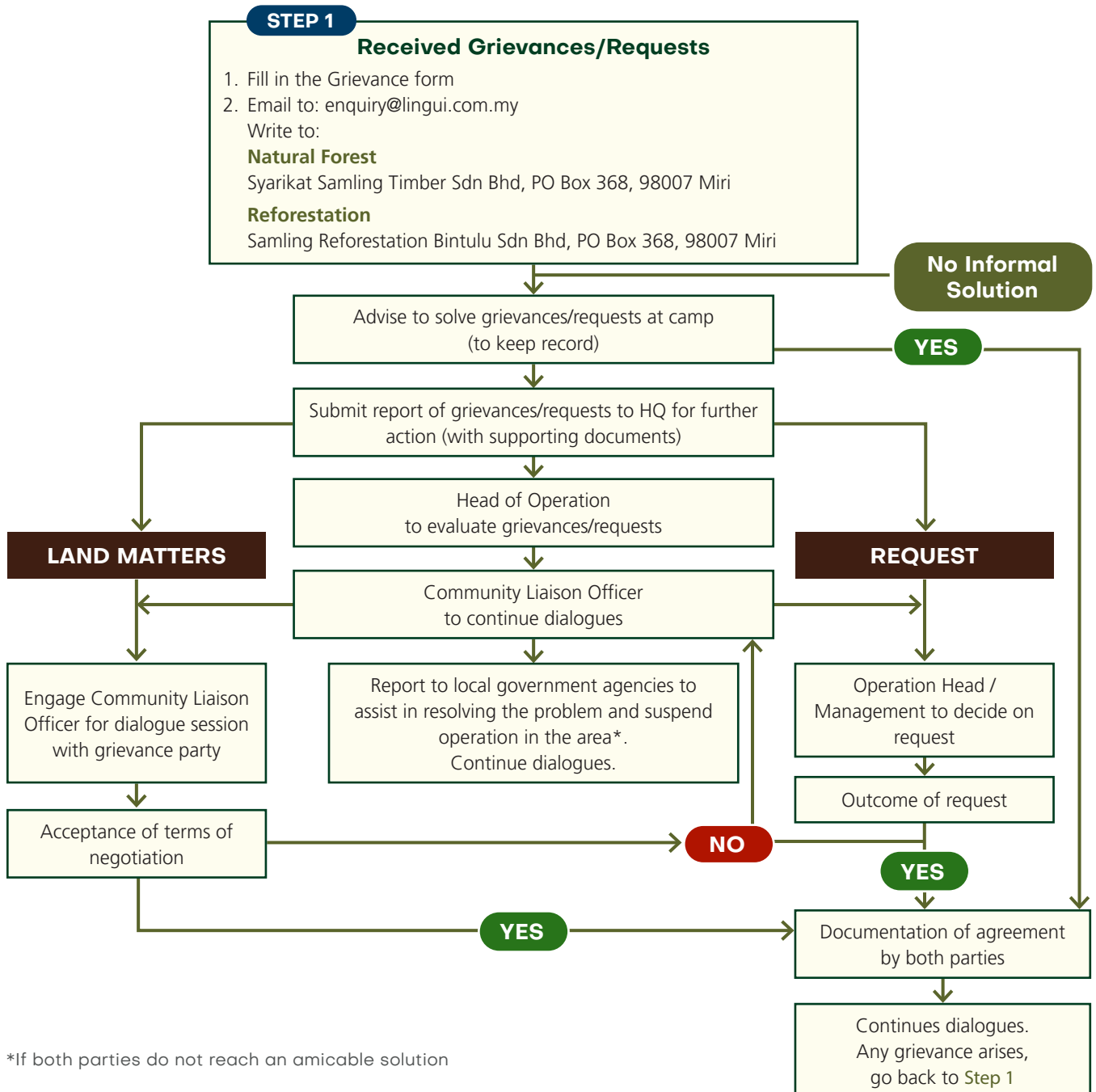
Eucalyptus pellita at Segan LPF



# ETHICAL BUSINESS PRACTICES

Lingui’s Ethical Business Practices guide the standards of behaviour expected of all stakeholders. The standards of behaviour are derived from our core values and business principles.

## GRIEVANCE PROCEDURE



\*If both parties do not reach an amicable solution

# OUR PEOPLE

## PROMISING A HEALTHY AND SAFE WORKING ENVIRONMENT

### Safety for all

Each operating unit has its own Health and Safety committee to manage and ensure the health and safety of the unit's personnel. The unit is guided and supported by the company's Health and Safety team under the purview of the top management team. There is equal representation of employer and employee in the committee to facilitate employee participation in the execution of the committee's function in ensuring the specific site safety and health programmes meets requirement. The committee, in conjunction with the company's Health and Safety team, is primarily involved in planning and organising training programmes, inspecting and reviewing work site hazards, participating in incident investigation and improving safety mitigation measures in operations, as part of a continuous improvement process.

In upstream operations, our forestry workers are required to undergo training in the relevant forestry skill sets conducted by the Forestry Department's appointed training provider as part of the competency requirement.

Safety awareness is inculcated in our people through internal training on hazard identification and risk assessment related to job activities and the acceptable mitigation practices as part of the standard operating procedures.

### Our Annual Health and Safety Programme are structured to cover:

- > Pre-employment medical Fit to Work Assessment
- > Health and Safety induction to new employees
- > Basic Health screening by in-house medical assistant
- > Chemical Health Risk Assessment (CHRA)
- > Periodic external Chemical Exposure Monitoring
- > Periodic Medical Surveillance for exposed employee by OHD
- > Noise risk assessment and monitoring plan
- > Basic Occupational First Aid Training
- > Basic Fire Fighting Training
- > Pre Job Safety Training and Tool Box Talks
- > Machinery Inspection
- > Training on the use of Personnel Protective Equipment (PPE)
- > Health and Safety Campaign
- > Health and Safety Inspection and Audits (Internal and External)

Lingui's senior managers engaging in discussion and review sessions and outdoor team building activities.



## Training and Development

At Lingui, we believe in helping each other reach our fullest potential. A Performance Management System has been in practice for more than 10 years. It covers goal setting, performance evaluation, performance development, which includes succession planning, training and development. Through regular performance assessments, we can identify the specific needs for all our employees and develop and implement training programs accordingly.



## Performance Based Training

### Quality management training

Lingui carries out awareness training for ISO 9001:2015 Quality Management System regularly to improve the appreciation and awareness of importance of quality management towards business continuity. As ISO 9001:2015 system promotes risk based thinking approach and focusing on customers and stakeholders, it is strategic for building a sustainable management framework for the timber group.

### Training to grow competencies in environment management

Over the last three years, training for a dedicated group of internal auditors for environmental compliance audit were successfully carried out to support post EIA environmental monitoring and self-regulation in conjunction with the authority. Other training of similar nature included technical training on collection of water for sampling purposes. This training and development of dedicated personnel is to better equip Lingui to comply with the requirements in environmental management and its challenges.

21 employees from supervisory and executive levels in Miri completed a 12-month Executive Development Programme (EDP) conducted by Humangement Development Consultant.

### Work-based training for incumbents

Lingui has trained many eligible executives and middle management staff through a programme on Work-based Diploma to enhance the staff's work experience facilitating abilities to perform their Key Result Areas (KRA). A total of 103 staff were trained since 2015. In Lingui, training is the key for developing and motivating the people to excel to meet various sustainability goals.

### Providing employment through apprenticeship programme

Lingui has collaborated in three strategic partnerships in three years with various governmental training agencies, namely the Institut Latihan Perindustrian (ILP) Miri, Institut Kemahiran Belia Negara (IKBN), and the Pusat Pembangunan Kemahiran Sarawak (PPKS) to tackle the shortage of skilled manpower in Sarawak by making vocational training and qualifications available for youth.



Lingui's industrial training apprentices in a dialogue session with their training coaches and our management, an event organised by Lingui.



# RESPECTING DIVERSITY AND SOCIAL RIGHTS

Our employees remain one of the key drivers and a valuable resource for the Lingui's sustainable growth. As such, we place great emphasis on cultivating an inclusive working environment where employees can realise their full potential.

Promoting inclusion and diversity in the workplace brings about new concepts and ways of thinking that are born from employees with diverse backgrounds. This allows for greater value-adding and creative solutions and results in new opportunities to explore. In this regard, respecting employees' rights to express their ideas and concerns is of utmost important to Lingui - where all forms of discrimination are not condoned.



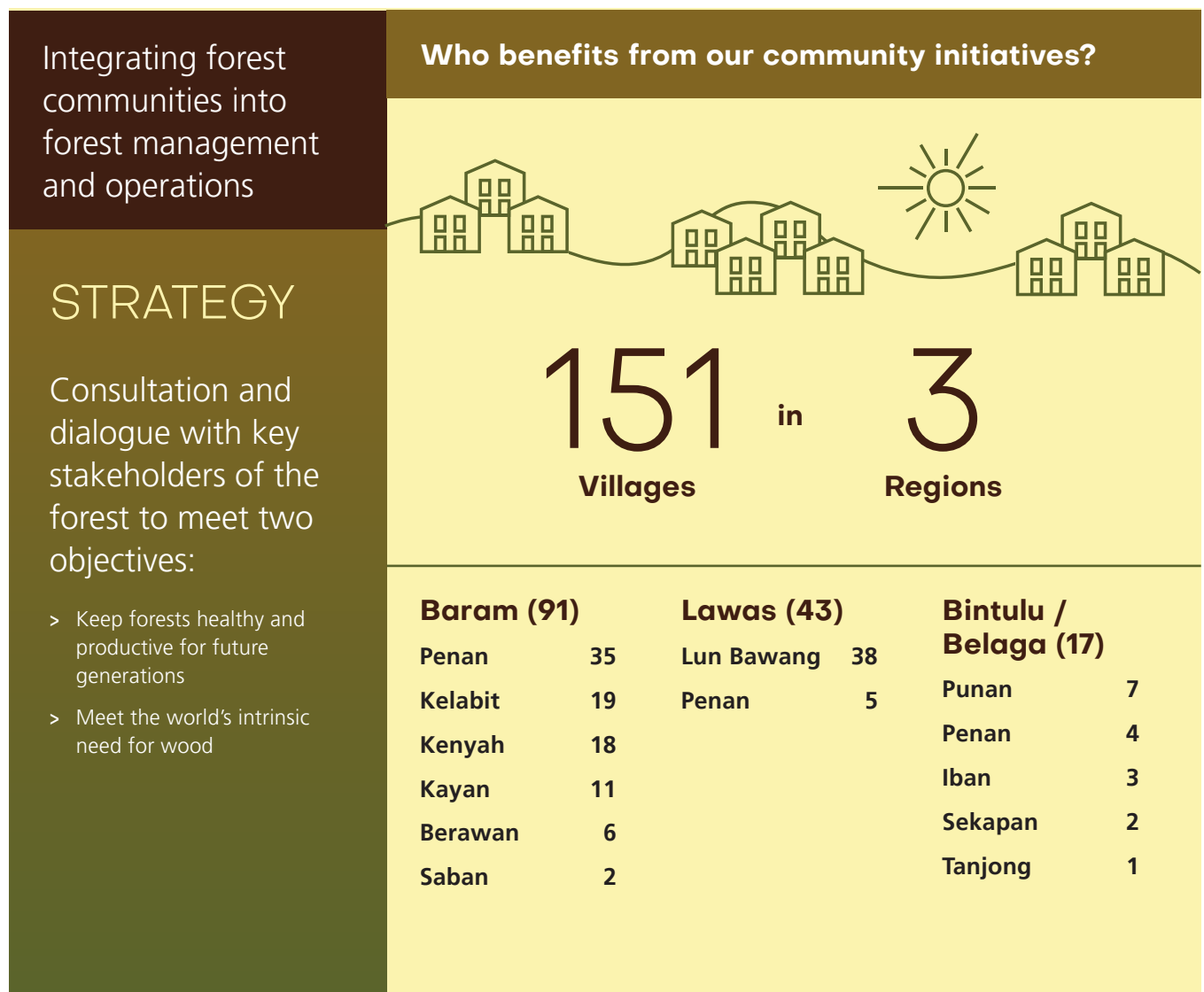
# SUPPORTING OUR LOCAL COMMUNITY – COMMUNITY ENGAGEMENT

We have a long tradition of communicating and working closely together with the local communities. We strive to live harmoniously with our neighbours.

We engage in dialogues with forest dwellers to understand their concerns and needs to prevent any potential disputes.

We have a team of community affairs officers, most of whom are from indigenous groups who look into the needs and livelihoods of these communities living within our concession areas.

## ENGAGING FOREST COMMUNITIES





# LINGUI'S CORPORATE SOCIAL RESPONSIBILITY

## A SOCIALLY RESPONSIBLE LINGUI

Regular engagement with the local communities enables us to provide for basic needs – electricity, clean water, building materials for their homes, schools and places of worship.

To ensure we are constantly in touch with the communities, we make regular visits to check on project conditions and identify necessary maintenance works. For instance, we repair worn-out timber structures, and fix improper electrical wiring.



Generator sets and wiring system for electricity



Water pipes and Mini-Hydro Dam for water



Handing over of a new block of classrooms



Medical outreach programme



Community development for self sustainment



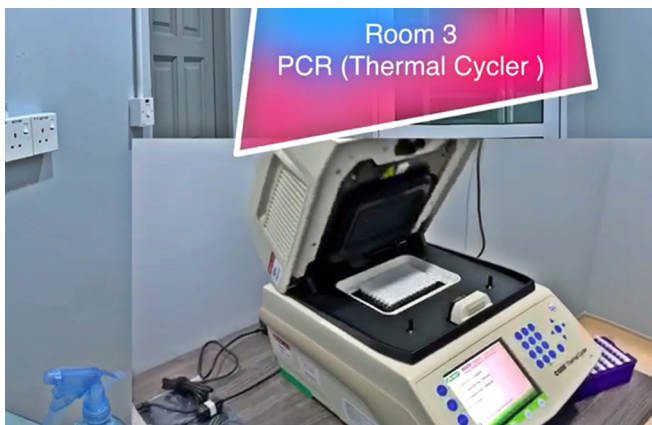
Humanitarian and relief aid to fire victims

# SUPPORT TO FRONTLINERS AND COMMUNITIES FOR COVID-19

Besides assisting the local communities in the remote areas where we operate, Lingui also provides aid to the urban communities in time of critical need.

During the height of the COVID-19 pandemic, where critical medical equipment and medical supplies were short in supply and urgently needed at hospitals, Lingui stepped up to play the role as a responsible corporate organisation by contributing critical medical equipment and medical supplies to local hospitals and medical institutions in Sarawak. Medical supplies include Polymerase Chain Reaction (PCR) machines, ventilators, Personal Protective Equipment (PPEs), surgical masks, thermometers and sanitisers.

Besides contribution of medical supplies to the hospitals and other health facilities, Lingui also has donated essential food packs to the urban disadvantaged group affected by the lock-down during this difficult period.



## Forefront of care

Lingui assisted in the renovation and upgrading of the existing Miri Hospital lab into a Molecular lab with PCR testing capacity. The donation includes a medical grade refrigerator, two medical grade freezers, a bio safety cabinet, a thermocycler, a centrifuge and other accessories to comply with the fully qualified operation of a PCR lab. Lingui also donated four units of ventilators to Miri Hospital.



## Covid-19 Battle

Lingui donated a PCR machine and other essential medical items such as PPEs, thermometers, surgical masks, gloves, disinfectants and sanitizers to Bintulu Hospital in its fight against the Covid-19.



### Provision of medical supplies

Consignment load of medical supplies to be distributed to hospitals and clinics in Limbang, Kapit and Lawas Division.



### Caring for all

Donation to Limbang Hospital and government clinics.

# OUR GOVERNANCE

## CORPORATE VALUES


Lingui embraces key values that drive the generation of sustainable value for its stakeholders, the environment, and consumers in regional and global markets.




Develop competitive and responsibly managed resources that meet or exceed regulatory standards




Adopt a proactive approach that is based on collaboration, transparency, trust and open communication with stakeholders



Satisfy customer requirements with quality products and expand the customer base in domestic and international markets



Partner with groups and agencies to raise industry standards



Improve profit performance and returns to stakeholders



# CODE OF ETHICS

The Code requires employees and contractors to comply with applicable laws and regulations, and with all of Lingui’s policies and standards.

It is aligned with the Health, Safety, Environment, and Community (HSEC) Management Standards as well as other corporate policies and reference documents providing explicit requirements and other guidance that will assist in implementing the code.



## Accountability, Openness, Transparency & Traceability

Lingui is able to provide tangible assurance to our buyers by way of certifications that our timber products are produced responsibly and sustainably.



## Anti Bribery and Anti Corruption Practices

Lingui is also committed to conducting its business in a legal and professional manner, with the highest standard of integrity and ethics. We practice a zero-tolerance approach against all forms of bribery and corruption.



## Privacy & Data Protection

The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to Lingui.



## Commercial Interest

Lingui’s commercial interests will always remain confidential under all circumstances. Transparency will be implemented through active communication with relevant stakeholders and reporting.

# PRIVACY POLICY

Lingui Group's Privacy Policy is how we collect, handle and process data of our customers and visitors. It explicitly describes whether that information is kept confidential or is shared with or sold to third parties.



## Privacy Policy Statement

This privacy policy statement helps you understand how we collect, use and protect your information when you visit the website. By providing data to us, you acknowledge your consent to the processing of your data in accordance with this privacy policy statement.

## Personal information collection

We collect and use your personal information only with your knowledge and consent and typically when you use services, make customer enquiries, register for information or other services, or when you respond to communications from us (such as questionnaires or surveys).

## Purposes of the collection

The information is collected so as to enable us to carry out and administer our services to you, to verify your identity, and to respond to your requests for information or services.

## Consequences of non-provision

If you decline to provide us with such information/data as requested, we may be unable to carry out and administer our services to you or process your request for information or services.

## To whom data may be transferred

We restrict access to personal information about you to those employees, agents or other parties who need to know that information to provide services to you. We may also provide such information to any person to whom we are under an obligation to make disclosure by the requirements of any binding laws.

## Access to your information

You may contact us at any time to obtain details of the personal information we may hold about you. You may also request at any time a correction of the personal data which is inaccurate. We will take all reasonable steps to confirm your identity before providing you with details of any personal information we may hold about you.

## Security of personal data

We shall take all practical steps to ensure that your personal data will be protected against unauthorised or accidental access, processing or erasure. We maintain this commitment to data security by implementing appropriate physical, electronic and managerial measures to safeguard and secure your personal data.

## Security of data transfer

Please be aware that communications over the Internet, such as emails/webmails, are not secure unless they have been encrypted. Your communications may route through a number of countries before being delivered. We cannot accept responsibility for any unauthorised access or loss of personal information that is beyond our control.

## Privacy support

We reserve the right to amend or modify this Privacy Policy Statement at any time and in response to changes in applicable data protection and privacy legislation.

# GRI CONTENT INDEX

GRI Standards 2016	Disclosure Title	Section Reference & Remarks
<b>GRI 102: GENERAL DISCLOSURE 2016</b>		

## ORGANISATIONAL PROFILE

<b>102-1</b>	Name of the organisation	Overview, page 3
<b>102-2</b>	Activities, brands, products and services	Overview, page 3
<b>102-3</b>	Location of headquarters	Contact Us, page 42
<b>102-4</b>	Location of operations	Overview, page 3
<b>102-5</b>	Ownership and legal form	Overview, page 3
<b>102-6</b>	Markets served	Overview, page 3
<b>102-7</b>	Scale of the organisation	Overview, page 3
<b>102-8</b>	Information on employees and other workers	Our People, page 27
<b>102-9</b>	Supply chain	Overview, page 3
<b>102-10</b>	Significant changes to organisation and its supply chain	No Significant changes
<b>102-11</b>	Precautionary principle or approach	Page 20 to 26
<b>102-12</b>	External initiatives	Page 30 to 34
<b>102-13</b>	Membership of associations	Sarawak Timber Association

## STRATEGY

<b>102-14</b>	Statement from senior decision-maker	Message to Stakeholders, page 5
---------------	--------------------------------------	---------------------------------

## ETHICS AND INTEGRITY

<b>102-16</b>	Values, principles, standards, and norms of behaviour	Our Approach to Sustainability, page 6 to 11
---------------	---	--

## GOVERNANCE

<b>102-18</b>	Governance structure	Our Approach to Sustainability, page 9
---------------	----------------------	--

GRI Standards 2016	Disclosure Title	Section Reference & Remarks
--------------------	------------------	-----------------------------

### STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	Lingui's Stakeholders Engagement Overview, page 14 to 19
102-41	Collective bargaining agreements	Not applicable
102-42	Identifying and selecting stakeholders	Lingui's Stakeholders Engagement Overview, page 14 to 19
102-43	Approach to stakeholder engagement	Lingui's Stakeholders Engagement Overview, page 14 to 19
102-44	Key topics and concerns raised	Lingui's Stakeholders Engagement Overview, page 14 to 19

### REPORTING PRACTICE

102-45	Entities included in the consolidated financial statements	Lingui's Audited Financial Statement 2020/21
102-46	Defining report content and topic boundaries	Lingui's Stakeholders Engagement Overview, page 14 to 19
102-47	List of material topics	Lingui's Stakeholders Engagement Overview, page 14 to 19
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	Overview, page 4
102-51	Date of most recent report	Lingui Sustainability Report 2020
102-52	Reporting cycle	Overview, page 4
102-53	Contact point for questions regarding the report	Page 42
102-54	Claims of reporting in accordance with the GRI Standards	About This Report, page 4
102-55	GRI content index	GRI Index, page 38
102-56	External assurance	This report is not externally assured.



GRI Standards 2016	Disclosure Title	Section Reference & Remarks
<b>MATERIAL TOPICS</b>		
<b>GRI 307: Environmental Compliance</b>	Descriptions of any significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.	No significant fines or non-monetary sanctions are reported. A description of how Lingui manages this aspect is explained from page 20 to 26.
<b>GRI 403: Occupational Health and Safety</b>	Descriptions of how occupational health and safety (OHS) is managed including system, risk management, training, prevention and mitigation, injury rate.	Description of how Lingui manages its OHS is given from page 27 to 29.
<b>GRI 412: Human Rights Assessment</b>	Descriptions of human rights aspects are managed with operations including assessments and policy training.	Human rights aspects are managed in line with sustainable management policies. More description on page 11 to 13.
<b>GRI 413: Supporting Our Local Community - Community Engagement</b>	Descriptions on any local communities engagement, impact assessments and development programmes.	Our People, page 31 to 34
<b>GRI 205: Anti-Corruption</b>	Description on how anti-corruption aspects are managed including risk assessments, policies, training and number of incidents reported.	No incidents reported related to anti-corruption. More description on page 35 to 37.
<b>GRI 417: Marketing and Labelling</b>	Description on how this aspect is managed, including sourcing and compliance.	More description on page 20 to 26.

This page is intentionally left blank.



## Contact Us

For questions or to deliver feedback about this report, please contact:

### **Lingui Developments Sdn Bhd**

P O Box 12053, 50766 Kuala Lumpur

Tel: +603 6412 3999

Email: [enquiry@samling.com](mailto:enquiry@samling.com)