

# 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 2023 ("FY2023").

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. The Board hereby presents the Group's CG Overview Statement below: -

## ON BOARD LEADERSHIP & EFFECTIVENESS

### Practice 1.1

The Board recognizes the key roles it plays in setting the strategic direction of the Group. In achieving this, following activities were carried out during the current financial year 2023:-

- a) 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 2024 presented to the Board by Management in November 2023 for approval;
- b) reviewing the Group's Businesses performance through regular updates (other than BOD meetings) updated by Management on the financial and non-financial performance of individual company/business units and thereon advised management accordingly where necessary;
- c) review and approve the ethical standards in the Code of Conduct on appropriate behaviors and obtain Management's assurance for any non-adherence during Board Meetings;
- d) review and approve the revised Enterprise Risk Management and Sustainability Framework for changes made in view of the current business environment and changes in the Corporate Governance & Listing Requirements;
- 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 practiced by Management.

### Practice 1.2

Mr. Jonathan Law Ngee Song is our Non-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 and Management, he regularly reviews the compliance level of the Company for updates on corporate governance, the Securities Commission and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

### Practice 1.3

Our Chairman and the Chief Executive Officer positions are held by different individuals, i.e., Mr. Jonathan Law Ngee Song and Mr. Kuo Jen Chang. They both hold entirely different roles.

### Practice 1.4

Our Board Chairman does not participate in any Board Committees except being the Chairman for our Sustainability Committee.

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## Practice 1.5

EFB is supported by 2 (two) qualified and competent Company Secretaries namely Ms. Tan Yit Chan (MAICSA 7009143) and Ms. Santhi A/P Saminathan (MAICSA NO. 7069709). They are capable of providing the required advice for a sound governance, adherence to rules and procedures by the Company including advise on the adoption of corporate governance best practices.

## 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. The amended draft minutes are re-circulated via electronic mail for final confirmation in readiness for signing at the next meeting.

## Practice 2.1

EFB's Board Charter was reviewed in September 2023 and is made available on the Company's website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my). Respective roles and responsibilities of Board Members and Committees including issues and decisions that are strictly reserved for the Board's discussion and approval are clearly stated.

## Practice 3.1

The Board together with Management has established and reviewed the Code of Conduct & Business Ethics ("the Code") and has implemented policies and procedures to manage conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

Accessibility to the whistleblowing policies is available on the Company's website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my).

## Practice 3.2

Policies & Procedures on Whistleblowing has been established and reviewed as needed.

## Practice 4.1

The board is responsible for the governance of sustainability in the Company including setting and reviewing the Company's sustainability strategies and targets together with Management.

In development and implementation of company strategies, business plans, action plans and risk management, consideration on sustainability is taken into account where by 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 Sustainability Management Committee and together with Senior Management sets the Company's sustainability strategies and targets and reviews the performance against the targets set.

The Company is in the midst of being assessed on its Green House Gas ("GHG") Emission and will review targets set as well as communicate the changes with its Stakeholders.

## 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 training on Sustainability-Changes in the MCCG & Main Market Listing Requirements attended by all members of the Board during the current financial year.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Trainings attended by Directors during the FYE2023 is as follows: -

Director	Trainings/Fairs Attended
JONATHAN LAW NGEE SONG	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; Leadership Development Program; and Contract Audit : AI Edition.
KUO JEN CHANG	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements.
KUO JEN CHIU	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements.
KUAN KAI SENG	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; National Tax Conference 2023; and Seminar Percukaian Kebangsaan 2023.
MARY HENERIETTA LIM KIM NEO	Preparation of the 2022 Employers Return (Form E) and Major Mistakes Leading to Employers Tax Audit; Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; Sustainability & Enterprise Risk Management; Risk Management Review; Enterprise Risk Management; Seminar ESG: The way forward in Timber Industry; and ESG Framework Workshop.
TAN MUI PING	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; ACCA Technical Symposium 2023; A Dialogue with Bursa Malaysia – FTSE4GOOD; Board Audit Committee (BAC) Dialogue & Networking; The Edge Malaysia ESG Forum 2023; The Cooler Earth Sustainability Summit; and ACCA Virtual Seminar - Post Budget 2024 (Remote Online Learning).

### Practice 4.4

Annual Evaluation of the Board and Senior Management includes sustainability matters and sustainability elements have been added into the KRAs/KPIs of the Executive Directors 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

Composition of the Board is being reviewed and discussed within the Nomination Committee and re-election of Directors are recommended by the NC upon satisfactory outcome of their annual performance evaluation.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Practice 5.2

The Company has departed from this practice due to the resignation of one of its independent directors and a redesignation of one independent director to non-independent who has served the Company more than 12 years.

The Company is in the midst of sourcing a suitable candidate to apply this practice within a year.

## Practice 5.3

The Company seeks shareholders' approval for all their Independent Directors who remain in service as independent director beyond nine years through the two-tier voting process.

## Practice 5.4 – Step Up

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

## Practice 5.5

Appointment of Board Members are also based on the established Fit and Proper Policy in place. During interview stage, Directors are made known of the time they require to devote to serve the Board effectively. Appointment of Senior Management are based on criteria such as the required skills, relevant experience, age, background, culture and gender that have been set to ensure a mixture of skills. Background screening on successful candidate is also carried out by Management for Senior Management as well as Board appointments.

## 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).

## Practice 5.7

Our Annual Report provided clear information to shareholders on appointment and re-appointment of Directors consisting among others: -

1. New Director - A Complete profile of Director;
2. For Re-appointment - Evaluation on the performance of the retiring Directors and the criteria on assessment done together with their key strengths and weaknesses if any; and
3. Justification on why the Board recommended for the Director to be re-elected.

## Practice 5.8

Our Nomination Committee is Chaired by our Independent Director, Ms. Hong Kim Heong.

## Practice 5.9

Our Board Members consist of seven (7) members whereby four (4) man and three (3) are ladies which is 43%.

## Practice 5.10

The Group's Policy on Diversity is as follows:-

- a) For gender diversity, the Board shall strive to achieve female composition of 30% on the overall Board and Senior Management's composition;
- b) To ensure independence of Independent Directors on Board, any Independent Director remaining on Board beyond the 12th year shall be re-designated as a non-independent director;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

- c) To have an active and dynamic Board, the minimum and maximum age for a Director to be appointed shall be considered; and
- d) To ensure a mix of skills in Board Members, the sourcing and recruitment of directors shall be source from a diverse pool of candidates and not just recommendation by other directors or shareholders.

### Practice 6.1

Our Nominating Committee carried out annual performance evaluation in the following manner: -

1. Early December 2023, Nominating Committee carried out Annual Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, performance of Individual Directors (including Independent Directors), Key Officers and the Company Secretary. Elements of annual evaluation were on skills, experience, diversity, core competencies and risk and sustainability management;
2. The evaluation process was carried out through forms established by Nomination Committee ("NC") based on the recommendation in the corporate governance guide. Forms were sent to all Members on the instructions of the Nominating Committee Chairman who led the annual assessment process;
3. Annual Evaluation Forms were sent via email 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 and email back to the Company Secretary for tabulation of scores;
4. The results of the evaluation were then emailed informed to the NC Chairman and further discussed with the Board Chairman where it was tabled at the 4Q2023 NC meeting held in February 2024;
5. Board Chairman made known to the Members on the satisfactory outcome of the annual evaluation carried out; and
6. Board Chairman further advised NC Chairman on the actions to be taken on any weaknesses or improvements and the trainings needed by the Board, Board Committee or Individuals.

### 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 in October 2022 and was used to reward NEDs for the current financial year. The framework on fees structure and allowances takes into consideration the responsibilities of each individual Director's roles and 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 2022 was used.
3. 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 RM420,000 was formally approved by shareholders at annual general meeting held on 31 May 2023. The total amount paid to non-executive directors for FYE2023 was RM327,570 and the details to these payments was stated in the Company's Corporate Governance Report 2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## 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 basis of RM1,837,396 in the Company's Corporate Governance Report 2023 in view of the competitiveness in the market for senior talent.

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.

Nevertheless, detailed remuneration of the Company's CEO, COO & GED has already been disclosed in Practice 8.1 in the Company's Corporate Governance Report 2023.

## 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 is Mr. Kuan Kai Seng and he is not Chairman of the Board.

## 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 3 (three) years cooling of period.

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.

## Practice 9.4 - Step Up

Our Audit Committee comprises solely of Independent Directors and this is in line with 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 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 is reviewed by the Committee and approved by the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Practice 10.2

1. The Group's Enterprise Risk Management System is guided by the Principles of ISO 31000 Standards, an objective-centric based approach that ties the risk of the Group's Business Strategies and Objectives;
2. The Group's Risk Appetite and Tolerance Level are reviewed and approved by the Board to keep risk level within the limits approved;
3. A Clear Organisation Structure that explains the reporting line of the Risk Management Functions at Group and Subsidiary Level to ensure that there is a clear understanding of the reporting line for Risk Registers;
4. A Risk Reporting Timeline which allows personnels responsible for risk to monitor their reporting responsibilities;
5. The Group's Governance is based on a "Three Lines of Défense" at the Subsidiary and also at the Group level that provides a simple and effective way to enhance communications on risk management; and
6. During FYE2023 as a result of an Internal Audit carried out on the Group's ERM System which has some weaknesses, the Group Enterprise Risk Management System was reviewed by an External Consultant with the objective to enhance and streamline the Risk Management ("RM") processes within the Group, to strengthen the knowledge and expertise of managing risk amongst the Group's RM Team; to benchmark risk management's policies and procedures with best practices; to set a stronger Corporate Governance structure throughout the Group and to improve the sustainability in RM practices by a structured RM process put in place. Review was carried out and completed in 4Q2023 and the Group is currently in the midst of closing the gaps and carrying out the necessary changes to the RM Framework after the necessary training was carried out throughout the Group.

## Practice 10.3 - Step Up

Our Risk & Sustainability Management Committee comprises of three (3) members all being Independent Non-Executive Directors and is chaired by Ms. Tan Mui Ping. 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. Effective on 31 May 2023, the Company have split the existing Risk and Sustainability Management Committee to (1) Risk Committee ("RC") and (2) Sustainability Committee ("SC") and restructured the composition of the RC and SC.

## Practice 11.1

Internal Auditor which is outsourced to BDO reports directly to the Audit Committee who approves their internal audit plan yearly. Internal Auditors performs Internal Control Reviews on areas given and they report the weaknesses directly to the Audit Committee. They take instructions directly from the Audit Committee Chairman.

## 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 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. Policy on communication with our Stakeholders has been establish and is put in practice and the policy was reviewed in November 2022. Any feedback from Stakeholders is made known to the Board for their advice and necessary action to be taken by the 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 nonfinancial announcements made to the Bursa Malaysia. 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## **Practice 12.2**

This practice is not applicable as we are not a large company.

## **Practice 13.1**

Our Shareholders are notified of our Annual General Meetings through our website and they are provided by mail 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**

Our Annual General Meeting are carried out virtually with electronic polling process carried out online by our Share Registrar, Boardroom Share Registrars Sdn. Bhd.

## **Practice 13.4**

During our Annual General Meeting, our Group Chief Financial Officer presents the Company's financial performance and nonfinancial performance including the Company's strategies and allows shareholders to pose their question. We also encourage shareholders to write in their questions earlier.

## **Practice 13.5**

During our Annual General Meetings, all question raised by shareholders are firstly flashed out and then read out by our Group Chief Financial Officer and thereon responded accordingly with the answers.

Our Annual General Meeting is held virtually and the Platform is 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 Annual General Meeting is uploaded onto our website within 30 (thirty) business days after the annual general meeting.

***The Board of Directors has approved this statement on 16 April 2024.***