



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

FIT AND PROPER POLICY

(Reviewed and Approved by the Board in May 2022)

1.0 INTRODUCTION

This Fit and Proper Policy has been prepared to ensure compliance with the relevant provisions of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the Malaysian Code on Corporate Governance 2021 (“MCCG”). Reference was also made to the guidance provided in Bursa Securities’ Corporate Governance Guide (4th Edition).

2.0 REQUIREMENTS

2.1 Paragraph 15.01A of the MMLR provides that a listed issuer must have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries, ensure the policy addresses board quality and integrity and will aid the listed issuer to comply with paragraph 2.20A of the MMLR, and to make available the policy on its website.

2.2 Paragraph 2.20A of the MMLR provides that every listed corporation, management company or trustee-manager must ensure that each of its directors, chief executive or chief financial officer has the character, experience, integrity, competence and time to effectively discharge his role as a director, chief executive or chief financial officer, as the case may be, of the listed corporation, or the collective investment scheme.

2.3 Pursuant to MCCG Practice 5.5, the appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company should be avoided.

3.0 OVERSIGHT OF POLICY

The Board of Directors (“the Board”) as a whole shall be responsible for this Policy and shall ensure the implementation of it by the Nomination Committee (“the NC”) including reviewing it for the required changes from time to time.

4.0 OBJECTIVE OF POLICY

The key objective of this policy (“Fit and Proper Policy”) is to set out the criteria for selection of candidates that are proposed to be appointed as directors of Evergreen Fibreboard Berhad (“the Company”) and its subsidiaries as well as directors who are seeking for re-election. The criteria are intended to guide the NC and the Board in their review and assessment of such candidates in making their selection.

5.0 SCOPE OF COVERAGE

This Fit and Proper Policy applies to the appointment and re-election of directors of the Company and its subsidiaries. It also acts as a guide for the selection of candidates as the Company’s nominee directors on the boards of joint venture companies and associate companies.

6.0 ROLES & RESPONSIBILITIES

6.1 The NC is responsible to assess the candidates as per Fit and Proper Policy and make the relevant recommendation to the Board on the proposal regarding appointment and re-election of directors.

6.2 The Board is to approve such proposal and where relevant, make a recommendation to the shareholders of the Company for approval at a general meeting.

7.0 CRITERIA FOR FIT AND PROPER

7.1 Any person to be appointed or re-elected as a director of the Company or its subsidiaries or a nominee director on the boards of joint venture companies and associate companies must not be disqualified (Pursuant to Section 198(1) of the Companies Act 2016 and Paragraph 15.05(1) of the MMLR) and has been assessed to have met all the fit and proper criteria based on, at minimum, the following:

- (a) character and integrity;
- (b) experience and competence; and
- (c) time and commitment.

(a) Character and integrity

Probity

- is compliant with legal obligations, regulatory requirements and professional standards;
- has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.

Personal integrity

- has not perpetrated or participated in any business practices which are deceitful, oppressive improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
- service contract (i.e., in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity;
- has not abused other positions (i.e., political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance.

Financial integrity

- manages personal debts or financial affairs satisfactorily; and
- demonstrates ability to fulfil personal financial obligations as and when they fall due.

Reputation

- is of good repute in the financial and business community;
- has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years;
- has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.

b) Experience and Competence

(i) Qualifications, training and skills

- possesses education qualification that is relevant to the skill set that the director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set requirements);
- has a considerable understanding on the workings of a corporation;
- possesses general management skills as well as understanding of corporate governance and sustainability issues;
- keeps knowledge current based on continuous professional development;
- possesses leadership capabilities and a high level of emotional intelligence.

(ii) Relevant Experience and Expertise

- possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.

(iii) Relevant past performance or track record

- had a career of occupying a high-level position in a comparable organization, and was accountable for driving or leading the organization's governance, business performance or operations;
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

7.2 Time and Commitment

(i) Ability to discharge role having regard to other commitments

- able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the director across listed issuers and non-listed entities (including non-profit organisations).

(ii) Participation and contribution in the board or track record

- demonstrates willingness to participate actively in board activities.
- demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
- manifests passion in the vocation of a director.
- exhibits ability to articulate views independently, objectively and constructively.
- exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

8.0 PERIODIC REVIEW OF THE FIT AND PROPER POLICY AND REPORTING REQUIREMENTS

8.1 The NC shall review this Policy once in two (2) years or upon changes to the relevant rules and regulations, whichever is earlier and make the appropriate recommendation to the Board on any proposed amendments to the Policy. Periodic review would also be made to ensure the relevance and alignment with the Group's needs and structure as well as material changes in the business and risk profile of Directors.

8.2 Pursuant to Paragraph 15.08A(3) of the MMLR, the Company shall disclose in its annual report, a statement about the activities of the NC in the discharge of its duties for the financial year which includes the application of the Fit and Proper Policy in the nomination and election of its directors, how the requirements set out in paragraph 2.20A of the MMLR are met and contain the following information:

- (i) the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
- (ii) the board nomination and election process of directors; and
- (iii) the assessment undertaken by the nominating committee in respect of the performance of its board, committees and individual directors together with the criteria used for such assessment.

A copy of the Fit and Proper Policy is made available on the Company's website at www.evergreengroup.com.my

This Fit and Proper Policy takes effect from 1st June 2022 and will continue to be in force unless varied or revoked by the Board of Directors of the Company.

Policy adopted in: May 2022 - Effective: June 2022

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