

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 2022 (“FY2022”).

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 in setting the strategic direction of the Group, 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 2023 presented to the Board by Management in November 2022 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 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) reviews and approves 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 and Management, he regularly reviews the compliance level of the Company on corporate governance, 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 a different role 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.

As made known in the previous year, the Board was in the midst of sourcing for additional director to be able to apply this practice and the Company has appointed one in October 2022. The Board is currently in the midst of re-structuring and this practice will be applied by the 2H2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 1.5

Our Company is being 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 sound governance advice, ensure adherence to rules and procedures by the Company and advise on the adoption of corporate governance during our Board meetings and as and when required.

Practice 1.6

All members of the Board & Committees receive 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

Our Board Charter was last reviewed in September 2022 and is made available on the Company's website at 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 October 2022 to enhance the ethical standards set for Employees and Directors in the Group.

Accessibility to the Code, is made available to the general public on the Company's website 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 accessible to all Head of Departments/Operations in the Group at any point in time.

Practice 3.2

Policy on Whistleblowing was reviewed in November 2022 which is 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.

Practice 4.1

In view of the Board and Management's responsibilities in addressing the governance of sustainability matters in the Company, the Sustainability Management Committee within the Risk Management Committee together with the Senior Management Committee drives Sustainability Matters in the group.

Practice 4.2

The Board through the RSMC and together with Senior Management sets sustainability strategies and reviews the processes of material sustainability matters against the set targets thereon are communicated to internal stakeholders. Communication on these matters to external stakeholders are in progress.

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 any change in the Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Trainings attended by Directors during the current financial year 2022 is as follows:-

Director	Trainings/Fairs Attended
JONATHAN LAW NGEESONG	Updates to the Malaysian Code on Corporate Governance 2021 Edition; and Workshop on ESG in Malaysia & United Kingdom.
KUO JEN CHANG	Updates to the Malaysian Code on Corporate Governance 2021 Edition.
KUO JEN CHIU	Updates to the Malaysian Code on Corporate Governance 2021 Edition.
KUAN KAI SENG	Updates to the Malaysian Code on Corporate Governance 2021 Edition.
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; and The Sustainability Accelerator.
NIRMALA A/P DORAISAMY	Updates to the Malaysian Code on Corporate Governance 2021 Edition; ESG Oversight for Boards; MICG - The Audit Committee; Risk Management in Technology: Sharing of Insights and Discussion on the Strategic Aspects of IT Risks; Advocacy Sessions for Directors and Senior Management of Main Market Issuers; Ethics, Integrity & Trust Conference; ESG oversight for Boards; FCD Series Module E: Digital awareness and upskilling for Board; Sustainability and its impact on organisations: what directors need to know; Ethical Finance Asean 2022; The Audit Committee: Unpacking the roles of the committee & honing its effectiveness discharging its responsibilities holistically; RMIT - Sharing of insights & discussion on the strategic aspects of it risk building a formidable tax governance framework; MIA Conference; Advocacy Session for Directors & Senior Management of Main Market Listed Issuers; International Directors Summit; and Audit Oversight Board Conversation with Audit Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Director	Trainings/Fairs Attended
TAN MUI PING	Mandatory Accreditation Programme (MAP); BNRC Dialogue & Networking - Session #1; Talent Uprising : How Board Should Rethink Their Talent Strategy in this Era of Opportunity; 12th ACCA Asia Pacific Thought Leadership Forum: Sustainability Reporting: get ready for New ISSB Standards; MAICSA Annual Conference 2022- Challenging the Challenges in Governance; Updates to the Malaysian Code on Corporate Governance 2021 Edition; ACCA Evening Talk Series 2022: Young Professionals on Corporate; Board is a Game Changer; AOB's Conversation with Audit Committees; Board Risk Committee Dialogue & Networking - Session #1; and Business and Tax Conference : Moving Forward 2023.

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 & 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

Nomination Committee carried out Annual Performance Assessment to review and evaluate the composition and effectiveness. Evaluation on the performance of Directors 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 including their tenure.

Satisfactory outcomes of their assessments were reported where the Board recommended Directors to be re-elected accordingly.

Practice 5.2

The Board consist of eight (8) directors whereby four (4) are Independent, one (1) non-independent non-executive and three (3) are executive.

Practice 5.3

It is a practice that for Independent Directors in service beyond nine years and in retaining him/her as an independent director, the use of the two-tier voting process to seek shareholders' approval is 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 5.5

Appointment of 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. Background screening on successful candidate is carried out by Management for Senior Management as well as Board appointments. Board appointment are also based on the established Fit and Proper Policy in place.

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 provides 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) The justification on why the Board recommended for Director to be re-elected.

Practice 5.8

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

Practice 5.9

Our Board Members consist of eight (8) members whereby five (5) are male and three (3) are women which is 37.5%.

Practice 5.10

The Group's Policy on Diversity is disclosed in our annual report 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 12 years shall be re-designated as a non-independent director;
- c) To have an active and dynamic board, the minimum and maximum age for a Director to be appointed shall be taken into consideration; 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 6.1

Nomination 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.

The evaluation process was carried out through forms established by NC based on the recommendation in the corporate governance guide. Forms were distributed by the Company Secretary on the instructions of the Nomination Committee Chairman who is also the Senior Independent Director, Ms. Nirmala A/P Doraisamy who led the annual assessment process.

Practice 7.1

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.

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.

Practice 8.1

The fees, allowances and benefits of RM365,000 was formally approved by shareholders on 30 May 2022. The amount paid to non-executive directors for the financial year ended 31 December 2022 is RM348,409 and the details to these payments is stated in the Company's Corporate Governance Report 2022.

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 2022.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 November 2022.

Practice 10.2

1. Our Group's Enterprise Risk Management System is guided by the Principles of ISO 31000 Standards which is an objective-centric based approach that ties with the risk of the Group's Business Strategies and Objectives to keep risk level within the Group's approved risk appetite and tolerance level. Risk is identified and assessed twice yearly and Risk Registers are updated accordingly;
- 2) 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;
- 3) The Group's Internal Audit functions for the financial year 2022 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
- 4) 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 four (4) members with three (3) 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 yearly, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

A policy on communication with our Stakeholders is in practice and 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 Management.

As to ensure that information is fairly communicated to all shareholders, the Company maintains its corporate website at 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 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 and voting process is carried out online.

Practice 13.4

In 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 this 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 for the financial year 2021 was uploaded onto our website within 30 (thirty) business days after our 31st annual general meeting being conducted.

The Board of Directors has approved this statement on 18 April 2023.