

**ORNAPAPER BERHAD**

[Registration No. 200201006032 (573695-W)]

(Incorporated in Malaysia)

**TERMS OF REFERENCE OF NOMINATION COMMITTEE**

(Revised on 30 December 2021)

**1. Objectives**

The principal objective of the Nomination Committee is to assist the Board of Directors in their responsibilities in recommending appointment (including Key Senior Management) and re-appointment to the Board of Directors and Board Committees of the Company. The Nomination Committee shall also assess the performance of the Directors of the Company on an on-going basis as well as overseeing the succession planning and talent management for the Board and Key Senior Management of the Group.

“Key Senior Management” refers to a person/persons, who in the opinion of the Company, is/are the key senior management of the Group, and must include a person/persons who is/are primarily responsible for the business operations of the Company’s core business and principal subsidiaries.

**2. Composition of Members**

The Board of Directors shall elect the Nomination Committee members from amongst themselves and shall consist of not less than three (3) members.

The Committee shall compose exclusively of Non-Executive Directors, a majority of whom are independent Directors.

**3. Chairperson**

The Chairperson of the Nomination Committee shall be elected from amongst the Nomination Committee members and shall be an Independent Director. The Chairperson of the Committee shall also be approved by the Board of Directors.

In the absence of the Chairperson during a meeting, the other Independent Director shall be elected to be the Chairperson for that meeting.

The Chairperson’s roles are to :-

a. lead the succession planning and appointment of Board Members, and oversee the development of a diverse pipeline for Board and management succession, including the Chairman, Directors and the Chief Executive Director;

b. lead the annual review of Board effectiveness, ensuring that performance of each individual Director and Chairman of the Board is independently assessed.

**4. Secretary**

The Secretary of the Nomination Committee shall be the Company Secretary of the Company.

(Terms of Reference of Nomination Committee – cont'd)

**5. Meetings**

The Nomination Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairperson may call for additional meetings at any time at the Chairperson's discretion.

The Secretary shall on the requisition of the members of the Nomination Committee summon a meeting of the Nomination Committee except in the case of an emergency, reasonable notice of every Nomination Committee meeting shall be given in writing.

Questions arising at any meeting of the Nomination Committee shall be decided on a majority of votes of the members present, and in the case of equality of votes, the Chairperson of the Meeting shall have a second or casting vote.

A member of Nomination Committee may participate in a meeting of Nomination Committee by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the said meeting and shall be entitled to vote or be counted in a quorum accordingly.

A member of the Nomination Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her.

Other Directors or employees may attend any particular Nomination Committee meeting upon the invitation of the Nomination Committee specific to the relevant meeting.

The Nomination Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board at the expense of the Company.

**6. Quorum**

A quorum shall consist of two (2) members, both of whom must be Independent Directors.

**7. Minutes**

Minutes of each Meeting shall be kept at the registered office and distributed to each member of the Nomination Committee and also to the other members of the Board.

The Minutes of the Nomination Committee Meeting shall be signed by the Chairperson of the Meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting.

(Terms of Reference of Nomination Committee – cont'd)

**8. Circular Resolutions**

A resolution in writing signed by a majority of the Nomination Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Nomination Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more Nomination Committee members. Any such document may be accepted as sufficiently signed by a Nomination Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical/electronic or digital written message purporting to include a signature of a Nomination Committee member.

**9. Authority**

The Nomination Committee shall, in accordance with a procedure or process to be determined by the Board of Directors and at the expense of the Company,

- (a) annually review the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should have, ability to tackle questions and deliberate on sustainability, as well as evaluate the sustainability risks and opportunities, and make informed decisions on the matter.
- (b) assess on an annual basis, the effectiveness of the Board as a whole, the Board Committees and for assessing the contribution of each individual Director (individual new Independent Non-Executive Directors, as well as the Chief Executive Officer).
- (c) have full and unrestricted access to information, records, properties and employees of the Group;
- (d) be entitled to the services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory requirements.
- (e) be able to engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

**10. Duties and Responsibilities**

The duties and responsibilities of the Nomination Committee are as follows:-

- To establish minimum requirements for the Board and the Chief Executive Director to perform their responsibilities effectively. It is also responsible for overseeing the overall composition and diversity of the Board in terms of the appropriate size and mix of skills, experience, background, gender, age, ethnicity, to name a few, and the balance between Executive, Non-Executive and Independent Directors, and other core competencies required, through annual reviews;

(Terms of Reference of Nomination Committee – cont'd)

- To consider and recommend to the Board nominated candidate for appointments as Directors and Key Senior Management of the Company and its subsidiaries after considering the required probity, personal integrity, reputation and financial integrity possessed and required experience and competency and time and commitment which the candidate should bring to the Board and Key Senior Management team per Fit and Proper Policy and Policy and Procedure on Nomination and Appointment of Director and Senior Management and Re-Appointment of Director, respectively.
- To consider, in identifying suitably qualified candidates, the Nomination Committee must not solely rely on the recommendations from the existing Board members, Management or major shareholders of the Company. The Nomination Committee shall also utilise independent sources such as sourcing from a directors' registry and open advertisements or the use of independent search firm to identify suitably qualified candidates. If the selection of candidates was solely based on recommendations from the existing Board members, Management or major shareholders of the Company, the Nomination Committee should explain why these source(s) suffice and other sources were not used;
- To consider and recommend to the Board existing Director of the Company and its subsidiaries seeking for re-appointments after considering the required probity, personal integrity, reputation, financial integrity, results of performance evaluation and experience and competency and time and commitment such Director bring to the Board and the Board Committee of the Company and its subsidiaries per **Fit and Proper Policy and Policy and Procedure on Nomination and Appointment of Director and Senior Management and Re-Appointment of Director.**;
- To evaluate the ability of candidates for the position of Independent Non-Executive Directors to discharge such responsibilities and functions as expected from Independent Non-Executive Directors. In this regard, the Nomination Committee should evaluate candidates' background, current activities and his/her ability to act independently from Management when discharging such responsibilities as would be expected from Independent Non-Executive Directors.
- To consider and recommend to the Board for approval, the appropriate size of the Board and Board Committees of the Company to facilitate effective decision making after taking into consideration the scope and nature of the operations of the Group.
- To ensure that individuals standing for election should make the necessary declaration to the Board and shareholders on any existing or potential conflict of interest including whether they have a business, family or other special relationship within or outside of the company that could affect the execution of their role as Directors on the Board.
- 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.

(Terms of Reference of Nomination Committee – cont'd)

- To assess the effectiveness of the Board of Directors as a whole, Board Committees and the contribution of each individual Director, including the Chairman, the Independent Non-Executive Directors, as well as the Chief Executive Director based on assessment criteria recommended by the Nomination Committee annually. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions to be properly documented. This process should be coordinated by the Committee, with the assistance of the Company Secretary. The Nomination Committee shall present the result of the review to the Board and to recommend training if needed.
- The performance evaluations of the Board and Senior Management shall include a review of their performance in addressing the Company's material sustainability risks and opportunities. The assessment and evaluation must be disclosed in the Annual Report and such disclosure must include the following aspects:
  - (a) how the evaluation was conducted, the criteria used such as the assessment of fit and properness, contribution and performance, caliber and personality of directors;
  - (b) whether an independent expert was engaged, or whether it was internally facilitated;
  - (c) key strengths and/or weaknesses that were identified from the evaluation; and
  - (d) steps or enhancements proposed to be undertaken to mitigate or address the weaknesses identified; and
  - (e) impact of the evaluation on board composition (if any).
- To review the performance of the Audit Committee and the term of office and performance of each of member of the Audit Committee.
- To 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 ensure that the shareholders have the information required to make an informed decision on the appointment and re-appointment of a Director, including declaration on any conflict of interest, together with a statement with reasons as to whether it supports the appointment or re-appointment of the candidate.
- To determine the independence of each individual Independent Non-Executive Directors, Nomination Committee will carry out independence assessment based on criteria and procedure under **Policy On Independence Assessment Of Independent Directors**. The tenure of an Independent Director should not exceed a term limit of nine (9) years. In the event where there is such case, to consider and recommend the

(Terms of Reference of Nomination Committee – cont'd)

Independent Directors who have served beyond nine (9) years for continuation in office as Independent Director or to be redesignated as a Non-Independent Director, taking into consideration their performance and ability to continue and contribute to the Board.

- To formulate and review the nomination, selection, appointment and succession policies and plans for members of the Board, Board Committees and Senior Management.
- To identify training needs of individual Directors and Chief Executive Directors and shall from time to time identify suitable orientation, educational and training programme for continuous professional development of Directors and Chief Executive Directors in ensuring they receive appropriate continuous training programme (including sustainability management) in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements..
- To oversee the development of a succession planning framework and talent management for the Board members of the Company and Key Senior Management of the Group and regularly review succession planning for all Directors and Key Senior Management to promote Board renewal and address any vacancies.
- 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.

#### **11. Shareholders' Meeting**

The Chairman of the Committee should attend the Shareholders' Meeting to answer any shareholder's questions on the Committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the appointment or re-appointment of Directors or the retention of an Independent Director who has served the Company for more than a cumulative term of nine (9) years.

#### **12. Reporting**

The Nomination Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Nomination Committee shall also report to the Board of Directors on any specific matters referred to it by the Board.

The Nomination Committee Chairperson shall report on the proceedings of each Meeting to the Board.

(Terms of Reference of Nomination Committee – cont'd)

The terms of reference should be assessed, reviewed and updated at least once every three years by the Nomination Committee or as and when there are changes to the Malaysian Code on Corporate Governance and Main Market Listing Requirements that may have an effect on the Committees' responsibilities.

The Nomination Committee should recommend any change to the terms of reference to the Board for approval.