

# CORPORATE SUSTAINABILITY STATEMENT

## Statement overview

Nextgreen Global Berhad ("Nextgreen", "Company" or "Group") aims to accelerate the world's transition to green and sustainable products. This is through developing and delivering innovative products and processes designed to minimise waste and maximise resource efficiency as part of a truly circular economy, supported by responsible and sustainable business practices and strong collaboration with partners across the value chain.

Sustainability is critical to the future success of our Company and we are working to integrate it into all aspects of our business, including our strategy, business processes and decision making. This annual Corporate Sustainability Statement ("Statement") outlines the four pillars that are aligned with the Sustainable Development Goals ("SDGs") and principal environmental, social and governance ("ESG") domains – Principles of governance, Planet, People and Prosperity. This reporting year, we included new pillars – Partnership and Pipeline – to showcase the various partnerships and collaborations across our value chain.

### Statement of use, reporting scope and data

We support global efforts towards more consistent and comparable disclosures. Our reporting is in line with recognised and relevant sustainability reporting frameworks, including the Global Reporting Initiative ("GRI") Standards and Bursa Malaysia Sustainability Reporting Guide.

This Statement is based on material aspects of the Group which covers the period from 1 January 2022 to 31 December 2022, unless otherwise stated. While we aspire to present our reporting boundary within the Group, the focus for this Statement covers three subsidiaries, namely BHS Book Printing Sdn Bhd ("BHS Book Printing"), Ultimate Ivory Sdn Bhd ("Ultimate Ivory"), Nextgreen Pulp and Paper Sdn Bhd ("NGPP") as well as Nextgreen Global Berhad (company level). Osmocell Malaysia Sdn Bhd (reported subsidiary in 2021) has been excluded from the reporting scope in this Statement as it has been disposed on 1 October 2022 and ceased to be a subsidiary of the Group.

Data in this Statement has been verified and validated by the respective companies or data owners. We are progressively strengthening ongoing efforts to close any reporting gaps and expand reporting coverage across the Group.

### Membership and voluntary commitments

Nextgreen engages and supports the following organisations to help us adhere to high standards of ESG performance. These membership and voluntary commitments reflect our values, support our approach to working collaboratively with our partners and provide a platform to contribute to industry best practices. Our participation in these initiatives allows us to stay current on emerging sector and sustainability trends, regulatory updates and industry best practices; to advance our collective contribution towards sustainable development.

## WE SUPPORT



Member since 1 November 2018



Joined since 3 May 2021

### Progressing our reporting

We are a signatory to the United Nations Global Compact ("UNGC"). We report our progress towards the UNGC's ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption – see global framework reporting content index on pages 51 to 54 for this alignment. In 2022, we joined 850 participants from over 80 countries on furthering corporate transparency by joining UNGC's Early Adopters Program to disclose using the enhanced Communication on Progress ("CoP") questionnaire. The CoP presents our commitment to the UNGC.

We are committed to ensuring the raw materials used for our products, such as the palm oil biomass residues, are from sustainable sources. As an affiliate member of the Roundtable Sustainable Palm Oil ("RSPO"), we submit our progress in support of the RSPO's objective of promoting the growth and use of sustainable palm oil and palm oil products, via the RSPO's Annual Communication of Progress ("ACOP").

### United Nations Global Compact ("UNGC") Principles

	<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights
	<b>Principle 2</b>	Make sure that they are not complicit in human rights abuses
	<b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
	<b>Principle 4</b>	The elimination of all forms of forced and compulsory labour
	<b>Principle 5</b>	The effective abolition of child labour
	<b>Principle 6</b>	The elimination of discrimination in respect of employment and occupation
	<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges
	<b>Principle 8</b>	Undertake initiatives to promote greater environmental responsibility
	<b>Principle 9</b>	Encourage the development and diffusion of environmentally friendly technologies
	<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Contact us

Nextgreen appreciates any feedback which will help the Company improve future reporting and communication with stakeholders. We invite you to send your comments or suggestions to any of the contact points located at the back cover of this Annual Report.

### Nextgreen Global Berhad bags UNGCMYB Sustainability Performance Award 2022

Nextgreen was recognised at the United Nations Global Compact Malaysia & Brunei ("UNGCMYB") Sustainability Performance Awards 2022 for SDG Ambition Benchmark 6: 100% sustainable material inputs that are renewable, recyclable or reusable. This SDG-centric benchmark category acknowledges our effort in embedding circular economy practices into material selection



and product design by ensuring those materials and feedstocks are sustainable to the highest possible environmental and social standards, within the scope of business operations, products and services.

*Nextgreen Global Berhad receives an award at the UNGCMYB Sustainability Performance Awards Ceremony on 9 December 2022*

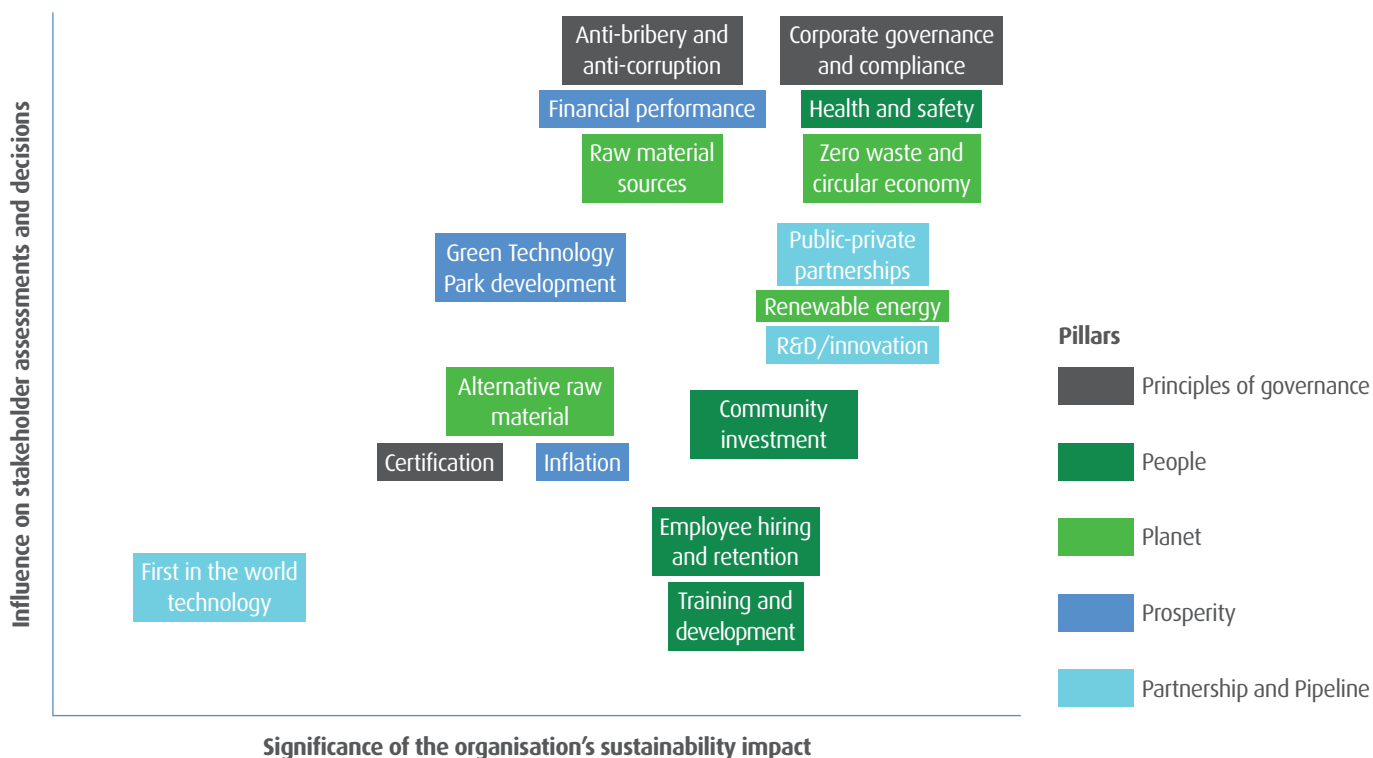
## Materiality

Nextgreen's success depends on understanding and responding to the shifting sustainability landscape and associated issues that may influence our future strategic direction. Our materiality assessment enables us to explore what matters most to our business and our stakeholders. It also helps us articulate what these impacts and issues mean for Nextgreen, both now and in the future.

We perform these formal assessments every two years to ensure continued alignment across stakeholders. Our next formal assessment will take place in 2023. Understanding and prioritising these sustainability topics enables us to focus, act and report on them effectively and transparently.

Our 2021 materiality assessment involved these steps: desk-based research which included industry trends and sustainability frameworks (i.e. GRI, SDGs) and ratings (i.e. FTSE Russell ESG); internal engagements and workshops with Nextgreen subsidiaries and holding company; surveys collected from external stakeholders; and materiality assessment sign-off by Nextgreen's management. The management reviewed the 2021 materiality topics to ensure 2022 relevance, as presented in the materiality matrix. Throughout this annual report, we discuss the ongoing progress for each of these material topics.

Materiality matrix



# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Contributing to United Nations Sustainable Development Goals ("SDGs")

Businesses have a crucial role to play in delivering the SDGs. We see it as a key responsibility of business to help deliver the SDGs. We have identified the following eight global goals where we have an opportunity to make the greatest impact given the nature of our business. We align and map the SDGs against relevant sustainability disclosures in the global framework reporting content index on pages 51 to 54.



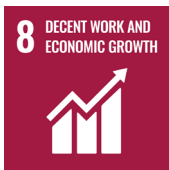
### Clean water and sanitation

Our manufacturing processes are water-intensive; with operations impacting water resources through their extraction and use. We look at ways to improve water quality by reducing pollution, eliminating dumping, dumping only at designated locations and minimising release of hazardous chemicals and materials before treatment and increasing recycling and safe water reuse.



### Affordable and clean energy

Increasing our energy self-sufficiency improves profitability, energy security and reduces carbon emissions. We invest in optimising energy usage and process efficiencies through the usage of biomass for steam production and integrating renewable solar photovoltaic ("PV") power for clean energy.



### Decent work and economic growth

We work towards a fair, safe, diverse and inclusive workplace for our employees who benefit from decent working conditions, skills development and purposeful employment. Our support for local enterprises creates wealth and employment, strengthens the local supply chain and promotes resilient communities.



### Industry, innovation and infrastructure

We contribute to economic and social development by investing in local infrastructure, creating business opportunities and driving collaboration. We are also taking a leading role in advancing research and development in the non-wood pulp and paper industry.



### Responsible consumption and production

Adopting circularity through the use of biomass and by-products from our manufacturing process provides a progressive opportunity for our business while reducing negative environmental impacts. Our manufacturing processes is resource-intensive and using raw materials, water and energy efficiently is fundamental to a sustainable business.



### Climate action

Climate change is a threat to the future of our planet, making it crucial for us to adapt to it and mitigate its effects. We look into ways to take action to combat climate change and its impacts through minimising carbon emissions in our operations and supply chain, restoring natural environments and investing in renewable energy.



### Peace, justice and strong institutions

We put in place policies and procedures to reduce the opportunity for bribery and corruption, in line with national considerations. Employee training is in place to develop awareness of professional responsibilities.



### Partnerships for the goals

We work and collaborate alongside partners that helps us in different ways. Partnerships are a proven way to learn new things, share best practices, achieve specific objectives, set future goals and build trust amongst our various stakeholders.

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Stakeholder engagement

Nextgreen engages with a broad range of stakeholders who are connected to or influenced by our business operations. Our ability to execute our sustainability efforts in a purposeful way requires input from our diverse set of external and internal stakeholders. Inputs from these active and regular engagements helps us shape, advance and implement our sustainability strategy and is reflected in how we are striving to build a more resilient future. This year, we included stakeholder commentaries throughout this Statement from various partners who have helped us learn new things, share best practices, achieve specific objectives and set future goals.

Stakeholder groups	Why we engage	How we engage and frequency	Topics important to stakeholder group
Academic associations and research institutions	We collaborate with academic associations and research institutions to bring about purposeful change and sustainable solutions. We are involved collaboratively in developing and sharing industry best practices related to advancing the non-wood pulp and paper industry, zero waste and circular economy.	<ul style="list-style-type: none"> <li>• Knowledge transfer</li> <li>• Memorandum of understanding ("MoU")/Memorandum of agreement ("MoA")</li> <li>• Ongoing career fairs</li> <li>• Ongoing research and development collaborations</li> </ul>	<ul style="list-style-type: none"> <li>• Creating talent pipeline</li> <li>• Educational site visit and industry sharing</li> <li>• On-the-job training programmes</li> <li>• Product innovation</li> <li>• Research grants and collaboration projects</li> </ul>
Customers	We engage with our customers to understand their requirements, demands and anticipate market trends. Our engagement helps us to prioritise long-term success for our business and our customers by providing an opportunity to develop innovative solutions, build strong relationships and help them achieve their own objectives.	<ul style="list-style-type: none"> <li>• Company website and social media</li> <li>• Customer satisfaction platforms i.e. emails, phone calls, surveys, visits</li> <li>• Letter of intent ("LoI")</li> <li>• Ongoing dialogue, negotiations and account management</li> <li>• Periodic trade fairs</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon footprint</li> <li>• Consistent supply of products and quality</li> <li>• Product pricing</li> <li>• Public awareness on sustainable products, empty fruit bunches ("EFB"), pulp and paper products using EFB as a raw material</li> </ul>
Employees	By engaging with our employees and creating positive experiences for them, we shape our culture and live our values. We foster open dialogue to provide an opportunity to identify and resolve challenges together, as well as identify and support development initiatives so that our employees are empowered to drive our business forward. A strong and integrated sustainable company can attract and retain the necessary skills.	<ul style="list-style-type: none"> <li>• Bi-annual performance management system reviews</li> <li>• Bulletin boards</li> <li>• Employee/safety handbook</li> <li>• Periodic trainings and workshops</li> <li>• Supervisory and toolbox meetings</li> <li>• Workplace meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement</li> <li>• Employee performance</li> <li>• Employee Share Option Scheme ("ESOS")</li> <li>• Health and safety</li> <li>• Hiring and retention</li> <li>• Local employment</li> </ul>
Government (national and local), regulatory bodies and industrial associations	We ensure compliance with legal and government requirements as well as established responsible business conduct. We engage with national and local governments, regulators and industrial associations to share our intentions, understand their concerns and priorities, and find mutually beneficial solutions.	<ul style="list-style-type: none"> <li>• Association web portal</li> <li>• Company representation at industrial association initiatives</li> <li>• Multi-stakeholder collaborations and partnerships</li> <li>• Periodic seminars and forums</li> <li>• Presentations and submissions to government</li> <li>• Progress update meetings</li> <li>• Site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Boost exports and reduce imports</li> <li>• Contribution to society i.e. creating employment and supporting local economy</li> <li>• Green products and certification e.g. MyHIJAU</li> <li>• Tax incentives</li> <li>• Zero waste</li> </ul>
Local communities and non-governmental organisations ("NGOs")	Our businesses are more likely to succeed when they are part of healthy, prosperous and dynamic communities. Ongoing and transparent dialogue with local communities enables us to collaboratively address challenges, understand and manage risks, generate employment and business opportunities, improve performance and build trust.	<ul style="list-style-type: none"> <li>• Ongoing dialogue meetings</li> <li>• Sponsorship and local community projects</li> <li>• Village visits</li> </ul>	<ul style="list-style-type: none"> <li>• Indigenous people (Orang Asli)</li> <li>• Social investment programmes e.g. job opportunities, contributions to local causes</li> <li>• Tree planting</li> </ul>

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder groups	Why we engage	How we engage and frequency	Topics important to stakeholder group
Shareholders, investors and bankers	We engage with our shareholders and investors to provide them with insights about the company. This allows them to make informed investment decisions. Our engagement with financial institutions provides us access to wider financing options.	<ul style="list-style-type: none"> <li>• Ad-hoc meetings to structure schemes and negotiate financing proposals</li> <li>• Annual General Meeting ("AGM")</li> <li>• Annual and quarterly reports</li> <li>• Circular to shareholders</li> <li>• Company announcements</li> <li>• Company website</li> <li>• Extraordinary General Meeting ("EGM")</li> </ul>	<ul style="list-style-type: none"> <li>• Capital requirement</li> <li>• Dividend proposal</li> <li>• Financial position and performance</li> <li>• Financial projection</li> <li>• Financial collaterals</li> <li>• Past financial results</li> <li>• Short-term and long-term strategies</li> </ul>
Suppliers and sub-contractors	Our suppliers and contractors provide us with business-critical products and services that enable us to drive our business strategy. We prioritise purchasing products and services from local suppliers. We work in partnerships to deliver best value for our operations as well as develop their capabilities and capacity.	<ul style="list-style-type: none"> <li>• Annual supplier performance assessment</li> <li>• Engagement via email or phone call</li> <li>• Request for tenders and procurements</li> <li>• Supervisory and toolbox meetings</li> <li>• Weekly or monthly follow-up meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of construction materials supply and on-time delivery</li> <li>• Raw materials demand</li> <li>• Securing future construction works in Green Technology Park ("GTP"), Pekan</li> <li>• Use of local suppliers</li> </ul>

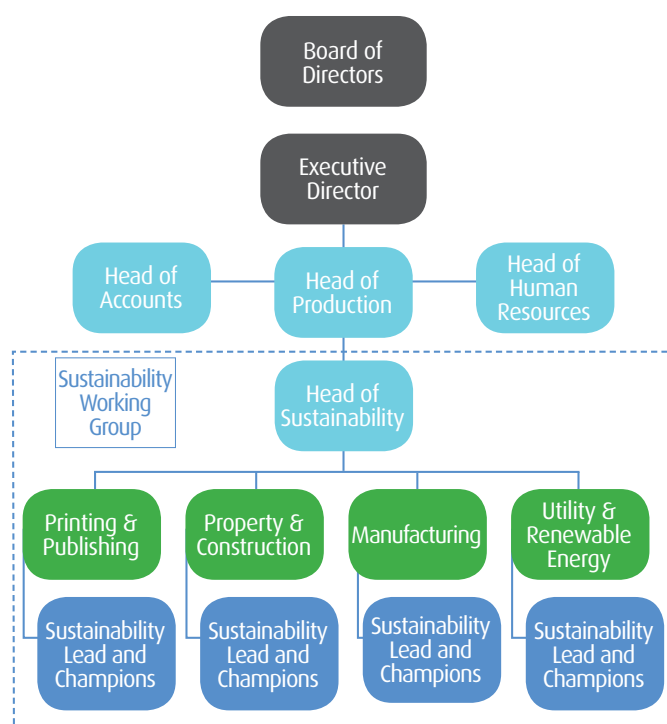
## Principles of governance

Our commitment to operating in an ethical and lawful manner serves as the foundation for our relationships with employees, customers and suppliers, as well as the communities in which we operate. Nextgreen recognises the need for a resilient and effective governance framework to uphold strong sustainability governance and embed sustainability in our business decision-making as well as our daily operations.

### Embedding sustainability across Nextgreen

The Board of Directors has the overall responsibility to ensure that it supports and integrates the recommended sustainability considerations in its decision. The Executive Director oversees the management of corporate sustainability – identifying, assessing, managing and recommending the best course of action. The Executive Director is supported by the heads of various departments who sets the sustainability direction for the Group. In 2021, we appointed a Group Head of Sustainability who oversees the Sustainability Working Group to implement and track the strategies and initiatives within the Group and across the various businesses. The head of each subsidiary is the Sustainability Lead; and is supported by nominated Sustainability Champions who are responsible to promote and drive sustainability within the subsidiary.

Nextgreen's sustainability governance structure





# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## *Raising awareness internally on environmental, social and governance ("ESG") topics*

We are working to raise awareness and understanding of sustainability-related topics among employees at all levels. We support them in their roles to have an understanding and ability to hold informed conversations about ESG topics. Topics include sustainable financing, ESG ratings, climate change, sustainability certifications and labels. We also encourage all employees to take advantage of the UNGC Academy digital learning platform to gain new insights and best practices from world class leaders, changemakers and practitioners on today's pressing sustainability issues. Among some of the UNGC Accelerator programmes participated in 2022 are the Climate Ambition Accelerator, SDG Ambition Accelerator and Target Gender Equality Accelerator.



*Introducing sustainable finance to the relevant internal departments and how it interacts with economics, environment, social and governance topics on 19 September 2022*



*Equipping various business unit's sustainability champions and employees on sustainability-related information and data*

## *Zero tolerance approach on bribery and corruption*

In 2021, Nextgreen set up the Anti-Bribery and Anti-Corruption function to strengthen governance, integrity and anti-corruption compliance and controls for the Group. We adopt a zero-tolerance policy against all forms of bribery and corruption in our business, including any third-party or business associate dealings.

The Anti-Bribery and Anti-Corruption Policy and procedures give employees (and third-parties with whom we engage) the awareness, knowledge and resources to operate with integrity and comply with applicable laws and regulations. Policy and procedures to prevent risks relating to inappropriate behaviour, such as acts of bribery and corruption is outlined and made available for reference on the Company's website at [www.nextgreenglobal.com](http://www.nextgreenglobal.com).

Training is an important part of creating a strong ethics and compliance culture. In 2022, we translated the online training to Bahasa Malaysia to cater for a broader audience in our Company. New employees participated in online training upon hiring and on our Anti-Bribery and Anti-Corruption Policy. In 2022, 131 employees participated in the following training sessions, covering topics such as Malaysian Anti-Corruption Commission ("MACC") Act, corporate liability provision, integrity and corruption. During the reporting period, there were no confirm incidences of bribery and corruption.



*Internal bilingual (English and Bahasa Malaysia) awareness session on MACC Act for employees and workers at GTP, Pekan on 2 June 2022*



*MACC representative sharing with Nextgreen employees on Section 17A MACC Act 2009 in conjunction with International Anti-Corruption Day on 9 December 2022*

## *Data privacy and security*

Nextgreen is committed to the relationship and trust we have with our stakeholders. We make our best endeavour to maintain the privacy and security of all personal information processed by Nextgreen, regardless of whether this data belongs to our employees, customers or other stakeholders.

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Planet

A healthy planet is essential to human health and the sustainability of our business, while also enhancing opportunities for product innovation and reducing cost and risk. Our aim is to be a responsible neighbour and to minimise and eliminate potential negative impacts of our operations on local communities and the environment. We comply to the environmental regulatory requirements and monitor potential pollution within our operations. In 2022, there were no environmental-related fines that was subjected to our Company.



*Celebrating World Environmental Day on 17 June 2022 with Nextgreen's employees*

## Addressing climate change

The corporate sustainability landscape has evolved over the years in response to the urgency to limit global warming below 1.5 degrees Celsius, in line with the Paris Agreement. Climate change not only poses a global threat to the environment, but also to human health and the economy. We recognise that taking decisive measures to address climate change is crucial to the long-term stability of the economy and well-being of the society.



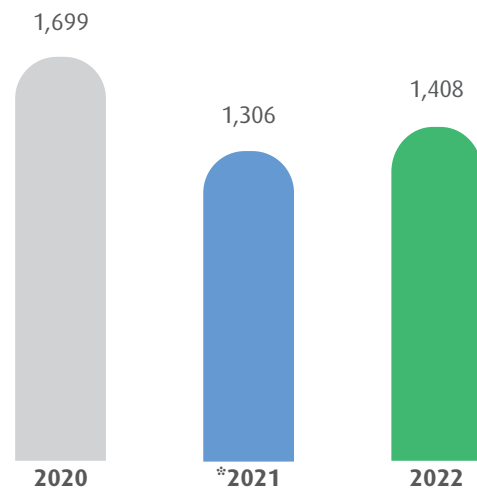
*As part of our commitment to the Climate Action Pledge signed in 2021, Nextgreen's efforts were presented at the British Malaysian Chamber of Commerce ("BMCC") event on 21 July 2022*

## Energy management

We continue to implement programmes to reduce our overall energy consumption, generate or utilise renewable energy and drive operational efficiencies. In 2022, we saw a slight increase in our electricity where 91% is consumed by BHS Book Printing. The remaining consumption of 7% and 2% are by Ultimate Ivory site office and our headquarters, Nextgreen Global Berhad's office, respectively.

In 2022, BHS Book Printing resumed the use of the web offset printing to accommodate the high-volume print jobs; in addition, runs on liquified petroleum gas ("LPG") to operate. The subsidiary made efforts to conserve energy by turning off unused machines.

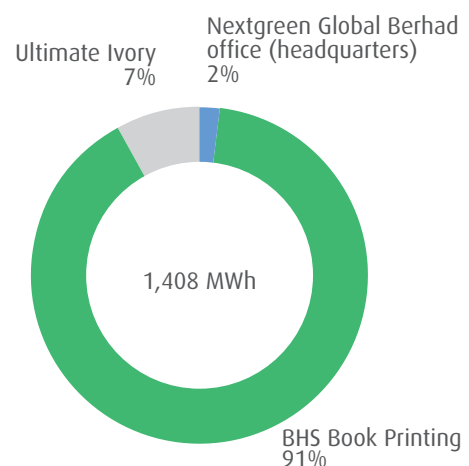
### Total electricity consumption from 2020 to 2022, MWh



Note: Total electricity consumption for Nextgreen Global Berhad office (headquarters), BHS Book Printing and Ultimate Ivory.

\* The 2021 figure has been restated following an internal data review.

### Breakdown of electricity consumption in 2022, %





# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

Non-renewable fuel consumed – BHS Book Printing	2020	2021	2022
Liquefied petroleum gas ("LPG"), kg	5,195	0	7,957

Note: LPG is used in the web offset printing machine.

## Investing in renewable energy and increasing self-sufficiency

Utilisation of renewable energy is a growing expectation. The advancements in renewable technology and incentives through legislation, have facilitated the creation of a robust renewable energy market. On 14 November 2022, NGPP entered into a 20-year power purchase agreement ("PPA") with Kejuruteraan Asastera Berhad ("KAB"). KAB, our appointed principle sustainable energy solutions provider will design, construct, install, own, operate and maintain solar photovoltaic ("PV") systems with a total combined capacity of 3,387-kilowatt peak ("kWp") on the rooftops of multiple production plants and buildings at GTP, Pekan. Nextgreen will purchase the solar PV energy generated by the facility for GTP use, enhancing energy efficiency of the manufacturing operations. These solar PV installations is expected to provide 88,789 megawatt hours in energy savings and reduce 51,942 tonnes of carbon dioxide equivalents over the next 20 years.

## Reforestation efforts to combat climate change

Reforestation can alleviate the effects of carbon emissions on climate change, re-establish ecosystems, improve biodiversity and the availability of natural resources. One of the collaboration areas between NGPP and Universiti Malaysia Pahang ("UMP") is the Tree Planting Programme, initiated by Yayasan UMP to support the Pahang State Forestry Department's tree planting agenda. NGPP and UMP entered an MoU to strengthen and foster collaboration in 2021.

NGPP committed a total of 1,000 tree saplings which will be planted in phases over the year. On 10 September 2022, the first batch of 214 tree saplings comprising of Batai, Kasai, Meranti Temak Nipis and Merawan Siput Jantan species were planted at Pahang's Chini Lake with the help of NGPP and UMP volunteers. The objective of this initiative was to demonstrate the long-term benefits of reforestation and to foster environmental stewardship among local communities and industries. These efforts will also help boost the green covering for Chini Lake, which is home to the Jakun tribal villagers and over hundreds of aquatic and non-aquatic species.



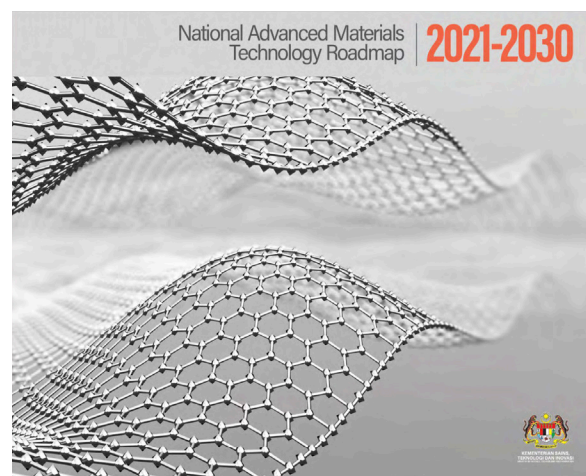
Collaborative tree planting activity between NGPP and UMP volunteers at Chini Lake on 10 September 2022

## Promoting circular economy and reducing waste

Circularity is an important consideration in the way many of our businesses approach product development, product packaging and waste. We aim for zero waste by reducing waste generated and bring back into value creation processes by increasing reuse and recycling in our businesses and supply chains. By working with our partners and investing in the right initiatives, we are working to improve resource efficiency within and beyond our operations.

### Nextgreen listed as advanced material manufacturer in MOSTI's roadmap

Our research and development efforts to develop innovative products was recognised by the Malaysian government, where Nextgreen was listed as a key Malaysian manufacturer of advanced materials in the National Advanced Materials Technology Roadmap 2021-2030 by Ministry of Science, Technology and Innovation ("MOSTI").



## Materials management

We have a responsibility to use resources as efficiently as possible. Embedded within our materiality topics, securing raw material sources as well as considering and producing alternative raw material is fundamental to us achieving our commitments. We explore more of the latter in the "R&D pipeline" section in pages 47 to 50.

Materials used in our operations varies due to the different business nature of the subsidiaries. BHS Book Printing's core business is printing and publishing; Ultimate Ivory develops, constructs and manages GTP, Pekan; and the manufacturing subsidiary, Nextgreen Pulp and Paper converts empty fruit bunches ("EFB") into pulp for paper production with the Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp ("PRC-RBMP") technology. We are putting in measures to collect data for NGPP's operations which commenced during the reporting year.



# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

Materials used	2020	2021	2022
<b>BHS Book Printing</b>			
Paper, MT	1,176	515	917
Ink, kg	16,742	8,460	14,823
Plate, kg	8,987	7,058	8,364
<b>Ultimate Ivory</b>			
Concrete, m <sup>3</sup>	3,179	4,042	2,111
Steel bar, tonnes	243	397	150
Steel structure, tonnes	208	119	99

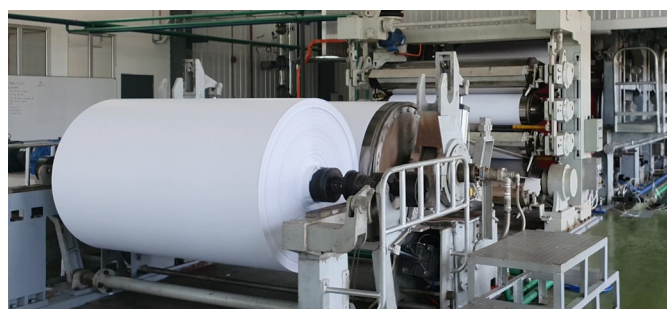
Materials for packaging	2020	2021	2022
<b>BHS Book Printing</b>			
Carton box, box	2,030	0	1,520
Stretch film, roll	1,746	2,052	1,120
Pallet, pieces	70	20	39

Note: In 2022, discarded papers were used for packaging in replacement of stretch films; pallets were purchased to replace worn out pallets.

Materials recycled	2020	2021	2022
<b>BHS Book Printing</b>			
Waste paper, kg	297,510	344,618	251,870
Used plate, kg	-	*3,218	4,804

Note: We removed paper core from this list. Paper rolls that came with paper cores are less used following the shift to sheet papers.

\* The 2021 figure has been restated following an internal data review.



EFB woodfree paper produced at NGPP manufacturing plant using the patented PRC-RBMP technology that converts EFB into pulp and paper

## Managing our water resource

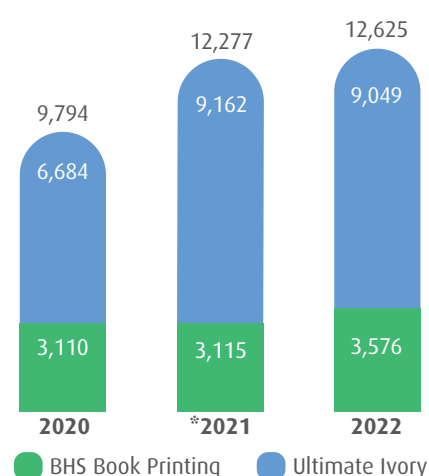
Water is a valuable resource that we share with communities close to our operations. Having access to safe water and sanitation is a fundamental human right. Our businesses aim to reduce the amount of water we extract, reuse process water as much as possible and return treated wastewater to nature.

We monitor the quality and quantity of the water in our operations, that is discharge and carry out an assessment of the biological and chemical pollutants in it, as well as other key parameters, to help protect local water-dependent ecosystems and habitats. This monitoring, including wastewater from our facilities is treated in

compliance with regulatory requirements, so as to ensure negative impacts are minimised.

In 2022, BHS saw a 15% increase from 2021 in its water consumption due to a leakage that has since been identified and rectified. Ultimate Ivory has seen an increase in its water consumption since 2020 due to uptick in construction activities that requires more water.

Total water consumption from 2020 to 2022, m<sup>3</sup>



Notes:

Water consumption are from BHS and UI operations.

\* The 2021 figure has been restated following an internal data review.

## People

The United Nation's 2030 Agenda for Sustainable Development puts people in the forefront, focusing on ending poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment. The success of our Company is built on a culture that respect the rights, embraces different perspectives, and values the contributions of our people and the communities in which we operate, those within our supply chains and those who may be impacted by our activities. We recognise that a diverse, skilled and engaged workforce strengthens our competitiveness.



Understanding Nextgreen Orang Asli employees' motivation

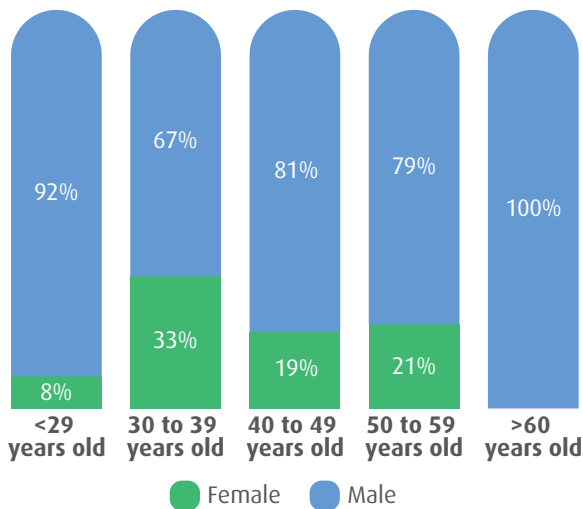
# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Creating a diverse and inclusive workplace

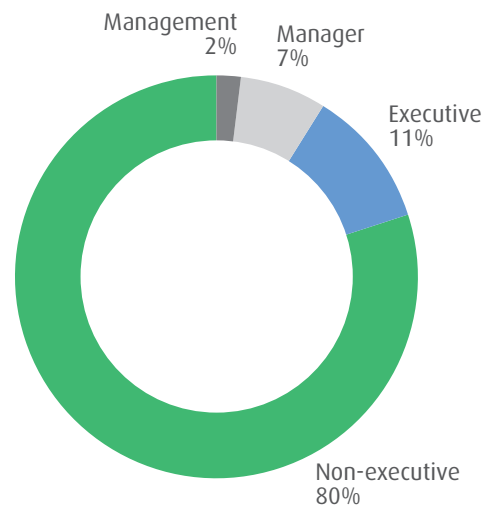
Nextgreen works towards building a diverse workforce and creating an enabling environment that inspires our people to explore and develop their talents. We strive to ensure our people are respected and valued, regardless of their age, race, gender, religion or their differing abilities. In this reporting period, we begin to include NGPP's workforce data.

Nextgreen aims to create a positive impact for our communities, through local hiring. Separately, we are also including local employment hiring of indigenous people (Orang Asli) and second generation of FELDA settlers from Pekan. Our efforts are reflected in the number of Orang Asli employees at GTP, Pekan from 7 to 36 employees in 2022 from the previous year. Most of our employees are permanently employed with less than 1% employed on a fixed-term contract. We comply with local legislation on employment rights, including meeting the local minimum wage and employee benefits. We continually work towards developing competitive remuneration packages and benefits that can attract and retain talents for the Group.

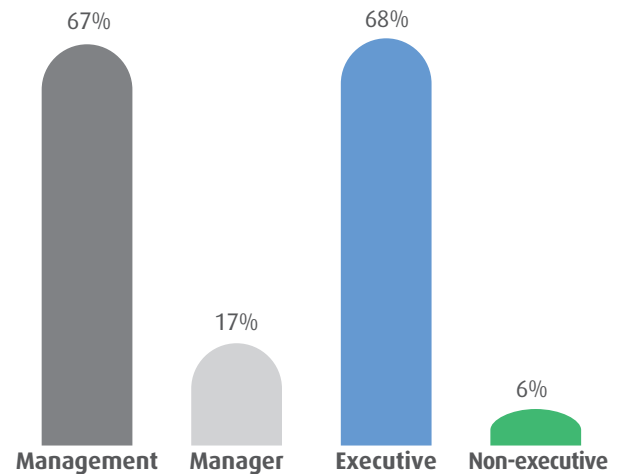
Employees by age group and gender in 2022, %



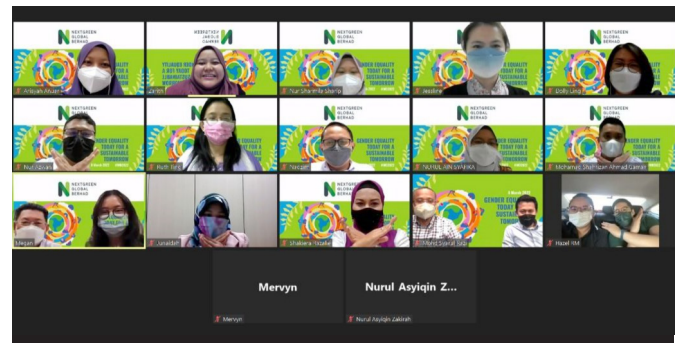
Permanent employees by employment category in 2022, %



Women representation by employment category in 2022, %



Celebrating cultural diversity at the workplace during the Malaysia Day celebration on 15 September 2022



Nextgreen celebrated International Women's Day with the theme #BreakTheBias virtually on 8 March 2022

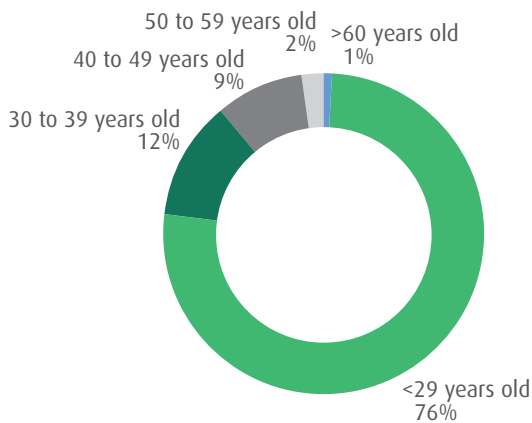
# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Monitoring turnover and new hires

We are aware that our success depends heavily on our ability to attract and retain talents. We monitor turnover carefully while continually work towards enhancing our benefits to attract new talents while improving employee retention.

Our business saw a significant increase of new hires below 30 years old from the previous year. We intensified hiring to support business growth and expansions in key areas, largely for production operation at our Nextgreen Pulp and Paper plant, GTP, Pekan.

**New hires by age group in 2022, %**



We actively explore potential young talents by offering internship program and recruiting students from local universities and institutions such as the National Youth Training Institute (also referred as Institut Kemahiran Belia Negara or “IKBN”).

An improvement to our human resource systems and processes was conducted to equip us better for the increase of workforce into our expanding business. Improvements includes establishing employee self-service e-office system, standard operation policy and procedures, amongst others.



*Interns from local universities attached to the R&D department preparing samples for a project*

## Developing our people and establishing a workplace culture

Skills and career development are managed as a shared responsibility between managers and their teams. Development is linked to personal objectives, which employees set together with their line managers. In early 2022, the Human Resources Department put in place the Performance Management System to help employees understand the importance of their contribution to the company's goals and what they are expected to do to achieve these goals. This also allows for discussions as an opportunity for employees and their managers to reflect on individual performance, give feedback and set goals.

We know that investing in training employees is critical to building employee competencies that will improve compliance, reduce risks and drive continuous performance improvement. Training needs are assessed according to the requirements of employees, to fulfil their current roles and achieve their career aspirations.

In GTP, several NGPP employees went through “on-the-job-training” for modules relevant for their roles, such as paper making, warehouse operation, quality awareness and safety, health, and environment modules. We also established a training and development framework that outlines job specific trainings required for non-executive employees at NGPP. Additionally, we work with Pahang Skills Development Centre (“Pahang Skills”) and IKBN to equip our production operators with the relevant technical skills and trainings.



*Employee engagement session i.e. tea and learn session on core values with employees at GTP, Pekan on 10 August 2022*



*NGPP employees during a Manufacturing Management Foundation course conducted at Pahang Skills Development Centre (“Pahang Skills”)*



# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Employee-led company core values

Company core values give employees purpose and a sense of identity. During the reporting year, several tea and learn sessions were held to include employees in the process of articulating who Nextgreen is as an organisation and what the company stands for. The management identified and presented three core values — passion, people and value creation — and through these sessions learnt and understood how employees see and value working with Nextgreen.

## Health and safety

We are committed to protecting the safety, health and well-being of all employees and individuals in our workplace, and expect all our employees, sub-contractors and suppliers working in our operations to take reasonable care to further these efforts. Occupational Safety, Health and Environmental (“SHE”) Policy was established to embark on our top management’s commitment towards continuous improvement of SHE management. Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) is one of the tools being used to identify potential hazards arising from our operation to assess the probability of body injuries, property damage or financial loss.

Our company is committed to complying with local acts and regulations. We conduct yearly evaluation of compliance to ensure that we comply with the Occupational Safety and Health Act 1994, the Factory Machinery Act 1967, the Environmental Quality Act 1974 and the Fire Service Act 1988. Our bilingual – English and Bahasa Malaysia – safety handbook is provided to employees and workers, to which they are required to read and acknowledge. Each subsidiary lead health and safety initiatives in their respective operations.

At GTP, Pekan, the Safety, Health and Environment committee (“SHEC”) consisting of employer representatives, employee representatives and in-house contractors meet bi-weekly to discuss health, safety and environment-related matters. The SHEC conducts bi-weekly workplace health and safety inspection, to which employees in charge will be given two weeks to resolve all adverse findings from the inspection. The SHEC ensures chemicals storage and handling is in compliance with regulatory requirements.

New employees and workers working at GTP, Pekan go through a safety induction session with the safety officer. Daily safety toolbox is conducted with rotating departments to instil the health and safety practices. We work towards reducing risk in the workplace through continuous improvement on machineries, plants, equipment, appliances or any personal protective equipment. In the reporting period, the Group did not record any serious incidences.

Managing in-house contractors, vendors, suppliers and visitors is also part of our responsibility to ensure zero accidents at the workplace. Third parties are introduced to our Safety, Health and Environmental management system, procedures, visitor’s guide and safety passport. The

wearing of personal protective equipment is mandatory when entering our operation site. Any high-risk area and activity is closely monitored to ensure the safety of third parties.

## Prosperity

Prosperity is more than profit alone. We are cognisant that our economic growth flourishes when the communities in which we operate thrives. Nextgreen works towards promoting sustainable economic growth by creating environments that are conducive for investments and provide employment opportunity, while bringing benefits to the environment and society at large.

## Promoting economic growth

The ability to create and sustain economic performance is important for Nextgreen and our stakeholders. We strive for positive economic growth and sustained value for both our business and stakeholders as our business continues to evolve.

Nextgreen breaks new ground on 9 June 2022 with a ceremony to embark on a journey to construct a 10,000 metric tonnes tissue plant (Phase 1B) at GTP, Pekan. The construction of both the 30,000 metric tonnes animal feed plant and organic fertiliser plant will happen concurrently. The fertiliser plant is scheduled to be in operation by the end of 2023. The completion of these developments is expected to have positive spillover effects in improving the state of Pahang’s economy, while also providing employment opportunities to the locals, including the Orang Asli communities.

## Participating in leading industry events

We progressively take part in industry events to introduce our business and products to both the local and international markets.



*Nextgreen employee conducting a market survey for food packaging products at the Malaysia Agriculture, Horticulture and Agrotourism Expo 2022 (MAHA2022) on 5 August 2022*



# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)



NGPP participated in the International Greentech & Eco Products Exhibition & Conference Malaysia ("iGEM") on 12 to 14 October 2022

## Supporting the local economy and supply chain

We recognise our responsibility to ensure that our products are made with sustainable raw materials. We work towards building a more resilient and sustainable supply chain. To that end, Nextgreen works closely with local stakeholders including palm oil mills around GTP, Pekan, such as Kami Anak Felda ("KAF"), and relevant government

agencies e.g. Koperasi Permodalan FELDA Malaysia Berhad ("KPF") to ensure local supplies of raw materials. Where possible, we purchase products and services locally. Nextgreen is developing a more comprehensive supplier sourcing method to include due diligence process that factors in environmental and social aspects as part of the supplier registration, evaluation and assessment processes.

## Enhancing customer satisfaction

We strive to consistently deliver exemplary quality products and services for our customers. BHS Book Printing complies to industry quality management standard, the ISO 9001:2015 in its efforts to meet the requirements and expectation of its customers. Returning customers motivates us to continue delivering the best service and quality products. NGPP has established a customer feedback procedure for its products. The subsidiary implements continual improvement with multidisciplinary approach across our operation to ensure product quality. These procedures will come into effect once full production begins.

### Commentary by Teragaki Tsuyoshi, Managing Executive Officer, Chief Operating Officer, Forest Products Division

# Marubeni

Marubeni formulated a long-term vision on climate change and, as part of this vision, we set a goal for the Marubeni Group to achieve net-zero GHG emissions by 2050. We also formulated action plans with the measures we plan to implement heading towards 2030 to make the goal of net-zero GHG emissions by 2050 more effective. Our long-term vision envisages two pillars: first, to achieve net-zero GHG emissions by the Marubeni Group; and second, to contribute to the transition to a low-carbon or decarbonized society through business activities.

We believe that this GTP project is greatly aligned with our vision. A huge amount of EFB is currently dumped into the fields across Malaysia and Indonesia, creating unsanitary environments, causing methane gas generation, and wasting resources that could be upcycled. Nextgreen is a trusted pioneer to move this project forward with their capabilities and passions.

Marubeni signed a Letter of Intent with Nextgreen in April 2019 for purchasing pulp and paper products so that we can help develop this promising project. At the same time, we are also studying other collaboration possibilities. We look forward to opening the way to a sustainable future with Nextgreen.

#### About Marubeni:

Marubeni is a major Japanese integrated trading and investment business conglomerate that handles products and provides services in a broad range of businesses across wide-ranging fields, including lifestyle, ICT, food, consumer products, chemicals, energy, power plants, transportation, industrial machinery, finance and leasing. Marubeni operates in multiple regions including Asia, Europe, North America and the Middle East while maintaining access to promising local ecosystems.

## Committing to corporate social investment

We recognise that our success depends in large part on our relationships and interactions with local communities, including community leaders, NGOs, local businesses and schools. The communities where we operate are home to our workforce. It is critical to understand the concerns and needs of our communities and address local challenges so that we can help build stronger communities and support the sustainability of our business. We contribute to the economy of local communities directly and indirectly through employment and training. Beyond this, we bring benefits to communities through our social investments and partnerships.



Nextgreen contributed two units of air conditioner to Sekolah Kebangsaan Paloh Hina

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## *Respecting communities around our operations*

We advocate for social progress and know that businesses thrive when the communities in which they operate thrive. Developing open relationships with and investing in the communities in which we operate, builds trust and collaboration. It also helps us respond to potential conflicts and support local sustainable development.

At the start of 2022, we engaged with the indigenous community, or locally known as the Orang Asli community within Paloh Hinai, where GTP, Pekan is located. The aim of the engagement was to understand education opportunities and challenges for the Orang Asli community in the area. This assessment project was led by an external consultant with the on-ground support of Nextgreen's cross-functional team members, who were familiar with the local protocols and customs.

We adopted a participatory approach using focus group and one-on-one interviews with Nextgreen employees of Orang Asli ethnicity, site visits and community dialogues with village leaders, school principals and students. The project team used Bahasa Malaysia as the primary language to empower the community to engage openly to express their concerns and share expectations. Desk research to gather socio-economic data to gain a bigger context of the Orang Asli in the state of Pahang, including phone calls to NGOs and other community leaders was also carried out.

We learnt from the diverse voices that while education infrastructure have been provided to assist the Orang Asli, the main challenge is the motivation of the Orang Asli students and helping them thrive in their education will open up wider employment opportunities.



*Nextgreen project team engaging with community leaders at a community hall in Kuala Mentiga, Pekan*

### **Commentary by Terence Ooi, co-founder of Wiki Impact**

Part of having moral leadership and courage is also to consider the plight of the underserved around you. By investing in others, in return you grow and the organisation grows. There is an African saying: "Do not call the forest that shelters you a jungle" — that encourages us to make intentional social and environmental investments towards others.

As Nextgreen seeks to expand their operations in locations that has a significant number of underserved populations, they need to be intentional at the same time grow deep relationships amongst them. This goes beyond providing employment opportunities or having engagement sessions — but to consider the welfare of the current generation, the young generation and the future generation. Basic needs such as education and health access need to be addressed yet at the same time generous resources need to be poured in so that the young have equal opportunity to have their dreams met.

A true circular economy considers not just the environmental but the social and future of communities and lives. The next phase that Nextgreen will be taking towards community empowerment and investment can be an exemplary one and for other corporations to model after. This can only happen when moral leadership and courage are displayed.

#### *About Terence Ooi:*

*Terence Ooi is the co-founder of Wiki Impact, an online platform that highlights various social issues on the ground. With his on the field experience in community development, he acted as the external consultant with Nextgreen to engage the Orang Asli communities at Paloh Hinai to assess their education needs and challenges.*



# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## *Empowering youth education, training and development*

We continue to empower individuals and communities where we operate through creating opportunities to improve livelihoods, such as providing educational scholarships, training and skills development and employment prospects with our Company.

NGPP continues its collaboration with Pekan's National Youth Training Institute ("IKBN Pekan") through the National Dual Training System also referred as Sistem Latihan Dual Nasional ("SLDN") to provide hands-on training and career opportunities to youths from the surrounding community. In 2022, 20 youths trained under this programme were offered employment at the NGPP plant in GTP, Pekan.

## *Encouraging product innovation, local skills development and job creation through farming*

Our support for product innovation, local skills development and job creation creates wealth and employment, strengthens the local supply chain and builds more independent, resilient communities. In 2022, we initiated a pilot study to plant locally farmed Japanese musk melons, led by an external industry expert. Musk melons are considered premium fruits and often given as gifts in Japan. We set up a greenhouse in the GTP, Pekan area, managed by four locals. This includes two trained Orang Asli employees who are equipped with the technical know-how and growing techniques. Efforts are taken to ensure maximum nutrients are absorbed by maintaining one fruit per plant. We saw positive results in the harvest rate between our first two harvests in the reporting year. We continue to pursue this study and with demand, this could be a potential economic avenue for the Company and the communities around us.



*Daily monitoring of Japanese musk melons performed by Nextgreen employees at the greenhouse in GTP, Pekan*

## **Partnership and pipeline**

We have always understood the need to work with others to achieve our commercial, environmental and social goals. The circularity of products is complex and evolving through the entire value chain. Nextgreen invests in purposeful and strategic partnerships and collaborations to drive innovation and promote circular solutions at scale. We believe that sharing knowledge, resources and best practices with industry players, government agencies, NGOs and academia creates opportunities to develop sustainable solutions and empower a more responsible and sustainability-minded future. Collaboration is also a proven way to learn new things, achieve specific objectives, set future goals and build trust with the many different stakeholders who have an interest in our company.

## **Partnering for progress across our value chain**

We work in partnership in many areas. We are in a joint-effort with Forest Research Institute Malaysia ("FRIM") to develop a new certification module for certifying sustainable green paper from oil palm empty fruit bunches (EFB) PRC-RBMP. This certification is first of its kind for the industry to ensure paper products manufactured and marketed fulfils the quality and sustainability requirements by FRIM Product Certification as well as fulfil users' and buyers' requirements. This certification module is voluntary in nature and can be used as a means to achieve the SDGs.

Our ongoing endeavour with Malaysian Green Technology and Climate Change Corporation ("MGTC") progressed through the signing of Memorandum of Agreement ("MoA") on 15 July 2022. The rationale of the MoA is to form a joint venture through a special purpose company known as GTC Biomass Berhad for the purpose of building, developing and commissioning 20 palm oil waste collection and processing centres throughout Malaysia. The consortium is between our wholly-owned subsidiary i.e. Nextgreen Biomass Sdn Bhd, GreenTech Malaysia Alliances Sdn Bhd (a subsidiary of MGTC), Koperasi Sahabat Amanah Ikhtiar Malaysia Berhad ("KOOP Sahabat") and Koperasi Perkhidmatan Setia Berhad ("KOSETIA").

On 9 June 2022, Nextgreen Global Berhad entered into a Memorandum of Understanding ("MoU") with National Farmers Organization ("NAFAS" or locally known as "Persatuan Peladang Kebangsaan") to establish a strategic cooperation for the production of organic fertilisers, animal feed and investment. NAFAS comprises of 14 state farmers organisations and 279 area farmers organisations, that carries out various business and investment activities for the purpose of bringing the country's agricultural industry to life. This effort is in line with the national green technology agenda and is aimed towards assisting the government to ensure the quality of the country's food supply, at affordable prices.



# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)



MoU signing ceremony between Nextgreen Global Berhad and NAFAS on 9 June 2022



FRIM presenting Nextgreen with the first of its kind Sustainable Green Paper from EFB Certification Module on 17 November 2022 during the FRIM Commercialisation Day

## Commentary by Sharmiza Adnan, Managing Director of FRIM Product Certification Services

The pulp and paper industry has historically been identified as a major source of environmental pollution. In recent years, several countries have started to impose various regulations and sanctions in the development of new pulp and paper mills despite the ever-increasing global market demand for the products. Market players in return started to scout around regions with low environmental awareness for investment opportunities. If left unregulated, this trend may possibly lead to environmental catastrophe in these countries. Fortunately, some companies such as Nextgreen Global Berhad ("NGGB") have sustainability visions when embarking in new development projects. As a kick-off, NGGB has taken the initiative in ensuring their paper products and manufacturing facilities have a minimum environmental impact by consulting and working with agencies such as FRIM.



Our collaboration in the sustainable paper certification programme started in late 2021 when the paper manufacturing facility in Pekan, Pahang, was still under construction. Once the movement restriction due to the Covid-19 pandemic was lifted, active discussions between several parties were conducted. For the nation, this was the first step towards ensuring that paper products from agriculture wastes such as the oil palm industry contribute towards the United Nations Sustainable Development Goals ("SDG") by supporting Goals 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 12 (Responsible Consumption and Production), 13 (Climate Action) and 15 (Life on Land). While maintaining a high standard on product quality, major contributing factors in the manufacturing of paper products such as raw fibre materials, chemicals, water and energy were taken into consideration when formulating a programme to minimise the environmental footprints and encourage responsible resource utilization. Views from local industrial and academic experts were also taken into account during the programme formulation. This comprehensive effort can complement NGGB's sustainable practices whilst fulfilling customers' requirements and expectations.

We wish NGGB all the best in their efforts to promote sustainability and hope for continuous collaboration in sustainability projects and product certification. Our mutual interests in sustainability and climate change is an added bonus in assuring fruitful future collaborations.

About FRIM Product Certification Services ("FRIM PCS"):

Forest Research Institute Malaysia ("FRIM") is an ISO/IEC 17065 accredited certification body which has established FRIM PCS in 2013 to offer certification for various products such as furniture, fire resistant doors, paper and herbal raw material authentication.



# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

**Commentary by Elina Jani, Chief Executive Officer, GreenTech Malaysia Alliances (GTMA) and Senior Director, Malaysian Green Technology and Climate Change Corporation (MGTC)**

MGTC and NGGB has signed an MoU on 17 January 2022 to form a joint venture for the purpose of building, developing and commissioning palm oil waste collection and processing centres throughout Malaysia. The subsidiaries of MGTC and NGGB, GTMA and Nextgreen Biomass respectively, have formed a special purpose company ("SPC") known as GTC Biomass Berhad, together with Koperasi Sahabat and Koperasi Setia.

The special purpose company is currently fund raising for the setting up of the palm oil waste collection and processing centres. With the upward trend to the production of crude palm oil ("CPO"), it will also lead to a larger amount of non-oil biomass residues such as empty fruit bunch ("EFB") which can contribute to environmental pollution. This venture will develop the Malaysian palm oil sector to be more sustainable and environmentally friendly while creating new green products from EFB that will drastically reduce the usage of new materials while reducing biomass waste from the palm oil sector.

NGGB has proven to be a pioneer in not only their existing printing business, but also in diversification of its business activities to the manufacturing of renewable pulp and paper products. Their motto gives perfectly well with MGTC's motto of driving the adoption and deployment of green technologies in shaping the country's transition from a linear to a circular economy.

The management of MGTC and GTMA aspires to facilitate and support businesses such as this venture with NGGB to drive the nation's aspirations for zero greenhouse gas emissions as early as 2050.

*About MGTC and GTMA:*

*Malaysian Green Technology and Climate Change Corporation ("MGTC") is a federal government agency under the purview of the Ministry of Natural Resources, Environment and Climate Change ("NRECC") mandated to drive the country in the scope of Green Growth, Climate Change Mitigation and Green Lifestyle.*

*GreenTech Malaysia Alliances ("GTMA") is the wholly-owned subsidiary of MGTC, the leading partner for green technology solutions to address problem statements for climate change in Malaysia.*



## Managing the research and development ("R&D") pipeline

We are committed to understanding, managing and reducing the social and environmental impacts of our products and the materials associated with discovering and producing them. By using more efficient and innovative processing methods and technologies, we are reducing the amount of energy, water and raw materials we use to make our products, thereby minimising the amount of waste we generate and lowering our production costs. Our R&D pipeline reflects our commitment to provide solutions and challenges to both companies and consumers to make responsible choices; whether it is about using local raw materials or environment-friendly solutions. The company identifies a culture of continuous improvement as one of Nextgreen's core value — passion — a fuel to the enthusiasm and curiosity for the future.

  
Total R&D expenditure  
in 2022:  
RM4.5 million

### Collaborators:

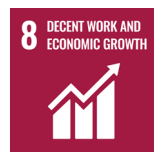


# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Mapping our R&D effort towards the SDGs



Research on wastewater treatment enables improvement in water quality by reducing pollution, eliminating dumping, and minimising the release of hazardous chemicals and materials. This could enable the reuse of treated water for the mill operation.



Production of sustainable value-added products such as EFB pulp/nanocellulose food packaging could lead to higher levels of economic productivity through diversification, technological upgrading and innovation. R&D in nanocellulose promotes productive activities, decent job creation, entrepreneurship, creativity and innovation.



Nextgreen commits to R&D as a critical role in the innovation process, especially relating to biomass-derived value-added products, maximising resource-use efficiency including mill-generated waste, enhancement of scientific research and upgrading technological capabilities.



Besides products and process development based on oil palm biomass, the company utilises sustainable resources including mill-generated wastes such as boiler ash and black liquor for value-added potential applications. This is to ensure sustainable management and efficient use of natural resources, chemicals, and all wastes throughout their life cycle; and substantially reducing waste through prevention, reduction, recycling and reuse.

## Sustainable food packaging materials from EFB pulp & nanocellulose

As a pulp producer from EFB, Nextgreen aims to create a green, environmentally friendly, and biodegradable food packaging product, which would support the Malaysian government's goal of reducing the use of single-use plastics. This RM4.4 million project, started in July 2019 and ended in November 2022, and was co-funded by the Ministry of Science, Technology, and Innovation ("MOSTI") and Nextgreen. Together with Universiti Putra Malaysia ("UPM"), Nextgreen utilised the oil palm EFB as a main raw material for the development of sustainable food packaging.

This MOSTI-Nextgreen-UPM collaboration is aimed at maximising the potential of nanocellulose which is made from the EFB as an advanced nanomaterial for enhancing the mechanical and water barrier properties of EFB-based food packaging. Aligned with Nextgreen's mission of producing a green product with zero waste that can benefit stakeholders and society as a whole, the Social Return on Investment ("SROI") forecast indicates that Nextgreen will achieve its goals of transforming stakeholders' lives and conditions, not only economically, but also socially and environmentally.

### SOCIAL RETURN OF INVESTMENT INDICATORS ON THE STAKEHOLDERS



**Nextgreen Pulp & Paper Sdn Bhd**  
Increases in revenue and job opening



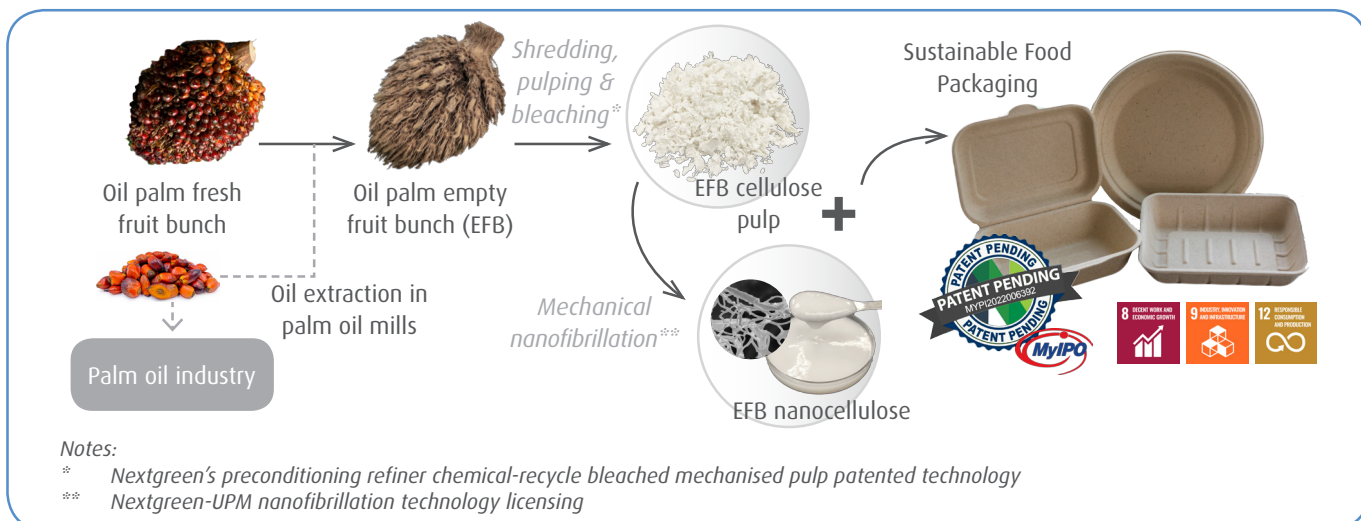
**Nextgreen employees**  
Improves lifestyle, skills and knowledge



**Government**  
Landfill carbon abatement cost saving



**Consumer**  
Sustainable health and environment

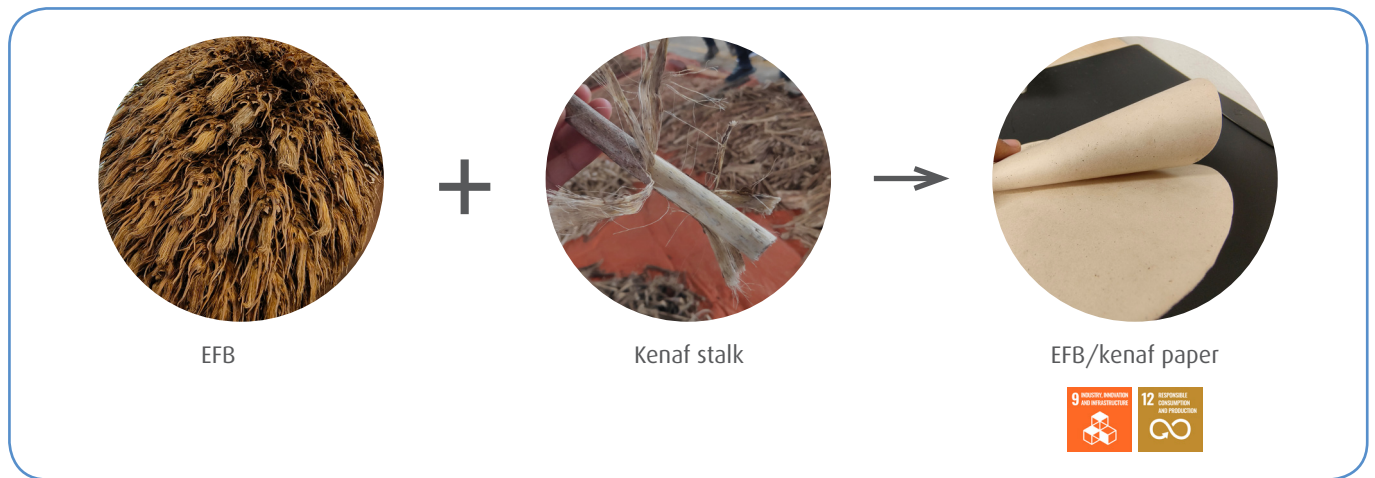


# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

## Paper production from empty fruit bunches ("EFB") and kenaf

Nextgreen in collaboration with Universiti Teknologi MARA ("UiTM") aims to promote green technology for pulp and paper making by using a non-toxic process that may contribute to less energy and water consumption. This three-year project commenced on August 2021, and anticipates the reduction of wood fibers dependency for paper making process by considering the abundant raw materials

in the form of EFB and blending it with the fast-growing kenaf whole stem fibers. Through the optimisation of the EFB-kenaf ratio, we could achieve the enhanced production efficiency of the EFB/kenaf papers that meets the ISO 187:1990 certification, the standard for pulp and paper manufacturing.



## Conversion of black liquor to lignin for adhesive production

Nextgreen is working with a group of Shaanxi University of Science and Technology ("SUST"), China researchers since 2018 to develop an environmentally and industrially friendly process to extract lignin from black liquor, which can be used to produce bio-adhesives. This project concluded in 2022 and foresees the promising potential of black liquor, a pulp and paper mill-generated waste as a feedstock for lignin production. The use of black liquor-derived lignin to replace harmful precursors in adhesive production such as formaldehyde and petroleum-derived phenol promotes responsible and sustainable production in terms of the efficient use of renewable and environment-friendly resources.



	Without EFB ash	With EFB ash
<b>Vegetable plant</b> – Bok choy		
<b>Ornamental plant</b> – Marigold		

## Utilisation of EFB boiler ash as soil conditioner for planting

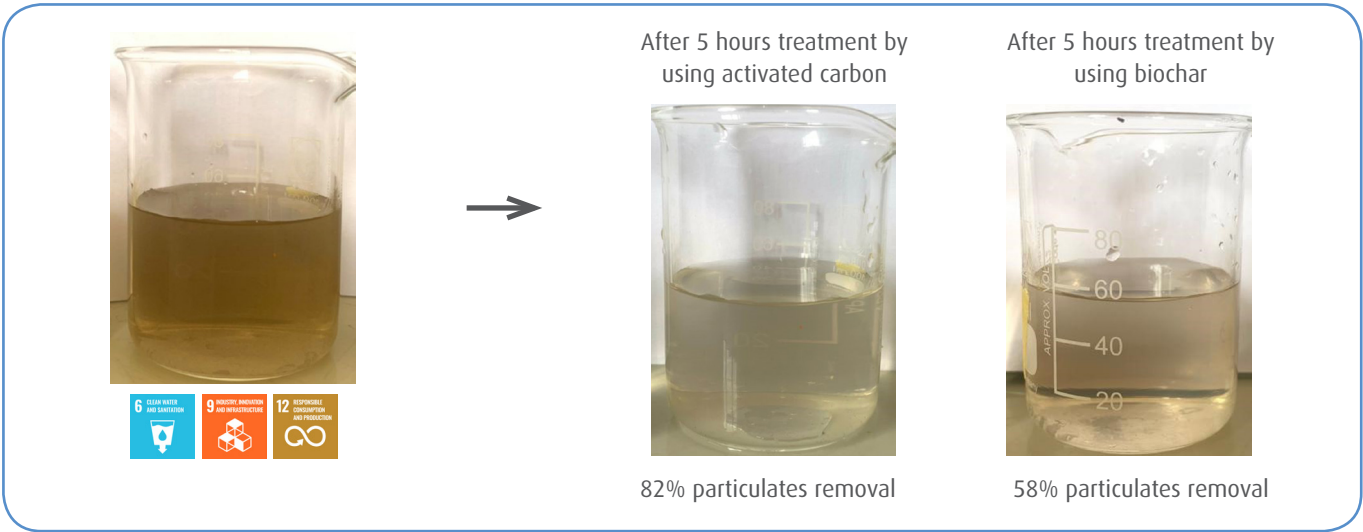
NGPP uses EFB as a combustion material for the boiler. The ash generated could be used for value-added purposes as EFB ashes often contained high alkalinity and various nutrient contents that can be good for soil improvement and improving crop growth. This six-month project observed bigger, taller and more leaves number in both vegetable and ornamental plants. In addition, the bok choy chemical composition meets the requirements of Food & Agriculture Organization ("FAO") and World Health Organization ("WHO") indicating safe use of the EFB ash as part of planting medium or soil conditioner.

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

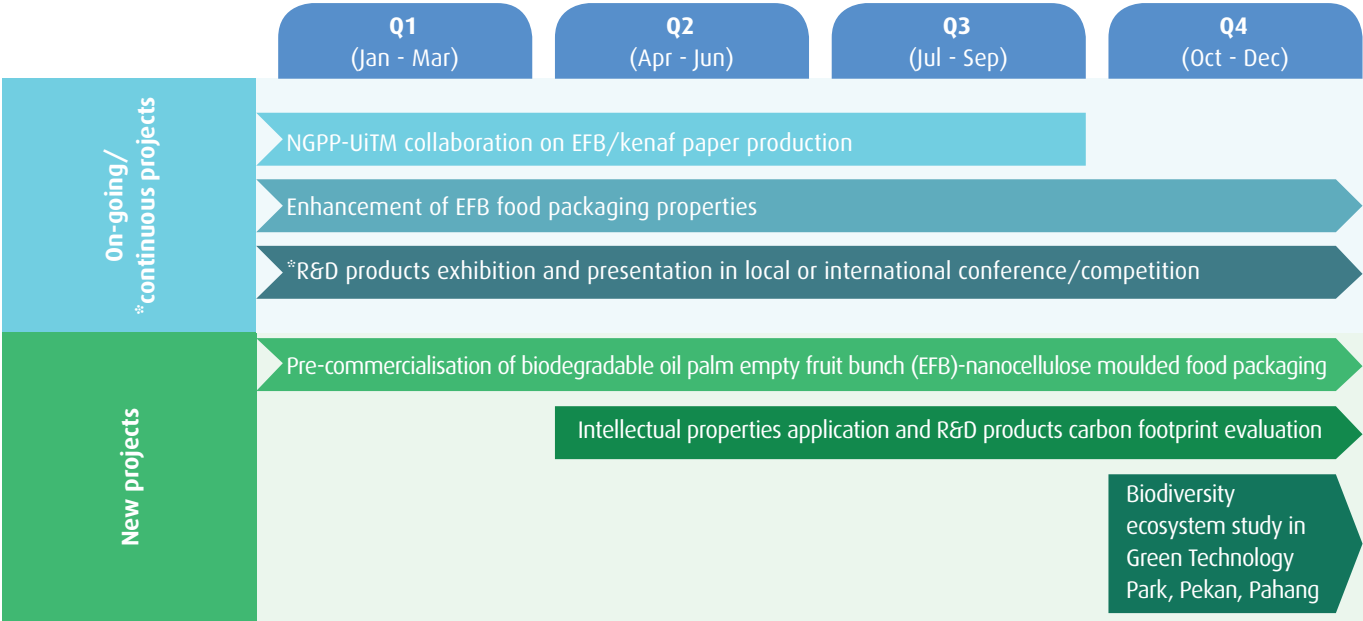
Biochar & activated carbon for boiler's discharged water treatment

Nextgreen uses a closed-loop wet scrubber water system as an effective air pollution control device to remove particles and/or gases from the boilers, as well as to prevent a variety of pollutants from being released into the atmosphere. The Nextgreen R&D team conducted a water discharge treatment experiment to evaluate potential utilisation of bioadsorbent derived from biomass — activated

carbon and biochar to remove contaminants in the discharged boiler water. The lab scale findings suggest up to 82% particulates removal indicating potential implementation of these bioadsorbent in the wastewater treatment system. The treated water could also be reused in the boiler wet-scrubber system, enhancing the efficient use of resources in Nextgreen's mills operation.



R&D projection 2023





# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)






## Global framework reporting: GRI, UNGC and SDG content index

**Statement of use** Nextgreen Global Berhad has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022






**GRI 1 used** GRI 1: Foundation 2021

GRI Standards	Disclosure number and title	Page number(s) in Annual Report 2022 and direct answers	Relevant SDGs	Relevant UNGC principles
<b>General Disclosure</b>				
<b>GRI 2: General Disclosure 2021</b>	2-1	Organisational details	24 to 30 Back cover	
	2-2	Entities included in the organisation's sustainability reporting	31	
	2-3	Reporting period, frequency and contact point	31	
			37 to 39	
	2-4	Restatements of information	Restatement of information is conducted following an internal data review, in relation to 2021 figures for total electricity consumption, materials recycled and water consumption.	
	2-5	External assurance	This Statement is not externally assured.	
	2-6	Activities, value chain and other business relationships	24 to 30, 42 to 50	
	2-7	Employees	39 to 42	Principle 6
	2-8	Workers who are not employees	39 to 42	
	2-9	Governance structure and composition	6, 14 to 20, 55 to 62	
	2-10	Nomination and selection of the highest governance body	69 to 70	
	2-11	Chair of the highest governance body	6, 14 to 20	
	2-12	Role of the highest governance body in overseeing the management of impacts	35 to 36, 69 to 70	
	2-13	Delegation of responsibility for managing impacts	35 to 36, 69 to 70	
	2-14	Role of the highest governance body in sustainability reporting	35 to 36, 69 to 70	
	2-15	Conflicts of interest	55 to 62	
	2-16	Communication of critical concerns	63 to 64	
	2-17	Collective knowledge of the highest governance body	55 to 62	
	2-18	Evaluation of the performance of the highest governance body	69 to 70	
	2-19	Remuneration policies	69 to 70	
	2-20	Process to determine remuneration	69 to 70	
	2-21	Annual total compensation ratio	Compensation is reflective of the education, talent, experience and performance of the individual	






# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

GRI Standards	Disclosure number and title		Page number(s) in Annual Report 2022 and direct answers	Relevant SDGs	Relevant UNGC principles
	2-22	Statement on sustainable development strategy	31		
	2-23	Policy commitments	31, 35 to 42		
	2-24	Embedding policy commitments	31, 35 to 42		
	2-25	Processes to remediate negative impacts	31, 55 to 62		
	2-26	Mechanisms for seeking advice and raising concerns	31, 55 to 62		
	2-27	Compliance with laws and regulations	35 to 42, 55 to 62		
	2-28	Membership associations	31		
	2-29	Approach to stakeholder engagement	34 to 35		
	2-30	Collective bargaining agreements	At present, we are not observing any collective bargaining or union related matters		
Material Topic					
GRI 3: Material Topic 2021	3-1	Process to determine material topics	32		
	3-2	List of material topics	32		
	3-3	Management of material topics	35 to 45		
Anti-Corruption					
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	35 to 36, 55 to 68		Principle 10
	205-2	Communication and training about anti-corruption policies and procedures	35 to 36, 55 to 68		
	205-3	Confirmed incidents of corruption and actions taken	35 to 36		
Materials					
GRI 301: Material 2016	301-1	Materials used by weight or volume	37 to 39, 47 to 50		Principle 7 Principle 8 Principle 9
	301-2	Recycled input materials used	37 to 39, 47 to 50		
	301-3	Reclaimed products and their packaging materials	37 to 39, 47 to 50		
Energy					
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	37 to 39, 47 to 50	 	Principle 7 Principle 8 Principle 9
	302-2	Energy consumption outside of the organisation	37 to 39, 47 to 50		
	302-3	Energy intensity	37 to 39, 47 to 50		
	302-4	Reduction of energy consumption	37 to 39, 47 to 50		
	302-5	Reductions in energy requirements of products and services	37 to 39, 47 to 50		

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

GRI Standards	Disclosure number and title		Page number(s) in Annual Report 2022 and direct answers	Relevant SDGs	Relevant UNGC principles
Water and Effluents					
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	37 to 39, 47 to 50	 	Principle 7 Principle 8
	303-2	Management of water discharge-related impacts	37 to 39, 47 to 50		
	303-3	Water withdrawal	37 to 39, 47 to 50		
	303-4	Water discharge	37 to 39, 47 to 50		
	303-5	Water consumption	37 to 39, 47 to 50		
Waste					
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	37 to 39, 47 to 50	 	Principle 7 Principle 8 Principle 9
	306-2	Management of significant waste-related impacts	37 to 39, 47 to 50		
	306-3	Waste generated	37 to 39, 47 to 50		
	306-4	Waste diverted from disposal	37 to 39, 47 to 50		
	306-5	Waste directed to disposal	37 to 39, 47 to 50		
Employment					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	39 to 42		Principle 6
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39 to 42		
	401-3	Parental leave	39 to 42		
Occupational Health and Safety					
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	39 to 42		
	403-2	Hazard identification, risk assessment, and incident investigation	39 to 42		
	403-3	Occupational health services	39 to 42		
	403-4	Worker participation, consultation, and communication on occupational health and safety	39 to 42		
	403-5	Worker training on occupational health and safety	39 to 42		
	403-6	Promotion of worker health	39 to 42		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	39 to 42		
	403-8	Workers covered by an occupational health and safety management system	39 to 42		
	403-9	Work-related injuries	39 to 42		
	403-10	Work-related ill health	39 to 42		

# CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

GRI Standards	Disclosure number and title		Page number(s) in Annual Report 2022 and direct answers	Relevant SDGs	Relevant UNGC principles
Training and Education					
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	39 to 42	 	Principle 6
	404-2	Programmes for upgrading employee skills and transition assistance programmes	39 to 42		
	404-3	Percentage of employees receiving regular performance and career development reviews	39 to 42		
Diversity and Equal Opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	14 to 20, 55 to 62, 69 to 70		Principle 6
	405-2	Ratio of basic salary and remuneration of women to men	Basic salary and remuneration are reflective of the education, talent, experience and performance of the individual		
Local Communities					
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	42 to 45	 	
	413-2	Operations with significant actual and potential negative impacts on local communities	42 to 45		