

STATEMENT ON SUSTAINABILITY

INTRODUCTION

The Board of Directors (the “Board” or “BOD”) of Evergreen Fibreboard Berhad (“EFB” or the “Company” or “the Group”) hereby presents EFB’s Sustainability Statement covering the material risk on Economic, Environmental, Social and Governance (EESG) aspects of the Group’s businesses and operations.

This Sustainability Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C (29) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”), as well as Practice Note 9/2001 (“PN 9”) of the Listing Requirements regarding the manner of sustainability disclosure as prescribed by Bursa. In the preparation of this Statement, the Company has also considered the Sustainability Reporting Guide and the Toolkits which provides guidance on reporting.

OBJECTIVE

This Sustainability Statement contains adequate information to enable our stakeholders to have a clear understanding of the Material Topic on Economic, Environment, Social and Governance that has significant impact on the Group’s Business Sustainability. It also demonstrates measures taken by the Group to mitigate the risks and take advantage of any opportunity insight in our sustainability journey.

ORGANISATIONAL PROFILE

Evergreen Fibreboard Berhad (“EFB”) – 199101006810 (217120-W) is an entity registered under the Companies Act in Malaysia and its shares is listed on the Main Board of Bursa Malaysia Securities Berhad. Its head quartered in the district of Batu Pahat, which is in the state of Johor, West Malaysia.

EFB operates in 3 (three) countries with a majority of its operations in Malaysia (50%) followed by Thailand (40%) and Indonesia (10%).

EFB’s main business segment is in the manufacturing of Panel Boards consisting of Medium Density Fibreboard (“MDF”), Particle Board (“PB”) and Added Value Panel Boards Products (Downstream Processes). Other business segment is in Ready-to-Assemble Furniture (“RTA”), Solid Wood Products (Furniture/Parts), Resin/Adhesive and Green Energy.

GOVERNANCE STRUCTURE

In view of its responsibilities of addressing the economic, environmental, social and governance material sustainability matters in the Group, the Board have established a Sustainability Management Committee within its Risk Management Committee, with Management Committee driving Sustainability Matters and a Risk and Sustainability Management Working Group (“RSMWG”) at each subsidiary to embed sustainability 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 drives down the sustainability strategies and plans for implementation by each subsidiary/business unit through the Head of Operations together with the Risk & Sustainability Management Working Group.

Risk & Sustainability Management Working Group (“RSMWG”) have been established by Management at each subsidiary comprises of Head of Departments and led by the Head of Operations of each subsidiary.

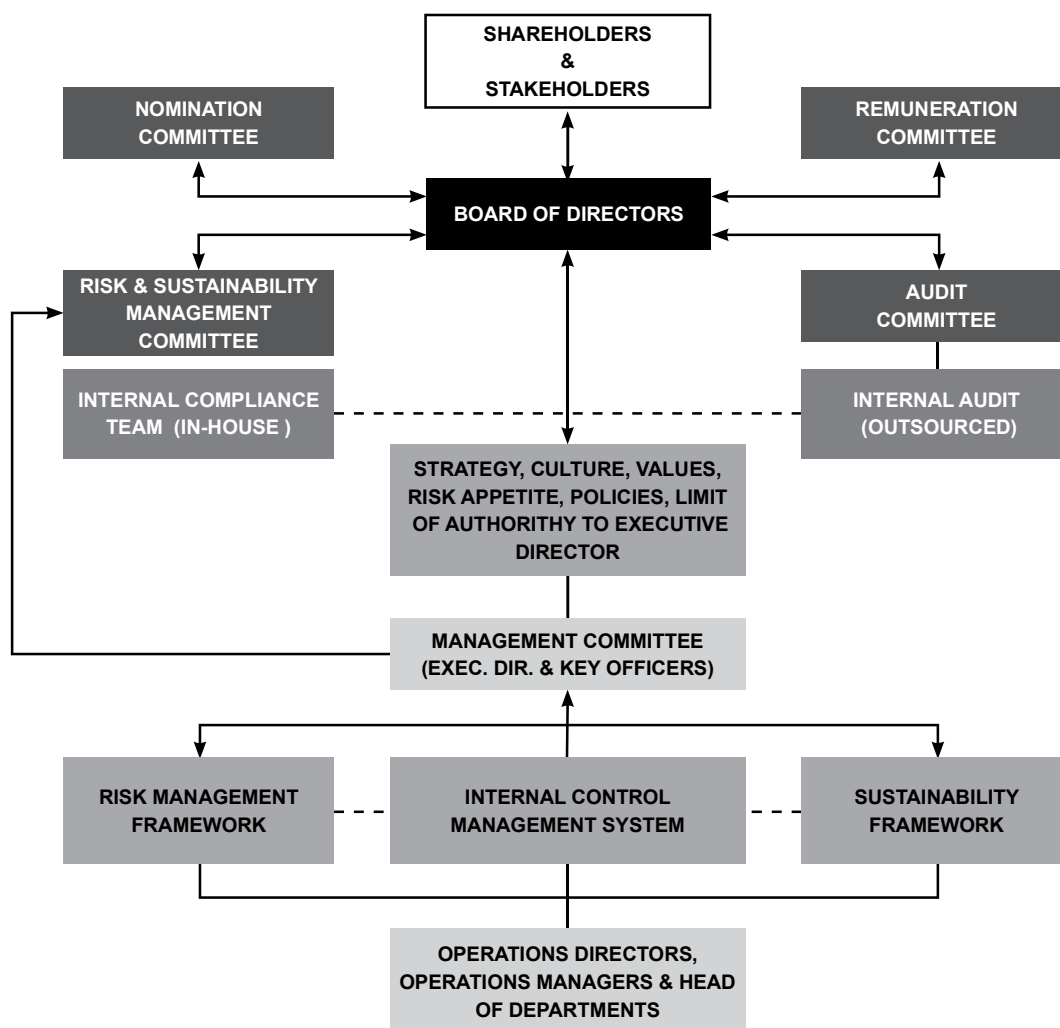
Role of the Board and Senior Management

The Board through the RSMC with Senior Management have incorporated sustainability elements into our Vision, Mission and Core Values to ensure managing of matters relating to sustainability begins at the highest level within the Group. RSMC and Senior Management responsibilities includes the governance of sustainability, setting sustainability strategies, priorities and targets.

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 report to the RSMC/Board accordingly. Below is the Group’s governance structure:-

STATEMENT ON SUSTAINABILITY (Cont'd)

GOVERNANCE STRUCTURE



SCOPE OF THIS STATEMENT

The scope of our Sustainability Statement covers our entities in Malaysia, Thailand and Indonesia on our core business segment which is the Panel Boards and Added Value Panel Boards that represents 88% of the Groups business and Ready-to-Assemble Furniture constitutes 9%. Green Energy is for our internal supply to reduce energy purchase from the National Electricity Board and Resin/Adhesive is supplied within the Group as this is one of the main raw materials for manufacturing of panel boards.

The Group's business segment that is excluded from this statement are our Rubber Plantation and Solid Wood Products as the Board has considered and deemed the impact, either positive or negative from these business segments are minimal to the Group's financial performance as well as to the stakeholders as these segments represents less than 5% of the Group's overall business.

Even though our Sustainability Statement does not cover these 2 (two) businesses segments, the annual consolidated financial statements of the Group covers all entities and business segments within the Group.

There is no apportionment made for minority interest as all of our subsidiaries within the Group are wholly owned.

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Reporting of Material Matters by all subsidiaries/business segments are consolidated at the Group Level and the impacts caused by the business segments of which is not cover under this sustainability statement, do not have any significant impact towards the environment, social and governance at this point.

The Company will consider including these business segments once information is available for the Company to include them in the coming year statement.

REPORTING PERIOD, FREQUENCY AND CONTACT POINT

The reporting period for the Group's consolidated financial statement is December and the publication of the Company's Annual Report is in the month of April.

The person in-charge for any question to the information on the Financial Performance of the Group is our Group Chief Financial Officer who is also the Group's Investor Relation and he can be contacted via his email martin@efb.com.my.

EXTERNAL ASSURANCE

The Company has yet to seek external assurance on its sustainability statement and will consider doing so in the near future.

ACTIVITIES, VALUE CHAIN AND OTHER BUSINESS RELATIONSHIPS

The Group's product sector is categorised under Industrial Products and the Group's value chain covers the manufacturing of panel boards of various specification, sizes and thickness, carried out by the Company, Evergreen Fibreboard Berhad and by its subsidiaries, Siam Fibreboard Co., Ltd., Evergreen Fibreboard (Nilai) Sdn. Bhd., AllGreen Timber Products Sdn. Bhd. and PT Hijau Lestari Raya Fibreboard.

Our added value panel board activities are carried out by the Company, Evergreen Fibreboard Berhad and its subsidiary, Evergreen Fibreboard (JB) Sdn. Bhd. Manufacturing of our RTA Furniture is carried out by Evergreen Fibreboard Berhad and the marketing is carried out by the Company and Subsidiary Everlatt Sourcing Sdn. Bhd.

Our upstream activities are manufacturing of Resin / Adhesive which is carried out by Evergreen Adhesive and Chemicals Sdn. Bhd. and Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd. and is mainly supplied to companies within the Group with an insignificant quantity supplied to third parties.

The Group's Panel Board business segment contributes 85% of the Group's total revenue, downstream process on Added Value Products contributed 3%, RTA Furniture contributes 9% while the Wood Products and Biomass Products contributes the remaining 3%. Revenue from sales of Adhesive products and Green Energy is insignificant to the Group's overall revenue as the sales are to Companies within the Group.

PROCESS TO DETERMINE MATERIAL TOPICS

The Group is taking the phase approach and firstly like to set our house and business in the right direction and this phase approach will take us over a period of 1 to 5 years starting from year 2021. Our business operations/processes will gradually embed sustainability in their practices and stay committed to vision of the directions set. We have taken our first steps towards embracing sustainability within the Group and we will strive to achieve our set direction in 5 (five) years.

Sustainability has been a small part of our identity but the Group have now committed to measure, improve, report, and communicate sustainable matters within the Group starting with our internal stakeholders first. We have focused to identify our in-house material sustainability matters on economic, environmental, social and governance first and therefore carried out our materiality assessment process to determine the Material Sustainability Matters ("MSM") that are significant to the Group's business and inhouse stakeholders. The Materiality Assessment process was undertaken in the following manner:-

1. Identification of the most relevant Material Sustainability Matters on EESG that are significant to the Group's Business's Operations:-

On Economic

- a) Regulatory Compliance on Products

STATEMENT ON SUSTAINABILITY (Cont'd)

On Environment

- a) Energy Consumption;
- b) Reduction of Waste;
- c) Emission from our Processes; and
- d) Water Usage and Water Discharge from our processes.

Social

- a) Compliance to the International Labour Organisation

Governance

- a) Compliance to Laws and Regulations

2. Based on the above matters, assessment to prioritise each MSM was carried out by each subsidiary as to determine which MSM is most significant to the subsidiary as well as its internal stakeholders;
3. Upon MSM being prioritised in each subsidiary, data gathering was carried out for each element of each MSM to determine the baseline in order for targets to be set;
4. Subsidiary then engages with relevant stakeholders based on the mode determined and record their concerns;
5. Based on the MSM prioritisation list and stakeholders' feedback, each subsidiary works out their objective, targets and initiative for each element of their Material Sustainability Matters where these initiatives will be tracked;
6. List of material sustainability matters is compiled into the Register of each subsidiary and managed according to the Company's risk management; and
7. Tracking of sustainability initiatives and targets achievements will be reported to Senior Management at every quarter for reporting to the Committee/Board.

RISK AND OPPORTUNITIES

On the Economic Matters

Regulatory Compliance on Products (Emission Compliance on Products-Panel Boards)

The manufacturing of panel boards, involves the use of adhesive which contains formaldehyde. Formaldehyde is a chemical substance found in adhesive that gives panel boards structural strength. Formaldehyde is emitted from products made from engineered wood which uses formaldehyde-based adhesive, such as Medium-Density Fibreboard ("MDF") or particle boards. High-level of formaldehyde in indoor environment may have adverse health impact on users.

The Group is expected and committed to maintain safe levels of emission in its products according to the requests of its customers and ensures its products meet the regulations on formaldehyde emission especially for its products sold to the United States of America ("US") and Europe, which requires adherence to European Standards and the California Air Resources Board ("CARB") Airborne Toxic Control Measure ("ATCM") Phase II ("CARB P2") standards.

The Group has obtained certifications by US-based CARB and Environmental Protection Agency ("EPA") for its products emission level. With the said certifications, Evergreen is qualified to label its products as CARB P2 compliant. The certifications are to be renewed on an annual basis and relevant operations within the Evergreen Group have successfully obtained renewals during the financial year under review.

As of the financial year ended 31 December 2021, approximately 26% of the Group's products meet the standards of either E1 or CARB P2. In order to ensure product emission levels, meet the required standards, the Group has in-house lab-testing as a control measure and sends its products to a 3rd party lab every quarter to ensure emission levels are within the permitted level.

During the financial year, there were no incidents of products not meeting the required emission level requested by our customers in the Group.

Additionally, all Panel Board manufacturers will be expected to comply to the new requirements on the similar emission level in year 2023 of which the Malaysia Timber Industry Board is in the midst of setting such standard.

STATEMENT ON SUSTAINABILITY (Cont'd)

On Environment Matters

Energy (Electricity) Consumption

The manufacturing process of panel boards requires high consumption of steam which is generated by boilers with the use of electricity. Majority of the Group's electricity is supplied by the country's national grid which forms 15 to 20% of its cost of production.

The availability of electricity is a significant matter to the Group's operation as the majority of our processes will come to a standstill and use of portable generators are not possible as the kilowatts of energy involved is too high.

Our Group's Energy consumption:-

Year 2021

Electricity Consumed from National Grid	241,253,964 kwh
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We are targeting a significant reduction in our consumption of energy with our initiatives to reduce energy consumption being put in place throughout the Group.

To manage this material matter to avoid disruption to the operations, the Group needs to reduce its dependency of the energy from the national grid by having its own source of energy.

Currently the Group has two other source of Renewable Energy which is from our Biomass energy plant and Solar energy from our photo-voltaic panels.

Generation	2021	2020	2019
Solar PV	7 mw	733.21 mw	1,200 mw
Biomass Energy	394,516,744 mw	105,759,701 mw	129,027,168 mw

Our Biomass energy plant is located in our Thailand plant and has been in operations since year 2007 and in the midst of installation of photo-voltaic solar panels. We expect a gradual increase for our solar energy in the coming financial years.

Reduction of Waste

Generation of waste be it solid waste or schedule waste from our production processes is a cost to the Group and a material matter to the Group. Management of schedule waste is a must in order for the Company/Group to avoid being penalised by the authorities and also avoid reputational risk to the Group.

To manage this material matter in the Group, a reduction in all type of waste is necessary as reduce cost of production and be able to manage waste.

The Group is set to see a reduction of waste generated especially in terms of advancing to recycling where the Group is to keep the waste generated at the same level or lesser in the coming financial year.

All schedule waste generated from our processes are handled in compliance with the required regulation on handling of schedule waste by the authorities of each country where we operate in.

STATEMENT ON SUSTAINABILITY (Cont'd)

Emission from our Processes

The Group's emission from processes is mainly Smoke and Dust and all countries where the Group operates in has their own Emission Standards. However, for our plants in Malaysia, all Companies are bound by the Environment Quality Act (Clean Air) Reg. 2014 whereby the Emission level set should not be >20% but not exceed 40% for five (5) minutes (continuous) and total emission for 24 hours does not exceed 15 minutes (accumulation).

The adherence to this standard will be fully enforced in financial year 2022 and with the enforcement of this law, a License required to contravene acceptable conditions for emitting emissions into atmosphere is required to be obtain by each company. An owner or occupier of a premises may apply for a license under subsection 22 (1) of the Act to contravene the acceptable conditions of emission of pollutants into the atmosphere specified under regulations 12 and 13. Accordingly, should the Company not being granted with the Contravention License by the Department of Environment for any reason, any emission dust or smoke exceeding the allowable limits, a fine amount of RM100,000 will be imposed on the premise owner .

Hence, the subsidiaries in Malaysia are in the process of this license application to avoid such hefty fine for any mishap or emission and to ensure no Dust or Smoke emission exceeds the allowable limits. Timely maintenance of equipment to ensure dust is contained within enclosed systems are carried out periodically in order to comply to the Environmental Law. Air quality of our surroundings are continuously being measured to monitor and ensure emission level do not exceed the regulated levels set by environment authorities.

Following are incidents on emission experience by the Group:-

Emission On	2021	2020	2019
Dust	NIL	2	2
Smoke	NIL	1	1
Penalties/Fines	2	NIL	NIL

Water Usage and Water Discharge from our Processes

The impact of water supply to the Group operations is to the boilers that generates steam to the production processes. Other water usage is for cooling process and some sanitary facilities in all plants. Water supply is considered material to the companies which are dependent on steam from boilers for their processes operation.

On discharge of water into public drains, our subsidiary in Thailand experience some technical problem in their water treatment plant during the financial year, which caused water out of the allowable specification being discharged into the public drains and this resulted in a fine of approximately RM80,000. Nevertheless, the subsidiary has rectified the matter and the treatment is in normal operation. The Company, EFB was compounded RM3,000 due to an overflow of untreated water into the public drain caused by malfunction of the level indicator in the treatment plant.

In managing the material matter for water supply, the Group will reduce the consumption and increase our waste water treatment plants production to recycle more water for our usage.

Significant Spills

The Group did not record any significant spills that contained environmental damage.

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Non-compliance with Environmental Laws and Regulations

In 2021, the Group did not incur any significant fines for non-compliance with environmental laws and regulations. EFB strives for full legal and regulatory compliance and therefore and therefore, subsidiaries have a process in place to help them understand regulatory requirements and changes. Subsidiaries are audited by Compliance Team and Internal Audit for compliance to all laws and regulations. Head of Operations are obliged to strictly adhere to applicable legislation and to supervise the subsidiary they are responsible for accordingly.

Each month they have to confirm the compliance level in their subsidiary with management teams in the monthly performance meeting. In 2021, there were 2 (two) incidents reported on non-compliance to the discharge of water into public drains.

On Social Matters

On the compliance to the Indicator of the International Labour Organisation, the Group is in compliance of the following indicators of Abuse of vulnerability, Deception, Restriction of movement, Isolation, Physical and sexual violence, Intimidation and threats, Retention of identity documents, Withholding of wages, Debt bondage, Abusive working and living conditions except for Excessive overtime which are in compliance of Malaysia work hours and overtime but not in compliance to the Social Audit requirement of SMETA of working hours which is on restriction of overtime hours to 60 (sixty) hours per month. Nevertheless, the Group is in compliance with the Labour Laws of the Country.

On the Legal and regulatory compliance of anti-corruption and human rights, compliance are the foundations of our business wherever we operate. Head of Operations are obligated to strictly adhere to legal practices and to supervise the subsidiary accordingly. They are also responsible for taking preventive action and trainings.

Employees within the Group

The Group's total workforce stands at 2108 employees at the end of the current financial reporting period. Foreign workforce are employees with work permits but excludes employment of expatriates are as below:-

DESCRIPTION	YEAR 2020		YEAR 2021	
BY COUNTRY	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE
MALAYSIA	1423	65.52%	1368	64.90%
THAILAND	662	30.48%	655	31.07%
INDONESIA	87	4.00%	85	4.03%
TTL	2172	100.00%	2108	100.00%
BY COUNTRY	FOREIGN LABOUR	IN PERCENTAGE	FOREIGN LABOUR	IN PERCENTAGE
MALAYSIA	462	80.76%	317	75.12%
THAILAND	110	19.23%	105	24.88%
INDONESIA	0	0.00%	0	0.00%
TTL	572	100%	422	100.00%
BY GENDER	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE
Male employees	1748	80.48%	1698	80.55%
Female employees	424	19.52%	410	19.45%
TTL	2172	100.00%	2108	100.00%
BY COUNTRY	TTL FEMALE WORKFORCE	IN PERCENTAGE	TTL FEMALE WORKFORCE	IN PERCENTAGE
MALAYSIA	248	45.50%	238	44.24%
THAILAND	158	29.00%	157	29.18%
INDONESIA	18	3.30%	15	2.79%
CORPORATE OFFICE	121	22.20%	128	23.79%
TTL	545	100.00%	538	100.00%
BY AGE GROUP	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE
< 30 years	565	26.01%	592	28.08%
30-50 years	1278	58.84%	1168	55.41%
>50 years	329	15.15%	348	16.51%
TTL	2172	100.00%	2108	100.00%
BY CONTRACT	PERMANENT IN %	TRMPORARY IN %	PERMANENT IN %	TRMPORARY IN %
MALAYSIA	98.59%	1.41%	98.49%	1.51%
THAILAND	89.12%	10.88%	91.45%	8.55%
INDONESIA	100.00%	0.00%	100%	0.00%

STATEMENT ON SUSTAINABILITY (Cont'd)

There have not been any significant fluctuations in the number of employees during the reporting period and all workforce employed are controlled directly by the Company where they are employed.

TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES

As Occupational health and safety is considered as a material matter to EFB where its employees are in many cases, exposed to occupational health and safety risks, EFB management's approach for occupational health and safety is to avoid negative impacts with a Commitment that we strive to protect fellow colleagues with the aim that they leave the workplace in the same condition as when they had started work.

At the subsidiary/business unit level where the Operations Manager (Head of Operations) are responsible for helping to reach EFB's targets regarding occupational health and safety, and for setting and achieving local targets accordingly. Below is the accident statistic of accident in the Group:-

Our Group-wide safety policy is targeted for a lost-time injury of not more than 3 days; and zero fatality.

For the financial year ended 31 December 2021, the Group's accident records are as follows:-

Accidents by Gender	2021 (Cases)	2020 (Cases)	2019 (Cases)
Male	38	5	4
Female	4	1	1

Accidents by Nationality	2021 (Cases)	2020 (Cases)	2019 (Cases)
Local	38	2	3
Foreigner	4	4	2

Even with our continuous efforts and controls implemented in each manufacturing plants in the Group, accident rates during the current financial year 2021 have increased drastically even though majority of the accidents are minor injuries.

The Group did not manage to achieved its target for zero case on fatality as the group encountered 3 fatalities in the reporting year which was caused by fire in 2 (two) of its plants, 1 (one) in Indonesia and 2 (two) in Malaysia. Both fatal accidents were caused by fire incidents. Due to this incident, EFB has put emphasis on fire preventive measures in all plants to reduce the risk of fire.

Due to this unexpected high number of industrial accidents, the Group will look into additional safety programs in 2022 covering all operations in all countries. The objective is to remove fire and safety hazard in the workplace with greater emphasis on employee safety awareness and to avoid accidents due to lack of awareness.

AVERAGE HOURS OF TRAINING

With 2108 employees in the Group, the Group regards training and education as an important instrument in retaining and nurturing its workforce. The Group therefore maintains a broad range of internal and external training programs. The Group engages external trainers to conducts training programs for operations, sustainability, risk management, quality improvement sales and marketing, safety and health and technical faculties.

There is no explicit Group target regarding training and education, but strives to offer every employee at least 8 hours of training each year.

STATEMENT ON SUSTAINABILITY (Cont'd)

HUMAN RIGHTS POLICY

A Policy on Human Rights has also been established for the Group in year 2019 and it is made available on the Company Cloud based Document Management System which is accessible to all companies within the Group.

Evergreen Fibreboard Berhad ("EFB") Group's Human Rights Policy is guided by the International Human Rights Principles and recognises their role in the communities where the Group operates. This policy applies to the Group, whereby contractors and suppliers are expected to similarly uphold and adopt the policy in their businesses dealings with the Group.

The Group strive to respect and promote human rights in accordance with the UN Guiding Principles on Business and Human Rights in our relationship with employees, suppliers and independent contractors. We engage ourselves in a wide range of human right issues related to our business across the value chain through due diligence as means to identify and prevent violation of human rights.

ON BOARD GOVERNANCE

Composition of our highest governance body, is the Board of Directors. Our Board consist of 7 (seven) members of which 3 (three) are Independent Directors. Based on this composition, 2 (two) of the seven directors are female and all of our Board members comes from a diverse background of legal, financial, corporate and industry experts.

The age group of our directors are between 30 to 60 years according to our policy which calls for a dynamic board. 2 (two) of our directors are citizen of Singapore, 1 (one) American and the others are Malaysians.

Our Senior Independent Director appointed by the Board is Ms. Nirmala A/P Doraisamy who is also the Chairman of our Nomination Committee.

NOMINATION AND SELECTION OF GOVERNANCE BODY

In line with MCCG Practice 4.6, when identifying candidates for appointment of directors, the Nomination Committee utilises independent sources to identify suitable qualified candidates such as:

- a. Directors' registry or Institute of Corporate Directors Malaysia;
- b. Lead Women (Lead Women Sdn. Bhd.);
- c. Open advertisements (National Newspapers); and
- d. Independent search firms.

Appointments of Directors

1. The Nomination Committee screens all candidate(s) for directorship / senior management positions, which maybe proposed by any Director or Shareholder, or source from independent firms or advertisements.
2. Firstly, candidates must be seen to possess a diverse range of skills and knowledge which will enable them to respond to discussions and have the ability to contribute ideas to the shifting market landscape such as changes in business model, changes in consumer demands including new and emerging risks.
3. Nomination Committee shall then make recommendation for candidates to be interviewed by due consideration given in regards to diversity in line with MCCG Practice 4.4. Candidate shall be evaluated strictly based on the following criteria:-
 - a) Expertise / skills;
 - b) Age (minimum 30 years and maximum 60 years);
 - c) Industry / director functions knowledge;
 - d) Experience in the required field needed in the board;
 - e) Sufficient time for Board Meetings and follows up on pertinent issues;
 - f) Gender diversity;
 - g) Character;
 - h) Professionalism;
 - i) Integrity;
 - j) Time commitment; and
 - k) Expected responsibility as a director.

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4. Candidate shall then be interviewed face to face or on a Virtual platform by the Nomination Committee as to confirm that candidate meets the criteria set above. During this interview, candidate will be required to disclose any business dealings in any manner that may result in a conflict of interest or any relationship with current members of the board or major shareholders.
5. Should candidate meets the criteria set by the committee and the committee as a whole agrees that candidate is qualified to be recommended for appointment, the Committee Chairman shall arrange to make such recommendation to the Board.
6. Prior to making the recommendation to the Board, Nomination Committee Chairman will consult other Board Committees Chairman on appointment of candidate as a committee member where required.
7. Nomination Committee Chairman shall then make the necessary recommendations to the board, on qualified candidates to fill the seat on board as well as board committees as required and agreed by Chairmen of those committees.
8. Chairman of Nomination Committee shall recommend to the Board on the suitable candidates which has been interviewed by the Nomination Committee, by forwarding the following information to all members for their deliberation and decision in board meeting:-
 - a) Candidates' personal information;
 - b) Relevant experience and expertise;
 - c) Declaration on Conflict of interest; and
 - d) Nomination Committee's evaluation as a whole.
9. In the board meeting, Chairman of the Nomination Committee shall brief all directors on views of the recommended candidate. The Board as a whole shall deliberate and decide on the appointment.
10. Upon approval by the Board, Chairman of Nomination Committee shall inform new director of his appointment and ensure that he/she is given a letter of his/her appointment from the Company's Human Resource Department stating out clearly what is expected of them in terms of time commitment, board committee involvements and involvement outside board meetings including their fees and allowance from the Company within 14 (fourteen) days from being appointed by the board.
11. Upon the Boards' approval for candidate to be appointed, Company secretary will prepare required documents on appointment and make necessary announcement within the time frame.
12. Newly appointed Directors shall be given induction/orientation training by the Executive Director during his / her first Board Meeting and he / she will be sent to attend the Mandatory Accreditation Program (MAP) training within 3 (three) months from being appointed as Director.

Conflicts of Interest

The Company has put in place its policy on Conflict of Interest for its Directors and Employees in the Group to prevent non-disclosure of any existence of a conflict of interest. This policy is also extended to conflict with Vendors and Customers and the policy clearly states that:-

1. Directors / Employees with a conflict of interest shall and must disclose any obligation, commitment, relationship or interest that could conflict or may be perceived to have conflict with his or her duties by making a declaration using the Conflict-of-Interest Disclosure document online through the following link:

<https://docs.google.com/forms/d/e/1FAIpQLSeE5xI6BfNow6Tlk9h9vKCDkiQA8Zc1Q20OjNi34JNPiDM9bQ/viewform>

2. A Director or an Employee who is found to have any real, apparent or potential conflict of interest but have failed to declare it, the Director / Employee shall be in violation of the CODE OF CONDUCT AND ETHICS FOR DIRECTORS / CODE OF CONDUCT & BUSINESS ETHICS and he/she can and will be subject to disciplinary measures that may include termination of employment.

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3. All declaration Online shall be made immediately upon this Policy being issued and thereon to be updated every 6 (six) months (in June and December) yearly or whenever a Conflict of Interest occurs. It is the responsibility of each individual to ensure that the online declaration is made on a timely (as and when conflict of interest occurs) and truthful manner. Once a declaration is made, he/she shall inform Group HR Manager and seek the necessary written approval if needed.
4. A summary of all disclosures shall be prepared by the Group Executive Director and made known to the Audit Committee/Board during the quarterly audit/board meeting for any control or measures to be taken.
5. There are no concerns on any conflict-of-interest element as members on a regular basis declares their status in the presence of all members and the company secretary.

REMUNERATION POLICIES

A Remuneration Policy for the Board and Senior Management has been established as in Remuneration Committee Terms of Reference which is made available on the company's website.

ANNUAL TOTAL COMPENSATION

COMPENSATION CATEGORY	YEAR 2020	Percentage	YEAR 2021	Percentage
Employee's Compensation	RM96,111,659	96.54%	RM90,339,329	96.78%
Executive Director's Compensation	RM3,093,612	3.11%	RM2,662,651	2.85%
Non-Executive Director's Compensation	RM347,625	0.35%	RM347,636	0.37%
	RM99,552,896	100%	RM93,349,616	100%

The drop in compensation was mainly due to the lockdown of operations where all companies in Malaysia was not in operation for approximately 4 (four) months. The reduction of allowance and overtime during this period coupled with a cut in salaries of Management level and the Executive Directors was the main factor in the drop of the overall compensation in the reporting period against the previous year reporting period.

MECHANISMS FOR SEEKING ADVICE AND RAISING CONCERNS

We strive to create workplaces in which open and honest communications among all employees are valued and respected. We are committed to comply with applicable labour and employment laws wherever we operate. The Company also ensures employees are aware of the Human Rights Policy through training process. Any employee who believes a conflict arises between the language of the policy and the laws, customs and practices of the place where he or she works, or who has questions about this policy or would like to confidentially report a potential violation of this policy, should raise those questions and concerns with local management, Human Resources or the Legal Department.

Employees can also report suspected policy violations of Evergreen Fibreboard Group Human Rights Policy through the internet website at www.evergreengroup.com.my.

No reprisal or retaliatory action will be taken against any employee for raising concerns under this policy. The Company will investigate, address and respond to the concerns of employees and will take appropriate corrective action in response to any violation.

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To report issues under the Human Rights Policy, contact the Top Management at:

- a. Group Executive Director: mary@efb.com.my
- b. Group Chief Operating Officer: jenchiu@efb.com.my
- c. Group Chief Executive Officer: jenchangkuo@gmail.com

Or

- d. Whistleblowing Committee: whistleblower.efb@bakertilly.my
- e. Whistleblower Complain Form: <https://evergreengroup.com.my/en/formmail-report-of-improper-conduct>

Or for other enquiries:

- f. Contact HR Manager at pagan@efb.com.my / feedback@efb.com.my

COMPLIANCE WITH LAWS AND REGULATIONS

There was no known non-compliance by the companies in the Group for the reporting period except instances of dust emission, water leakage and safety incidents.

These incidents did not have any material impact on the Group's operation and financial performance in the reporting period.

STAKEHOLDER ENGAGEMENT

Stakeholder's engagement is carried out by each subsidiary depending on the type and importance of the stakeholder. Generally external stakeholders are done through surveys and e-mails. The Company engagement with stakeholders for collective bargaining are done through physical discussion with Union Committee Members and the Representative from the Trade Union.

Approach to Stakeholder Engagement

Common categories of stakeholders for the Group of companies consist of business partners, consumers, customers, employees, governments, local communities, non-governmental organisation, shareholders and other investors, suppliers and trade unions.

Based on the prioritisation of stakeholder's categories by each company, stakeholders' engagement is carried out.

The general purpose of our stakeholder engagement was to identify actual and potential impact including to determine prevention and mitigation responses to potential negative impacts.

The type of engagement carried out are mainly online or physical discussions, correspondences and survey responses.

COLLECTIVE BARGAINING AGREEMENTS

Collective bargaining agreements are for companies in Malaysia and Thailand as our Indonesia operations do not have any collective agreement. Based on total of 2108 employees in Malaysia, 765 employees are under the collective agreement. Their working hours, wages, terms of employment are in accordance to the employment act and adheres to the Indicators of the International Labour Organisation.

STATEMENT ON SUSTAINABILITY (Cont'd)

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

The Company has established a Policy on Code of Conduct & Business Ethics for the Group which is made available on the Company website at www.evergreengroup.com.my and it also made available on the Company's cloud base Document Management System. This Policy on the Code of Conduct and Business Ethics (known as the "Code") is established to ensure consistency as to how the Group's employees of all levels shall and must conduct themselves within the Company and in their dealings outside of the Company.

This Policy is also to instill good Corporate Governance practices in Evergreen Fibreboard Berhad Group of Companies ("EFB" or the "Company / Group") in expectation that all employees act with Integrity and Professionally at all times while carrying out their duties for and on behalf of the Company / Group in any manner.

All entities in the Group have been assessed by the Compliance Team and the Internal Auditors regarding the implementation of anti-corruption practices and incidents of corruption. All our new and old Vendors have signed the Vendor's Code of Conduct to commit to respect EFB's zero-tolerance policy concerning bribery and corruption.

EFB performs supplier audits and evaluations to monitor and assess their compliance with EFB's requirements and the Vendor's Code of Conduct. Vendors are obliged to immediately inform EFB of any known violations of the Code of Conduct.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

The Group's Anti-Bribery/Corruption training and communication is being carried out by establishment of an online portal (efb.no-bribery.com) where the Company's Policy on Anti-Bribery/Corruption, Code of Conduct and Business Ethics, Conflict of Interest and Whistle Blowing is being place. This is an integral part of the employment contract and the onboarding program for each EFB's employee to go through this E-Training online and complete a test on Anti Bribery/Corruption at least once a year.

CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

There were no cases of corruption reported in the Group for the year 2021.

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

As part of his/her duties and responsibilities, each Operation Manager (Head of Operations) at EFB has gave their assurance by signing the Code of Conduct and Business Ethics which includes the anti-trust regulations.

In 2021, there have been no cases, fines or legal actions for anti-competitive behavior, anti-trust or monopoly practices.

IN CONCLUSION

The Group is aware on the emphasis needed especially in particular the material sustainability matters that may have adverse impact to the Group business strategies and objective and therefore will strive to take the necessary steps for improvement in the coming reporting year.

The BOD has reviewed the sustainability efforts process of the Group and has approved this Statement on 31 March 2022.

ADDITIONAL COMPLIANCE INFORMATION

1) MATERIAL CONTRACTS

None of the Directors or Major Shareholders of the Company has had any material contract with the Company and/or its subsidiaries during the current financial year 2021.

2) UTILISATION OF PROCEEDS

There was no corporate proposal in the current financial year 2021.

3) NON-AUDIT FEES

The amount of RM8,000 is for non-audit fees on services of reviewing the Company's Statement on Risk Management & Internal Control for the current financial year 2021.

4) CONTRACTS RELATING TO LOAN

Other than from financial institutions, there were no contracts relating to loan by the Company or its subsidiaries during the current financial year 2021.

5) RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions in the Group during the current financial year 2021 except for inter-company transactions which are carried out on an arm-length basis.

6) COMPLIANCE WITH THE PERSONAL DATA PROTECTION ACT

The Company recognises the importance of protecting and securing shareholders' and customers' personal data, and has taken steps to be fully compliant with the Personal Data Protection Act 2010 ("PDPA 2010").