

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board or BOD”) of Evergreen Fibreboard Berhad (“EFB”) takes this opportunity to provide an insight into the Group’s Corporate Governance (“CG”) practices during the financial year ended 31 December 2021 (“FY2021”).

This Corporate Governance Overview Statement (“Statement”) sets out the principles and features of EFB’s corporate governance framework and the main areas of focus and priorities. We in EFB do not see governance as just a matter of the Board but good governance practice is made the responsibility of all by upholding our set governance standards with continuous efforts to strengthen the governance within the Group.

The Board hereby presents the Group’s CG Overview Statement:-

## ON BOARD LEADERSHIP & EFFECTIVENESS

### Practice 1.1

The Board recognises the key roles it plays in setting the strategic direction of the Group. To achieve this, the Board carried out the following activities during the financial year:-

- a) approved the Group’s Annual Corporate Management Plans (which includes the Budget Plans) that are linked to the strategic financial and non-financial objectives for the financial year 2022 presented to the Board by Management in November 2021 meeting;
- b) oversees the performance of the Group’s Businesses through regular updates (other than BOD meetings) by Management on the financial and non-financial performance of individual company / business units and thereon advised management accordingly;
- c) reviews and approves the ethical standards in the Code of Conduct on appropriate behaviours and obtain Management’s assurance for any non-adherence during Board Meetings;
- d) reviews and approves the revised Enterprise Risk Management and Sustainability Framework for changes made in view of the current business environment;
- e) together with Management, set the Group’s strategies and policies that oversees risk, sustainability and corporate governance including monitoring the progress towards the Group meeting its set objectives and annual budget plans; and
- f) review and approve Stakeholders’ Communication Policy to ensure that it is as what being practice by management.

### Practice 1.2

Mr. Jonathan Law Ngee Song is our Independent Non-Executive Chairman and his main role and responsibilities are strictly on matters of the Board. He provides the Board with the needed directions and strategic insights and he is able to represent the same to our Stakeholders. He fosters good corporate governance practices by ensuring the Company’s adoption of required policies and practices in compliance to the Malaysian Code on Corporate Governance (“MCCG”). Together with the Company’s Secretary, he regularly reviews the compliance level of the Company on corporate governance and the requirements of the Securities Commission and the Listing Requirements of Bursa Malaysia.

### Practice 1.3

The positions of our Chairman and the Chief Executive Officer are held by different individuals, i.e., Mr. Jonathan Law Ngee Song and Mr. Kuo Jen Chang. Our Board Chairman’s main role and responsibilities are strictly on matters of the Board which is entirely different from our Chief Executive Officer.

### Practice 1.4

The Company has departed from this practice as Mr. Jonathan Law Ngee Song who is our Board Chairman, is also our Remuneration Committee Chairman as well as a member of other Board Committees.

The Board is in the midst of appointing additional director and will be able to apply this practice by the 4Q2022.

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## Practice 1.5

Our Company is being supported by 2 (two) qualified and competent Company Secretaries namely Madam Leong Siew Foong (MAICSA NO. 7007572) (CCM PC NO. 202008001117) and Santhi A/P Saminathan (MAICSA NO. 7069709) (CCM PC NO. 201908002933) and they are capable of providing the required sound governance advice, ensure adherence to rules and procedures by the Company and advise on the adoption of corporate governance during our Board meetings including as and when is required.

## Practice 1.6

Members of the Board & Committees receives meeting papers containing minutes of previous meeting, agenda of the coming meeting together with all relevant papers for the agenda in advance of 6 (six) days prior to actual meeting date.

Upon conclusion of each meeting, Minutes of Meeting are prepared and circulated via electronic mail to all members in draft form within 14 (fourteen) days from date of meeting held. The amended draft minutes are re-circulated via electronic mail for final confirmation in readiness for signing at the next meeting.

## Practice 2.1

Our Board Charter was last reviewed in November 2021 and is made available on the Company's website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my). Contents clearly indicated the respective roles and responsibilities of Members of the Board and Committees which includes issues and decisions that are strictly reserved for the Board's discussion and approval.

## Practice 3.1

The Board together with Management reviewed our Code of Conduct & Business Ethics ("the Code") in August 2021 to enhance the ethical standards set for Employees and Directors in the Group. Policies and Procedures managing Conflict of Interest, prevention on abuse of power, anti-bribery/corruption, insider trading and money laundering has been established and is also covered in the Code.

Accessibility to the Code, is made available to the general public on the Company's website [www.evergreengroup.com.my](http://www.evergreengroup.com.my) and Policies & Procedures is made available in the Company's Document Management System (DMS) on the cloud-based storage and is made accessible to all Head of Departments/Operations in the Group at any point in time.

## Practice 3.2

Policy on Whistleblowing has been fully implemented throughout the Group and is made available on the Company's Document Management System (Cloud Base) which is accessible to approved employees in the Group at any point in time and on the Company's website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my).

## Practice 4.1

In view of the Board and Management's responsibilities of addressing the governance of sustainability matters in the Company, the Board has established a Sustainability Management Committee within the Risk Management Committee, with Management Committee driving Sustainability Matters and a Risk and Sustainability Management Working Group at each subsidiary to embed sustainability initiatives in their day-to-day practices.

The established Risk & Sustainability Management Committee ("RSMC"), assists the Board to review the Group's sustainability strategies including the material sustainability matters. Periodic reports by Senior Management on sustainability matters are escalated to the BOD for their acknowledgement.

Senior Management have been tasked by the Board to assist the RSMWG by providing management leadership to subsidiaries pertaining to management of material sustainability matters on economic, environmental, social and governance and reported to the RSMC/Board accordingly.

Senior Management drives down the sustainability strategies and plans for implementation by each subsidiary/business unit through the Head of Operations and the Risk & Sustainability Management Working Group.

## Practice 4.2

The Board through the RSMC together with Senior Management sets sustainability strategies and reviews the processes of material sustainability matters against the set targets and has communicated with their internal stakeholders at this stage. Communication on these matters to external stakeholders will be initiated as planned.

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### Practice 4.3

The Board has kept themselves abreast and understands the sustainability issues relevant to the Company and its business which include climate-related risk and opportunities through Sustainability Training attended and regular updates on sustainability matters.

Trainings attended by Directors during the current financial year 2021 is as follows:-

Director	Trainings/Fairs Attended
JONATHAN LAW NGEESONG	Sustainability Reporting Ensuring Relevance to Financial Market
KUO JEN CHANG	Enterprise Risk Management Sustainability Management
KUO JEN CHIU	Enterprise Risk Management Sustainability Management Paving the Way for Profitability through Sustainability
KUAN KAI SENG	Sustainability & Corporate liability Seminar Percukaian Kebangsaan 2021
HENRY KUO	Sustainability & Corporate Liability
MARY HENERIETTA LIM KIM NEO	Sustainability Reporting Requirements Enterprise Risk Management Sustainability Management Risk Management and due diligence Sustainability Reporting Practitioner Paving the way for profitability through Sustainability The Sustainability Accelerator
NIRMALA A/P DORAISAMY	Sustainability Management Audit Committee Virtual Conference 2021 Economic Outlook 2021 Investing at the Right Time and Sector Sustainability Reporting Ensuring Relevance to Financial Market Virtual Conference Series: Risk Management Conference 2021 Paving the Way for Profitability through Sustainability Financial Digitalisation and Data Governance Corruption Risk Management "Dawn Raid: Since Section 17A MACC Act Has Come Into Force, Don't Be Caught Unprepared" Getting It Right At The Board: What Does It Take? Enterprise Risk Management & Sustainability Board Assessment A Key Cog in an Effective Governance Structure Audit oversight Board conversation with Audit Committee Risk Management in Strengthening Resilience Management and Unprecedented Times

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## Practice 4.4

Annual Evaluation of the Board and Senior Management includes sustainability matters in general. Nevertheless, for financial year 2022 Sustainability elements have been added into the KRAs/KPIs of the Board and Senior Management to address the Company's Material Sustainability Risk and Opportunities.

## Practice 4.5 – Step Up

The Board has identified and designated a person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.

## Practice 5.1

On the composition of the Board, Nomination Committee carried out Annual Performance Assessment to review and evaluate the composition and effectiveness in December 2021.

On Re-election of Directors,

- 1) Evaluation on the performance of the retiring Directors seeking for re-election was carried out by the Nomination Committee based on salient criteria of their contribution to the Board's decision making and their individual performance in their roles and responsibilities to the Company/Group.
- 2) Amongst the criteria assessed was on their contribution, character in dealing with potential conflict of interest situations, on critically challenging matters, on the right questions asked and the confidence to stand up for their point of view in any matter during meetings.
- 3) Based on the annual evaluation carried out by Nomination Committee, key strengths and weaknesses were noted on retiring directors.
- 4) The satisfactory outcomes of their assessments were reported to the Board and the Board has recommended that these Directors be re-elected according to the respective resolutions put forth in the forthcoming AGM.
- 5) Retiring Directors had abstained from all deliberation and participation of their own agenda in both the Nomination Committee meeting as well as the Board of Directors' meeting.

## Practice 5.2

The Company has departed in this Practice due to the fact that our Board comprises of 7 (seven) members, made out of 3 (three) Independent Directors, 3 (three) Executive Directors and 1 (one) Non-Independent Non-Executive Director.

The Board through the NC is in the midst of sourcing and appointing new directors to comply to this practice before the 4Q2022.

## Practice 5.3

The Company has put in practice that for Independent Directors in service beyond nine years and in retaining him/her as an independent director beyond nine years, the use of the two-tier voting process to seek shareholders' approval will be carried out.

## Practice 5.4 – Step Up

The Board do not have a policy which limits the tenure of its independent directors to nine years without further extension.

## Practice 5.5

Appointment Board Members and Senior Management are based on criteria such as the required skills for the boardroom, relevant experience, age, background, culture and gender that have been set by the Board for the Nomination Committee, to ensure a mixture of skills.

At the point of interview being conducted, candidates for Board Member or Senior Management are requested for their time that they are able to devote to the Company and they also made known the required time needed from them by the Company should they be successfully appointed.

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Additionally, a background check on successful candidate is carried out by Management before Nomination Committee recommends appointment to the Board for approval. The Board reviews recommendation before any written appointment is given.

### Practice 5.6

On sourcing and identifying candidates for the Board, the Nomination Committee seeks recommendation of potential candidates from existing board members, management, stakeholders and at the same time the Company uses the services of Lead Women Directors Registry for potential female candidates and the Institute of Corporate Directors Malaysia (ICDM) for male candidates.

### Practice 5.7

Statement in Annual Report provided to shareholders on appointment and re-appointment of Directors consist among others:-

- 1) For New Appointment of Director - Complete profile of Director to be included;
- 2) For Re-appointment - Evaluation on the performance of the retiring Directors seeking for re-election will be given and the criteria for assessment, key strengths and weaknesses;
- 3) The outcomes of assessments are reported to the Board of Directors and the Board recommended for Director to be re-elected according to the respective resolutions; and
- 4) The retiring Director had abstained from all deliberation and participation of their own agenda in both the Nomination Committee meeting as well as the Board of Directors' meeting.

### Practice 5.8

Our Nomination Committee is Chaired by our Senior Independent Director, Ms. Nirmala A/P Doraisamy.

### Practice 5.9

The Company has departed from this practice as we only have 2 (two) women directors out of 7 (seven) directors which is 28.5%. With the additional intake of a new board member, this Practice will be in line as required.

### Practice 5.10

The Group's Policy on Diversity for the Board as well as Senior Management:-

- a. On gender diversity - The Company targets a composition of 30% woman directors against its overall board; and
- b. On Mix of Skill - The Company has set a criteria list for Board Members & Senior Management in the Terms of Reference of the Nomination Committee.

### Practice 6.1

Annual Assessment / Evaluation

Nomination Committee carried out Annual Evaluation in the following manner:-

- 1) In December 2021, Nomination Committee carried out Annual Performance Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, Individual Directors (including Independent Directors) and Key Officers of the Company.
- 2) Nomination Chairman who is also the Senior Independent Director, Ms. Nirmala A/P Doraisamy, led the annual assessment process which was done online.
- 3) Annual Evaluation Forms were placed online using Google Forms and Individual members login IDs and password were given through a WhatsApp message to all concern to carry out their review on Individual Directors, Key Officer, Company Secretary, the Chairman of the Board, the board as a whole and Board Committee(s). A timeframe was also given for review to be completed.

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- 4) The results of the completed evaluation was tabled at the Nomination Committee meeting that was held in February 2022 and discussed with the Chairman of the Board.
- 5) Board Chairman made known to all Members on the outcome of the annual evaluation carried out on individuals as well as the board and committees of the minor improvements and trainings needed to be attended in the following year.
- 6) Board Chairman had then advised NC Chairman on the actions to be taken to the findings from the evaluation results based on:
  - a. the improvements needed on the Board, Board Committee or Individuals;
  - b. the trainings needed by the Board, Board Committee or Individuals; and
  - c. the monitoring or observance period required on any matter or individuals.
- 7) Summary of evaluations results carried out by the Nomination Committee was recorded and documents filed by Company Secretary.
- 8) Human Resource Department was given a copy on the summary of training needs for the subsequent year to be attended by directors, senior management and key officers.

### Practice 7.1

1. The Company's Remuneration policy on fees and allowances structure for Non-Executive Directors ("NED") was reviewed and approved by the Board on October 2019 was used to reward NEDs. The framework on fees structure and allowances takes into consideration the responsibilities of each individual director their roles and their contribution to the Board as well as the Board Committees they sit in.
2. A formal remuneration framework and salary structure for Executive Directors, Senior Management and Key Officer which was reviewed and approved by the Board in October 2019 was used to anticipate the performance of the Group.
3. The framework and salary structure are based on the Financial Performance and Key Results Area set for each subsidiary or business units. It takes into account the performance of individual Executive Directors and Key Officers and their contribution towards the financial and non-financial performance of the Group as a whole.
4. The Remuneration Policy for NEDs, Key Officers as well as Senior Management are made available on the Company's website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my).

### Practice 7.2

The Remuneration Committee's written Terms of Reference deals with its authority and duties and these are made available on our Company's website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my).

### Practice 8.1

The fees, allowances and benefits of RM450,000 was formally approved by shareholders on 16 August 2021. The amount paid to non-executive directors for the financial year ended 31 December 2021 is RM347,636 and the details to this payments is stated in the Company's Corporate Governance Report 2021.

### Practice 8.2

The Company has departed from this practice as the Board disclosed its 5 (five) Senior Management by Name but not in remuneration bands but in a total lump sum in the Company's Corporate Governance Report 2021.

Nonetheless, the Board gives their assurance that the Company's remuneration and benefit package for its Senior Management is comparable against the same industry and the Company is able to retain the needed talents.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## **Practice 8.3 - Step Up**

The Company has departed from this practice recommended due to sensitivity reasons in the Group as well as to safeguard the confidentiality of information.

## **Practice 9.1**

Our Audit Committee Chairman in the current financial year is Mr. Kuan Kai Seng and he does not hold the position of the Board Chairman.

## **Practice 9.2**

A policy on the appointment of former key audit partners or former employees of the external auditor's firm has been put in place. In this policy the external auditor's key audit partners cannot be offered employment or be appointed as a member of the audit committee by the Company within 2 (two) years of undertaking any role in the audit work of the Company or its subsidiaries.

Additionally, any offer of employment to a former employee of the audit firm in respect of a senior management position must be pre-approved by the Audit Committee.

## **Practice 9.3**

Policies and Procedures for evaluating the external auditors are in place and being practiced by the Audit Committee together with the Nomination Committee in terms of accessing the suitability and the independence of external auditors. The annual evaluation process on external auditors is led by the Nomination Committee Chairman in discussion with the Audit Committee.

## **Practice 9.4 - Step Up**

Our Audit Committee comprises solely of Independent Directors and all of whom are Non-Executive Directors ("NED") and this is in line with the test of independence under Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"); Paragraph 15.09(1) (a) and (b).

## **Practice 9.5**

Members of the Audit Committee possess a wide range of skills from legal, accounting, finance, audit and similar business experience. All members are financially literate and understands their roles, responsibilities and functions as a Member of the Audit Committee. They continuously keep themselves abreast on all relevant developments and changes in the accounting and audit standards.

## **Practice 10.1**

Our Enterprise Risk Management and Internal Control Framework has been established and was last reviewed by the Committee and approved by the Board in February 2022.

## **Practice 10.2**

- a) Our Enterprise Risk Management Framework is guided by the Principles of ISO 31000 Standards. It is an objective-centric based approach that enables the Group to leverage on Value Creation that ties Risks to the Group's Business Strategies & Objectives to keep it within its risk appetite;
- b) Our Internal Control System in place for the Group consists of policies, operating procedures and limit of authorities in all operation processes and these are reviewed yearly and thereon updated into the Group's Document Management System;
- c) Head of in-house Compliance Team established audit plans for all subsidiaries in the Group which was to be carried out at every quarter;
- d) Based on this audit plan, Compliance Team had carried out their audit in each subsidiary. Findings from this audit will be presented to the Management together with the corrective actions and timeline for completion;

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- e) The Group's Internal Audit functions for the financial year 2021 was outsourced to BDO Governance Advisory Sdn. Bhd. ("BDO") to carry out review and assess the adequacy and integrity of the Group's internal control system; and
- f) BDO assists the Audit Committee of the Board in discharging their responsibilities by reviewing the adequacy and integrity of the internal control system in place for the Group including the level of compliance with applicable laws, regulations, rules, directives and guidelines.

### Practice 10.3 - Step Up

Our Risk & Sustainability Management Committee comprises of 3 (three) members with majority being Independent Non-Executive Directors and is chaired by Ms. Nirmala A/P Doraisamy. Executive Directors are invited to attend meetings to present updates on Group's risk profile, mitigations, actions, policies and framework. Committee Members provides advice and directions on matters presented at each meeting.

### Practice 11.1

Based on their audit plans approved by the Audit Committee, Internal Auditors perform audit works to close the gaps in the Group's Internal Control System and they report the weaknesses directly to the Audit Committee. They take instructions directly from the Audit Committee Chairman especially on areas to be audited as per their audit plans.

### Practice 11.2

BDO and their Personnel(s) have confirmed in writing that they are free from any relationships or conflict of interest with the Group's Directors and Senior Management Staffs and therefore there is no impairment to their independence. BDO's function team is headed by its Executive Director who possess the required relevant qualification and experience and is assisted by 3 (three) other staff including a manager. The Internal Audit Functions carried out by BDO are in accordance with the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors.

### Practice 12.1

1. A policy on communication with our Stakeholders is in practice and policy was reviewed in November 2019. Any feedback from Stakeholders is made known to the Board for their advice and necessary action to be taken by Management.
2. As to ensure that information is fairly communicated to all shareholders, the Company maintains its corporate website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my) containing information on the Group as well as its financial and non-financial announcements made to the Stock Exchange. Any presentation slides given or communicated to shareholders in general meetings, investors meeting and road shows are being posted on to our website to be accessed by all stakeholders and the general public at any point in time.

### Practice 13.1

Our Shareholders are notified of our Annual General Meetings through our website and they are provided with a Notice and a softcopy of the Company's Annual Report 28 (twenty-eight) days prior to the date of our annual general meeting.

### Practice 13.2

Annual General Meeting is the principal forum for dialogue with our shareholders/stakeholders and our directors demonstrate their accountability by being available to respond to shareholders' queries to provide sufficient explanation and clarification on issues and concerns raised.

### Practice 13.3

We have commenced to conduct our Annual General Meeting virtually since August 2021 and voting process is carried out online.



## **CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)**

### **Practice 13.4**

In our Annual General Meeting, our Group Chief Financial Officer presents the Company's financial performance and non-financial performance including the Company's strategies and allows shareholders to pose their question.

### **Practice 13.5**

During the Company's Thirtieth annual general meeting, all question raised by shareholders were firstly read out by our Group Chief Financial Officer and thereon responded accordingly.

This was our first Annual General Meeting held virtually and this Platform was made available by Boardroom Share Registrars Sdn. Bhd. [Company No. 199601006647 (378993-D)] 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

### **Practice 13.6**

Minutes of our Thirtieth annual general meeting for the financial year 2020 was uploaded onto our website later than 30 (thirty) business days after our 30<sup>th</sup> annual general meeting. This is not a usual practice of the Company but an oversight.

The Board of Directors has approved this statement on 31 March 2022.