

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5065
COMPANY NAME : Ornapaper Berhad
FINANCIAL YEAR : December 31, 2020

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.

Application	: Applied
Explanation on application of the practice	<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">1. Reviewing and adopting a strategic plan for the Group<p>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, proposal for acquisition of industrial land and factory building as well as proposal for declaration of dividend to be paid are proposed by the Executive Directors to the Board for deliberation and decision in ensuring that adequate resources and capacity are planned and put in place to execute the proposed business strategies at optimal cost structure.</p>2. Promoting good corporate governance culture and practices<p>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 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.</p> <p>The Board, through the review of the draft Corporate Governance</p>

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 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 further promote the integrity and ethical value, a formal Anti-Bribery and Corruption Framework had been put in place by the Board to prevent the risk of bribery and conflict of interest within the Group with a Whistleblowing Policy implemented to create an environment whereby stakeholders can whistle blow on improper behaviour without being victimised for doing so.

Please refer to Practice 3.1 and 3.2 for detailed disclosure on Code of Conduct and Whistleblowing 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 to oversee the risk management framework and policies, which includes identifying, analysing, evaluating, managing and monitoring potential and significant financial and non-financial risk. The Board Risk Management Committee will review the enterprise risk scorecard (i.e. risk registers) and determine the risks to be escalated to the Board once a year. The Board Risk Management Committee also tasked to review, together with other Committees, the Management and the Auditors, any significant risk and exposures and assess the steps taken to minimize 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 explanations on the risk management process are disclosed in the Statement on Risk Management and Internal Control in the Annual Report.

6. Succession planning

The Nomination Committee is 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. The Remuneration Committee is responsible to review and assess the remuneration packages of the Executive Directors and Senior Management as well as the Directors' fees of Non-Executive Directors.

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. 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.

Further details on the role and responsibilities of the Nomination Committee and Remuneration Committee are disclosed in Practice 4.7 and 6.2.

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 timely, accurate, clear and complete manner per Main Market Listing Requirement (“MMLR”) and other relevant laws and regulations.

The Board ensures the stakeholders are kept informed of material events through the announcements made through Bursa Malaysia Securities Berhad (“Bursa Securities”). Announcements made through Bursa Securities are reviewed by the Executive Director prior to its release to confirm its factual correctness and subsequently confirmed by the Board during the Board meetings.

Further explanations on stakeholders’ communication are disclosed in Practice 11.1.

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 internal control system of the Group is made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component.

The Audit Committee reviews the internal control system of the Group through the Internal Audit Function of the Group. The

	<p>outsourced Internal Audit Function reviews the control systems of the Group based on the internal audit plan approved and outcomes of the review are reported to the Audit Committee on its adequacy and effectiveness (i.e. present and functioning).</p> <p>The integrity of the financial reporting of the Group is also subjected to financial statements audits performed by the external auditors.</p> <p>Further information on the Internal Audit Function of the Group is 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.</p> <p>9. Sustainability Management</p> <p>The Board had established a 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 and in compliance with Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad in material aspects.</p> <p>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 Board Risk Management Committee and Audit Committee for review and subsequent reporting to the Board.</p> <p>Please refer to the Sustainability Statement on the management of material economic, environmental and social risks and opportunities.</p>
<p>Explanation for departure</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>	

Measure	:		
Timeframe	:		

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.

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

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The position of the Chairman and the Chief Executive Director ("CED") is separated and held by different individual. There is a clear division of roles between the Chairman and the CED. The position of CED is held by Mr. Sai Han Siong while the position of the Chairman is held by Mr. Ang Kwee Teng.</p> <p>The roles and responsibilities for the Chairman and the CED are clearly established within the Board Charter, with the roles and responsibilities of the Chairman disclosed in Practice 1.2 above. In the 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 but not limited to are as follow:</p> <ol style="list-style-type: none">i. To develop corporate strategies for the Group for the Board's approval and to implement such corporate strategies for the Group so approved;ii. To implement other Board's decision effectively and efficiently;iii. To provide leadership in order to achieve the vision, management philosophy and business strategies;iv. To ensure the efficiency and effectiveness of the day-to-day operations of the Group in accordance with authorities and delegations authorised by the Board;v. To safeguard the assets of the Group;vi. To ensure effective internal and external reporting of the Group;vii. To ensure compliance with applicable laws and regulations;viii. To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board's consideration;ix. To communicate material and relevant matters to the attention of the Board timely and accurately for decision making; andx. To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently.

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

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.

Application	: Applied
Explanation on application of the practice	<p>The Board is assisted by qualified and competent Company Secretaries, Ms. Chua Siew Chuan (MAICSA 0777689/SSM PC No. 201908002648) and Ms. Yau Jye Yee (MAICSA 7059233/SSM PC No. 202008000733). Ms. Chua Siew Chuan is a Fellow member of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") while Ms. Yau Jye Yee is an Associate member of MAICSA. All Company Secretaries are members of professional bodies and hold the required qualifications to act as Company Secretary under Section 235(2) of the Companies Act 2016.</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">• Manage all Board and committee meeting and facilitate board communications;• Advise the Board on its roles and responsibilities;• Advise the Board on corporate disclosures and compliance with company, securities and listing laws;• Keep abreast with corporate governance development and to assist the Board in applying governance practices;• Facilitate new Director's orientation, coordinate Directors' training and development;• Manage processes of shareholder meeting; and• Serve as primary point of contact for stakeholders and engagement for corporate governance.

	<p>The Company Secretaries are guided by the Code of Ethics for Company Secretaries adopted by the Board. The Company Secretary observe and undertake continuous professional education (CPE) as part of the professional body and licensing condition for Company Secretary.</p> <p>The roles and responsibilities of the Company Secretaries are included in Paragraph 4.7 of the Board Charter, accessible at the “Investor Relations” section of the Company’s website at www.ornapaper.com</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 copy of the minutes was circulated by the Company Secretary in a timely manner for review, and subsequently during the next meeting, the content of the minutes was 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 complete 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 under paragraph 5.1 on Board Meetings and paragraph 5.6 on Supply of Information of the Board Charter which is accessible at the "Investor Relations" section of the Company's website at www.ornapaper.com</p>

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

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.

Application	: Applied
Explanation on application of the practice	<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 at the "Investor Relations" section of the Company's website at www.ornapaper.com</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 & investors and Code of Conduct. The roles and responsibilities of the Board, Chairman, CED, Independent Non-Executive Directors, Board Committees and matters reserved for the Board are stated in Paragraphs 4.1 to 4.6 of the Board Charter.</p> <p>Salient features of the Board Charter:</p> <ul style="list-style-type: none">• Matters reserved for the Board – identifies key matters reserved for the Boards' approval include the following:<ol style="list-style-type: none">i. Approval of financial resultsii. Approval of interim dividend and recommendation of final dividend, if any, for shareholders' approvaliii. Issuance of new securitiesiv. Annual business planv. Annual financial budgetvi. Acquisition or disposal of material fixed assetsvii. Acquisition or disposal of group companies• Board Committees - terms of reference or roles and responsibility prescribed in policy of respective Board Committee established

	<p>and approved by the Board with Chairman of respective Board Committee to report to the Board on the outcome of the Committee 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.</p> <ul style="list-style-type: none"> • Roles Profile – defines and clearly separate the roles and responsibility of the Board, the Board Committees (governed by formal terms of reference), Chairman, Chief Executive Director and Company Secretaries. • Delegation of Authorities to Management – defines that the Board authorities conferred on the Management is delegated through CED and CED 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 • Time Commitment – 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 directorships 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. • Board and Member Assessment – 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. <p>The Board has not identified and appointed a Senior Independent Director from among its members whom the shareholders and other stakeholders can access fully and directly as well as concerns may be conveyed to since the Executive Chairman can be directly accessible by the shareholders and other stakeholders.</p>
<p>Explanation for departure :</p>	

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

Measure :		
Timeframe :		

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.

Application	: Applied
Explanation on application of the practice	<p>The Code of Conduct ("The Code") of the Company has been formally approved on 19 August 2019 and is made available at the "Investor Relations" section of the Company's website at www.ornapaper.com</p> <p>The Board established the Code of Conduct to set the standards of the business ethics and conduct of the Group that is applicable to all employees, customer, vendor 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 operation are conducted ethically.</p> <p>The fundamental 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 operate. If a law of the country conflicts with a rule or policy set out in this code, affected personnel should comply with the law.</p> <p>The Code of Conduct sets out the value uphold by the Company for each stakeholder.</p> <p>The principles of the Code and standards include:</p> <ol style="list-style-type: none">I. Respecting Others – unlawful discrimination; working hours; wages and benefits; safety and health; humane treatment; communication; continuous developmentII. Serve Our Customers – serving the customer with integrity; competency; handling of customers assetsIII. 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 competitionIV. Preserve Confidentiality and PrivacyV. Channel to reportVI. Corporate Citizenship

	<p>The Code forms the cornerstone for the establishment of the integrity and ethical value expected from the employees which are incorporated in the Employees Handbook.,</p> <p>To foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group, a formal Anti Bribery and Corruption Framework had been put in place by the Board to prevent the risk of bribery and conflict of interest within the Group with Whistleblowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity. The Anti Bribery and Corruption Framework is accessible at the “Investor Relations” section of the Company’s website at www.ornapaper.com</p> <p>The Group is opened to receive input from stakeholders in the continue development and implementation of the Code of Conduct and adopt the best practice where possible.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has set up a Whistleblowing Policy aims to provide all Directors, employees of the Group and other interested parties to confidentially reports to 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-blower will be accorded with protection of confidentiality of identity and protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed.</p> <p>The Whistleblowing 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 Whistleblowing Policy is available at the "Investor Relations" section of the Company's website at www.ornapaper.com for ease of access for reporting by employees and interested parties of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at the date of this report, the Board comprises seven (7) members of which four (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 MMLR 15.02(1) which states that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent director.</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 are made up of professional 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 the independence of the independent directors whom will be assessed by Nomination Committee prior to their appointment based on formal nomination and selection process with the results of the review are 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, 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 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' proceeding, whereby genuine concerns were raised during the meetings, and action or transactions proposed or taken by the Management and the Board were subject to the scrutiny of the Independent Directors.</p> <p>With the above, despite the departure from Practice 4.1, the Board strongly believes that the independent element within the Board is uphold and Board decisions are made objectively in the best interest of the Company.</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>Measure</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>Timeframe</p>	<p>: <table border="1" data-bbox="544 891 1414 981"> <tr> <td data-bbox="544 891 963 981"></td> <td data-bbox="963 891 1414 981"></td> </tr> </table></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.

Application	:	Applied - Two Tier Voting
Explanation on application of the practice	:	<p>It is stated in the Board Charter under Paragraph 3(e) 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) years, 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 had served on the Board for more than twelve (12) years and are subjected to two-tier voting at the forthcoming 19th Annual General Meeting ("AGM").</p> <p>As part of independence assessment performed in year 2021, the Nomination Committee and the Board was unanimous in their opinion that their independence have not been compromised or impaired in any way and have met the definition of independence based on the independence guidelines as set out in Chapter 1 of the MMLR based on the results of independence self-assessment performed through Annual Self-Assessment of the Independence of Independent Director and written independence declaration which is consistent with the definition of Independent Director defined in Practice Note 13 of MMLR for the individual Independent Directors were obtained annually. The length of their service on the Board did not interfere with their independent judgement and remains objective and independent in participating in the deliberations and decision making of the Board and respective Board Committees. Furthermore, with the number of years on the Board, the incumbent knowledge of the Company and the Group's activities and corporate history in their role as independent directors, it is invaluable for the Board to maintain them as Independent Directors.</p> <p>Based on the above justification, the Board recommends to the shareholders that Mr. Siow Kee Yan and Datuk Adillah binti Ahmad</p>

	Nordin should be retained as Independent Non-Executive Directors of the Company.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>During financial year ended 31 December 2020, there was no new directorship and new member of senior management appointed. The responsibility of the nomination and selection of director and member of 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 & Senior Management that were formally adopted by the Board.</p> <p>Appointment of new Directors to the Board and Board Committees is through recommendation of candidates for all directorship to the Nomination Committee for consideration, nomination and assessment prior to recommending the candidate(s) to the Board for approval. In making its recommendations, the Nomination Committee shall evaluate each candidate recommended in accordance with the knowledge, skill, experiences expected to be possessed for the proposed directorship under consideration and the maintenance of boardroom diversity per "Criteria for Nomination and Selection" stated in the Policy and Procedure on Nomination and Selection of Director & Senior Management as follow:</p> <ul style="list-style-type: none">• Leadership experience• Skilled and diverse background• Boardroom diversity (knowledge, skills, experience, race, age and gender)• Integrity and professionalism• Independence of Independent Director <p>For the nomination and selection of member of Senior Management shall such vacancy becomes available, the Nomination Committee shall evaluate each recommendation or applicant in accordance with the knowledge, skill, experiences expected to be possessed by such member of Senior Management, the candidates shall be evaluated according to the "Criteria for Nomination and Selection" stated in the Policy and Procedure on Nomination and Selection of Director & Senior Management as follow:</p> <ul style="list-style-type: none">• Qualification and experience• Relevant skills• Integrity and professionalism• Diversity

	<p>The Nomination Committee is responsible for assessing and considering suitable candidates for the appointment of member of the Board and Senior Management after taking into consideration of their capabilities, professionalism, integrity, expertise and experience. In this respect, the duties and responsibilities of the Nomination Committee are detailed in its Terms of Reference, which is accessible for reference on the Company's website at www.ornapaper.com</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supportive of gender diversity in the boardroom and senior level of management, the Board aims to have at least one (1) female representative at the Board as stated in the annual report, such targets has been updated and included under Paragraph 3 (b) of the Board Charter and Paragraph B (3) of the Policy and Procedure on Nomination and Selection of Director & Senior Management.</p> <p>Presently, there is one (1) female Independent Non-Executive Director on the Board of the Company and the Company continues to promote gender diversity with focus on supporting the representation of women in the composition of the Board and senior level of management shall such potential candidate is available.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Policy and Procedure on Nomination and Selection of Director & Senior Management and Board Charter state that the Nomination Committee shall develop a pool of potential candidates for consideration for such vacancy and shall not solely rely on recommendation from existing Board members, Management or major shareholders for the nomination of new Director. and to utilise independent sources to identify suitably qualified candidates.</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 shall first consider and recommend to the Board the suitable candidate for directorship taking into consideration and upon the possess the qualification, leadership skills, 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 would assess their suitability based on a prescribed set of criteria as set out in the Policy and Procedure on Nomination and Selection of Director & Senior Management.</p> <p>The procedure for nomination and selection of director as defined in the policy and procedure established are as follow:</p> <ol style="list-style-type: none">1. Recommendation received through completed "Director Recommendation Form" or obtain information as required under Director Recommendation Form and "Declaration of Interest" Form (for Independent Director);2. To evaluate and shortlist potential candidate(s) based on "Criteria for Nomination and Selection";3. To conduct an interview and background check; and4. To recommend the potential candidate(s) to the Board for consideration and decision <p>Existing Non-Executive Directors of the Company were recommended by the Board members and existing shareholders of the Company previously with all but one was appointed before MCCG 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 Company's website at www.ornapaper.com	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by Mr. Siow Kee Yen, an Independent Non-Executive Director, as per the Terms of Reference of Nomination Committee whereby the Chairman of Nomination Committee shall be an Independent Director. The duties and responsibilities of Nomination Committee, led by the Chairman, are as follows:</p> <ul style="list-style-type: none">• To recommend to the Board of Directors, candidates for all directorships to be filled by the Shareholders or the Board of Directors.• To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive, any Director, Shareholder or Independent sources.• To review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent and recommend to the Board of Directors the nominees to fill the seats on Board Committees.• To assess the effectiveness of the Board of Directors as a whole and each individual Director/committee of the Board, including Independent non- executive directors, as well as the Chief Executive Officer annually. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions to be properly documented.• To review and recommend to the Board the required mix of skills, experience, core competencies, diversity and other qualities the Board requires to lead the Group effectively.• To review the performance of the Audit Committee and the term of office and performance of each of its member.• Develop and review the criteria used for the selection process of new directors and annual assessment of the Board, Board Committees and individual directors.• To ensure every Director is subject to retirement at least once in every three (3) years and to recommend to the Board, candidates for re-election of Directors, to be approved by shareholders, pursuant to the Company's Constitution.• To assess on an annual basis, appointment and re-appointment of Independent Director as provided in Bursa Securities's MMLR. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. To consider and recommend the

	<p>Independent Directors who have served beyond nine (9) years for continuation in office, taking into consideration their performance and ability to continue and contribute to the Board.</p> <ul style="list-style-type: none"> • Develop succession plans in order for the Board and key senior management to maintain appropriate experience, expertise and diversity (including gender diversity). • To review the training and continuous professional development programmes for the Board. • To act in line with the directions of the Board of Directors. • To consider and examine such other matters as the Nomination Committee considers appropriate. <p>In compliance with Paragraph 15.08(A)(1) of MMLR, the Nomination Committee comprises three (3) members, all of whom are Independent Non-Executive Directors as follows: -</p> <ul style="list-style-type: none"> • Mr. Siow Kee Yen (Chairman, Independent Non-Executive Director) • Datuk Adillah binti Ahmad Nordin (Member, Independent Non-Executive Director) • Mr. Tan Chin Hwee (Member, Independent Non-Executive Director)
<p>Explanation for departure</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>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

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.

Application	:	Applied
Explanation on application of the practice	:	<p>On annual basis, the Nomination Committee reviews the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. The Board had 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 acceptance and for 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 evaluates the Board based on the following areas and criteria:</p> <ul style="list-style-type: none">a) Board Composition – Board size and proportion; mix of expertise and skillsb) Board Information – Concise & timeliness in receiving; communication on Information needs; presentation of information; information availability for decision making; education, training and leadership developmentc) 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 processd) Board Accountability – Stakeholder consideration; Company's business process understanding; business sustainability; communication with Board, Board members, Management and shareholders; compliance law and regulations; social and environment responsibility; Board Committees functione) Chief Executive Officer / Top Management – Communications on Board's goals; performance evaluations; succession planning

- f) Standard of Conduct – appropriate questions; disclosure of personnel interests in transactions and abstain from voting

While the Board Committees' performance evaluation (Audit Committee, Nomination Committee, Remuneration Committee) performed by Nomination Committee are based on the following criteria:

- a) Having the right composition
- b) Provide useful recommendation in assisting the board for better decision-making
- c) Members have sufficient, recent and relevant expertise in fulfilling their role
- d) Proper discharging of responsibilities by committee chairs
- e) Appointments of Board and committee chairmen based on appropriate criteria
- f) Quality communications
- g) Well prepared and comprehensively minuted meeting minutes
- h) Board informed of committee's deliberation sufficiently and on timely basis

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.

On the other hand, the criteria stated on Audit Committee Members' Peer Performance Evaluation are as below:-

- a) Exhibition on trustworthiness, dynamic participation, integrity, capability in handling conflict, interpersonal ability and the enthusiasm to tackle problems proactively
- b) Appropriateness of experience to meet the objectives of the Audit Committee's Terms of Reference, including financial literacy
- c) Participation of ongoing education to improve the understanding of pertinent regulatory, accounting, reporting, auditing and industry issues
- d) Level of analyse and evaluates the Company's business and risk environment
- 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.

The Chairman of 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.

	<p>As an important independent element within the Board, individual independent non-executive directors performed self-assessment of his independence based on the criteria per MMLR. Confirmation and declaration by the Independent Directors were obtained in relation to compliance of Paragraph 15.05 and 15.06 of MMLR. Please refer to Practice 8.5 of this CG Report for the details.</p> <p>The above evaluation had been carried out and deliberated by the members of the Nomination Committee and the summary result of the assessment was presented by the Chairman of Nomination Committee to the Board.</p> <p>The Company Secretary circulated to each Director with the relevant assessment and review forms/questionnaires in relation to the aforementioned evaluations with sufficient time for the relevant directors to complete in advance of the meeting of the Nomination Committee and the Board in order for the Company Secretary to collate the assessment/review results for the Nomination Committee to review and report to the Board.</p> <p>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 directors should 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.</p> <p>The above assessments and evaluations were conducted without engaged the services of independent third party.</p> <p>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.</p> <p>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 based on the MMLR.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had approved for adoption the Board Remuneration Policy on 3 April 2017, the policy was subsequently updated to include senior management as Remuneration Policy for Directors and Senior Management ("Remuneration Policy"). Such Remuneration Policy was presented to the Remuneration Committee for review and recommendation to the Board for reviewed and approval on 19 August 2019. The responsibility of the implementation of the said policy is delegated to Remuneration Committee, which is governed by the terms of reference that has been updated and approved by the Board, to reflect the update of the abovementioned policy.</p> <p>The Remuneration Policy outlines the guiding principles for the remuneration of the Directors and Senior Management of the Company. Such policy is to be reviewed on annual basis by the Remuneration Committee and report to the Board for approval in the event if there are changes in the policy recommended by the Remuneration Committee.</p> <p>The objectives of the Remuneration Policy are as follow:</p> <ul style="list-style-type: none">- to enable the Company to attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive directors and senior management compensation package.- 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.- to promote strong teamwork culture among the Executive Directors and senior management- to instil transparency and openness in the review and approval of compensation package of the Board's members and senior management.

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 remuneration packages. The remuneration package 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 Director consist of fixed and variable compensation and other customary benefits as follow:

- Fixed Salary – which is determined based on his/her knowledge, skills, experience and responsibilities assigned and shall subject to annual review by the Remuneration Committee taking into consideration the performance of individual director, market rate and etc.
- Director 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 Variable Compensation proposed by the Chief Executive Director and to report the results of the review to the Board for deliberation and approval.
- Benefits and Other Arrangements – other benefits-in-kind based on their contractual agreements, local customs and comparable arrangements for comparable senior executive in the industry.

Non-Executive Directors' remuneration comprises of 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 Director 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 member.

Such remuneration packages for Non-Executive Director shall not be subject 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 subject to the approval of shareholders at the annual general meeting.

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

	<p>to attract, retain and motivate executives of highest calibre to competently manage the company.</p> <p>The Remuneration Policy for Directors and Senior Management is made available for download from the “Investor Relations” section of the Company’s website at www.ornapaper.com.</p> <p>The Remuneration Committee held a meeting during the financial year ended 31 December 2020 to review the proposed Directors’ fees and allowances for Non-Executive and Executive Directors and proposed basic salary, bonus and benefits in kind (“BIK”) of Executive Directors as well as proposed basic salary, bonus and benefit in kind (“BIK”) for Senior Management. Such recommended director fees and remuneration packages were submitted to the Board for approval or recommendation to shareholders, as applicable.</p> <p>The Board maintains that the current remuneration for each category of Directors commensurate with that adopted by companies of similar standing and is sufficient to attract and retain Directors of high calibre.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</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.

Application	:	Applied
Explanation on application of the practice	:	<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 of Remuneration Committee is available on the "Investor Relation" section of the Company's website at www.ornapaper.com.</p> <p>The Remuneration Committee comprises of three (3) Independent Non-Executive Directors, which is in compliance with the requirement of MCGG whereby the Remuneration Committee should only consist of non-executive directors and a majority of them must be Independent Directors. Such requirement had 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 Director and the remuneration packages of Senior Management. In making its recommendation, the Remuneration Committee adheres to the principle of remunerating 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 Senior Management. The Executive Director concerned would be abstained from discussion and decision on his own remuneration. The Board as a whole determines the remuneration package of Non-Executive Directors based on their experience and level of responsibilities undertaken. All Non-Executive Directors are paid a fixed fee which subject to the approval of shareholders at Annual General Meeting and Directors who are shareholders will be abstained from voting at General Meetings to approve their fees.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</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.

Application	:	Applied																																																		
Explanation on application of the practice	:	<p>The Board is supportive of transparent and detailed disclosure on named basis for the remuneration of individual directors.</p> <p>Major remuneration components of the Directors include Directors' salary, fee, bonus, meeting attendance, car allowance, benefits in-kind and gratuity payment.</p> <p>A summary of remuneration packages of the Directors of the Company who served during the financial year Ended 31 December 2020 was as follows:</p> <table border="1"> <thead> <tr> <th colspan="5">The Group</th> </tr> <tr> <th>Name</th> <th>Salary and allowances *(RM '000)</th> <th>Director Fee's (RM '000)</th> <th>Bonus (RM '000)</th> <th>Meeting Allowance (RM '000)</th> </tr> </thead> <tbody> <tr> <td colspan="5">Executive Director</td> </tr> <tr> <td>Sai Chin Hock</td> <td>464.80</td> <td>56.00</td> <td>312.50</td> <td>2.50</td> </tr> <tr> <td>Ang Kwee Teng</td> <td>153.00</td> <td>78.40</td> <td>25.00</td> <td>2.50</td> </tr> <tr> <td>Sai Han Siong</td> <td>603.60</td> <td>112.00</td> <td>357.00</td> <td>2.50</td> </tr> <tr> <td colspan="5">Non-Executive Director</td> </tr> <tr> <td>Sai Ah Sai</td> <td>-</td> <td>56.00</td> <td>-</td> <td>2.50</td> </tr> <tr> <td>Datuk Adillah Binti Ahmad Nordin</td> <td>-</td> <td>56.00</td> <td>-</td> <td>2.00</td> </tr> <tr> <td>Siow Kee Yen</td> <td>-</td> <td>56.00</td> <td>-</td> <td>2.50</td> </tr> </tbody> </table>	The Group					Name	Salary and allowances *(RM '000)	Director Fee's (RM '000)	Bonus (RM '000)	Meeting Allowance (RM '000)	Executive Director					Sai Chin Hock	464.80	56.00	312.50	2.50	Ang Kwee Teng	153.00	78.40	25.00	2.50	Sai Han Siong	603.60	112.00	357.00	2.50	Non-Executive Director					Sai Ah Sai	-	56.00	-	2.50	Datuk Adillah Binti Ahmad Nordin	-	56.00	-	2.00	Siow Kee Yen	-	56.00	-	2.50
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The Company				
Name	Salary and allowances *(RM '000)	Director Fee's (RM '000)	Bonus (RM '000)	Meeting Allowance (RM '000)
Executive Director				
Sai Chin Hock	-	-	-	2.50
Ang Kwee Teng	-	-	-	2.50
Sai Han Siong	-	-	-	2.50
Non-Executive Director				
Sai Ah Sai	-	56.00	-	2.50
Datuk Adillah Binti Ahmad Nordin	-	56.00	-	2.00
Siow Kee Yen	-	56.00	-	2.50
Tan Chin Hwee	-	56.00	-	2.50
The Group				
Name	Employer's Contribution EPF, SOCSO & EIS (RM '000)	Benefit-in-Kind** (RM '000)	Gratuity (RM '000)	
Executive Director				
Sai Chin Hock	34.518	-	-	
Ang Kwee Teng	10.373	5.325	-	
Sai Han Siong	127.770	25.257	-	
Non-Executive Director				
Sai Ah Sai	-	-	-	

	Datuk Adillah Binti Ahmad Nordin	-	-	-
	Siow Kee Yen	-	-	-
	Tan Chin Hwee	-	-	-
The Company				
	Name	Employer's Contribution EPF, SOCSO & EIS (RM '000)	Benefit-in-Kind** (RM '000)	Gratuity (RM '000)
Executive Director				
	Sai Chin Hock	-	-	-
	Ang Kwee Teng	-	-	-
	Sai Han Siong	-	-	-
Non-Executive Director				
	Sai Ah Sai	-	-	-
	Datuk Adillah Binti Ahmad Nordin	-	-	-
	Siow Kee Yen	-	-	-
	Tan Chin Hwee	-	-	-
	<p>* Allowances consist of car allowance (if any)</p> <p>** Benefit-in-Kind consists of petrol, company car and mobile phone usage claim (if any)</p>			
Explanation for departure	:			

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

Measure :		
Timeframe :		

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.

Application	:	Applied																																								
Explanation on application of the practice	:	<p>The remuneration packages of Senior Management consist of fixed salary, sales commission (if any), bonus, car and travel allowances (if any), and benefits in-kind.</p> <p>The remuneration of 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 2020 are as follow:</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 RM400,000</th> <th>RM400,001 to RM550,000</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>1</td> <td></td> </tr> <tr> <td>Kang Chee Hwee</td> <td></td> <td>1</td> <td></td> <td></td> </tr> <tr> <td>Fong Yew Teck</td> <td></td> <td>1</td> <td></td> <td></td> </tr> <tr> <td>Pong Hee Kit</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 RM400,000	RM400,001 to RM550,000	Lim Joo Song				1	Foo Chee Juin	1				Bung Choon Kong			1		Kang Chee Hwee		1			Fong Yew Teck		1			Pong Hee Kit		1			Teng Say Yeong		1		
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Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	: Applied
Explanation on application of the practice	<p>The Company complies with the requirement under Practice 8.1 of MCCG whereby 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>The Audit Committee Chairman, Mr. Siow fulfils the requirement under Paragraph 15.09(1)(c)(i) and Paragraph 7.1 of Practice Note 13 of 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> <p>An abstract of duties and responsibilities of the Audit Committee as stated in the Terms of Reference, led by the Chairman includes, but not limited to, the followings:</p> <ul style="list-style-type: none">• To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.• To review with the external auditor his evaluation of the system of internal controls and his audit report.• To review 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.• To review 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.• To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary). <p>The Terms of Reference of Audit Committee detailing the composition, authorities, duties and responsibilities is available for download from</p>

	<p>the “Investor Relations” section of the Company’s website at www.ornapaper.com.</p> <p>A summary of activities of the Audit Committee, led by the Chairman are disclosed in the Audit Committee Report of the Annual Report.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter and the Terms of Reference of Audit Committee includes the requirement of 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.</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 partner prior to appointment.</p> <p>The Board Charter and Terms of Reference of Audit Committee are available for download from the “Investor Relations” section of the Company’s website at www.ornapaper.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formally approved the adoption of Policies and Procedures to Assess the Suitability and Independence of and the Provision of Non-Audit Service by 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 outcome of the review are recommended to the Board on annual basis or at other appropriate times for consideration to recommendation to the shareholders.</p> <p>The criteria used for the annual assessment of suitability of External Auditors for appointment and reappointment includes the following:</p> <ol style="list-style-type: none">1. Qualifications of the External Auditors,2. Technical expertise and capability of the External Auditors in relation to the size and business complexity of the Group;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;4. Suitable size of the External Auditors in relation to the size and complexity of the Group;5. Size of the External Auditors in relation to the existing client base of the External Auditors;6. Independence of the External Auditors;7. Professionalism and responsiveness demonstrated by the External Auditors; and8. Overall conduct of the audits by the External Auditors. <p>Audit Committee also ensure that the provision of non-audit services by 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 presented by the external auditors during the Audit Committee meetings.</p>

	<p>The assessment of the performance, suitability and independence of the External Auditors by Audit Committee is performed using External Auditor Evaluation Form with prescribed criteria recommended by Corporate Governance Guide issued by Bursa Securities. During the financial year under review, the Audit Committee conducted formal performance evaluation and independent assessment on the External Auditors based on the said checklist with evaluation criteria includes calibre of the firm, quality process and performance, knowledge and skillsets of audit team, independence and objectivity, audit scope and planning, audit fees and audit communication.</p> <p>Based on the results of the assessment, the Audit Committee was of the opinion that the existing external auditors is suitable and able to deliver the assurance engagement 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 the external auditors had performed audit services to the Company satisfactorily in term 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>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Adopted
Explanation on adoption of the practice	:	<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 are disclosed in the Profile of Directors section of the Annual Report.</p> <p>The Audit Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors as follows: -</p> <ul style="list-style-type: none">• Mr. Siow Kee Yen (Chairman, Independent Non-Executive Director)• Datuk Adillah binti Ahmad Nordin (Member, Independent Non-Executive Director)• Mr. Tan Chin Hwee (Member, Independent Non-Executive Director)

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.

Application	:	Applied																
Explanation on application of the practice	:	<p>In accordance with the requirement stated in the Terms of Reference of Audit Committee, all members of the Audit Committee are financially literate, with majority of the members are members of Malaysian Institute of Accountants. The Audit Committee consist of members who have wide range of necessary skills to discharge its duties. The members of the Audit Committee include partner of audit firms, experiences in the field of management consultancy and legal. The details of 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 2020, the members of Audit Committee undertook continuous professional development(s) as required by the respective professional bodies and trainings in the field of accounting, auditing, 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>Member of Audit Committee</th><th>Name of Conference/Talk/Seminar Attended or Participated</th><th>Organiser</th></tr></thead><tbody><tr><td rowspan="6">Siow Kee Yen</td><td>Adequate procedures: Anti-Bribery & Corruption</td><td>NeedsBridge Advisory Sdn Bhd</td></tr><tr><td>Learn How to Report Events Resulting From COVID-19 Lockdown in Financial Statement</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Valuation in Practice for Transactions and Reporting</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Current issues on Compliance with Leases (IFRS / MFRS 16)</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Comprehensive Tax Updates</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Seminar Percukaian Kebangsaan 2020</td><td>Lembaga Hasil Dalam Negeri Malaysia</td></tr></tbody></table>	Member of Audit Committee	Name of Conference/Talk/Seminar Attended or Participated	Organiser	Siow Kee Yen	Adequate procedures: Anti-Bribery & Corruption	NeedsBridge Advisory Sdn Bhd	Learn How to Report Events Resulting From COVID-19 Lockdown in Financial Statement	Malaysian Institute of Accountants	Valuation in Practice for Transactions and Reporting	Malaysian Institute of Accountants	Current issues on Compliance with Leases (IFRS / MFRS 16)	Malaysian Institute of Accountants	Comprehensive Tax Updates	Malaysian Institute of Accountants	Seminar Percukaian Kebangsaan 2020	Lembaga Hasil Dalam Negeri Malaysia
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	Datuk Adillah binti Ahmad Nordin	Adequate procedures: Anti-Bribery & Corruption	NeedsBridge Advisory Sdn Bhd
	Tan Chin Hwee	Adequate procedures: Anti-Bribery & Corruption	NeedsBridge Advisory Sdn Bhd
		Guideline for Reporting Framework for Beneficial Ownership of Legal Persons – Company Secretary’s Role	Institute of Approved Company Secretaries
		Secretarial Issues on Incorporation, Constitution, Auditors, Directors, Shares and Records Keeping	Institute of Approved Company Secretaries
		Comprehensive Tax Updates	Malaysian Institute of Accountants
		Workshop on Corporate Liability and Establishing Adequate Procedures for Small Medium Enterprises	Companies Commission of Malaysia
		Budget 2021: Key Updates and Changes for Corporate Accountants	Malaysian Institute of Accountants
<p>The Audit Committee in discharging its duties, review the quarterly results and annual financial statements and recommended 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 ensures the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable accounting standards.</p> <p>For detail disclosure of the activities undertaken by the Audit Committee, please refer to the Audit Committee Report in the Annual Report.</p>			
Explanation for departure	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has put in place a formal and structured Group Risk Management Framework, including a Risk Management Policy as the governance structure and processes for the risk management on enterprise wide in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively. Internal Audit function is established to review the adequacy and effectiveness of the risk management and internal control system.</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 ("RSMC") 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 minimise the risk exposure. The 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 appetite acceptable by the Board.</p> <p>Meanwhile, the Board Risk Management Committee is delegated with the oversight role. The Board assumes the ultimate responsibility for risk management and internal control and establishes the risk appetite of the Group.</p> <p>Further explanation on the risk management and internal control system within the Group, including the process of identification, assessment and monitoring of key business risks are disclosed in the Statement on Risk Management and Internal Control in the Annual Report.</p>

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The principles, practices and process of the Group Risk Management Framework established by the Board are, in material respects 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 and employed to update the Risk Dashboard. A copy of the updated Key Risk Registers will then be submitted to the Chief Executive Director/Executive Director for his review. Board Risk Management Committee will review the final result of the update through Key Risk Registers and Risk Dashboard compiled therefrom made available to the BRMC by the RSMC. The Board Risk Management Committee to subsequently report results of such update to the Board for their final review and decision. The Key Risks Register is 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>
Explanation for departure	:	

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

Measure :		
Timeframe :		

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.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Board Risk Management Committee, which comprises of Independent Directors, was established by the Board with formal terms of reference approved by the Board.</p> <p>Further, the roles and responsibilities of the Board Risk Management Committee in relation to risk management is also prescribed within the Group Risk Management Framework and includes review, assess, formulate and recommend risk strategies, framework, policies, processes, tolerance and risk appetite to the Board.</p> <p>Further disclosures on the roles and responsibilities of the Board Risk Management Committee 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.

Application	: Applied
Explanation on application of the practice	<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 which includes the following:</p> <ul style="list-style-type: none">• review 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;• review 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;• review any appraisal or assessment of the performance of members of the internal audit function;• review and approve budget or fees of the internal audit function;• approve any appointment or termination of senior staff members of the internal audit function; and• review and approve budget or fees for the internal audit function• take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning. <p>During the financial year ended 31 December 2020, in accordance with the internal audit plan (and any amendments thereof) approved by Audit Committee, the internal audit function conducted review for procurement management, fixed assets management and Anti-Bribery and Corruption Management (including governance management for such management system) for two (2) major operating subsidiaries in Malaysia.</p> <p>Upon the completion of the internal audit field works during the financial year, the internal audit reports were presented to Audit Committee during its scheduled meetings. During the presentation, the internal audit findings priority level, risk/potential implication, recommendations as well as management responses/action plans and person-in-charge together with date of implementation were presented and deliberated with Audit Committee. Apart from the internal audit reports, updates on the implementation progress of action plans formulated per previous internal audit reports were presented to Audit Committee during the financial year for review and deliberation. In addition, during Audit Committee meeting, the</p>

	<p>outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the Audit Committee’s review.</p> <p>The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2020 was amounted to RM35,792.</p> <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 are disclosed in the Audit Report’s Audit Committee Report and Statement on Risk Management and Internal Control while the Terms of Reference of Audit Committee is available for download from the “Investor Relations” section of the Company’s website at www.ornapaper.com.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</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 10.2

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Company is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd and is who reports directly to the Audit Committee with unrestricted access to the Group’s employees and documents in the performance of their engagement. 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 of the Annual Report, including but not limited, 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 namely, Mr. Pang Nam Ming, is a Certified Internal Auditors (“CIA”) and Certification in Risk Management Assurance (“CRMA”) accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The outsourced internal audit function is manned by one (1) Engagement Director, three (3) Senior Manager/Managers and nine (9) senior consultants/consultants as at the date of this Report. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) Manager and assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.</p> <p>The internal audits are carried out, in material respect, in accordance with the International Professional Practices Framework (“IPPF”), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global.</p> <p>For detailed disclosure on the outsourced internal audit function, kindly refer to Statement on Risk Management and Internal Control in the Annual Report.</p>

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensure that the communication with its stakeholders is 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 MMLR and other applicable laws and regulations.</p> <p>The principles stated in the Corporate Disclosure Policy in disclosure of material information are as follow:</p> <ol style="list-style-type: none">1. Transparency and accountability2. Compliance with legal regulatory requirements on disclosure3. Confidentiality and timely disclosure <p>Fair and equitable access to information</p> <p>In discharging its duty and responsibility in respect of disclosure of material information, the Board delegates the implementation of the Corporate Disclosure Policy to Corporate Disclosure Committee, and for the avoidance of doubt, the mandatory disclosure requirement for other information per MMLR and applicable laws and regulations is not delegated to Corporate Disclosure Committee and shall be the responsibility of the Board collectively. The Corporate Disclosure Committee is made up of the Chief Executive Director and a member of Audit Committee and the Committee 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 of the Board or Chief Executive Director assume the role of authorised spokesperson for the Company during press conferences and analyst briefings.</p> <p>The Company's website (www.ornapaper.com) 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 Securities' website 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.</p> <p>During the financial year under review, the Board provided timely disclosure of all material information of the Group to the shareholders through 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 www.ornapaper.com for such information.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Ornapaper Berhad is not "Large Company" as defined under MCCG as it is not company on the FTSE Bursa Malaysia Top 100 Index and its market capitalisation is less than RM2 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>			
Measure	:	-	
Timeframe	:	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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Notice for the 18th Annual General Meeting was given to shareholders 29 days prior to the meeting, more than the minimum mandated period of 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 coming 19th Annual General Meeting to the shareholders at least 28 days prior to the meeting. Such requirement has been included in Paragraph 7 of the latest updated Board Charter.</p> <p>The notice of 19th Annual General Meeting will be disseminated through both electronic format (made available on Bursa Securities' website and Company's website) and hardcopy.</p> <p>The notice of the annual general meeting includes the following information:</p> <ul style="list-style-type: none">• Date, time and venue of the meeting• Ordinary and special business (if any) that are tabled for approval and explanatory notes and information on the agenda items to be approved• Notes on the voting rights and procedures for shareholders to exercise their rights to appoint proxy in relation to the general meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>During the 18th Annual General Meeting, all Directors including the Chairperson of Audit, Nomination, Remuneration and Board Risk Management Committee attended the meeting and provided response to questions that were addressed to them.</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 19th General Meeting to enable the respective Chairman of Committees and Directors to provide meaningful response to questions addressed to them.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<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 proxy's qualification.</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 due to it is not cost effective and the reliability of the technology and infrastructure requires to undergo rigorous verification process of the system to ensure it fits the purpose.</p> <p>The Board to consider the electronic voting and webcast for remote shareholder participation if reasonable priced electronic voting systems in Malaysia. The Company will also monitor closely the Covid-19 pandemic situation and will adhere to the Standard Operating Procedures and the directives by the relevant authorities in respect of the conduct of the Company's general meeting during the movement control orders in its various forms.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	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.

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