

R&D

ANNUAL REPORT

Summary of Nextgreen's R&D Activities in 2022



Green Technology Park, Pekan, Pahang Darul Makmur www.nextgreenglobal.com



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R&D ANNUAL REPORT Summary of Nextgreen's R&D Activities in 2022

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#ZEROWASTECONCEPT #CIRCULARECONOMY



On the cover: Nextgreen's R&D Products Display

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Message from the

MANAGING DIRECTOR



Dato' Lim Thiam Huat

Managing Director Nextgreen Global Berhad

66 We look forward to strengthening our R&D and innovation capabilities in 2023"

To meet the rising market demand for sustainable food packaging, our R&D Department's key project with Universiti Putra Malaysia (UPM) in 2022, is funded by the Ministry of Science, Technology and Innovation (MOSTI), aimed to develop marketable oil palm biomass-based food packaging incorporating nanocellulose fibre.

Fostering industry-university collaborations produce new knowledge while bringing together professionals from different academic disciplines to share their latest Through research. ongoing undertakings with universities, Nextgreen hopes to explore and tap the many potential opportunities of the circular economy, including the creation of employment opportunities through R&D training and development.

We are constantly finding ways to improve the efficiency of technical processes and resource utilisation, while seeking multiple applications for raw materials from oil palm biomass. The mission of the R&D Department for 2023 is to focus on innovating and commercialising new ideas and products, while exploring and improving the competitiveness of existing products across the value chain with our valuable industry and institutional partners.

In December 2022, Nextgreen Global was awarded for attaining *SDG Ambition Benchmark 6: 100% Sustainable Material Inputs that are Renewable, Recyclable, or Reusable* during the UN Global Compact for Malaysia & Brunei (UNGCMYB) Sustainability Performance Awards. This will continue to drive our approach to sustainability as it signifies our commitment is recognised by external parties.

Our approach continues to focus on innovation emphasising on renewable energy and zero waste. This is an integral part to achieving sustainability goals, to mitigate environmental damage, and to engage local communities towards building a sustainable future.

EXECUTIVE Message DIRECTOR

R&D Progress in 2022

is commonly associated with innovation to create value for the company, industry, and community as a whole. At Nextgreen, we believe that R&D allows a company to stay ahead of our competitors, so we are constantly developing new products and improving existing offerings, which is in line with our key objective to ensure strong returns to shareholders. We are maximising our R&D capabilities by centralising resources across the Group to realise the full potential of our synergies for sustainability and potential profitability.

We also believe that our success is rooted in our ability to continue improving existing products while innovating new technologies and products that meet the needs of customers. To accomplish this, we have been actively collaborating with other researchers from universities and research institutions throughout 2022.

ACCOMPLISHMENTS

Nextgreen has been focusing on the development of technologies and value-added products that align with national sustainability goals and government policies to promote green economy in the long run. The creative spark for innovations we have developed is through the use of the latest green technology, thus contributing to improving industry sustainability. Our commitment to advancing green technology in large-scale business operations and manufacturing practices has been recognised by the Malaysian government.

Nextgreen is listed as a key player in the National Advanced Technology Roadmap 2021–2030 by the Malaysian Ministry of Science, Technology & Innovation (MOSTI) in 2022. Our collaborative project with MOSTI and Universiti Putra Malaysia (UPM) on the sustainable production of empty fruit bunch-based food packaging worth RM4.4 million was completed in 2022. We managed to achieve Technology Readiness Level 7 (TRL7) and this innovative biomass green packaging product is ready to be commercialised.

R&D PLANS FOR 2023



NEXTGREEN'S R&D TOWARDS

SUSTAINABLE GEALS

In September 2015, world leaders adopted the 2030 Agenda for Sustainable Development which comprises 17 Sustainable Development Goals (SDGs) and 169 associated targets that address the world's most pressing economic, social and environmental challenges. Recognising that the private sector plays an important role in this global mobilisation, Nextgreen has identified four SDGs and several targets that are relevant to our business and R&D activities.



Utilisation of biomass-derived activated carbon and biochar for boiler's discharged water treatment—thus enabling reuse of treated water in the boiler

wet-scrubber system (refer to page 13).

This research supports target 6.3 which is to improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally by 2030.



Production of sustainable value added products—nanocellulose from EFB cellulosic pulp (refer to page 9).

This collaborative research supports target 8.2 whereby higher levels of economic productivity through diversification, technological upgrading and innovation could be achieved. Additionally, research and development in nanocellulose aligned with target 8.3 which is to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services



Research & development innovation and expenditure (refer to pages 9 - 13).

Nextgreen efforts and expenditure in R&D aligned with target 9.4 which is to upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities by 2030.

The R&D activities also support target 9.5 which is to enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Utilises, recycles and reuse sustainable resources which includes but not limited to:

• oil palm biomass for pulp and nanocellulose moulded food packaging (refer to pages 10 & 11);

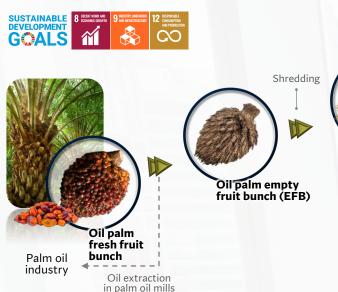
- mill generated-wastes for value added application such as ash for soil conditioner (refer to page 12) and black liquor for adhesives (refer to page 15);
- Uses of biomass-derived activated carbon and biochar for wastewater treatment and recycling (refer to page 13).

These efforts generally support target 12.2 which stated that by 2030, sustainable management and efficient use of natural resources could be achieved. The researches conducted also aligned with target 12.5 whereby waste generation could be reduced through prevention, reduction, recycling and reuse.

NANOCELLULOSE

A Sustainable Advanced Material from Cellulosic Pulp

Tengku Arisyah Tengku YASIM-ANUAR °, Nur Sharmila SHARIP °, Farhana AZIZ UJANG °, Hazwani HUSIN ° & Li Shan CHIANG b ° Research & Development Department, Nextgreen Pulp & Paper Sdn. Bhd.; b Research & Development Department, Nextgreen Fertilizer Sdn. Bhd





Nextgreen is listed among the industrial players of Advanced Materials Ecosystem in Malaysia¹

GLOBAL INDUSTRIAL OVERVIEW

| GLOBAL INDUSTRIAL OVERVIEW | |
|----------------------------|--|
| Market size in 2022 | USD 340 million ² |
| Forecast period | 2023 to 2032 ² |
| CAGR | 23.9%² |
| 2032 Value Projection | USD 3.4 billion ² |
| Price per kg | USD 100 to USD 5000 ² |
| Growth drivers | Strong product demand across the packaging industry² |
| | Rising demand for technologically advanced sustainable products across various end-user industries² |
| | Rising food & beverage industry across the globe² |
| | Rising personal care industry in Asia Pacific² |
| | Increased in customer consciousness on environment friendly and sustainable products³ |
| *Pitfalls & Challenges | High product prices² Lack of consumer awareness² |

*Exploration of new manufacturing processes and the demand for sustainable packaging solutions could support market statistics.

Also called cellulose nanofibre (CNF)

EFB nanocellulose

Fibre in micrometer-long with diameter less than 100 nm (equivalent to 1/1000 of hair size)

Possesses about 8 times the strength of steel and is claimed to be stiffer than Keylar²

Biodegradable, sustainable, biocompatible, non-toxic, excellent mechanical & barrier properties



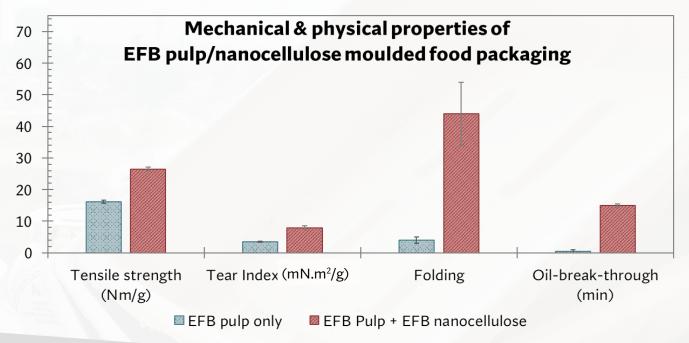
Source:

- Ministry of Science, Technology & Innovation (MOSTI), 2022. National Advanced Technology Roadmap 2021-2030. Putrajaya, Malaysia Global Market Insight (2022). Nanocellulose Market Size & Share Forecasts, 2023 2032. Delaware, USA. Accenture Chemicals Global Consumer Sustainability
- Survey (2019). Accenture Newsroom. 4 June.

Sustainable Food Packaging Materials

From EFB PULP & EFB NANOCELLULOSE





Funded by:





In collaboration with:



NANOCELLULOSE IN EFB PULP

2X higher tensile strength

2x higher tear index

11X higher folding capacity

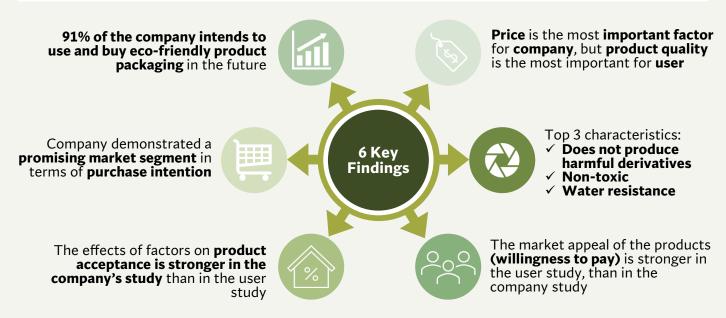
30X higher oil resistance



Sustainable Food Packaging Materials from EFB Pulp & EFB Nanocellulose cont...

PRODUCT ACCEPTANCE STUDY

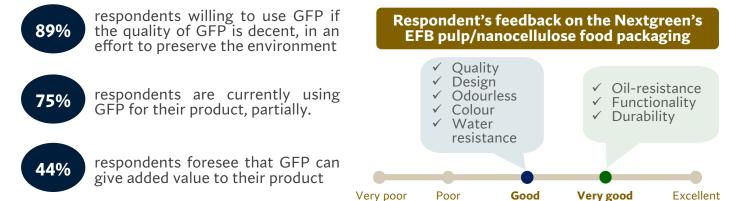
Objective: To investigate business operators' and consumers' perceptions on EFB pulp/ nanocellulose food packaging



Note: Sample size: 100 companies & 30 users

MARKET TESTING STUDY

Objective: To identify customer's opinions on green food packaging (GFP)



PRODUCT FEASIBILITY STUDY

Objective: To identify the capital expenses (CAPEX), operating expenses (OPEX), and return on investment (ROI) of EFB pulp/nanocellulose food packaging



from FACTORY to FIELD

EFB Boiler Ash as Soil Conditioner for Bok Choy & Marigold Planting

Nur Sharmila SHARIP & Farhana AZIZ UJANG
Research & Development Department, Nextgreen Pulp & Paper Sdn. Bhd.



Boiler ash (from EFB)



- Most mills dispose boiler ash at a landfill ¹
- Boiler ash contains high alkalinity and various nutrient contents that can be good for soil improvement and improving crop growth^{2,3,4}
- To enhance the nutrient in soil 5,6
 - increase soil fertility
 - stabilise the soil by reducing acidity





Planting trials on vegetable and ornamental plants Incorporation of boiler ash in planting media (top soil)

Bok Choy — Brassica rapa var. chinensis





Chemical composition of the planted bok choy meet the requirements of Food & Agriculture Organization (FAO) and World Health Organization (WHO)

No detection of cadmium, lead, nickel, copper and zinc. Iron contents are less than 425.5 mg/kg

African marigold — Tagetes erecta





POTENTIAL OF EFB BOILER ASH AS A SOIL CONDITIONER FOR PLANT GROWTH



Sources:

- 1. Lamers et al. (2018). *IEA Bioenergy*, 1–61.
- 2. Abdullah & Sulaiman (2013). *Journal of Physical Science*, 24(2), 117–137.
- 3. Anyaoha et al. (2018). Resources, *Conservation and Recycling*, 136, 399–409.
- 4. Zhang et al. (2018). *Journal of Cleaner Production*, 170, 379–387
- 5. Cherian & Siddiqua (2019). Sustainability, 11(16), 4394.
- 6. Mahmood & Kamal (2022). *Waste Management*, 141, 282–289.

#zerowasteconcept



by the BLACK FILTER

Biochar & Activated Carbon for the Treatment of Boiler's Discharged Water

Tengku Arisyah Tengku YASIM-ANUAR & Hazwani HUSIN Research & Development Department, Nextgreen Pulp & Paper Sdn. Bhd.



Boiler wet scrubber system

Discharged water from the boiler system

Bad odour & dark colour due to concentrated impurities and/or contaminants



Solution:

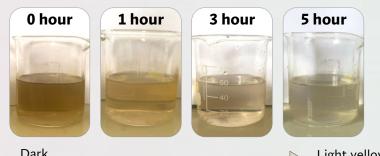
Biochar & activated carbon as bioadsorbent

- Carbon-rich derived from biomass¹
- High surface area—effective in 'capturing' (adsorb) contaminants in water2



Biochar

Boiler water treatment by using activated carbon

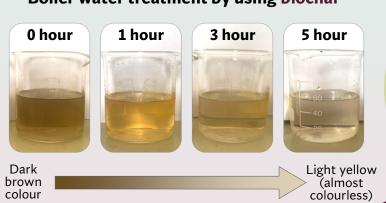


Dark brown colour

Light yellow (almost colourless)

51% to *82% **Particulates** removal

Boiler water treatment by using biochar



33% to *58% **Particulates** removal

*24 hours treatment









- 1. Tan et al. (2016). Bioresource Technology, 212, 318-333.
- 2. Ahmad & Azam (2019). Bottled and Packaged Water (Vol. 4), 83-120.

PROJECTS & PARTNERS





Nextgreen received RM3.3 million matching grant from 2019 until 2022 in liaison with government effort to enhance and expedite the commercialisation of research and development findings. This also acknowledge Nextgreen as the entity with capacity and expertise to further improve the new technology for development of sustainable food packaging from oil palm empty fruit bunch (EFB) cellulosic fibre extracted using Nextgreen's patented technology.



UNIVERSITI PUTRA MALAYSIA (UPM)

Nextgreen collaborates with UPM to utilise the EFB treated by Nextgreen's hybrid technology called Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp (PRC-RBMP) as a main raw material for the development of sustainable food packaging. This collaboration also aims to maximise the potential of nanocellulose as an advanced nanomaterials, which also made from EFB to enhance the mechanical and water barrier properties of EFB-based food packaging.

Nextgreen also participates UPM CEO@PTJ Programme that brings together CEOs (Chief Executive Officers) and local/international industry leaders to share their knowledge and experience with students and the university community.

In Nextgreen's effort to create and support local talents as industry-relevant leaders and experts, the company offers industrial training opportunities and Awards of Excellence for bright and high-achieving UPM students in the Department of Bioprocess Technology, Faculty of Biotechnology and Biomolecular of Sciences, UPM.



Universiti Teknologi MARA (UiTM)

Nextgreen in collaboration with UiTM has identified the potential of kenaf bast and kenaf core as filler for the pulp and paper. The goal of this project is to produce EFB/kenaf-based papers using green technology.

SHAANXI UNIVERSITY OF SCIENCE & TECHNOLOGY CHINA (SUST)

Nextgreen is working with a group of SUST researchers to develop an environmentally and industrially-friendly process to extract lignin from black liquor, which will then be used to produce bio-adhesives.



UNIVERSITI MALAYSIA PAHANG (UMP)

Nextgreen and UMP committed to collaborate in areas such as industrial training, matching funds, tree replanting projects, and industry talks. Additionally, Nextgreen offers scholarships to qualified UMP students for their study.



FOREST RESEARCH INSTITUTE MALAYSIA (FRIM)

Nextgreen is collaborating with FRIM to develop a Certification Module for Sustainable Green Paper From Oil Palm Empty Fruit Bunches (EFB).



INSTITUT KEMAHIRAN BELIA NEGARA (IKBN)

As a technical institution, IKBN has trained numbers of skilled and competent personnel in liaison with the Technical and Vocational Educational Training (TVET) Programme by the Ministry of Education Malaysia. In this context, Nextgreen has developed partnership with IKBN, Pekan, Pahang to create a future-ready workforce that will be skilled in plant operation, maintenance and manufacturing.



PAHANG SKILLS DEVELOPMENT CENTRE (PSDC)

Nextgreen is committed towards developing employees competencies and training provision through collaboration with PSDC.





Research

EVENTS & AFFAIRS

January

Biodegradable
moulded food packaging
Social Return of
Investment (SROI)
survey



February



10th February 2022

NGPP visit to Universiti Teknologi MARA (UiTM) Pahang for NGPP-UiTM collaboration project

16th – 17th February & 8th – 9th March 2022

Pulp moulding machinery training for NGPP-MOSTI-UPM collaboration project/





March

3rd March 2022 Universiti Malaysia Sabah (UMS) and SIRIM visit to GTP





21st March – 12th June & 28th March – 1st July 2022 UPM & UiTM industrial training

21st March 2022
Memorandum of
Agreement (MoA)
exchange ceremony
between NGPP and UiTM
for EFB/Kenaf
collaboration project





April



1st April 2022

Moulded packaging production training for NGPP-MOSTI-UPM collaboration project

29th April 2022 – 31st January 2023

R&D internal project— EFB boiler ash as soil conditioner for bok choy & marigold planting





29th April 2022 – 31st January 2023

R&D internal project — Water treatment using activated carbon & biochar

May

9th – 11th May 2022 R&D internal workshop— Scientific writing and file management





17th May 2022 Pahang Skills Development Centre (PSDC) visit to GTP

27th May2022 NGPP visit to Pahang Skills Development Centre (PSDC)



June



30th June 2022 NGPP-UiTM Transfer of Technology Workshop

July

25th – 28th July 2022 NGPP-UPM Transfer of Technology Workshop /



August



4th August 2022 Social Return of Investment (SROI) Workshop by UPM

5^h August 2022 Biodegradable moulded food packaging market testing at MAHA 2022



September

5th & 15th Sept 2022 MOSTI interim audit for NGPP-MOSTI-UPM collaboration project





6th September 2022 FRIM visit to GTP

October



12th – 14th October 2022 Biodegradable moulded food packaging market testing at IGEM 2022

November

17th November 2022

Commercial document exchange between Nextgreen and FRIM for EFB Green -Paper Certificate Module



December



27th December 2022
Faculty of Biotechnology
UPM academic
visit to GTP

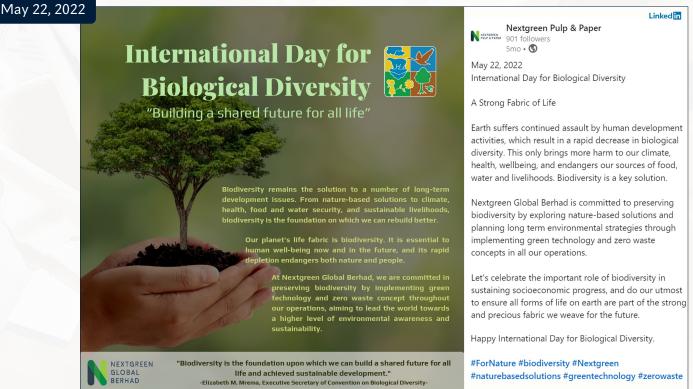
Throughout the year



United Nations (UN) International Days

Nextgreen's R&D department shows support in the UN International Days through LinkedIn posts to spread awareness and educate the general public on relevant issues of concern, to address global problems, and to celebrate and reinforce achievements of humanity.





Meet the Team RESEARCH & DEVELOPMENT (R&D) DEPARTMENT





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Abdul 'Azim Mohd Sabuddin R&D Junior Technician



Muhammad Fadhli Haikal Mohammad Jalaludin R&D Junior Technician

R&D PLANNING 2023



Pre-commercialisation of the biodegradable oil palm empty fruit bunch (EFB)-nanocellulose moulded food packaging

Biodiversity ecosystem study in Green Technology Park, Pekan, Pahang.





R&D products exhibition and presentation in local or international conference and/or competition.

Intellectual properties application and R&D products carbon footprint evaluation



