

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5065  
**COMPANY NAME** : Ornapaper Berhad  
**FINANCIAL YEAR** : December 31, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible in leading the Group towards achieving its Mission and Vision, which is made possible by the Board in assuming among others, the following broad categories of roles and responsibilities:</p> <ol style="list-style-type: none"><li><b>1. Reviewing and adopting a strategic plan for the Group</b>  The mission and vision of the Group form the foundation of the business strategies of the Group. It is the policy of the Board that any material capital expenditure and business expansion proposed by the Executive Directors in relation to the business strategies is to be tabled to the Board for review and approval. During the financial year under review, the Executive Directors presented the proposed investment and acquisition of machines to increase production capacity were in line with the business strategies of the Group.</li><li><b>2. Promoting good corporate governance culture and practices</b>  The Board, being the highest governance body with the Group, is aware of its responsibility toward good corporate governance. As at date of this report, the Board had updated Board Charter and other board and committee policies (with good corporate governance culture and practices) in line with the Malaysian Code on Corporate Governance (“MCCG”), the charter and policies were reviewed and approved, if appropriate, by the Board to ensure good corporate governance culture and practices are embedded throughout the Group.  The Board, through the review of the draft Corporate Governance Report by the Audit Committee and reported to the Board, assesses the current standings of the corporate governance practices in comparison to the MCCG. The Board formulate action</li></ol>

plans from time to time to address any departure from MCCG's recommended practices, and to further enhance and promote good and recommended corporate governance practice.

### **3. Tone from the Top**

To set the tone from the top, the Board had established the Code of Conduct to govern the standards of ethics and good conduct expected of Directors throughout the Group. At operational level, integrity and ethical value expected from the employees are incorporated in the Employees Handbook by the Management based on the value promoted in the Company's Codes of Conduct. In order to promote the integrity and ethical value, a formal Whistle Blowing Policy is established by the Board to create an environment where management and employees can whistle blow on improper behaviour without being victimised for doing so.

Please refer to Practice 3.1 for detailed disclosure on Code of Conduct and Whistle Blowing Policy.

### **4. Overseeing the conduct of the Group's business and evaluate whether the business is being properly managed**

Chief Executive Director ("**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.

CED is assisted by fellow Executive Directors who are tasked with the responsibility of overseeing the day-to-day management of the business and operations of the Group. In addition, the Executive Directors attend weekly meeting with the management team to discuss and monitor on the progress of issues encountered in production, operational, sales and human resource. Thereafter, the management performance, under the leadership of Executive Directors is assessed by the Board through the financial performance and financial/non-financial information presented by the Management on quarterly basis.

The Board, through Audit Committee, reviews the financial performance and financial/non-financial information updates provided by the Head of Accounts Department of the Company on quarterly basis. The financial performance of the group and subsidiaries are compared to the corresponding quarter of preceding year to provide an indication of the state and performance of the company. Reason for the decline and increase in various financial indicators are analysed and deliberated during the meeting for any possible strategic decision required to address the shortcomings.

**5. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

The Board had setup a Board Risk Management Committee (“BRMC”) to oversee the risk management framework and policies, which includes identifying, analyzing, evaluating, managing and monitoring potential and significant financial and non-financial risk. The BRMC will review the enterprise risk scorecard (i.e. risk registers) and determine the risks to be escalated to the Board for deliberation. BRMC is also tasked to review, together with other Board Committees, the Management and the Auditors, any significant risk and exposures and assess the steps taken to minimise such risk to the Group.

The Audit Committee, through the audit report and guidance from External Auditors and Internal Audit Function, advises the Board on the adequacy and effectiveness of governance, risk and control structures and processes throughout the Group. The Audit Committee monitors the status of implementation of appropriate internal controls and mitigation measures through the Internal Audit Function’s management action progress report and update from the management and makes relevant recommendations to the Board to manage risks.

Further explanation on such process are disclosed in the Statement on Risk Management and Internal Control in the annual report.

**6. Succession planning**

The Nomination Committee and Remuneration Committee are tasked by the Board with the duty of succession planning for the Board, which includes the appointment, training requirement, determination and assessing the performance of the Board, Board committees and individual directors and Board’s remunerations.

The Board, together with the Executive Directors and the Management, put in place an informal structure and practice for succession planning by way of on-going identification and training of competent and caliber second-in-line for key positions in the Group. In order to aid the process of succession planning and in ensuring the continuity of business and operations, key processes of the Company are guided by standard operating procedures and job description of the key positions.

**7. Overseeing the development and implementation of a stakeholder communications policy for the Company**

The Board assumes the overall responsibility to ensure that all material information is communicated to stakeholders impartially on a timely, accurate, clear and complete manner as per the Main

Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant laws and regulations.

The Board ensures the stakeholders are kept informed of material events through the announcements made through Bursa Securities on a timely basis. Annual Report is also another key channel of communication with the stakeholders.

Further explanation on stakeholders’ communication are disclosed in Practice 11.1 of this report.

**8. Reviewing the adequacy and the integrity of the management information and internal controls system (including the integrity of the financial and non-financial reporting) of the Group**

The Audit Committee reviews the system of internal control of the Group through the Internal Audit Function of the Group. The outsourced Internal Audit Function reviews the control systems of the Group based on the internal audit plan approved and the outcomes of the review are reported to the Audit Committee.

The integrity of the financial reporting of the Group is also subjected to financial statements audits performed by the external auditors.

Further information on the Internal Audit Function of the Group are disclosed in the Statement on Risk Management and Internal Control in the annual report while works performed by the Audit Committee on the financial reporting are disclosed in Audit Committee Report in the Annual Report.

**9. Sustainability Management**

The Board had established formal Sustainability Framework, detailing the governance structure and process to be implemented by the Management for the identification, prioritisation, monitoring and reporting of material sustainability matters pursuant to the MMLR.

During the financial year under review, the sustainability matters report detailing the assessment outcome in identifying the material sustainability matters of the Group performed by the management and was compiled and presented by Risk and Sustainability Management Committee (“RSMC”) to the Audit Committee and the Board for review.

Please refer to the Sustainability Statement on the management of material economic, environmental and social risks and opportunities.

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

## Intended Outcome

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

## Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Executive Chairman, Mr. Ang Kwee Teng, 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.</p> <p>The responsibilities of the Chairman of the Board as established in the Board Charter are as follows:</p> <ol style="list-style-type: none"><li>i. To provide governance in matters requiring corporate justice and integrity;</li><li>ii. To oversee the Board in the effective discharge of its responsibilities;</li><li>iii. To lead the Board in the oversight of the Management and ensure its effectiveness of all aspects of its role;</li><li>iv. To ensure the efficient organisation and conduct of the Board's meetings;</li><li>v. To ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;</li><li>vi. To facilitate the effective contribution of all Directors at Board meetings;</li><li>vii. To promote constructive and respectful relations within the Board, and between the Board and Management;</li><li>viii. To promote effective communication among the Board members and with shareholders and relevant stakeholders;</li><li>ix. To chair general meetings of shareholders; and</li><li>x. To maintain effective professional relationship with external parties, investing public, regulatory bodies and trade associations.</li></ol> <p>The roles and responsibilities of the Chairman of the Board is stated in Paragraph 4.3 of the Board Charter, accessible at the "Investor Relations" section of the Company website at <a href="http://www.ornapaper.com">www.ornapaper.com</a></p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		



## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and CED are held by different individuals. The position of is held by Mr. Sai Han Siong who was redesignated on 31 December 2018, while the position of Chairman is held by Mr. Ang Kwee Teng.</p> <p>The responsibilities for Chairman and CED are clearly established within the Board Charter, with the responsibilities of Chairman disclosed in Practice 1.2 above. In a nutshell, the Chairman is responsible for the governance, orderly conduct and effectiveness of the Board while the CED is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board.</p> <p>In particular, 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 for CED are as follows (non-exhaustive):</p> <ol style="list-style-type: none"><li>i. To develop the Group's corporate strategies for the Board's approval and to implement such corporate strategies so approved;</li><li>ii. To implement the Board's decisions effectively and efficiently;</li><li>iii. To provide leadership in order to achieve the Group's vision, management philosophy and business strategies;</li><li>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;</li><li>v. To safeguard the assets of the Group;</li><li>vi. To ensure effective internal and external reporting of the Group;</li><li>vii. To ensure compliance with applicable laws and regulations;</li><li>viii. To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board's consideration;</li><li>ix. To communicate material and relevant matters to the attention of the Board timely and accurately for decision making; and</li><li>x. To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently.</li></ol>

	The roles and responsibilities of the CED is stated in Paragraph 4.4 of the Board Charter, accessible at the “Investor Relations” section of the Company website at <a href="http://www.ornapaper.com">www.ornapaper.com</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company Secretaries appointed by the Company are Ms. Chua Siew Chuan (MAICSA 0777689) and Ms. Yau Jye Yee (MAICSA 7059233) (who was appointed as the Company Secretary on 2 January 2020). Both Company Secretaries are qualified Chartered Secretaries under Section 235(2) of the Companies Act 2016 registered with the Companies Commission of Malaysia. Ms. Chua Siew Chuan is a Fellow member while Ms. Yau Jye Yee is an Associate member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators.</p> <p>The appointment of the Company Secretaries is based on the capability and proficiency determined by the Board.</p> <p>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.</p> <p>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.</p> <p>In particular, the Company Secretaries are to:</p> <ul style="list-style-type: none"><li>• Manage all Board and committee meeting and facilitate board communications;</li><li>• Advise the Board on its roles and responsibilities;</li><li>• Advise the Board on corporate disclosures and compliance with company, securities and listing laws;</li><li>• Keep abreast with corporate governance development and to assist the Board in applying governance practices;</li><li>• Manage processes of shareholder meeting; and</li><li>• Serve as the primary point of contact for stakeholders and engagement for corporate governance</li></ul>

	<p>The Company Secretaries are guided by the Code of Ethics for Company Secretaries established by the Companies Commission of Malaysia which is adopted by the Board. The Company Secretaries observe and undertake continuous professional education (CPE) as part of the professional body and licensing condition for Company Secretaries.</p> <p>A summary on the Roles and Responsibilities of the Company Secretaries is included in Paragraph 4.7 of the Board Charter.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors were notified of the respective dates of scheduled Board meetings for the next financial year in November of every calendar year and the date of next board meeting was confirmed prior to the conclusion of the current meeting.</p> <p>The notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed are circulated to all Directors no later than five (5) working days before scheduled Board 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. The Directors acknowledged receipt on the receipt of Board paper to signify the timely receipt and completeness of Board paper received. This is to ensure that the Directors were given sufficient time to obtain a comprehensive understanding of the issues to be deliberated upon at the meeting in order to arrive at an informed decision as well as to discharge their duties and responsibilities.</p> <p>Upon the completion of the meetings, the draft copies of the minutes were circulated by the Company Secretaries in a timely manner for review, and subsequently during the next meeting, the contents of the minutes were tabled for confirmation as correct record of the deliberations and decisions made and formally acknowledged by the Chairman of the Board or Board Committee.</p> <p>The Board members in their individual capacity have unrestricted access to all information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities.</p> <p>Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.</p> <p>The above process is guided by the Board Charter under Paragraph 5.1: <i>Board Meetings</i> and Paragraph 5.6: <i>Supply of Information</i>.</p>

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

## Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board Charter was last updated and approved by the Board on 19 August 2019. The Board Charter is subject to review and update from time to time to ensure that they remain consistent with the Board's objective, current law and practices. A copy of the latest Board Charter is available on the company's website at the "Investor Relations" section of the corporate website at <a href="http://www.ornapaper.com">www.ornapaper.com</a>.</p> <p>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.</p> <p>The Board Charter set out, amongst others, the Board structure, roles and responsibilities, Board activities and processes, relationship with management, shareholders &amp; investors and the Code of Conduct.</p> <p>The roles and responsibilities of the Board, Chairman, CED, Independent Non-Executive Directors, Board Committees and matters reserved for the Board are stated in Paragraph 4.1 to Paragraph 4.6 of the Board Charter.</p> <p>Salient features of the Board Charter:</p> <ul style="list-style-type: none"><li>• <b>Matters reserved for the Board</b> – identifies key matters reserved for the Boards' approval include the following:<ul style="list-style-type: none"><li>i. Approval of financial results</li><li>ii. Approval of interim dividend and recommendation of final dividend, if any, for shareholders' approval</li><li>iii. Issuance of new securities</li><li>iv. Annual business plan</li><li>v. Annual financial budget</li><li>vi. Acquisition or disposal of material fixed assets</li></ul></li></ul>

	<p>vii. Acquisition or disposal of group companies</p> <ul style="list-style-type: none"> <li>• <b>Board Committees</b> – terms of reference or roles and responsibility prescribed in policy of respective Board Committees established and approved by the Board with Chairman of respective Board Committees to report to the Board on the outcome of the Committees’ meetings and minutes to be made available to the Board. The Board had established Audit Committee, Nomination Committee, Remuneration Committee and Board Risk Management Committee.</li> <li>• <b>Roles Profile</b> – defines and clearly separate the roles and responsibility of the Board, the Board Committees (governed by formal terms of reference), Chairman, CED and Company Secretaries.</li> <li>• <b>Delegation of Authorities to Management</b> – defines that the Board authorities conferred on the Management is delegated through CED who is accountable to the Board. Such delegation of authority of key processes by CED are supported by formal limit of authority matrix and relevant policy and procedures.</li> <li>• <b>Time Commitment</b> – sets the expectation on the devotion of sufficient time and effort by Board members in discharging their responsibilities with reasonable due care, skills and diligence and all Board members are required to notify the Chairman of the Board indicating the time that will spent on the new appointment before accepting any new directorship or significant commitment outside the Company. In order to ensure that the Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, Directors are required to provide written confirmation on the total number of directorship on annual basis, and none of the Directors holds directorships for more than five (5) public listed companies as required under Paragraph 15.06(1) of MMLR. The requirement on time commitment is stated in the Board Charter.</li> <li>• <b>Board and Member Assessment</b> – sets out the requirement for the Board through Nomination Committee to assess the effectiveness of the Board, Board Committees and individual members on annual basis.</li> </ul> <p>The Board had not identified and appointed from among its members as Senior Independent Director whom the shareholders and other stakeholders can access fully and directly and concerns may be conveyed to as the Executive Chairman can be directly accessible by the shareholders and other stakeholders.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>



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

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Code of Conduct (“<b>the Code</b>”) of the Company has been formally approved on 19 August 2019 and is made available at the “Investor Relations” section of the Company website at <a href="http://www.ornapaper.com">www.ornapaper.com</a>.</p> <p>The Board established the Code to set the standards of the business ethics and conduct of the Group that is applicable to all employees, customers, vendors and subsidiaries of the Group to ensure that working environment and condition are safe and healthy, workers are treated with respect and dignity and business operations are conducted ethically.</p> <p>The fundamentals in adopting the Code is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country in which it operates. If a law of the country conflicts with a rule or policy set out in this code, the affected personnel should comply with the law as their priority.</p> <p>The Code sets out the value uphold by the Company for each stakeholders.</p> <p>The principles of the Code and standards include:</p> <ol style="list-style-type: none"><li>I. Respecting Others – unlawful discrimination; working hours; wages and benefits; safety and health; humane treatment; communication; continuous development</li><li>II. Serve Our Customers – serving the customer with integrity; competency; handling of customers assets</li><li>III. Avoiding Conflict of Interest – business Integrity (including zero tolerance on bribery, money laundering); no improper advantage; disclosure of information; no trading on insider information; fair business, advertising and competition</li><li>IV. Preserve Confidentiality and Privacy</li><li>V. Channel to report</li><li>VI. Corporate Citizenship</li></ol>

	<p>To foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrong doing in the Group are mitigated, the Code included reference to the Whistle-blowing Policy for reporting of violation of the Code.</p> <p>The Group is open to receive input from stakeholders in the continuing development and implementation of the Code and will adopt the best practice where possible.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has adopted a Whistle-Blowing policy which aims to enable all directors, employees of the Group and other interested parties to report confidentially to the independent governance body (Audit Committee) on any concerns related to matters covered by the Group's Code of Conduct, legal issues and accounting or audit matters. Whistle-blowers will be accorded with protection of confidentiality of identity and be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed.</p> <p>The Whistle-Blowing Policy is administered by the Group's top management and overseen by the Audit Committee. The email address of the Chairman of Audit Committee is provided for reporting of malpractices to independent third party.</p> <p>The Audit Committee is responsible to investigate and if required, makes appropriate recommendations to the Board with respect to all reported concerns. The Audit Committee has authority to obtain legal advice, consultants or other resources to conduct a full or detail investigation of the allegations.</p> <p>The Whistle-Blowing Policy is posted on the "Investor Relations" section of the Company website at <a href="http://www.ornapaper.com">www.ornapaper.com</a> for ease of access for reporting by employees and interested parties of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As at the date of this report, the Board comprises seven (7) members of which three (3) are Executive Directors, one (1) Non-Independent and Non-Executive Director and three (3) are Independent Non-Executive Directors. With the present composition of the Board, the Company complies with Paragraph 15.02(1) of the MMLR which states that at least two (2) directors or one-third (1/3) of the board of directors of a listed issuer, whichever is the higher, are independent directors.</p> <p>The Board consists of qualified and professionals with diverse experience, background and knowledge in the areas of accounting, legal and general management. The independent directors consists of professionals in the field of auditing, taxation and legal.</p> <p>In order to ensure independent and objective judgement are brought to the Board's deliberation by genuine independency of the independent directors and to ensure conflict of interest or undue influence from interested parties is well taken care of, the Board is committed to ensure that the independence of the independent directors will be assessed by Nomination Committee prior to their appointment based on formal nomination and selection process with the results of the review reported to the Board for consideration and decision.</p> <p>Based on the Board performance evaluation conducted by the Nomination Committee during the financial year under review, the Nomination Committee was satisfied with the composition and competency of the Board. In particular, the Nomination Committee was satisfied that the Board was of the right size, right proportion, adequate degree of independence and have the right mix of expertise, experience and skills to discharge its responsibilities and duties well and efficiently. Furthermore, the Nomination Committee had obtained independence declaration from the independent directors to assess and ensure that their independence and objectivity were not diminished over time and potential areas of conflict that may impair the independence of the independent directors had been resolved, if any.</p>

	<p>During the year, the independent directors had demonstrated their independence and objectivity during Board and Board Committees' proceedings, whereby genuine concerns were raised during the meetings, and action or transactions proposed or taken by the Management and the Board were subjected to the scrutiny of the independent directors.</p> <p>With the above, despite the departure from Practice 4.1 of the MCGG, the Board strongly believes that the independent elements within the Board is uphold and Board decisions are made objectively in the best interest of the Company.</p> <p>The Board will continue to review the adequacy and effectiveness of the independent and objectivity element within the Board from time to time to ensure its adequacy and effectiveness. The Board will continue to identify suitably qualify candidates for new appointment of independent directors, in the context of the needs of the Group.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

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

## Practice 4.2

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

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

<b>Application</b>	: Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	<p>It is stated in Paragraph 3(e) of the Board Charter that the tenure of an Independent Director shall not exceed a cumulative of nine (9) years. In the event such director was to be retained as Independent Director, the Board must justify and seeks shareholders' approval. Further, if the Board is to continue to retain the Independent Director after the twelfth (12) year, the Board should seek shareholders' approval through a two-tier voting process.</p> <p>Amongst the independent directors of the Company, Mr. Siow Kee Yen and Datuk Adillah Binti Ahmad Nordin have served on the Board for more than seventeen (17) years and is subjected to two-tier voting at the forthcoming Eighteenth Annual General Meeting ("<b>18<sup>th</sup> AGM</b>").</p> <p>The Company will be seeking shareholders' approval at the forthcoming AGM for the following two (2) Independent Directors who have served the Board for a cumulative term of more than 12 years:-</p> <ul style="list-style-type: none"><li>(i) Mr. Siow Kee Yen; and</li><li>(ii) Datuk Adillah Binti Ahmad Nordin.</li></ul> <p>The Board through the Nomination Committee has undertaken relevant assessments and recommended for the two (2) Independent Directors to retain as Independent Directors based on the following justifications:</p> <ul style="list-style-type: none"><li>(1) They have met the criteria set in the annual assessment of their independence in line with the MMLR of Bursa Securities and their independence have not been compromised or impaired in any way;</li><li>(2) Their accounting and legal background have provided support to enable the Board to discharge its duties effectively and in a competent manner;</li><li>(3) They actively participate and contribute to the discussion and deliberation of the Board and Board Committees. They have diligently attended all of the meetings held for the Board and Board Committees; and</li></ul>



	<p>(4) They have exercised due care and diligence and acted in the best interest of the Company by providing independent view to the deliberations and decision making of the Board and Board Committees Meetings.</p> <p>Based on the above justification, the Board recommends to the shareholders that Mr. Siow Kee Yen and Datuk Adillah Binti Ahmad Nordin should be retained as Independent Non-Executive Directors of the Company.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

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

## Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>During financial year ended 31 December 2019, there was no new directors or new member of the senior management appointed. The responsibility of the nomination and selection of directors and members of the senior management is delegated to the Nomination Committee by the Board and is guided by the “Policy and Procedure on Nomination and Selection of Director &amp; Senior Management” that were formally adopted by the Board.</p> <p>Any member of the Board, shareholders or independent sources engaged by the Company may recommend candidates to the Nomination Committee for the appointment of new Directors for consideration. Nomination and assessment will be conducted prior to recommending any candidate(s) to the Board for approval. In making its recommendations, the Nomination Committee shall evaluate each candidate in accordance to his/her knowledge, skills and experiences expected to be possessed for the proposed directorship as well as the maintenance of boardroom diversity per the “Criteria for Nomination and Selection” stated in the “Policy and Procedure on Nomination and Selection of Director &amp; Senior Management”. The criteria for the nomination and selection of Directors are as follows:</p> <ul style="list-style-type: none"><li>• Leadership experience;</li><li>• Skilled and diverse background;</li><li>• Boardroom diversity (knowledge, skills, experience, race, age and gender);</li><li>• Integrity and professionalism; and</li><li>• Independence of Independent Director.</li></ul> <p>In the event of a vacancy in the Key Senior Management, the nomination and selection of candidates of Key Senior Management shall be conducted. The Nomination Committee shall evaluate each recommendation or applicant in accordance to his/her knowledge, skills and experiences expected to be possessed by such candidate in accordance with the “Criteria for Nomination and Selection” stated in the “Policy and Procedure on Nomination and Selection of Director &amp; Senior Management”. The criteria for the nomination and selection of candidate for Key Senior Management are as follows:</p> <ul style="list-style-type: none"><li>• Qualification and experience;</li><li>• Relevant skills;</li></ul>

	<ul style="list-style-type: none"> <li>• Integrity and professionalism; and</li> <li>• Diversity.</li> </ul> <p>The Nomination Committee is responsible for assessing and considering suitable candidates for the appointment of members of the Board and Key Senior Management after taking into consideration of their capabilities, professionalism, integrity, expertise and experience. In this respect, the roles of the Nomination Committee is detailed in its Terms of References, which is accessible for reference on the Group’s website at <a href="http://www.ornapaper.com">www.ornapaper.com</a>.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 4.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is supportive of gender diversity in the boardroom and Senior Management and, the Board aims to have at least one (1) female representative at on the Board as stated in the Company’s Annual Report. Such targets has been updated and included in the Board Charter and the “Policy and Procedure on Nomination and Selection of Director &amp; Senior Management”.</p> <p>Presently, there is one (1) female Independent and Non-Executive Director on the Board and the Company continues to promote the representation of women in the composition of the Board and Senior Management.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The “Policy and Procedure on Nomination and Selection of Director &amp; Senior Management” and Board Charter states that the Nomination Committee shall develop a pool of potential candidates for consideration for such vacancy and shall not solely rely on recommendations from existing Board members, management or major shareholders for the nomination of new Director and to utilise independent sources to identify suitably qualified candidates.</p> <p>Independent sources include but not limited to, recommendations from professional service providers and financial institutions.</p> <p>In appointing an appropriate individual to the Board, the Nomination Committee will first consider and recommend to the Board the suitable candidate for directorship, taking into consideration the qualification, leadership, knowledge, skills, competency and integrity required to manage, direct and oversee the Group in the best interests of its shareholders, customers, employees, communities it serves and other affected parties. The Nomination Committee will assess the candidates’ suitability based on a prescribed set of criteria as set out in the “Policy and Procedure on Nomination and Selection of Director &amp; Senior Management”.</p> <p>The procedure for the nomination and selection of Directors as defined in the policy and procedure established are as follows:</p> <ol style="list-style-type: none"><li>1. To receive recommendations through completed “Director Recommendation Form” or to obtain information as required under Director Recommendation Form and “Declaration of Interest” Form (for Independent Director);</li><li>2. To evaluate and shortlist potential candidate(s) based on the “Criteria for Nomination and Selection”;</li><li>3. To conduct an interview and background check; and</li><li>4. To recommend the potential candidate(s) to the Board for consideration and approval.</li></ol> <p>Existing Non-Executive Directors of the Company were recommended by the Board members and the existing shareholders of the Company previously with all but one were appointed before MCCG 2017 came into effect.</p>

	Detailed information on the process undertaken by the Nomination Committee including its process of identifying and appointing a candidate can be found in the “Policy and Procedure on Nomination and Selection of Director & Senior Management” on the Group’s website at <a href="http://www.ornapaper.com">www.ornapaper.com</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Mr. Siow Kee Yen, an Independent Non-Executive Director, as per the Terms of Reference of the Nomination Committee whereby the Chairman of Nomination Committee shall be an Independent Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>On an annual basis, the Nomination Committee reviews the required mix of skills and experience and other qualities, including core competencies which the Directors are expected to bring to the Board. The Board had also implemented a process to be carried out by the Nomination Committee annually for the assessment and feedback to the Board on the effectiveness of the Board as a whole, Audit Committee (and its composition) and the contribution of each individual Directors for discussion and further improvement.</p> <p>During the financial year under review and up to the date of this report, the Board, through Nomination Committee, conducted the Board and Board Committee Evaluation and Directors' Self-Evaluation for individual Directors. On the other hand, the assessment on the effectiveness of Audit Committee and its composition was performed by the Nomination Committee through Audit Committee Members' Peer Performance Evaluation and Audit Committee Evaluation.</p> <p>The Board performance evaluation are based on the following areas and criteria:</p> <ul style="list-style-type: none"><li>a) Board Composition – Board size and proportion; mix of expertise and skills.</li><li>b) Board Information – Concise &amp; timeliness in receiving; communication on information needs; presentation of information; information availability for decision making; education, training and leadership development.</li><li>c) Board Process – time allocation; communications; risk awareness and focus on high risk areas; access to management; orientation programme for new director on Board process; deliberation process.</li><li>d) Board Accountability – Stakeholder consideration; Company's business process understanding; business sustainability; communication with Board, Board members, Management and shareholders; compliance with law and regulations; social and environment responsibility; Board Committees function.</li></ul>

	<p>e) CED / Top Management – Communications on Board goals; performance evaluations; succession planning</p> <p>f) Standard of Conduct – appropriate questions; disclosure of personnel interests in transactions and abstain from voting</p> <p>On the other hand, the Board Committees’ performance evaluation (Audit Committee, Nomination Committee and Remuneration Committee) performed by Nomination Committee are based on the following criteria:</p> <p>a) Having the right composition</p> <p>b) Providing useful recommendation in assisting the board for better decision-making</p> <p>c) Members have sufficient, recent and relevant expertise in fulfilling their role</p> <p>d) Proper discharging of responsibilities by committee chairmen</p> <p>e) Appointments of Board and committee chairmen based on appropriate criteria</p> <p>f) Quality communications</p> <p>g) Well prepared and comprehensively minuted meeting minutes</p> <p>h) Board informed of committee’s deliberation sufficiently and on timely basis</p> <p>The self-assessment for individual Directors assesses the individual Board member’s roles, responsibilities and functions based on the criteria established by the Nomination Committee which includes the understanding and support for the Company’s mission and goals; participation in Board meeting; understanding of the role and fiduciary responsibilities as Board member; knowledge on listing requirements and MCCG; conflict of interest; participation on the Board and training requirements.</p> <p>On the other hand, the criteria stated on Audit Committee Members’ Peer Performance Evaluation are as below:-</p> <p>a) Exhibition on trustworthiness, dynamic participation, integrity, capability in handling conflict, interpersonal ability and the enthusiasm to tackle problems proactively</p> <p>b) Appropriateness of experience to meet the objectives of the Audit Committee’s Terms of Reference, including financial literacy</p> <p>c) Participation of ongoing education to improve the understanding of pertinent regulatory, accounting, reporting, auditing and industry issues</p> <p>d) Level of analysis and evaluation on the Company’s business and risk environment</p> <p>e) Level of understanding on the Company’s significant financial and non-financial risk, compliance processes, financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.</p>
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The Nomination Committee evaluated the Audit Committee through Audit Committee Evaluation Form based on the criteria of quality and composition, skills and competencies as well as meeting administration and conduct.

As an important independent element within the Board, individual Independent Non-Executive Directors performed self-assessment of their independence based on the criteria per the MMLR. Confirmation and declaration by the Independent Directors were obtained in relation to the compliance with Paragraph 15.05 and 15.06 of the MMLR. Please refer to Practice 8.5 of this report for more details.

The above evaluations had been carried out and deliberated by the members of the Nomination Committee and the summary results of the assessments were presented by the Chairman of Nomination Committee to the Board.

The Company Secretaries had circulated the relevant assessment and review forms/questionnaires in relation to the aforementioned evaluations to each Director with sufficient time for the relevant Directors to complete the assessment forms prior to the meeting of the Nomination Committee and the Board in order for the Company Secretaries to collate the assessment/review results for the review of the Nomination Committee and for the Board's notation.

With the above evaluation processes, the Board, through the Nomination Committee, reviewed and assessed its required mix of skills and experience and other qualities, including core competencies which the Directors are expected to bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.

The above assessments and evaluations were conducted without engaging the services of an independent third party.

Based on the above assessments, the Board was satisfied with the existing board composition and was of the opinion that the Board, individual Directors and Audit Committee of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. Other than that, the Nomination Committee was of the opinion that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

In addition, based on the above assessments performed on Audit Committee and its composition, the Board was of the opinion that the Audit Committee and its members had carried out their duties in accordance with their Terms of Reference and the MMLR.

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

## Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had approved the adoption of the Board Remuneration Policy on 3 April 2017 and the policy was subsequently updated to include Senior Management which is then named as the Remuneration Policy for Directors and Senior Management ("<b>Remuneration Policy</b>"). Such Remuneration Policy was presented to the Remuneration Committee for review and was recommended to the Board for approval on 19 August 2019. The responsibility of the implementation of the Remuneration Policy is delegated to the Remuneration Committee, which in turn is governed by its Terms of Reference that has been updated and approved by the Board, to reflect the update of the above mentioned policy.</p> <p>The Remuneration Policy outlines the guiding principles for the remuneration of the Company's Directors and Senior Management. Such policy is to be reviewed on an annual basis by the Remuneration Committee and to be reported to the Board for approval in the event of any changes.</p> <p>The objectives of the Remuneration Policy are as follows:</p> <ul style="list-style-type: none"><li>- To attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive Directors' and Senior Management compensation package;</li><li>- To ensure that the interests of Executive Directors and Senior Management are aligned with the business strategy, risk tolerance, values and medium to long-term interests of the Group and is consistent with the "pay-for-performance" principle;</li><li>- To promote strong teamwork culture among the Executive Directors and Senior Management; and</li><li>- To instil transparency and openness in the review and approval of compensation package of the Board's members and Senior Management.</li></ul>

The Remuneration Committee assesses the Executive Directors' remuneration packages so as to recommend the Executive Directors' remuneration packages to the Board for approval. The Executive Directors shall be abstained from participating in the discussion with respect to their own remuneration packages. The remuneration packages and fees of the Directors shall be reviewed by Remuneration Committee at least once annually and to report the results of the review to the Board for deliberation and approval.

The principal components of compensation for Executive Directors consist of fixed and variable compensation and other customary benefits as follows:

- Fixed Salary – determined based on his/her knowledge, skills, experience and responsibilities assigned and shall subject to annual review by the Remuneration Committee by taking into consideration the performance of individual Director, market rate and etc.
- Directors' Fees – fixed sum determined based on his/her knowledge, skills, competency, responsibilities assigned and contributions to the Board.
- Variable Compensation – designed to reward Executive Directors for the Group financial performance and individual performance. Variable Compensation shall be reviewed by Remuneration Committee upon the proposal by the CED and to report the results of the review to the Board for deliberation and approval.
- Benefits and Other Arrangements – other benefits-in-kind (“**BIK**”) based on their contractual agreements, local customs and comparable arrangements for senior executives in the industry.

Non-Executive Directors' remuneration comprises fixed fees that are determined based on his/her skills, competency, responsibilities assigned and his/her contributions to the Board and the Board Committees. Allowances also granted to Non-Executive Directors for the purpose to defray cost/expenses incurred by him/her in carrying out the responsibilities assigned in respect of the Board and the Board Committees in which he/she is a member.

Such remuneration packages for Non-Executive Directors shall not be subjected to financial performance of the Group and shall not include cash bonus schemes and equity vesting entitlements to prevent potential conflict with their primary role as an independent representative of stakeholders.

The Directors' fees and variable compensation and other allowances for Executive Directors and Non-Executive Directors are subjected to the approval of shareholders at the general meeting.

The principal elements of the Senior Management remuneration programme consist of fixed and variable compensation, benefits and other arrangements, and is generally set to provide market

	<p>competitiveness to attract, retain and motivate executives of highest calibre to competently manage the company.</p> <p>The Remuneration Policy is made available for download from the “Investor Relations” section of the company’s website at <a href="http://www.ornapaper.com">www.ornapaper.com</a>.</p> <p>The Remuneration Committee held two (2) meetings during the financial year ended 31 December 2019 to review the proposed Directors’ fees and allowances for Non-Executive and Executive Directors and proposed basic salary, bonus and BIK of Executive Directors and Senior Management. Such recommended Directors’ fees and remuneration packages were submitted to the Board for approval or recommendation to the shareholders, as applicable.</p> <p>The Board maintains that the current remuneration for each category of Directors commensurate with the remuneration packages adopted by companies of similar standing and is sufficient to attract and retain Directors of high calibre.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

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

## Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee was formed to assist the Board in their responsibilities in assessing the remuneration packages of the Directors, Senior Management and the implementation of Remuneration Policy.</p> <p>The Remuneration Committee is guided by formal Terms of Reference approved by the Board which states the composition requirement, authorities, roles and responsibility of the Committee. The Terms of Reference for the Remuneration Committee is available on the "Investor Relation" section of the company's website at <a href="http://www.ornapaper.com">www.ornapaper.com</a>.</p> <p>The Remuneration Committee comprises three (3) Independent Non-Executive Directors, which is in compliance with the requirement of the MCCG whereby the Remuneration Committee should only consist of Non-Executive Directors and a majority of them must be Independent Directors. Such requirement has been updated in the Terms of Reference and approved by the Board. The composition of the Remuneration Committee is stated in the Corporate Information of the Annual Report.</p> <p>The Remuneration Committee is responsible for reviewing and recommending to the Board, the remuneration packages of the Executive Directors, Directors' fees of the Non-Executive Directors and the remuneration packages of the Senior Management. In making its recommendation, the Remuneration Committee adheres to the principle of rewarding based on the Group's performance as well as individual performance as stated in the Remuneration Policy. The Remuneration Committee does not possess the authority to make decisions on behalf of the Board. Its role is merely that of making recommendations for the Board's approval.</p>



	<p>It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors and the Senior Management. The Executive Directors concerned would be abstained from discussion and decision on his own remuneration. The Board as a whole determines the remuneration package of the Non-Executive Directors based on their experience and level of responsibilities undertaken. All Non-Executive Directors are paid a fixed fee which is subjected to the approval of shareholders at the Company's Annual General Meeting.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

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

## Practice 7.1

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

<b>Application</b>	:	Applied																																																																																																														
<b>Explanation on application of the practice</b>	:	<p>The Board is supportive of transparent and detailed disclosure on named basis for the remuneration of individual Directors.</p> <p>The remuneration components of the Directors includes Directors' salary, fee, bonus, meeting attendance, car allowance and BIK.</p> <p>A summary of remuneration packages of the Directors of the Company who served during the financial year ended 31 December 2019 was as follows:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>The Group</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Salary</b></th> <th><b>Directors' Fees</b></th> <th><b>Bonus</b></th> <th><b>Allowances*</b></th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Executive Directors</b></td> </tr> <tr> <td>Sai Chin Hock</td> <td>498,000</td> <td>60,000</td> <td>312,500</td> <td>2,500</td> </tr> <tr> <td>Ang Kwee Teng</td> <td>156,000</td> <td>76,000</td> <td>15,000</td> <td>2,500</td> </tr> <tr> <td>Sai Han Siong</td> <td>541,000</td> <td>120,000</td> <td>330,000</td> <td>2,500</td> </tr> <tr> <td colspan="5"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Sai Ah Sai</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,000</td> </tr> <tr> <td>Datuk Adillah Binti Ahmad Nordin</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,000</td> </tr> <tr> <td>Siow Kee Yen</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,500</td> </tr> <tr> <td>Tan Chin Hwee</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,500</td> </tr> <tr> <td colspan="5"><b>The Company</b></td> </tr> <tr> <th><b>Name</b></th> <th><b>Salary</b></th> <th><b>Directors' Fees</b></th> <th><b>Bonus</b></th> <th><b>Allowances*</b></th> </tr> <tr> <td colspan="5"><b>Executive Directors</b></td> </tr> <tr> <td>Sai Chin Hock</td> <td>-</td> <td>-</td> <td>-</td> <td>2,500</td> </tr> <tr> <td>Ang Kwee Teng</td> <td>-</td> <td>-</td> <td>-</td> <td>2,500</td> </tr> <tr> <td>Sai Han Siong</td> <td>-</td> <td>-</td> <td>-</td> <td>2,500</td> </tr> <tr> <td colspan="5"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Sai Ah Sai</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,000</td> </tr> <tr> <td>Datuk Adillah Binti Ahmad Nordin</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,000</td> </tr> <tr> <td>Siow Kee Yen</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,500</td> </tr> <tr> <td>Tan Chin Hwee</td> <td>-</td> <td>60,000</td> <td>-</td> <td>2,500</td> </tr> </tbody> </table>	<b>The Group</b>					<b>Name</b>	<b>Salary</b>	<b>Directors' Fees</b>	<b>Bonus</b>	<b>Allowances*</b>	<b>Executive Directors</b>					Sai Chin Hock	498,000	60,000	312,500	2,500	Ang Kwee Teng	156,000	76,000	15,000	2,500	Sai Han Siong	541,000	120,000	330,000	2,500	<b>Non-Executive Directors</b>					Sai Ah Sai	-	60,000	-	2,000	Datuk Adillah Binti Ahmad Nordin	-	60,000	-	2,000	Siow Kee Yen	-	60,000	-	2,500	Tan Chin Hwee	-	60,000	-	2,500	<b>The Company</b>					<b>Name</b>	<b>Salary</b>	<b>Directors' Fees</b>	<b>Bonus</b>	<b>Allowances*</b>	<b>Executive Directors</b>					Sai Chin Hock	-	-	-	2,500	Ang Kwee Teng	-	-	-	2,500	Sai Han Siong	-	-	-	2,500	<b>Non-Executive Directors</b>					Sai Ah Sai	-	60,000	-	2,000	Datuk Adillah Binti Ahmad Nordin	-	60,000	-	2,000	Siow Kee Yen	-	60,000	-	2,500	Tan Chin Hwee	-	60,000	-	2,500
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Ang Kwee Teng	156,000	76,000	15,000	2,500																																																																																																												
Sai Han Siong	541,000	120,000	330,000	2,500																																																																																																												
<b>Non-Executive Directors</b>																																																																																																																
Sai Ah Sai	-	60,000	-	2,000																																																																																																												
Datuk Adillah Binti Ahmad Nordin	-	60,000	-	2,000																																																																																																												
Siow Kee Yen	-	60,000	-	2,500																																																																																																												
Tan Chin Hwee	-	60,000	-	2,500																																																																																																												
<b>The Company</b>																																																																																																																
<b>Name</b>	<b>Salary</b>	<b>Directors' Fees</b>	<b>Bonus</b>	<b>Allowances*</b>																																																																																																												
<b>Executive Directors</b>																																																																																																																
Sai Chin Hock	-	-	-	2,500																																																																																																												
Ang Kwee Teng	-	-	-	2,500																																																																																																												
Sai Han Siong	-	-	-	2,500																																																																																																												
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Sai Ah Sai	-	60,000	-	2,000																																																																																																												
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Siow Kee Yen	-	60,000	-	2,500																																																																																																												
Tan Chin Hwee	-	60,000	-	2,500																																																																																																												

	<b>The Group</b>			
	<b>Name</b>	<b>Employer's Contribution EPF, SOCSO &amp; EIS</b>	<b>BIK**</b>	<b>Gratuity</b>
	<b>Executive Directors</b>			
	Sai Chin Hock	34,049	-	-
	Ang Kwee Teng	7,820	5,705	-
	Sai Han Siong	108,683	11,932	-
	<b>Non-Executive Directors</b>			
	Sai Ah Sai	-	-	-
	Datuk Adillah Binti Ahmad Nordin	-	-	-
	Siow Kee Yen	-	-	-
	Tan Chin Hwee	-	-	-
	<b>The Company</b>			
	<b>Name</b>	<b>Employer's Contribution EPF, SOCSO &amp; EIS</b>	<b>BIK**</b>	<b>Gratuity</b>
	<b>Executive Directors</b>			
	Sai Chin Hock	-	-	-
	Ang Kwee Teng	-	-	-
	Sai Han Siong	-	-	-
	<b>Non-Executive Directors</b>			
	Sai Ah Sai	-	-	-
	Datuk Adillah Binti Ahmad Nordin	-	-	-
Siow Kee Yen	-	-	-	
Tan Chin Hwee	-	-	-	
	* Allowances consist of meeting allowance and car allowance (if any)			
	** BIK consists of petrol, company car and mobile phone usage claim (if any)			
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:			

## Intended Outcome

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

## Practice 7.2

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

<b>Application</b>	:	Applied																																	
<b>Explanation on application of the practice</b>	:	<p>The remuneration packages of the Senior Management consist of fixed salary, sales commission (if any), bonus, car and travel allowances (if any), and BIK.</p> <p>The remuneration of the Senior Management, including salary, bonus, allowance, commission (if any), employer's contribution for EPF, EIS and SOCSO and other emoluments in bands of RM50,000 for financial year ended 31 December 2019 are as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>RM150,001 to RM200,000</th> <th>RM200,001 to RM300,000</th> <th>RM300,001 to RM350,000</th> <th>RM350,001 to RM500,000</th> </tr> </thead> <tbody> <tr> <td>Lim Joo Song</td> <td>-</td> <td>-</td> <td>-</td> <td>1</td> </tr> <tr> <td>Foo Chee Juin</td> <td>1</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Bung Choon Kong</td> <td>-</td> <td>-</td> <td>-</td> <td>1</td> </tr> <tr> <td>Kang Chee Hwee</td> <td>-</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>Teng Say Yeong</td> <td>-</td> <td>1</td> <td>-</td> <td>-</td> </tr> </tbody> </table>				Name	RM150,001 to RM200,000	RM200,001 to RM300,000	RM300,001 to RM350,000	RM350,001 to RM500,000	Lim Joo Song	-	-	-	1	Foo Chee Juin	1	-	-	-	Bung Choon Kong	-	-	-	1	Kang Chee Hwee	-	1	-	-	Teng Say Yeong	-	1	-	-
Name	RM150,001 to RM200,000	RM200,001 to RM300,000	RM300,001 to RM350,000	RM350,001 to RM500,000																															
Lim Joo Song	-	-	-	1																															
Foo Chee Juin	1	-	-	-																															
Bung Choon Kong	-	-	-	1																															
Kang Chee Hwee	-	1	-	-																															
Teng Say Yeong	-	1	-	-																															
<b>Explanation for departure</b>	:																																		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																																			
<b>Measure</b>	:																																		
<b>Timeframe</b>	:																																		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company complies with Practice 8.1 of MCCG as the Chairman of the Audit Committee is not the Chairman of the Board.</p> <p>During the financial year under review and up to the date of this Report, the Chairman of the Audit Committee is Mr. Siow Kee Yen while the Executive Chairman of the Board is Mr. Ang Kwee Teng.</p> <p>Mr. Siow Kee Yen fulfils the requirements under Paragraph 15.09(1)(c)(i) of the MMLR and Paragraph 7.1 of Practice Note 13 of the MMLR and possesses strong financial literacy skills, where he is a member of the Malaysian Institute of Accountants and a partner of an external audit firm in Malaysia. Please refer to the Profile of Directors section of the annual report for further details on the qualification and experience of the Chairman of Audit Committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Charter and the Terms of Reference of the Audit Committee includes the requirement of former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.</p> <p>This is to ensure that the independence of the audit process is safeguarded from the potential threats and conflicts which may arise when a former key audit partner joins the Company.</p> <p>The current Audit Committee members appointed were not key audit partners prior to their appointment.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, subject to review by the Audit Committee, has formally approved the adoption of the policies and procedures to assess the suitability, objectivity and independence of External Auditors on 3 April 2017. The responsibility of the implementation of the above policies and procedures is delegated to the Audit Committee by the Board and the outcomes of the review are recommended to the Board on an annual basis or at other appropriate times for consideration and recommendation to the shareholders.</p> <p>The criteria used for the annual assessment of suitability of the External Auditors for appointment and reappointment includes the following:</p> <ol style="list-style-type: none"><li>1. Qualifications of the External Auditors,</li><li>2. Technical expertise and capability of the External Auditors in relation to the size and business complexity of the Group;</li><li>3. Resources (including senior personnel assigned to the audit) available/provided by the External Auditors in relation to the size and business complexity of the Group;</li><li>4. Suitability of the size of the External Auditors' firm in relation to the size and complexity of the Group;</li><li>5. Size of the External Auditors' firm in relation to the existing client base of the External Auditors;</li><li>6. Independence of the External Auditors;</li><li>7. Professionalism and responsiveness demonstrated by the External Auditors; and</li><li>8. Overall conduct of the audits by the External Auditors.</li></ol> <p>A formal written statement confirming that the External Auditors are and have been independent throughout the audit engagement within the meaning of relevant Acts and guidelines in Malaysia had been furnished to the Audit Committee.</p> <p>The Audit Committee also ensure that the provision of non-audit services by the External Auditors and their network firms/companies does not impair the objectivity and independence of the External Auditors.</p>



	<p>The External Auditors of the Company confirmed on their independence and objectivity for the audit engagement for the financial year under review in accordance with the By-Laws of the Malaysian Institute of Accountants through the Audit Plan and Audit Result submitted by the External Auditors and written confirmation provided during the Audit Committee meetings on their independence and objectivity.</p> <p>In respect of audit engagement for financial year ended 31 December 2019, the Audit Committee performed an assessment on the performance, suitability and independence of the External Auditors via External Auditor Evaluation form and written confirmation on independence and objectivity by the External Auditors. Based on the results of the assessment, the Audit Committee was of the opinion that the existing External Auditors are suitable and able to deliver their responsibilities professionally and diligently with sufficient level of independence and objectivity under the relevant laws and regulations based on and forthwith recommended to the Board for reappointment subject to shareholders' approval during the Annual General Meeting, having considered that the External Auditors had performed audit services to the Company satisfactorily in terms of quality and timeliness since it was appointed and had put in place an internal quality control processes to mitigate quality as well as independence and objectivity risks.</p> <p>The nature of non-audit services provided by the External Auditors and the quantum of the fees were also reviewed by the Audit Committee and the Audit Committee was satisfied that the provision of these services did not in any way compromise their independence.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### **Intended Outcome**

There is an effective and independent Audit Committee.

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

### **Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>At present, the Audit Committee comprises solely of Independent Directors, and the requirement on the Audit Committee to comprise solely of Independent Directors has been updated in the Terms of Reference of Audit Committee. The details of the members of the Audit Committee is disclosed in the Profile of Directors section of the Annual Report.</p> <p>The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors as follows:</p> <ul style="list-style-type: none"><li>• Mr. Siow Kee Yen (Chairman, Independent Non-Executive Director);</li><li>• Datuk Adillah Binti Ahmad Nordin (Member, Independent Non-Executive Director); and</li><li>• Mr. Tan Chin Hwee (Member, Independent Non-Executive Director).</li></ul>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>In accordance to the requirement stated in the Terms of Reference of the Audit Committee, all members of the Audit Committee are financially literate, with majority of the members being members of the Malaysian Institute of Accountants. The Audit Committee consists of members who have wide range of necessary skills to discharge their duties. The members of the Audit Committee include partner of audit firms, veterans in the field of management consultancy as well as on legal matters. The details on the qualifications and experiences of the members of the Audit Committee are disclosed in Profile of Directors section of the Annual Report.</p> <p>During the financial year ended 31 December 2019, the members of Audit Committee undertook continuous professional development(s) as required by the respective professional bodies and trainings in the field of accounting, audit, taxation and regulatory developments. The trainings attended by individual members of Audit Committee are shown in the following table:</p>												
		<table border="1"><thead><tr><th><b>Member of Audit Committee</b></th><th><b>Name of Conference/Talk/Seminar Attended or Participated</b></th><th><b>Organiser</b></th></tr></thead><tbody><tr><td rowspan="4">Siow Kee Yen</td><td>National Tax Conference 2019</td><td>Lembaga Hasil Dalam Negeri Malaysia &amp; Chartered Tax Institute of Malaysia</td></tr><tr><td>The Art of Taxation and Staying Relevant in Changing Times</td><td>Chartered Tax Institute of Malaysia</td></tr><tr><td>Quarterly Tax Updates 2019</td><td>Chartered Tax Institute of Malaysia</td></tr><tr><td>Seminar Percukaian Kebangsaan 2019</td><td>Lembaga Hasil Dalam Negeri Malaysia</td></tr></tbody></table>	<b>Member of Audit Committee</b>	<b>Name of Conference/Talk/Seminar Attended or Participated</b>	<b>Organiser</b>	Siow Kee Yen	National Tax Conference 2019	Lembaga Hasil Dalam Negeri Malaysia & Chartered Tax Institute of Malaysia	The Art of Taxation and Staying Relevant in Changing Times	Chartered Tax Institute of Malaysia	Quarterly Tax Updates 2019	Chartered Tax Institute of Malaysia	Seminar Percukaian Kebangsaan 2019	Lembaga Hasil Dalam Negeri Malaysia
<b>Member of Audit Committee</b>	<b>Name of Conference/Talk/Seminar Attended or Participated</b>	<b>Organiser</b>												
Siow Kee Yen	National Tax Conference 2019	Lembaga Hasil Dalam Negeri Malaysia & Chartered Tax Institute of Malaysia												
	The Art of Taxation and Staying Relevant in Changing Times	Chartered Tax Institute of Malaysia												
	Quarterly Tax Updates 2019	Chartered Tax Institute of Malaysia												
	Seminar Percukaian Kebangsaan 2019	Lembaga Hasil Dalam Negeri Malaysia												

		Financial Risk Evaluation and Review-Issues Relating to Specific Items of Financial Statements	Malaysian Institute of Accountants
		Topical Tax Issues for SMEs	CPA Australia
	Datuk Adillah Binti Ahmad Nordin	Effective Safety & Health Committee	ITS Management Sdn. Bhd.
		Occupational Safety & Health Awareness	ITS Management Sdn. Bhd.
	Tan Chin Hwee	2020 Budget Seminar Share Prosperity: Sustainable and Inclusive Growth Towards High Income Economy	Malaysian Institute of Accountants
		Continuing Professional Development Seminar - Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Compliances - Budget 2020 Updates	Institute of Approved Company Secretaries
		Continuing Professional Development Seminar - Corporate Insolvency Framework & Striking-off Under Companies Act 2016	Institute of Approved Company Secretaries
		New Company Act 2016: Major Changes Every Director Should Know	Entity Sdn. Bhd.
	<p>The Audit Committee in discharging its duties, review the quarterly results and annual financial statements and recommends to the Board for approval before releasing to the public. The Audit Committee also reviews the appropriateness of the Company's and Group's accounting policies and the changes to these policies as well as ensuring that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable accounting standards.</p> <p>For detailed disclosure of the activities undertaken by the Audit Committee, please refer to the Audit Committee Report.</p>		
	<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		

<b>Timeframe</b>	:		
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## Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a formal Group Risk Management Framework, including a risk management policy.</p> <p>The Group Risk Management Framework specify the structured risk management process, where each step of the risk and opportunity identification, evaluation, control identification, treatment and control activities are laid down for application by the Risk and Sustainability Management Committee ("<b>RSMC</b>") and Risk Owners.</p> <p>The Group's Risk Management is embedded into key processes at all levels of the organisation structure whereby respective head of departments (as risk owners) are delegated with the responsibility to continuously identify, evaluate and manage the existing and emerging risks, resulting from changes to the internal and external environment faced by the Group by formulating and implementing adequate and effective internal controls to minimize the risk exposure.</p> <p>Risk and opportunity assessment, at gross and residual level, are guided by the likelihood rating and impact rating that was established based on the risk tolerance acceptable by the Board.</p> <p>Further explanation on the Risk Management and Internal Control system of the Group are disclosed in annual report's Statement on Risk Management and Internal Control.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group Risk Management Framework lays down the risk management objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group.</p> <p>The principles, practices and processes of the Group Risk Management Framework established by the Board are, in material aspects, guided by the ISO 31000:2018 – Risk Management Guidelines.</p> <p>Structured risk management process is stipulated in the Group Risk Management Framework approved by the Board, whereby each step of the risk identification, risk assessment and risk treatment as well as control activities are laid down for application by the RSMC and the Risk Owners, i.e. respective Managers and Heads of Department. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board that are stipulated in the Framework. Key Risk Registers were compiled by RSMC employed to update the Key Risk Profile. Key Risks Register are used for the identification of high residual risks which are above the risk appetite of the Group that requires the RSMC and the Board's immediate attention and risk treatment as well as for future risk monitoring.</p> <p>Please refer to the Statement on Risk Management and Internal Control for the further disclosures on the features risk management framework and internal control system as well as the opinion of the Board on the state of the risk management and internal control system within the Group.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>Board Risk Management Committee ("<b>BRMC</b>") of the Company, which comprises solely of Independent Directors, was established by the Board with formal Terms of Reference approved by the Board.</p> <p>Furthermore, the roles and responsibilities of the BRMC in relation to risk management is also prescribed within the Group Risk Management Framework and includes the review, assessment, formulation and recommendation of risk strategies, framework, policies, processes, tolerance and risk appetite to the Board.</p> <p>Further disclosures on the roles and responsibilities of the BRMC are disclosed in the Annual Report's Statement on Risk Management and Internal Control.</p>

## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In ensuring the internal audit function is effective and able to function independently, the Terms of Reference of the Audit Committee provides the following oversight role of the Audit Committee:</p> <ul style="list-style-type: none"> <li>• Review of the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;</li> <li>• Review of the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;</li> <li>• Review of any appraisal or assessment of the performance of members of the internal audit function;</li> <li>• Review and approval of budget or fees of the internal audit function;</li> <li>• Approval of any appointment or termination of senior staff members of the internal audit function; and</li> <li>• Cognizant of the resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.</li> </ul> <p>The oversight role of the Audit Committee and the activities taken by the Audit Committee on the internal audit function during the financial year is disclosed in Audit Committee Report and Statement on Risk Management and Internal Control.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 10.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Company is outsourced to NeedsBridge Advisory Sdn. Bhd. (“<b>NbA</b>”) and NbA reports directly to the Audit Committee with unrestricted access to the Group’s employees and documents in the performance of their duties. The details of the internal audit function and oversight role of the Audit Committee on the function are disclosed in the Audit Committee Report and Statement on Risk Management and Internal Control, including but not limited to, the details of the engagement, review of the outsourced internal audit function’s resources and continuous professional developments.</p> <p>The engagement director of the outsourced internal audit function is a Certified Internal Auditors (“<b>CIA</b>”) accredited by the Institute of Internal Auditors Global. The outsourced internal audit function is manned by one (1) Engagement Director, three (3) Senior Manager/Managers and eight (8) senior consultants/consultants as at the date of this Report. An engagement team of three (3) members was deployed by the outsource internal audit function for the internal audit carried out during the financial year, led by a Manager (who is a CIA) or Assistant Manager and consultant(s) who are members of professional accounting bodies.</p> <p>The internal audit is carried out, in material aspects, in accordance to the International Professional Practices Framework established by the Institute of Internal Auditors Global.</p> <p>For detailed disclosure on outsourced internal audit function, kindly refer to Statement on Risk Management and Internal Control.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to ensure that the communication with its stakeholders are effective, transparent and timely and has adopted a Corporate Disclosure Policy on 3 April 2017 to provide guidance on communicating and disseminating material information impartially to stakeholders on a timely, accurate, clear and complete manner, in accordance with the MMLR and other applicable laws and regulations.</p> <p>The principles stated in the Corporate Disclosure Policy on the disclosure of material information are as follows:</p> <ol style="list-style-type: none"><li>1. Transparency and accountability</li><li>2. Compliance with legal regulatory requirements on disclosure</li><li>3. Confidentiality and timely disclosure</li><li>4. Fair and equitable access to information</li></ol> <p>In discharging its duties and responsibilities in respect of the disclosure of material information, the Board delegates the implementation of the Corporate Disclosure Policy to the Corporate Disclosure Committee ("<b>CDC</b>"), and for the avoidance of doubt, the mandatory disclosure requirement for other information per the MMLR and applicable laws and regulations is not delegated to CDC and shall be the responsibility of the Board collectively. The CDC is made up of the CED and a member of the Audit Committee and the CDC is tasked with the responsibility to oversee all matters relating to Company's corporate disclosure practice and to ensure adherence to the Corporate Disclosure Policy. The Executive Chairman and CED assume the role of authorised speakers for the Company during press conferences and analyst briefings to ensure the accuracy of information and the consistency of disclosure.</p> <p>The Company's website (<a href="http://www.ornapaper.com">www.ornapaper.com</a>) 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. Additionally, the "Contact Us" section of the Company's website provides the contact details (including email and contact number) of key personnel of department/division to enable the stakeholders to</p>

	<p>direct their enquiries to the responsible personnel. The Head of Accounts Department is designated as personnel in charge of investor relations of the Company.</p> <p>In ensuring equal and fair access to information, the announcement of the quarterly financial results is also made via Bursa Listing Information Network (“<b>Bursa LINK</b>”) immediately after the approval by the appropriate authority level based on the formal Corporate Disclosure Policy.</p> <p>The Annual Report is one of the main channels of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group.</p> <p>Another key avenue of communication with its shareholders is the Company’s general meeting, which provides a useful forum for shareholders to engage directly with the Company’s Directors. 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. The summary of key matters discussed during the Seventeenth Annual General Meeting (“<b>17<sup>th</sup> AGM</b>”) is made available at the “Investor Relations” section of the company’s website at <a href="http://www.ornapaper.com">www.ornapaper.com</a>.</p> <p>During the financial year under review, the Board provided timely disclosure of all material information of the Group to the shareholders through the release of quarterly financial results, announcements and distribution of Annual Reports. Shareholders, investors and members of the public are able to access “Investor Relations” section of the Company’s website at <a href="http://www.ornapaper.com">www.ornapaper.com</a> for such information.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Ornapaper Berhad is not a "Large Company" as defined under the MCCG as it is not company on the FTSE Bursa Malaysia Top 100 Index and its market capitalisation is less than RM2.0 billion as at the date of this Report.	
		-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	-	
<b>Timeframe</b>	:	Others	-

## Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice for the 17<sup>th</sup> AGM was given to shareholders twenty-nine (29) days prior to the meeting, more than the minimum mandated period of twenty-eight (28) days for shareholders to have sufficient preparation time to make informed voting decisions.</p> <p>Similarly, the Board is committed in providing the notice of the forthcoming 18<sup>th</sup> AGM to the shareholders at least twenty-eight (28) days prior to the meeting. Such requirement has been included in the latest update of the Board Charter.</p> <p>The notice of 18<sup>th</sup> AGM will be disseminated to the shareholders by both electronic format (made available on Bursa Securities' website and Company's website) and hardcopy.</p> <p>The notice of the AGM includes the following information:</p> <ul style="list-style-type: none"><li>• Date, time and venue of the meeting;</li><li>• Ordinary and special resolutions (if any) that are tabled for approval and explanatory notes and information on the agenda items to be approved; and</li><li>• Notes on the voting rights and procedures for shareholders to exercise their rights to appoint proxy in relation to the general meeting.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the 17<sup>th</sup> AGM, all Directors, including the Chairperson of Audit, Nomination and Remuneration Committee attended the meeting and provided response to questions that were addressed to them. The summary of key matters discussed, including the question and response provided by the Executive Director and CED during the 17<sup>th</sup> AGM, is made available for download at the “Investor Relation” section of the Company’s website at <a href="http://www.ornapaper.com">www.ornapaper.com</a>.</p> <p>The Board Charter was updated on 19 August 2019 to include the requirement that all Directors, including the Chairperson of Audit, Nomination, Remuneration and Board Risk Management Committee to attend General Meetings in order to provide meaningful response to questions addressed to them.</p> <p>All Directors including the Chairperson of Audit, Nomination, Remuneration and Board Risk Management Committee will attend the 18<sup>th</sup> AGM to enable the respective Chairperson of the Committees and Directors to provide meaningful response to questions addressed to them.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>To promote participation of shareholders in remote locations through proxy(ies), the Company's Constitution includes explicit right of proxy (ies) to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and imposes no restriction on a proxy's qualifications.</p> <p>During the financial year under review, the Company did not conduct its general meeting(s) by using electronic voting and webcast for remote shareholder participation as it was not cost effective to implement electronic voting and webcast for remote shareholder participation as the venue of the General Meeting in Melaka could be easily accessed by multiple transportation mode (including shared car rental services). Furthermore, reasonably priced electronic voting systems were difficult to be sourced due to limited supply of such services in Malaysia.</p> <p>The Company will explore the use of technology to allow voting in absentia or remote shareholders' participation. The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	-
<b>Timeframe</b>	:	Others -

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

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

N/A
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