



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

POLICY

ON

CONFLICT OF

INTEREST AND

RELATED PARTY

TRANSACTIONS

1.0 POLICY OBJECTIVE

This policy is established for the purpose of identifying and monitoring of needed approvals on Conflict of Interest (“COI”) and Related Party Transactions (“RPT”) together with the reporting structure to Management and the Board of Directors.

This Policy shall be read together with the Constitution of Evergreen Fibreboard Berhad (the “Company”) as published on the Company’s website. In the event of any inconsistency, the Constitution shall prevail.

Establishment of this policy is in compliance with the Listing Requirements of Bursa Malaysia Securities and the Securities Commission where the Board /Committees are to ensure that Conflict of Interest is being declared upfront and all related party transactions are reviewed and approved by the Audit Committee / Board including ensuring that they are transacted on an arm’s length basis with normal commercial terms. This Policy also ensures compliance with the Companies Act 2016 and the Malaysian Code on Corporate Governance (MCCG) and promotes transparency, integrity and accountability.

2.0 SCOPE OF COVERAGE

Applicable to all Directors & Employees (Senior Executive & Above) in all Companies within the Group. This Policy shall also apply to major shareholders and persons connected with them where applicable under the Listing Requirements.

3.0 RESPONSIBILITY

3.1 Officers of the Company / Group has the legal duty to avoid any Conflict-of-Interest situation as required under Section 221 and 222 of Companies Act 2016 (“CA 2016”). Directors are also required to comply with Section 219 relating to disclosure of interest in contracts, property, office or position. In order to prevent any potential conflict of interest, always practice to avoid any situation that involves, or appears to involve, a conflict between personal interests and the interests of the Company/Group, avoid any circumstances that might affect your judgement or impartiality when performing your job/task. All Officers shall act in good faith, in the best interest of the Company and for a proper purpose. Officers of the Company shall not engage in the following to gain a benefit for him/herself or any other person, or cause detriment to the company, without the consent or ratification of a general meeting approval:

- (a) using the property of the company;
- (b) using any information acquired by virtue of her/his position as a director or officer of the company;
- (c) using her/his position as such director or officer;
- (d) using any opportunity of the company which she/he became aware of, in the performance of her/his functions as the director or officer; and
- (e) engaging in business which is in competition with the company.

3.2 Director(s) interested in a proposed or existing contract with the company, must firstly:

- (a) declare the nature of her/his interest at a board meeting;

- (b) not participate in any discussion while the contract or proposed contract is being considered during the board meeting;
- (c) not vote on the contract or proposed contract;
- (d) ensure such declaration is properly recorded in the minutes of meeting;
- (e) comply with the Company's Constitution relating to disclosure of interest and voting restrictions;
- (f) abstain from deliberation and decision-making where required;
- (g) not be counted in quorum where required under the Constitution; and
- (h) ensure any matter requiring shareholders' approval is tabled at a general meeting.

3.3 Additionally, a director who holds any office or owns any property which may give rise to a conflict with his duties or interest as director must declare the fact and nature, character and extent of the conflict at a board meeting. Such declaration shall be made as soon as practicable after becoming aware of the conflict. Where required under the Company's Constitution, the interested Director shall not be present or counted in the quorum.

4.0 DEFINITIONS

4.1 "Conflict of Interest" is defined as when there is a conflict between a person's personal interests and the interests of the Company / Group. This includes actual, potential or perceived conflicts.

4.2 "Control" is defined as "the power to govern the situation" on financial outcome / impact or forego of policies / procedures of a department/entity so as to obtain benefit of any kind from the activities.

4.3 "Influence" is defined as "the power to change" a financial or non-financial situation and decision making of a department/ entity. Influence may also be obtained / gained through a shared ownership, statute or through an agreement in oral or written form.

4.4 "Conflict of Interest" is not limited to direct financial interest but also include an indirect financial interest, non-financial interest (e.g., arising from relationships whether family, business or professional interests), or competing loyalties or interests.

4.5 A "Related Party Transaction" is defined as a transaction to be entered into or proposed to be entered into by the Company or by any of its Subsidiaries with a "Related Party".

4.6 "Related Party" is defined a director, major shareholder or person connected as defined under the Listing Requirements, including family members and entities controlled by them.

4.7 "Compliance Officer" is defined as an Individual appointed by the Executive Director to advise employees/directors of the group on matters pertaining to Conflict of Interest/ Anti Bribery/Corruption and Related Party Transaction and such individual will be made known to all through internal memorandum of the company. The Compliance Officer shall also coordinate with the Company Secretary on regulatory and Bursa disclosure obligations.

4.8 “Compliance Officer” is defined as an Individual appointed by the Executive Director to advise employees/directors of the group on matters pertaining to Conflict of Interest/ Anti Bribery/Corruption and Related Party Transaction and such individual will be made known to all through internal memorandum of the company.

5.0 OVERSIGHT BY THE AUDIT COMMITTEE (“AC”)

5.1 AC must review and report to the board, any COI situation and any related party transactions that arose, persist or may arise during the financial year together with the measures to resolve, eliminate or mitigate such conflict of interest. The AC must also disclose these in the AC report annually. This includes compliance with Chapter 10 of Bursa Listing Requirements and recurrent related party transactions (RRPT). AC shall ensure compliance with the Company’s Constitution.

5.2 AC shall carry out its role in reviewing situations of COI by ensuring establishment of a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring of COIs within the group. AC may obtain independent advice where necessary.

6.0 FRAMEWORK

6.1 All Officers of the Company that could have COI or may be perceived to have COI with his or her duties shall make upfront declaration using the Conflict-of-Interest Disclosure document online through the following link:

[https://docs.google.com/forms/d/e/1FAIpQLSeE5xI6BfNow6Tlk9h9vKCDkiQA8Zc1Q200jNi34JNPiDM9bQ/viewform?usp=sf link](https://docs.google.com/forms/d/e/1FAIpQLSeE5xI6BfNow6Tlk9h9vKCDkiQA8Zc1Q200jNi34JNPiDM9bQ/viewform?usp=sf_link)

6.2 Officers of the Company who is found to have any real, apparent or potential conflict of interest but have failed to declare it upfront, shall be in violation of the **CODE OF CONDUCT AND ETHICS FOR DIRECTORS / CODE OF CONDUCT & BUSINESS ETHICS** and he/she can be subject to disciplinary measures that may include termination of employment/contract. Such failure may also constitute a breach under CA 2016 and may result in regulatory and disciplinary action.

6.3 The existence of any real, apparent or potential conflict of interest **MUST** be disclosed before any contract of employment, or any sale/purchase agreement is entered into or any transaction is carried out.

6.4 Transactions with parties where conflict of interest may/will exist shall only be undertaken if all of the following conditions are in compliance: -

(a) The details to the real, apparent or potential conflict of interest have been fully and promptly disclosed;

(b) Officer of the Company with conflict of interest **MUST** be excluded;

(c) A competitive bid or comparable valuation shall be carried out;

(d) Approving person(s) has determined that the contract is in the best interest of the Company;

(e) Independent Directors shall review material transactions;

- (f) Shareholders' approval shall be obtained where required;
- (g) Transaction must comply with the Company's Constitution; and
- (h) Interested parties must abstain from voting.

6.5 Online declaration by Officers of the Company reviewed every 6 months yearly or immediately whenever a Conflict of Interest occurs. Annual declaration is mandatory in addition to event-based declaration.

6.6 Compliance Officer shall keep records of all declarations made and follow the following steps to obtain necessary approvals: -

- (a) Compile all declarations;
- (b) Submit to Senior Management/Board for Approval; and
- (c) Inform approval or disapproval to individual.

6.7 To obtain approval to transact, a summary of all disclosures shall be prepared by Management and made known to the Audit Committee / Board. Board shall ensure internal controls, compliance with Limits of Authority and the Company's Constitution.

6.8 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 on declaration of COIs for the quarter.

7.0 FOR RELATED PARTY TRANSACTIONS

7.1 Transaction with related parties shall include any rental of property, acquisition, disposal or leasing of assets, establishment of joint ventures, provision of financial assistance, or receipt of services or any sale & purchase transaction or arrangements or transfer of resources and/ or services.

7.2 All Related Party Transactions shall and must be transacted based on the following procedure. All RPT must comply with Chapter 10 of Bursa Listing Requirements.

7.3 For the Basis for Evaluation and to determine and confirm that a Related Party Transaction is done on a fair, reasonable, normal commercial terms and is for the best interest of the company/group, factors that will be taken into account by the audit committee to evaluate the said transaction shall include but not limited to the following: -

- (a) To review if the transaction price is on arm's length basis & whether the terms are fair to the company which is also made available to the general public/market place;
- (b) To review if there are business reasons for the company to enter into said transaction with the related party and no other third party;
- (c) If the business transaction reasons are in line with the overall strategy and objectives of the company / group including the economic substance and whether the Listing Requirements and Corporate Governance of the Company will or has been forgone;
- (d) To comply to the percentage ratios under Listing Requirements; and

(e) To determine if independent adviser is required as per the listing requirements.

7.4 To Obtain Approval, Operation Manager/ Head of Purchasing Department/Head of Marketing shall compile the above documentations and forward to the Senior Management to obtain approval online: -

(a) Compile documents as mentioned above;

(b) Submit to Senior Management/Board for Approval;

(c) Carry out transaction only after approval has been obtained;

(d) Shareholders' approval required where thresholds are triggered; and

(e) Interested parties must abstain from voting.

7.5 Terms of Transaction for all Related Party Transactions shall be undertaken at the prevailing market rates /price and shall be based on normal commercial terms including, where appropriate, preferential rates and discounts being accorded for bulk purchases, early payment, volume discounts, no claim discounts and etc. are similarly accorded to a third-party / general market place.

All Related Party Transactions shall be undertaken at prevailing market rates and transactions must not be prejudicial to minority shareholders.

7.6 Where there is no market value, the transaction shall be on willing buyer willing seller basis. Independent valuation or external advice to be obtained where appropriate.

7.7 For all Related Party Transactions, a supply / purchase agreement shall be agreed and signed. All agreements must be executed in accordance with the Company's Constitution.

8.0 DISCLOSURE REQUIREMENTS

For purposes of the Listing Requirements, examples of COI include use of company property, channeling benefits, disclosure of trade secrets, influencing decisions, prioritising private ventures, competing businesses and favourable financial assistance. The Company shall ensure timely announcements to Bursa Malaysia and disclosures in the Annual Report in accordance with Listing Requirements, CA 2016 and the Company's Constitution.

9.0 COMPLIANCE WITH CONSTITUTION

All Directors and Officers shall comply with the Company's Constitution relating to disclosure, voting restrictions, quorum and approvals. In case of inconsistency, the Constitution shall prevail.

10.0 MINORITY SHAREHOLDER PROTECTION

All COI and RPT must be conducted fairly and not prejudicial to minority shareholders.

11.0 REVIEW OF POLICY

This Policy shall be reviewed at least once every three (3) years or when regulatory changes occur.

12.0 BREACHES

Any breach may result in disciplinary action, termination or legal consequences.

Policy adopted in: December 2017 – Effective: January 2018
Reviewed in: December 2021 – Effective: December 2021
Reviewed in: June 2022 – Effective: July 2022
Reviewed in: Nov 2023 – Effective: Jan 2024
Reviewed in: May 2026 – Effective: June 2026

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