

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5101
COMPANY NAME : Evergreen Fibreboard Berhad
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("BOD") deliberates and sets the Group's Core Values & Strategic Objectives that includes Key Operational matters and through established policies and procedures: -</p> <ul style="list-style-type: none">a) approves and monitors the implementation of the Group's Corporate Management Plans that is linked to the set strategic financial and non-financial objectives of the group;b) oversees the performance of the group's business through regular updates by the executive director on individual company / business units financial and non-financial performance especially on the overall economic and business situation;c) review the ethical standards set in the code of conduct on appropriate behaviours and seek Executive Director's assurance on any non-adherence on a periodic basis;d) ensures that a sound Risk Management Framework is being put in place through half yearly updates by Management on the Risk Identifications done and the new emerging risk for action to be taken.e) Reviewing adequacy of the Internal Control (Policies and Procedures) to determine if System is in place and advise Management of improvements needed;f) review the succession plans for executive directors, key officers and senior management including seeing to the appropriate training needed; andg) ensures that a two – way communication with shareholders and other stakeholders are in place The Board, in ensuring its obligation to its shareholders and other stakeholders, the Board deliberates / reviews and sets the Group's Core Values & Strategic Objectives which includes Key Operational matters and through the established policies and procedures: -

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>Our Chairman, Mr. Jonathan Law Ngee Song is an Independent Non-Executive Director and his main role and responsibilities lies with Board matters and he ensures decisions of the board as a whole are carried out by Management.</p> <p>He possesses the Leadership Skills and is able to provide the board with directions and Strategic Insights when needed. Mr Law assumes a leadership figure in the Board and represents the same to shareholders of the Company.</p> <p>Our Chairman presides over all board meetings and he have and is always there to ensure the smooth functioning of the board in the interest of good corporate governance being put into practice. He holds the casting vote on decisions that are evenly decided and has always played a key role in representing the company to its shareholders during our general meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The position and function of our Chairman had been pre- determined on his appointment and therefore he plays an entirely separate role from the President / Chief Executive Officer.</p> <p>Role of our Chairman</p> <p><i>On Meetings:</i></p> <ul style="list-style-type: none">a) ensure a timely and effective meeting by providing leadership for the board so that the board can perform its responsibilities effectively;b) ensure that all directors are properly briefed on issues arising at board meetings in a timely manner;c) set the board's meeting agenda and ensure that board members receive complete and accurate information in a timely manner to lead board meetings and discussions effectively;d) establish / review of board and committee charter / terms of reference, a committee structure and induction as well as an ongoing education program for directors;e) encourages active participation and allow dissenting views to be freely expressed and promotes a culture of openness and debate whilst ensuring that no one director dominates the discussion;f) ensure to obtain suggestions and comments from directors and encourage those who are less vocal to be more proactive in providing their views;g) ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are being communicated to the board as a whole;h) oversee and facilitate board, committee and board member evaluation reviews and succession planning alongside the Chairman of the Nominating Committee;i) ensure that prior to new board appointments, a full assessment is undertaken, which may include a competency and behavioural analysis of the candidates. Assessment should also ensure that candidates are able to commit an appropriate amount of time; and <p><i>On Managing Board & Management Interface:</i></p> <ul style="list-style-type: none">a) act as the main conduit between management and the board and ensure all directors have the opportunity to get to know Key members of the management team;

	<ul style="list-style-type: none"> b) develop a positive relationship with the CEO / President and act as a confidant and advisor; and c) facilitate the selection and appointment of a successor to the current CEO / President. <p><i>On Being the Public Face:</i></p> <ul style="list-style-type: none"> a) act as a spokesperson for the board; and b) represent the company at shareholders' meetings and acts as the main representative of the company alongside the chief executive officer / chief operating officer at shareholders' meetings and on other occasions where key or major actions are taken or statements are made in the name of the company both domestically and /or abroad.
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>The Company is currently being supported by a qualified and competent company secretary, Madam Leong Siew Foong (MAICSA No: 7007572) and she is capable of carrying out her duties attached to the post.</p> <p>She has played her role as the company's secretary by advising the board / committee, on corporate governance matters, legal compliance and has contributed in ensuring for the adoption of the corporate governance best practices by the Company. She has also carried out her duties by constantly reminding the Chairman and Directors on the latest requirements by authorities and about their duties and responsibilities in light of any changes.</p> <p>Role of our Company's Secretary</p> <p><i>On Corporate Governance Advisory:</i></p> <ul style="list-style-type: none">a) advises the board on its roles and responsibilities;b) monitors corporate governance developments and assist the board in applying governance practices;c) advises directors to abstain from decision making in conflict of interest situations;d) ensures adherence to the board's and board committees' policies and procedures;e) provides updates and assist the board with interpreting regulatory requirements related to company and securities regulations as well as listing requirements;f) advises the board on its obligatory requirements to disclose material information to shareholders & financial markets in a timely manner; andg) notifies the chairman of any possible violations of regulatory requirements. <p><i>On Information Flow and Meetings:</i></p> <ul style="list-style-type: none">a) manage board and board committee meeting logistics, prepare agendas, attend and record minutes of board and board committee meetings as well as facilitates board meetings / communications; andb) ensure that the decisions of the board and board committees are relayed to management to act upon.

	<i>On Stakeholder Communication:</i> a) manages processes pertaining to the general meetings; and serves as a focal point for stakeholders' communication and engagement on all issues.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>In meeting the objectives and goals of the Company, Our Board meets at least 5 (five) times in a financial year.</p> <ol style="list-style-type: none"> 1) The agenda for the board meeting is prepared by the Board Chairman together with the Company Secretary while the Committee meeting agenda is prepared by the Committee Chairman together with the Company Secretary for each meeting. 2) The Company Secretary distributes the Board / Committee meeting papers to all the respective directors, at least 7 (seven) days prior to the meeting date. 3) All respective Directors receives their meeting materials containing minutes of previous meeting and agenda of the coming meeting in advance of 5 (five) to 6 (six) days prior to meeting date. 4) Meeting minutes are prepared and circulated via electronic mail to all directors in draft form within 14 (fourteen) days from meeting date. The amended draft minutes are circulated again via electronic mail and attached with the Board papers in readiness for signing at each subsequent meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter has clearly designated the respective roles and responsibilities of the Board and Board Committees, Individual Directors and Key Officers of the Company. The Board Charter has clearly outlined issues and decisions which is reserved for the Board and the Committee(s) including those delegated to Individual Directors and Key Officers of the Company.</p> <p>The Board Charter</p> <p>The Board Charter established is being reviewed at least once a year or when needed and is being published on the company's website.</p> <p>The Board Charter established, clearly identifies the respective roles and responsibilities of the board, board committees, individual directors and senior management including issues and decisions reserved for the board as below: -</p> <p>FORMAL MATTERS RESERVED FOR THE BOARD</p> <p>The following summarizes the list of matters reserved for the Board's deliberation / decision: -</p> <ul style="list-style-type: none">a) Appointment of Director;b) Removal of a Director;c) Resignation of Director;d) Appointment of Company Secretary;e) Removal of Company Secretary;f) Appointment of Internal / External Auditors;g) Removal / Resignation of Internal / External Auditors;h) Establishment of Board Committees ;i) Company's Annual Operation Plans;j) On Investment or Divestment;k) On treasury policies and bank mandates;l) On Limits of Authority to Executive Directors;m) On Financial reporting (Quarterly & Yearly);

	<ul style="list-style-type: none"> n) On Statement of Corporate Governance, Statement on Risk Management & Internal Control; o) Corporate Governance Overview Statement & Report ; p) Risk Management & Internal Control Statement; q) Sustainability Statement; r) On Recommendation of Interim / Final Dividends ; s) On Adoption of New Accounting Policies; t) On Granting of power of attorney by EFB or its Subsidiaries; u) On Corporate Guarantee and Indemnity by the Company (to subsidiaries only); v) On Changes in Company's Memorandum and Articles of Association; and w) On Purchase of own shares by Company.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Conduct & Business Ethics ("the Code") established by the BOD, is to formalize the ethical standards expected in the group as well as to enhance corporate governance practices in the group towards a culture of Integrity, Transparency and Accountability.</p> <p>The Code is made applicable all Employees & Directors of the Company, its Subsidiary Companies and Associate Companies.</p> <p>The Code has been made known to all employees, director and they were made aware that the established Code shall be applicable to all level of employees (including full time, probationary, contract and temporary staff) of the Group.</p> <p>Employees in executive level had been briefed and made to acknowledge their understanding in writing while the lower levels were brief in summary.</p> <p>As for the new employees, they are being made aware of the contents of the code and sign acknowledgement on the commencement of employment in the company.</p> <p>The BOD together with Senior Management has implemented policies and procedures to manage conflicts of interest, prevent the abuse of power, corruption, insider trading and money laundering.</p> <p>This Code or any revision to it, has been made available on the company's website and also inside the Company's Policies & Procedures shared folders in the cloud server that is made accessible to all companies in the group at any point in time anywhere.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>A Policy on Whistleblowing was established by the Board and together with Management it reviews and implements policies and procedures in light of promoting a healthy corporate culture that engenders integrity, transparency and fairness.</p> <p>WHISTLEBLOWING PROCEDURE</p> <p><i>A Whistleblower is free to choose any of these Steps to initiate an incident report without going through Steps indicated below.</i></p> <p>A Whistleblower who may have concerns about speaking to another Person, Should use our "Online Whistleblowing Form" to initiate a complaint or Raise a Concern. This Form is made available on the group's website at www.evergreengroup.com.my (under Contact us - Whistleblowing)</p> <p>OR</p> <p>Step 1 Report (Verbally or in Writting) directly to the Executive Directors or call any of these numbers directly if Whistleblower prefers to stay anonymous.</p> <p>H/P : 65 -96745419 (Mr. Kuo Jen Chang) H/P : 6012-7978701 (Mr. Kuo Jen Chiu) H/P : 6012-7178918 (Mdm. Mary Lim)</p> <p>OR</p> <p>Step 2 If Whistleblower fails to get any response, he/she can directly initiate reporting to the Company Secretary by contacting 607-3352536 (Ms. Julie Leong) or write to her email at SCH.JB@symphony.com.my .</p>

If Whistleblower still fails to get any response to his / her incident reported or concerns raised, Whistleblower should contact the Senior Independent Director (Mr Kuan Kai Seng) on his mobile at 60-12-7203038 or write to his email at kuankaiseng@gmail.com being the director identified in the company's annual report as one to whom concerns may be conveyed.

Whistleblower who have raised concerns will be informed of who will be handling the matter raised and how they can make contact with them and if there is any further assistance required.

Person allocated to handle the incident / concerns raised shall provide the Whistleblower on the progress of the matter raised from time to time.

Whistleblower's identity will not be disclosed without prior consent of Whistleblower. Where concerns cannot be resolved without revealing the identity of the person raising the concern (i.e. if the evidence is required in court), a dialogue will be carried out with Whistleblower as to whether and how the matter can progress further.

Consequences of Wrongdoing or Wrongful Disclosure

If the Person (i.e. the whistle-blower) has, or is found to have:

- Committed a wrongdoing;
- Taken serious risks which would likely cause a wrongdoing to be committed;
- Made a disclosure not in accordance with the requirements of this policy (for instance, dishonest, mischievous or malicious complaints); or
- Participated or assisted in any process pursuant to this policy otherwise than in good faith, the corrective actions to be taken against that Person will be determined by the Disciplinary Committee and this may disciplinary measures, formal warning or reprimand, demotion, suspension or termination of employment or services or monetary or other forms of punishment.

Protection

The identity and personal information of the Whistleblower shall at all times be protected and kept confidential, unless the whistleblower agrees otherwise or unless otherwise required by law. The whistleblower will also be protected from reprisal, including any form of harassment and victimization, as a consequence of raising concerns.

If a Whistleblower reasonably believes that he/she is being subjected to reprisal, including harassment and victimization, as a consequence of Whistleblowing, he / she can consult or report / call directly to the Senior Independent Director (Mr. Kuan Kai Seng) on his mobile at 60-12-7203038 or write to his email at kuankaiseng@gmail.com .

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Board has not been able to select individual with the needed requirements.	
		The current board's composition of 9 (nine) members, made up of 5 (five) Non-Independent Directors and 4 (four) Independent Directors with diverse expertise in fields of Audit, Accounting, Economics, Legal, Risk Management, Manufacturing and Administrative has been able to objectively & independently deliberate for reviews and decision making in our board meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board Company is currently reviewing the size of the board and its composition and targets to achieve at least 50% of independent directors on board by the financial year 2019 to enhance the oversight of management.	
Timeframe	:	Within 1 year	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	The Company's current practice on retaining an independent director beyond the cumulative term of nine years is by obtaining shareholder's approval commencing the tenth year onwards and justifying the review carried out in determining of any impairment to the independence of said director (s).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company shall continue to obtain shareholder's approval for retaining Independent directors beyond the 9 th year onwards and shall use the two-tier voting process to seek annual shareholders' approval in retaining an Independent Director beyond the 12 years.	
Timeframe	:	Within 1 year	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The recruitment and appointment of Senior Management / Key Officers of the Group is being carried out by the Executive Directors and the basis of selection are on the required skills and experience based on their job scope.</p> <p>As to the gender diversity for Senior Management, The Board stays committed to strengthening the pipeline of senior female executives within the group / business units and has taken steps to ensure that there are no barriers to women succeeding at the highest levels within the group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	The Company currently has 2 (two) women directors on board and the Board remains committed in maintaining female representation on Board. Hence, the Nomination Committee will continue to recommend appointments to the Board based on diversity measured against meritocracy and other objective criteria such as skills and experience.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Others	Please specify number of years.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	In sourcing and identifying candidates for the Board, the Nomination Committee obtains recommendation of potential candidates from existing board members, management, stakeholders and at the same time potential candidates are being sourced from the Women Directors Registry and the Malaysian Directors Academy (MINDA).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	Our Nomination Committee is currently being chaired by our Senior Independent Non- Executive Director, Mr. Kuan Kai Seng and the committee members comprises of all Independent Non-Executive Directors. Executive Directors attends only when being invited by the committee for clarification on matters.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>1) Nomination Committee undertook Annual Performance Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, Individual Directors and Key Officers of the Company.</p> <p>2) Senior Independent Director Mr. Kuan Kai Seng, together with the Members of the Nomination lead the annual assessment process.</p> <p>3) The process begins with Annual Assessments Forms being sent out through email by Nomination Chairman to all individuals to carry out evaluation on the Board as a whole, the Committees, Individual Directors and Key Officers of the Company and giving them a timeline for assessments to be completed.</p> <p>4) Completed evaluation forms was emailed directly to the Senior Independent Director designated email address and he tabulated all Assessment Forms received.</p> <p>5) The performance evaluation results showed a positive outcome with all obtaining improved performance for the financial year.</p> <p>6) Senior Independent Director then forwarded to the Board Chairman the results of the assessment carried out. Board Chairman inform all on the results including individuals and make known the minor improvements and trainings needed to be attended in the following year</p> <p>7) Human Resource Department was given a copy on the Summary of training needs for Directors & Key Officers / Senior Management and Human Resource Department take necessary steps to ensure needed trainings indicated are sourced for directors to attend in the coming year.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Company has in place a formal framework on fees and allowances for its Non - Executive Directors which was established by the Remuneration Committee and approved by the Board in year 2016. In 2017, the framework was reviewed without any revision. This framework on fees and allowances takes consideration the responsibilities of each individual director their role and their contribution to the board as well as in the board committees that they sit in.</p> <p>A remuneration framework for Executive Directors and Key Officer / Senior Management was established situation and put in place in 2016. In 2017, this framework was reviewed and revised according to the economic situation and the anticipated performance of the group in the current financial year. This framework is based on the Financial Performance and Key Results Area set for each business units and takes into account the performance of individual executive directors and key officers and their contribution towards the financial and non- financial performance of the group as a whole. The policies and of procedures on this remuneration framework is made available on the Company's website.</p> <p>This Framework together with the policies and procedures are being reviewed on a yearly basis and is being published on the Company's website at www.evergreengroup.com.my</p>
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") is to assist the Board on the Director's and Key Management's Remuneration package with the objective of attracting and retaining competent Directors.</p> <p>The main objective of the Remuneration Committee is to ensure that the Group has a remuneration system to attract and retain the right talents for the board and senior management that is in line with the company's business objective and long – term business sustainability.</p> <p>The Duties, Responsibilities and Authority of the Remuneration Committee is stated in the RC Terms of Reference and is made available on the Company's website at www.evergreengroup.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	Breakdown on Remuneration of Individual Directors for the financial year has been disclosed in our Annual Report 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The remuneration and benefits package made to our top five Key Officers / Senior Management for the financial year is not being declared in bands of RM50,000 due to sensitivity reasons in the Company / Group as well as to safeguard our key staffs against being poached by our competitors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board gives its assurance that the remuneration and benefit package given is comparable against the same industry and is able to attract and retain the needed talent in the Group.	
Timeframe	:	Others	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of our Audit Committee is Mr Yap Peng Leong who was appointed on the 4 th May 2016 and he is not holding the position of the Board Chairman.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>As part of its remit, the audit committee keeps under review the objectivity, independence and effectiveness of the external auditors. The committee has approved a policy on appointment of former key audit partners and former employees of the external auditor firm to the company.</p> <p>Under this policy the external auditor's Key audit partners will not be offered employment or be appointed as a member of the audit committee by the company or any of its related corporations within two (2) years of undertaking any role on the audit.</p> <p>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 Chairman.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	Policies and Procedures on evaluation of external auditors has been put in place by the Audit Committee in order to assess the suitability, objectivity and independence of the external auditors. The process of evaluation of the External Auditors is headed by the Audit Chairman together with the Nomination Committee on a yearly basis.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	Our Audit Committee comprises of 4 (four) members solely of Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	Members of our Audit Committee possess a wide range of skills from legal, accounting, finance and audit. All members are financially literate and understands their roles, responsibilities and functions in the Audit Committee. They have continuously kept themselves abreast on all relevant developments and changes in the accounting and audit standards.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board had established an Effective Risk Management and Internal Control Framework for the Group and with the newly established Risk Management Committee, this framework is being review for changes deem necessary by the committee members.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Our Enterprise Risk Management Framework established is guided by the Committee of Sponsoring Organisations” of the Treadway Commission Integrated System (“COSO”) that manages risks associated with the businesses. It identifies potential risk, assess the severity of risk, treats risk by putting controls and monitors and manages risk to be within its appetite.</p> <p>Our Risk Management policy addresses the key elements of minimizing risk and risks that are defined in risk parameters, relevant controls be put in place. It also defines a consistent process for identifying, assessing, monitoring and reporting of significant risks faced by the business units, divisions, departments, and ultimately, by the Group.</p> <p>Our ERM Framework consist elements for accountability, risk identification, risk appetite, risk tolerance, risk evaluation, risk registering, reporting, training & education and Risk identified are divided into four (4) category of:</p> <ul style="list-style-type: none"> • Strategic Risk - high-level goals, aligned with and supporting the organization's mission • Operational Risk - effective and efficient use of resources • Compliance Risk - compliance with applicable laws and regulations • Financial & Reporting Risk - reliability of operational and financial reporting. <p>Risk are divided into the above categories once being confirmed by the Risk Management Working Group (“RMWG”) and risk will then be compiled into a Risk Register. Necessary controls including policies and procedures will be put in place together with a time line to minimize the risk level to the company.</p> <p>Risk Register are being reviewed yearly or as and when new risk are being identified during the year.</p> <p>Risk Management Activities The previous Risk Management Committee had established a Risk Management and Internal Control Framework that sets out the System</p>

	<p>of Internal Controls within the group. The framework consists of the procedures needed in identifying risk, the limit of authority including the roles and responsibilities of certain groups and individual towards the risk management and needed Internal controls. The RMC of the Board is currently reviewing this framework and shall be revising it to incorporate the required changes.</p> <p>The Chairman of the Risk Management Committee is Madam Nirmala Doraisamy and Committee Members are Mr. Yap Peng Leong and Mr. Jonathan Law Ngee Song with new terms of reference being established.</p> <p>During the financial year, the previous Risk Management Committee carried out risk identification by dividing them into the four categories namely Strategic, Operational, Financial Reporting and Compliance based on the approach that was presented and approved by the Board in the 4th quarter of 2016. All new risks identified within the group were compiled into the Group Risk Register 2017 together with the controls and action plans which are in place or to be put in place including the timeline for completion. During this period, previously identified risks were also reviewed to determine if it was still applicable to the business before compiling said risk into the Risk Register.</p> <p>Action plans and internal control indicated in Risk Register are reviewed in each management meetings.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	Our Risk Management Committee ("RMC") was first established on 7 January 2008 and in line with the Malaysian Code on Corporate Governance, a Risk Management Committee of the Board was re-established on 18 August 2017 comprising a majority of Independent Directors to oversee the company's risk management framework and its policies.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has outsourced its internal audit functions to BDO Governance Advisory Sdn. Bhd (“BDO”) to review and assess the adequacy and integrity of its Internal Control System.</p> <p>The function of the Internal Auditors is to assist the Board / Audit Committee in discharging their responsibilities by reviewing the adequacy and the integrity of the Group’s internal control system in place and the Group’s level of compliance to the applicable laws, rules and regulations.</p> <p>The Internal Auditors reports directly to the Audit Committee and the Internal Auditor take instructions from the Audit Committee on areas to be audited from time to time. All Internal Audit Reports on the findings and recommendations together with management actions are presented to the Audit Committee by the Internal Auditor and the Chairman of Audit Committee briefs the Board on all matters.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit personnel are free from any relationships or conflicts of interest with the Group or its Senior Management that could impair their objectivity and independence.</p> <p>The Internal Audit Function (“IAF”) is carried out in accordance with the International Professional Practice Framework (“IPPF”) of The Institute of Internal Auditors Malaysia by an independent professional firm, namely BDO Governance Advisory Sdn Bhd. The IAF team is headed by an Executive Director who possesses the relevant qualification and experience and is assisted by three (3) staff including a manager.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Policy on Shareholders Communication for the Company and periodically reviews this Policy, including the measures for receiving feedback from the Company's Shareholders / Stakeholders through the Company's website feedback page.</p> <p>In maintaining a transparent and regular communication with shareholders, our Group's Investor Relation Officer meets up with certain principal shareholders to understand their concerns and views. Their concerns and views are then communicated to the Board to ensure that the Company is mindful of its shareholders' sentiment and concerns that arises from time to time.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied
Explanation on application of the practice	:	To ensuring that information is fairly communicated to all concern shareholders, the Company maintains a corporate website at www.evergreengroup.com.my . This website contains information on the Group's financial and non-financial announcements made to the Stock Exchange and any presentation given / communicated to shareholders in road shows are being updated periodically and it is accessible by shareholders and the general public at all times. In this same website, shareholders and the general public are also able to send in their feedbacks on any matter(s) that may be a concern.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	Our Shareholders are being provided with a softcopy of the Company's Annual Report and notification of Annual General Meeting at least twenty-eight (28) days prior to the date of meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	As Company's General Meetings is the principal forum for dialogue with shareholders all Directors are present to demonstrate their accountabilities to respond on any queries and to provide sufficient clarification on issues and concerns raised by any shareholder.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company's voting process is currently carried out through the manual balloting in General Meetings.
		Please provide an explanation for the departure.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will further understand the available technologies prior to implementation of a suitable system for the company.
Timeframe	:	Within 2 years

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Click here to enter text.

