

ORNAPAPER BERHAD
(Company No. 573695-W)

BOARD CHARTER

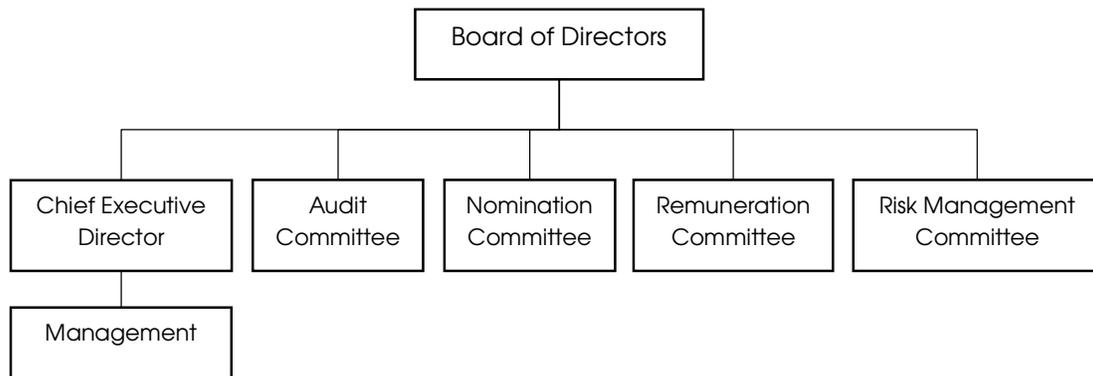
1. Introduction

The Board of Directors (“Board”) of Ornapaper Berhad (“Ornapaper” or “The Company”) is firmly committed that the accountability and transparency at every level of the organisation is essential in safeguarding assets, enhancing shareholders’ value and maintaining strong financial performance. The Board is the focal point of the Company’s Corporate Governance System. It is ultimately accountable and responsible for the performance and affairs of the Company. This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities

2. Objectives

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their fiduciary duties and responsibilities as members of the Board and the various legislations and regulations affecting their conduct and that the highest standards of Corporate Governance are applied in all their dealings in respect, and on behalf of the Company.

3. Board Structure



The Roles, responsibilities and authorities of the Board, Board Committee and the Chief Executive Director (“CED”) are detailed in section 4 of this Charter.

a) Board Composition

The Board shall consist of qualified individuals with mixed knowledge, expertise and diverse background to effectively discharge its stewardship responsibilities in spearheading the Group’s growth and future direction.

The Board is responsible to determine its optimised size in order to carry out its responsibility and authority effectively and efficiently.

The Board composition is governed by the Constitution of the Company. The Board shall comprise at least two (2) directors and not more than twelve (12) directors, in accordance with Constitution of the Company.

Furthermore, in order to assert independence element and check and balance role to the Board, at least two (2) Directors or one third (1/3) of the board (Whichever is higher), shall be independent, In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR"). To further assert independence element and enhance oversight role to the Board, at least half of the Board shall made up of independent directors. In the event where such practice as recommended by MCCG is not practicable due to any reason, the Board shall review the composition from time to time to ensure that the independence and effective oversight of management is sustained.

b) Appointment and Re-election

The appointment of a new Director is a matter for consideration decision by the full Board upon appropriate recommendation from the Nomination Committee ("NC"). Nomination and election of new director is governed by structured nomination and election process and delegated to Nomination Committee with ultimate responsibility and authority lies with the Board.

The Board shall not solely rely on recommendation from existing board members, management or major shareholders for the nomination of new director and to utilise independent sources to identify suitably qualified candidates.

In proposing of the appointment of new director, NC shall consider the required mix of skills, expertise, experience, other qualities and diversity (including gender) which the potential director can bring to the Board. Particularly, the Board aims to have at least one (1) female representation at the Board.

It is the policy of the Board that the former key audit partner for the external audit engagement of the Group observe a cooling off period of at least two years before being appointed as a member of the Audit Committee.

- i. New director(s) shall hold office only until the next Annual General Meeting at which they will retire and be available for re-appointment.
- ii. In accordance with the Listing Requirements and the Company's Constitution, at least one-third (1/3) of the Directors or the number nearest to one-third (1/3), shall retire by rotation at each Annual General Meeting and at least once every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

c) Time Commitment

For the Board to operate effectively and efficiently, each Board members are expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence. All Board members shall notify the Chairman of the Board (in the case of the Chairman, to the Board as a whole) before accepting any new directorship or significant commitment outside the Company. The notification shall include an indication of the time that will be spent on the new appointment.

On the appointment of the new director, such new director is required to commit sufficient time in order to discharge his/her duty and responsibility with reasonable due care, skills and diligence with the indication of time commitment to the Chairman of the Board.

In accordance to paragraph 15.06 of MMLR none of the Directors shall hold more than five (5) directorships in listed issuers.

d) Independence of Director

The Board shall assess the independence of Directors on annual basis or when new interest or relationships develops. Directors are expected to advise the Board immediately if they believe that they may no longer be independent.

e) Tenure of Independent Directors

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, such Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval in the event it retains as an Independent Director. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board should seek shareholders' approval through a 2-tier voting process, whereby the decision for the resolution is determined based on a simple majority of Tier 1 and a simple majority of Tier 2.

4. Roles and Responsibilities

The Board is responsible for the proper stewardship of the Group to provide reasonable assurance for the success of the Group on sustainable manner. The Board is tasked with realisation of long term and sustainable shareholders' value and safeguarding the interests of stakeholders.

4.1 Roles, Responsibilities and Authorities of the Board

The Board assumes the following duties and responsibilities (but not limited to):

- i. Setting the key values, corporate objectives, and ethos of the company
- ii. Reviewing and adopting a strategic plan for the company and ensure that such strategic plan are consistent with corporate objectives and supports long-term value creation
- iii. Overseeing the conduct of the company's business and evaluate whether the business is being properly managed
- iv. Deliberating, approving and monitoring progress of the Company's strategy, budgets, plans, policies and proposal by management
- v. To promote good corporate governance culture and practices throughout the Group and to review the corporate governance standing of the company
- vi. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
- vii. To ensure the establishment of Risk Management Framework and Policy based on internationally recognised risk management framework with appropriate governance structure and process as well as appropriate risk appetite in place to manage principal risks
- viii. To ensure adequate trainings are provided to the Board's members and senior management
- ix. Succession planning, including appointing, training, determination of compensation and where appropriate, replacing any member of the Board, Board Committees and senior management
- x. Overseeing the development and implementation of a shareholder communications policy for the company
- xi. Reviewing the adequacy and the integrity of the management information and internal controls system of the company
- xii. To ensure the integrity of the company's financial and non-financial reporting
- xiii. To establish sustainability policy and to review the management of material sustainability matters on frequent interval.
- xiv. To promote good sustainability practice throughout the Group and to take into consideration of sustainability related matter during strategic planning.
- xv. To review the division of responsibilities among the Board, Board Committees, Chairman, CED and authorities delegated to management through CED

4.2 Matters Reserved for the Board

Key matters reserved for the board's approval include the following:

- i. Approval of financial results
- ii. Approval of interim dividend and recommendation of final dividend, if any for shareholders' approval
- iii. Issuance of new securities
- iv. Annual business plan
- v. Annual financial budget
- vi. Acquisition or disposal of material fixed assets
- vii. Acquisition or disposal of group companies

4.3 Role of Chairman

There is a clear division of responsibility between the Chairman and Chief Executive Director ("CED") to ensure there is a balance of power and authority. The Board is aware that the Board does not comprise a majority of independent directors where the Chairman is not an independent director, but takes into consideration the Chairman is not involved in day-to-day operation and only take on the executive role to carry out certain authorities granted to him by the Board for the authorisation of payment instruments.

The Chairman represents the Board to the shareholders and to act as facilitator at the meetings of the Board and ensure that no board member dominates the discussion, and that appropriate discussion takes place and that relevant opinion among Board members are forthcoming.

The followings are the responsibilities of the Chairman of the Board:

- i. To provide governance in matters requiring corporate justice and integrity;
- ii. To oversee the Board in the effective discharge of its responsibilities;
- iii. To lead the Board in the oversight of the Management and ensure its effectiveness of all aspects of its role;
- iv. To ensure the efficient organisation and conduct of the Board's meetings;
- v. To ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;
- vi. To facilitate the effective contribution of all Directors at Board meetings;
- vii. To promote constructive and respectful relations within the Board, and between the Board and Management;
- viii. To promote effective communication among the Board members and with shareholders and relevant stakeholders;

- ix. To chair general meetings of shareholders; and
- x. To maintain effective professional relationship with external parties, investing public, regulatory bodies and trade associations.

4.4 Role of Chief Executive Director (“CED”) and Executive Directors

CED is accountable to the Board for the achievement of the corporate objectives and for the observance of management authorities. CED shall be head of the Management of the Group and answerable to the Board in that manner.

The responsibilities of CED is assisted by fellow Executive Directors, but not limited to, are as follows:

- i. To develop corporate strategies for the Group for the Board’s approval and to implement such corporate strategies for the Group so approved;
- ii. To implement other Board’s decision effectively and efficiently;
- iii. To provide leadership in order to achieve the vision, management philosophy and business strategies;
- iv. To ensure the efficiency and effectiveness of the day-to-day operations of the Group in accordance with authorities and delegations authorised by the Board;
- v. To safeguard the assets of the Group;
- vi. To ensure effective internal and external reporting of the Group;
- vii. To ensure compliance with applicable laws and regulations;
- viii. To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board’s consideration;
- ix. To communicate material and relevant matters to the attention of the Board timely and accurately for decision making; and
- x. To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently.

4.5 Role of Independent Non-Executive Directors

To monitor the monitoring of Group performance and contributing to the development of Group strategy, clarified as follows:

- a) Strategy - constructively challenge and contribute to development of Group strategy;
- b) Performance - oversee the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

4.6 Role of Board Committees

To assist the Board to discharge its duties and responsibilities, the Board has delegated certain functions to the following board committees. These board committees operate under the defined terms of reference and/ or guided by policies established and the chairman of these board committees will report to the Board during the board meetings on the matters that require the board attention.

- Audit Committee – Summary of functions: Oversight role for financial reporting, external auditors, internal audit function, compliance with laws and regulations, risk management and internal control activities.
- Nomination Committee – Summary of functions: To review nomination and election of new director, assess the performance of the Board, Board Committee, individual directors and senior management, assess the training needs of the Board and senior management.
- Remuneration Committee – Summary of functions: To review remuneration of the directors and senior management.
- Risk Management Committee – Summary of functions: To oversee the company risk management framework and policies. The committee is made up exclusively of Independent Non-Executive Directors.

4.7 Company Secretaries

The Company Secretaries of the Group is suitably qualified and competent with relevant professional qualification and/or membership. The Company Secretaries are responsible for ensuring the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries advise the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements.

The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

In particular, the Company Secretaries is to:

- Manage all Board and committee meeting and facilitate board communications;
- Advise the Board on its roles and responsibilities;
- Advise the Board on corporate disclosures and compliance with company, securities and listing laws;

- Keep abreast with corporate governance development and to assist the Board in applying governance practices;
- Facilitate new director's orientation, coordinate directors' training and development;
- Manage processes of shareholder meeting; and
- Serve as primary point of contact for stakeholders and engagement for corporate governance

The appointment or removal of Company Secretaries of the Board shall be prerogative of the Board.

The Code of Ethics for Company Secretaries is adopted and the Board ensures that the Company Secretaries appointed have the relevant experiences, skills and knowledge in company, security laws, finance, governance, company secretary, listing requirements and undertake continuous professional development.

5. Board Activities and Processes

5.1 Board Meetings

The Board shall conduct meetings at least four (4) times a year or more frequently as circumstances dictate. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Board no later than five (5) days before the date of meeting. Reasonable time should be given for Board members and to other attendees as appropriate, to consider all relevant papers and materials prior to the Board meeting.

Chairman of the Board meeting shall be the Chairman to the Board and in the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Constitution.

The quorum for meetings shall be two (2) members in accordance to Constitution. A duly convened meeting of a Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Board.

The Board may invite external parties such as the Management, auditors, solicitors or consultants to brief and clear the Directors' doubt or concern as and when the need arises. External parties invited may attend part or all of the Board Meeting at the discretion of the Board.

The Company Secretaries of the Company shall record minutes of the meetings for circulation to the board members which will be confirmed and signed by the Chairman of the meeting as correct proceedings thereat in the next scheduled Board meeting unless otherwise determined.

5.2 Directors' Training

The Board recognises the importance of continuous education of its members in order for its members to discharge their responsibilities and duties effectively.

The Board shall, through Nomination Committee, to continuously assess and determine the training needs of its individual members and ensure that the members of the board received relevant updates and training to update individual directors' knowledge and enhance their skills to effectively discharge their duties and responsibilities and to participate actively in the Board deliberations.

5.3 Directors' Remuneration

The Company shall ensure the level and make-up of remuneration is sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully. The policy on the remuneration of the members of the Board and Senior Management is guided by formal Remuneration Policy approved by the Board.

The Remuneration Committee assesses the Executive Directors' and Senior Management's remuneration packages so as to recommend the Executive Directors' and Senior Management's remuneration packages to the Board for deliberation. The Executive Directors shall abstain from participating in the discussion with respect to their remuneration packages.

The Executive Directors' remuneration comprises basic salary, performance-based bonus, director fees and allowances. Other customary benefits to the Group are made available as appropriate. Any salary reviews will take into account market rates and the performance of the individual Executive Directors and the Group.

Non-Executive Directors' remuneration comprises fees and allowances. Determination of such remuneration is balanced with their expected roles and responsibilities. The Board maintains the current remuneration for each category of Directors commensurate with that adopted by companies of similar standing and is sufficient to attract and retain Directors and Senior Management of high caliber.

Director shall not discuss and decide on his/her own remunerations, fees and benefit-in-kind during relevant remuneration committee and board meeting and director and his/her person connected with shall be abstained from vote on his/her remunerations, fees and benefit-in-kind during general meeting.

5.4 Board and Member Assessment

The Board delegated the annual assessment of effectiveness of the Board as a whole, individual members and its Board Committees to Nomination Committee. Nomination Committee is required to carry out the

assessments, at least once per financial year, in accordance with the structured assessment process established by the Board and to report annually assessment of the full Board, Board Committees and individual board members and the Board balance to the Board for review and discussion for further improvement.

5.5 Access to Independent Professional Advice

In discharging the Board's responsibilities, individual directors and the Board collectively is entitled to obtain independent professional advises at the expense of the Company.

5.6 Supply of Information

The directors are supplied with information on a timely basis. The Board Paper and relevant information shall be given to the directors by the Management in such manner and through communication medium that Board members are allowed sufficient time to review such Board Paper and relevant information in order to discharge their responsibilities effectively. They may request additional information or clarification from the Management shall the need arises. The Board has unrestricted access to any information pertaining to the Group. Members of the Board are regularly updated should there be any new statutory and regulatory requirements.

The Directors acknowledge that confidential information received in the course of exercise of the Board duties remains the property of the Group. It will not be disclosed unless either the Chairman of the Board has so authorised in writing or disclosure is required by law.

6. Relationship of the Board with the Management

Board members should be given unrestricted access to the Group's management and to the information pertaining to the Group.

All Board's authorities conferred on the Management is delegated through the CED so that the authority and accountability of the Management is considered to be the authority and accountability of CED so far as the Board is concerned.

7. Relationship with Shareholders & Investors

The Board take responsibility to present a balanced, clear and meaningful report on the Group's financial positions and business prospects to its shareholders, investors and the regulatory authorities via timely release of quarterly reports, annual reports and regular announcements on material business matters.

The Company's website provides all relevant information on the Company and is accessible by the public. The Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

In ensuring equal and fair access to information, the announcement of the quarterly financial results is also made via Bursa LINK immediately after the approval by the appropriate authority level based on the formal Corporate Disclosure Policy.

The Annual Report is another main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the Main Market Listing Requirements.

Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which provides a useful forum for shareholders to engage directly with the Company's Directors. All Directors, including the Chairman of Audit, Nomination, Remuneration and Risk Management Committee will require to attend general meeting to provide meaningful response to questions addressed to them. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting to enable the shareholders in making informed voting decisions.

The corporate disclosure to the stakeholders is regulated by Corporate Disclosure Policy established and approved by the Board.

8. Code of Conduct

The Board, in discharging its role, is guided by the Code of Conduct ("the Code") approved by the Board. The Code requires Directors and the company employees to observe high ethical business standards, honesty and integrity. Directors are required to apply these values to all aspects of the Company's businesses and act in good faith in the best interests of the Company and its stakeholders.

9. Review of the Board Charter

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Subsequent amendment to the charter can only be approved by the board.

This revised Board Charter is approved and adopted by the Board of Directors of Ornapaper on 19 August 2019.