



Environmental, Social and Governance (ESG) Statement

Avarga Limited (Avarga) is an investment holding company listed on the Main Board of Singapore Exchange Limited.

Avarga incorporates environmental, social, and governance (ESG) initiatives as part of our operating framework, reflecting our longstanding commitment to our shareholders, customers, suppliers, partners, employees and the communities in which we operate. We are committed to acting lawfully, responsibly, transparently, fairly and with integrity.

We view ESG as a continuous process of aligning our operations and controls with our core values. Our ESG commitments are structured around four key areas relevant to our businesses:

- Our Products and Services
- Our People and Communities
- Our Environment
- Our Corporate Governance

We are proud to have been recognised by the following awards for our financial performance, corporate governance and transparency in 2020-2023:

- The Edge Singapore Centurion Club Award 2020: Winner of Fastest Growth in Profit after Tax for Applied Resources, Energy Sector
- Securities Investors Association Singapore's (SIAS) Investors' Choice Awards: The Singapore Corporate Governance Award (SCGA) 2021, Runner Up for Small Cap Category
- SIAS Investors' Choice Awards: The Most Transparent Company Award (MTCA) 2021, Runner Up for Materials Category
- National Arts Council Singapore: Friend of the Arts (Organisation), 40th Patrol of the Arts Awards 2023
- SIAS Investors' Choice Awards 2023: Winner for Singapore Corporate Governance Award (Small Cap)

1) **OUR PRODUCTS AND SERVICES**

Avarga has two core businesses: Portfolio Investment and Building Materials Distribution. We operate in four countries: Canada, USA, Malaysia and Singapore. We employ approximately 603 people with total revenue of approximately S\$1.52 billion in FY 2025. These businesses generate sustainable cash flows, progressively diverting into other investments.

We exercise care in identifying and selecting our suppliers. In all our businesses, we constantly evaluate and monitor our production and operational processes. We strive to optimise efficiency, output and minimise any impact on the environment, and ensure full compliance with all rules and regulations governing our businesses.

- **Portfolio Investment (Malaysia)**

Following the cessation of the paper manufacturing business during the financial year, the principal business activity of UPP Pulp & Paper (M) Sdn Bhd (UPP) has been changed to portfolio investment. As an investment holding company, UPP invests globally across a range of asset classes and manages its portfolio to balance opportunities with risks. UPP may pursue strategic investments in both listed and unlisted companies, as well as other asset classes, to enhance long-term value creation.

- **Building Materials Distribution (Canada and USA)**

Taiga Building Products Ltd (Taiga), listed on the Toronto Stock Exchange, is Canada's largest wholesale distributor of building materials, such as lumber, panels, moulding, sidings, engineering and wood flooring, among many others.

Taiga has wood preservation plants and distribution centres across Canada and USA, as well as distribution centres and reload stations in USA. In 2018, Taiga acquired Exterior Wood Inc, based in Washington, USA, which enabled it to further extend its reach into USA.

Founded since 1973, Taiga has been distributing significant amounts of lumber and other building material products across Canada and USA for nearly 50 years. We have been connecting lumber mills and manufacturers of building products with big box players, lumber yards and consumers, and in the process, enabled millions of North Americans to build and renovate their dream homes.

2) **OUR PEOPLE AND COMMUNITIES**

Avarga employs approximately 603 employees in Canada, USA, Malaysia and Singapore. We recognise that our success is built by the valuable contributions of each and every one of our dedicated employees.

We are committed to equal rights, opportunity, fairness, transparency, meritocracy, and fair compensation across our group. We rally our employees around common values and goals, foremost of which is to create value for the company and all stakeholders – our shareholders, customers, suppliers, and partners.

We believe strongly in aligning the interests of our employees with the company.

Across the group, we offer our employees competitive, fair and merit-based compensation. These are complemented with transparent and risk-weighted bonus and pay-for-performance incentive schemes. Our employees also undergo training programs to continually enhance their skills and personal development.

We are equally committed to positively impacting those around us and contributing to the broader communities in which we operate, and society as a whole.

We have been actively taking part in Corporate Social Responsibility (CSR) activities. Our CSR efforts have mainly focused in Myanmar, where we saw room for improvement in living and education standards. In particular, we were actively providing assistance to a government primary school near our previously-owned power plant (which we divested in 2024), to provide a more conducive learning environment for the students.

For the school in Yangon, No. 16 Basic Education Primary School, Ywama, Insein Township, we have, over the years, built a new multi-media computer hall, school hall, canteen, new perimeter walls, a library and replaced most of its desks and chairs. We have also furnished over 1,600 sets of uniforms, school bags and books for the students.

Elsewhere in Myanmar, we have constructed a new school building and donated uniform, books and school bags to another government school in Kanuatgyi Village, Kanma Township, Magway Region. We also spent US\$37,200 to repair a 200-tonne overhead water tank that was supplying water to the housing area near our power plant.

With the sale of the power plant in 2024, we have since ceased our CSR activities in Myanmar.

In Singapore, we have donated a total of S\$250,000 to the Singapore National Gallery to support and promote Singapore's arts and cultural heritage.

We are also proud to support the academic journey of a promising student pursuing a Bachelor of Science in Philosophy, Politics and Economics (PPE) at University College London (UCL). Through the sponsorship of tuition fees, we aim to empower the next generation of critical thinkers and changemakers, while reaffirming our commitment to investing in education and future leadership.

In Malaysia, we donated to The Edge COVID-19 Equipment Fund in 2020. These funds were used to purchase medical equipment such as protective suits, mask and ventilators, and provide financial assistance to healthcare workers who were infected while taking care of COVID-19 patients. We have also donated RM60,000 to Persatuan Kebajikan Amal Da Ai Malaysia, a non-profit charitable childcare centre looking after mentally and physically handicapped children.

In 2022-2024, due to the large losses incurred by UPP, we did not undertake major CSR activities in Malaysia, as we focused instead on restructuring our business.

In 2025, we supported the Yayasan Budi Penyayang Malaysia (PENYAYANG) by donating RM50,000. PENYAYANG is a charity foundation dedicated to providing assistance to all Malaysians in need, regardless of colour, race or creed. Forms of assistance range from deploying funds for the less fortunate and needy to providing aid for education, and carrying out constructive programmes for the betterment of Malaysian society.

In Canada, Taiga created the Taiga Community Fund to support customers and organisations in need through difficult times. Recipients of donations from the fund include Abbotsford Food Bank, Kelowna's Women's Shelter and Coast Mental Health in British Columbia, the Arthouse for Children and Youth and Children's Aid Foundation of Halton in Ontario; and the Big Brothers Big Sisters Foundations in both Nova Scotia and Prince Edward Island. We also provide scholarships to the children of our employees.

Taiga Building Products had made some significant donations in 2022 to various projects and initiatives in its communities, including C\$30,000 to the Canadian Red Cross in support of the Hurricane Fiona recovery efforts in the Atlantic Region, C\$10,000 to the Vancouver General Hospital Foundation, C\$10,000 to the BC Children's Hospital Oncology, and C\$8,000 to the Blind Beginnings Gala, a local charity for blind youth.

In 2023, donations totalling over C\$114,000 were contributed by Taiga Building Products in Canada alone, with significant support directed towards various community projects and initiatives. Among these contributions were C\$20,000 directed to the Canadian Red Cross for aiding wildfire relief efforts in Alberta, C\$10,000 each to the Red Cross and the Fondation Charles-Bruneau, which focuses on providing care for children with cancer in Quebec.

We also made a substantial donation of C\$52,808 to Habitat for Humanity Halton-Mississauga. This non-profit organization collaborates with communities to construct homes for local families in need of affordable housing.

In the US, Taiga Building Products contributed a total of US\$14,000 in various donations. This included US\$4,000 directed towards the Panther Foundation, and US\$2,500 allocated to the Boys & Girls Clubs of Southwest Washington.

In 2024, donations in Canada totaled C\$265,301. Notable contributions include C\$104,799 to Habitat for Humanity Halton/Mississauga, C\$101,288 to Habitat for Humanity Canada, and C\$22,306 to Habitat for Humanity Edmonton.

In 2025, Taiga Building Products continued its commitment to community support through charitable contributions totalling approximately C\$199,039 in Canada. Most of these donations, approximately C\$154,000, were directed to Habitat for Humanity, a global movement working in Canada and around the world to make safe and affordable homeownership accessible to more families.

Please see the CSR section of our Annual Report for more details of our CSR activities.

3) **OUR ENVIRONMENT**

Avarga is conscious of the environment and the need for sustainability. We are committed to minimizing the environmental impacts of our various businesses. We have incorporated sustainability measures and policies across the group, which influence the products we produce and distribute, our operating and manufacturing processes, and our supply chain sourcing.

- **Building Materials Distribution (Canada and USA)**

In Canada, Taiga supports and encourages sound forest practices and the effective management of forest resources for future generations to enjoy. Taiga distributes primarily spruce, pine, fir and cedar wood sourced from lumber mills that derive their supply from forests under sustainable management that adhere to Canada's strict forest laws.

Taiga's product mix demonstrates the basic conservation principals of reduce, reuse, and recycle. Our treated wood products reduce the use of timber resources. Promoting the use of treated wood products indirectly reduces the consumption of our forests by extending the useful life of wood products. Since 2007, all our three treated wood plants in Canada are certified by Environment Canada and Wood Preservation Canada, and comply with strict environmental regulations.

Recycled glass is used in insulation products. These insulation products are also formaldehyde-free, which promotes better indoor air quality and a healthier indoor environment. Waste wood, reclaimed plastic pallet wrap and recycled plastic grocery bags are used to manufacture new age Trex composite decking products. Substitute wood products like oriented strand board (OSB) and engineered wood products feature prominently in our product mix. These products more efficiently utilize forest resources without compromising technical performance.

4) **OUR CORPORATE GOVERNANCE**

Avarga is proud of our strong corporate governance practices, which apply across our group. We strongly believe that all interests of our stakeholders should be aligned.

Avarga has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Singapore Code of Corporate Governance 2018. Through this, we educate all our employees to shape an organisational culture of honesty and integrity which integrate trust in our networking relationships.

Our board consists of six members, of which four are independent non-executive directors and one is a female director.

Our board of directors consists of:

- Tong Kooi Ong, Executive Chairman and Executive Director
- Tong Ian, Chief Executive Officer and Executive Director
- Lai Ven Li, Lead Independent Director
- Moey Weng Foong, Independent Director
- Andrew Lim Cheong Seng, Independent Director
- Kevin Kang Kah Wee, Independent Director

Our remuneration system is transparent, fair, and merit-based, and has been extensively spelt out in our Annual Reports. We have incentive bonuses tied to the risk-assessed performance of each business unit. This encourages all divisions to perform well, but not at the expense of excessive risk-taking.

For more detailed information about our corporate governance practices, board of directors, board committee charters, sustainability measures and other policies, please see our Annual Report and our Sustainability Report, which can be found on our website: <https://www.avarga.com.sg/>.