

## **ORNAPAPER BERHAD**

(Company No: 200201006032 (573695-W)  
(Incorporated in Malaysia)

### **POLICY AND PROCEDURE ON NOMINATION AND APPOINTMENT OF DIRECTOR & KEY SENIOR MANAGEMENT AND RE-APPOINTMENT OF DIRECTOR**

(Version: 1.0)

(Approved by the Board of Directors of the Company on 30 December 2021)

The Board of Directors (“the Board”) of Ornapaper Berhad (“the Company”) believes that it is in the best interest of the Company and its stakeholders to obtain highly qualified persons with sufficient and relevant knowledge, skills and competency to serve as members of the Board and as part of Key Senior Management of the Company and its subsidiaries (“the Group”) to effectively discharge its responsibilities and duties and contribute in the preservation and advancement in the governance and operations of the Group.

The responsibility for the establishment of policy and procedure on the nomination, appointment and re-appointment of the Director of the Company and its subsidiaries as well as nomination and appointment of members of Key Senior Management of the Company and its subsidiaries and the execution thereof is delegated to the Nomination Committee (“NC”), subject to the policy and procedure reviewed and approved by the Board. The Nomination Committee is assisted by the Company Secretary of the Board to carry out its duties and responsibilities for nomination and selection of Director and members of Key Senior Management.

#### **A. OBJECTIVE**

This policy and procedure shall enable the NC that:

- the person nominated for appointment as Director or member of Key Senior Management of the Company or its subsidiaries; and
- the existing director seeking for re-appointment as Director of the Company or its subsidiaries;

possess the required character, experience, integrity, competence and time to:

- effectively and diligently discharge their responsibilities and duties; and
- contribute to the proper governance of the Company and its subsidiaries;

to direct and oversee as well as to manage the Group’s business activities and affairs in the best interests of its stakeholders.

In particular, person who are nominated and appointed by the Board to be a Director or Key Senior Management of the Company and its subsidiaries or who are re-appointed as Director of the Company and its subsidiaries should:

- a. have demonstrated notable achievements in sheet board and carton manufacturing industry, business venture, professional practices, education or public service;
- b. possess the requisite intelligence, education, experience and competence to make a significant contribution to the Group and the Board and the Key Senior Management by bringing a range of knowledge, skills, competency, diverse perspectives and backgrounds;

- c. possess requisite knowledge, skills, experience and competency to complement and strengthen the knowledge, skills, experience and competency possessed by existing members of the Board and the Key Senior Management to discharge its duties and responsibilities effectively and efficiently;
- d. have the highest ethical standards (i.e. probity, personal integrity, reputation and financial integrity), strong sense of professionalism and intense dedication to serve the interests of the stakeholders; and
- e. devote and spend reasonable amount of time and effort to meet the demand and expectations of the roles and responsibilities as a Director or member of Key Senior Management of the Company and its subsidiaries.

## **B. TIMING OF REVIEW AND ASSESSMENT**

A properly constituted and duly minuted meeting of the NC shall be held for the purpose of fit and proper assessment of the person nominated for appointment as Director or member of Key Senior Management and the existing director seeking for re-appointment, as applicable, in the following manner:

- i. For Re-Appointment of Existing director of the Company and its subsidiaries
  - Within three (3) months before the date of general meeting for the re-appointment.
- ii. For Nomination and Appointment of Director or member of Key Senior Management of the Company and its Subsidiaries
  - Within three (3) months before the date of appointment to the Board of the Company and its Subsidiaries, as applicable.

## **C. CRITERIA FOR NOMINATION AND APPOINTMENT**

### **1) Fit and Proper**

The nomination, appointment and re-appointment of the Director of the Company and its subsidiaries as well as the nomination and appointment of the member of Key Senior Management of the Company and its subsidiaries shall be subject to the **Fit and Proper Policy** approved by the Board.

### **2) Skilled and diverse background**

The person who are nominated and appointed by the Board to be a Director or member of Key Senior Management (as applicable) of the Company and its subsidiaries or who are re-appointed as Director of the Company and its subsidiaries must possess:

- a) the aptitude or experience to understand fully the legal responsibilities and duties of a Director of a corporation (both public and private corporation in respective jurisdiction) (for Director) and the governance processes of a corporation (both public and private corporation in respective jurisdiction); and
- b) personal qualities to be able to make a substantial active contribution to Board and Board Committees' deliberations (for Director) and management of business activities and affairs (for Key Senior Management), including intelligence and wisdom, self-assuredness, interpersonal and communication skills, courage, and inquisitiveness.

While recognising the diverse skills and experience brought by active politician, it is the policy that active politician shall not be appointed as a member of the Board of the Company and its subsidiaries

### 3) Boardroom and Key Senior Management Diversity

During the annual performance evaluation of the Director, the Chairman, the Board and the Board Committees (as the case maybe), NC and the Board should, based on the results of such performance evaluation, consider whether the current composition of the Board of the Company and the tenure of each Director on the Board of the Company can meet its current and future requirements and needs from strategic, sustainability, operational and changes in internal and external business context, as well as to consider the need to bring new skills and perspective to the boardroom of the Company based on such requirements and needs identified.

In order to ensure boardroom and Key Senior Management diversity at the Company and its subsidiaries, the NC shall establish the competency gap of existing composition of the Board and Key Senior Management of the Company and its subsidiaries in term of the knowledge, skills and experience as well as race, gender and age diversity in order to effectively discharge their roles, responsibilities and duties as the Board as a whole and individual member of the Board and Key Senior Management at the Company and its subsidiaries.

Directors appointed and re-appointed and member of Key Senior Management appointed at the Company and its subsidiaries must be able to devote the required time to serve the Board and Key Senior Management effectively. The Board shall consider the existing board positions held the Director and member of Key Senior Management, including on boards of private corporation per **Fit and Proper Policy**. Any appointment that may cast doubt on the integrity and governance of the Company and its subsidiaries must be avoided. No active politician shall be appointed as a Director of the Company and its subsidiaries.

In particular, one of the members of the Board shall be:

- a) a past or current Senior Executive (in addition to Senior Executive from within the Group) in a public corporation or reputable and recognized privately held corporation involved in sheet board and carton manufacturing industry who is well versed with the business environment in upstream and downstream supply chain of the industries the Group is operating in; and
- b) a past or current partner/Senior Executive in reputable and recognised audit firm or professional accounting/ consulting/advisory firm or entity who is well versed with corporation and capital market listing requirements/guidelines, financial management, financial reporting, sustainability, governance, risk management and control expertise or other experience that would qualify the candidate as a "financial or governance expert" under established standards in the jurisdiction that the Group is operating in.

NC is tasked to ensure the race diversity within the Board and Key Senior Management so that, as practical as possible, major ethnic groups in Malaysia shall be represented in the Board and Key Senior Management to ensure that the feeling and sensitivity of the multi-ethnic and multicultural environment where the Group is operating in are well taken care of.

The Board is supporting age and gender diversity within the Group including the workplace, with a focus on supporting the representation of women and relevant age group at the Board and Key Senior level of management within the Group shall such potential candidate is available.

### 4) Knowledge and Skill on Sustainability Oversight and Management

The person who are nominated, appointed and re-appointed by the Board to be a Director or member of Key Senior Management of the Company and its subsidiaries shall possess required knowledge, skill and competency on oversight and management of sustainability matters and stakeholders engagement in the context of business operations and internal and external business context of the Company and its subsidiaries and shall be able to contribute to the advancement in the maturity of the sustainability management of the Company and its subsidiaries in foreseeable future.

## 5) Independence Assessment of Independent Director

In determining the independence of a person for independent directorship (including re-appointment as Independent Director) at the Company, NC will consider all relevant information, facts and circumstances in respect of such person. When assessing independence, NC should focus beyond the candidate's compliance with definition of Independent Director under Main Market Listing Requirements ("MMLR"), background, economic and family relationships and consider whether such candidate can bring independent and objective judgment to board deliberations.

## D. REVIEW AND ASSESSMENT

The person nominated for appointment as Director or member of Key Senior Management of the Company or its subsidiaries as well as the existing Director seeking for re-appointment as Director of the Company or its subsidiaries, must complete the following documentations for submission to the NC prior to the meeting for proper review and assessment for such appointment or re-appointment:

- i. Resume accompanied by relevant supporting documentations (only applicable for appointment)
- ii. Fit and Proper Declaration
- iii. Declaration of Interest Form
- iv. Any other relevant reports (for example, self-generated credit bureau report, etc.)

Persons standing for appointment as Director or member of Key Senior Management should make the necessary declaration to the Board on any existing or potential conflict of interest including whether they have a business, family or other special relationship within or outside of the Group that could affect the execution of their role as Director on the Board or member of Key Senior Management of the Company and its subsidiaries.

In assessing independence for appointment and re-appointment of independent director, the person is to complete the following documentations (in addition to the above) for submission to the NC prior to the meeting for review and assessment of independence:

- i. Declaration of Compliance with "Independent Director" as defined under MMLR or relevant regulations
- ii. Independent director Self-Assessment Form

NC shall, during the review and assessment of the person suitability to act as the director and member of senior management, to perform due diligence on the information provided by such person, either by itself, company secretary or other independent databases or professional firm, at the cost of the Company (if necessary).

## E. PROCEDURE FOR NOMINATION AND APPOINTMENT FOR DIRECTOR OF THE COMPANY AND ITS SUBSIDIARIES

### I. Nomination Procedure

1. For filling for **Casual Vacancy ("Nomination 1")**, it is the responsibility of the NC to develop a pool of potential candidates for consideration for such vacancy, including candidates recommended by any member of the Board of the Company to fill such casual vacancy or nominees recommended by shareholders individually or collectively holding not less than 10% of the paid-up capital of the Company or recommendation by independent sources. Independent sources include but not limited to, recommendations from external auditors, other professional firm and other corporate director registry if the appointment is in relation to a Director of the Company.

- a. The recommendation for candidacy of filling casual vacancy by Director or shareholders shall be guided by "Director Recommendation Form" (with his/her written consent of to be a Director and make a declaration that he is not disqualified from being appointed or holding office as a Director of a company under the Companies Act 2016) duly completed and endorsed by such Director, the Chairman of the Board (for recommendation received from independent sources), or by the shareholders.
  - b. Duly completed and endorsed "Director Recommendation Form" and relevant supporting documents per Section D- Review and Assessment for fit and proper of the person(s) in relation to recommendation by Director or independent sources shall be submitted to Chairman of the NC or deposited at the registered office of the Company by such director within twenty-one (21) days from the date of the announcement on the cessation of office of a Director.
  - c. If the nomination of persons is based on recommendations made by existing Directors, management or shareholders, the Nomination Committee should discuss and satisfy itself that these source(s) are sufficient and other sources are not required with such discussion and derivation of opinion properly minuted.
2. For **additional Director** as deemed necessary by the Board ("**Nomination 2**") to diversify the Board mix of knowledge, skill and experience required at the Company or subsidiary level, to handle additional duties and responsibilities expected of the Board at the Company or subsidiary level or in compliance with applicable laws and regulations at the Company or subsidiary level, it is the responsibility of the NC to develop a pool of potential candidates for consideration by way of recommendation by any member of the Board or independent sources for such additional directorship.
- a. The recommendation for candidacy by Director or shareholders shall be guided by "Director Recommendation Form" (with his/her written consent of to be a Director and make a declaration that he is not disqualified from being appointed or holding office as a Director of a company under the Companies Act 2016) duly completed and endorsed by such Director of the Chairman of the Board (for recommendation received from independent sources).
  - b. Duly completed and endorsed "Director Recommendation Form" and relevant supporting documents per Section D – Review and Assessment for fit and proper aspect of such person(s) shall be submitted to the Chairman of the NC within twenty-one (21) days from the date of notification by the Chairman of the NC of the intention of additional directorship.
  - c. If the nomination of persons was based on recommendations made by existing Directors, management or shareholders, the NC should discuss and satisfy itself that these source(s) are sufficient and other sources are not required with such discussion and derivation of opinion properly minuted.
3. For **additional Director** requested by shareholder or shareholders collectively represent not less than 10% of the paid-up capital of the Company as at the date of the requisition ("**Nomination 3**") for the sole purpose of Board representation for their interest in the voting shares in the Company, it is the responsibility of the NC:
- a. to communicate with such shareholder or shareholders for the submission of duly completed and endorsed "Director Recommendation Form" (with his written consent of to be a director and make a declaration that he is not disqualified from being appointed or holding office as a director of a company under the Companies Act 2016) and relevant supporting documents for experiences and education background of such candidate within seven (7) days from the date of requisition by such shareholder or shareholders.

- b. In the event of non-submission of the duly completed and endorsed “Director Recommendation Form” and relevant supporting documents per **Section D – Review and Assessment**, to obtain information required per “Director Recommendation Form” and relevant supporting documents per **Section D – Review and Assessment** not contained in the notice of requisition in writing from such shareholder or shareholders within seven (7) days from the date of requisition for submission of duly completed and endorsed “Director Recommendation Form”.
- c. In the event of non-submission of the duly completed and endorsed “Director Recommendation Form” and relevant supporting documents per Section D – Review and Assessment or information required per b) above from the shareholder or shareholders, NC shall collect information of such person, with coordination and assistance from the Company Secretary, from the public domains and databases.

## II. Evaluation and Selection Procedure

### A. For Nomination 1 and Nomination 2

- i. A properly constituted and duly minuted meeting will be held by members of NC in accordance with the Terms of Reference approved by the Board to evaluate and shortlist potential candidate(s) for recommendation to the Board for deliberation and approval within fourteen (14) days from the last day of twenty-one (21) days from the date of the cessation of office of a director (for Nomination 1) or twenty-one (21) days from the date of notification by the Chairman of the NC of the intention of additional directorship (for Nomination 2).
- ii. The NC shall evaluate each recommendation by Directors or shareholders or candidates developed from independent sources in accordance **Fit and Proper Policy**, knowledge, skill, experiences (including sustainability management) expected to be possessed for the casual vacancy or proposed additional directorship under consideration, the maintenance of boardroom diversity and independence assessment for Independent Director per **Section C - Criteria for Nomination and Appointment**.
- iii. If more than three (3) recommendations are submitted by Directors, independent sources or shareholders, only maximum of three (3) potential candidates will be shortlisted by NC for formal interview and proportionate due diligence check as well as recommendation to the Board for consideration and decision at its properly constituted and duly minuted meeting.

However, nothing in the section shall prohibit the NC to recommend potential candidate of less than three (3) or recommendation of no suitable candidate is made to the Board shall the NC concludes that such candidates do not meet the required criteria for nomination and appointment expected for such proposed directorship as well as boardroom diversity required of the Board or independence required for independent directorship.

- iv. The NC shall conduct formal interview with the shortlisted candidates for such proposed directorship and shall perform, with the assistance of the Company Secretary and/or third party consultant, appropriate and proportionate due diligence check to obtain corroborative information for the determination of the suitability of the shortlisted persons, prior to the recommendation to the Board for consideration and decision.
- v. Upon the completion of the interview and appropriate and proportionate due diligence check on the shortlisted candidates, the NC shall determine whether there is recommendation of potential candidate(s) or recommendation of no suitable candidate and shall forthwith recommend to the Board for consideration and decision at its properly constituted and duly minuted meeting.

- vi. If more than one (1) potential candidates are to be recommended by the NC to the Board, the NC shall prioritise the potential candidates to the Board for consideration by reference to the required fit and proper criteria, knowledge, skill, experiences (including sustainability management) expected for such proposed directorship as well as boardroom diversity expected of the Board and to state the same on the recommendation to the Board.

**B. For Nomination 3**

- i. NC shall perform, with the assistance of the Company Secretary and/or third-party consultant, appropriate and proportionate due diligence check to obtain corroborative information for the determination of the suitability of the nominated candidates, prior to the recommendation to the Board for consideration and decision.
- ii. A properly constituted and duly minuted meeting will be held by members of NC in accordance with the terms of reference approved by the Board to evaluate potential candidate for recommendation to the Board for deliberation and approval within fourteen (14) days from the last day of seven (7) days from the date of requisition by such shareholder/shareholders or seven (7) days from the date of requisition to such shareholder/shareholders to submit duly completed and endorsed "**Director Recommendation Form**" (as the case maybe).
- iii. NC shall evaluate the nominated person in accordance with **Fit and Proper Policy**, knowledge, skill and experiences (including sustainability management) expected to be possessed and the maintenance of boardroom diversity per **Section C - Criteria for Nomination and Appointment**".
- iv. Shall the situation permit and provided that such nominated candidate is accessible by NC, NC shall conduct formal interview with the nominated candidates during the meeting of members of NC.
- v. Upon the completion of the interview and evaluation on the potential candidates, NC shall determine whether such candidate as requested by the shareholders is suitable and shall forthwith recommend to the Board for consideration and decision at its properly constituted and duly minuted meeting.

**F. PROCEDURE FOR RE-APPOINTMENT FOR DIRECTOR OF THE COMPANY AND ITS SUBSIDIARIES**

- i. The re-appointment of Director of the Company and its subsidiaries shall be governed by the applicable corporation laws and regulations in respective jurisdiction.
- ii. Three (3) months before the date of general meeting for the re-appointment, the Company Secretary of the Company shall:
  - compile listing of re-appointment of Directors of the Company and its subsidiaries based on i. above;
  - coordinate the completion of the supporting documents per **Section D – Review and Assessment** by the Director concerned;
  - perform verification of confirmation and information provided per **Section D – Review and Assessment** from regulatory sources and public domain; and
  - coordinate the completion of the performance evaluation form (including the knowledge, skill performance of such Director in relation to sustainability management) for such Director for his/her individual performance as Director, member of Board Committee and independence (for Independent Director).

The Company Secretary is to prepare summary of the results of the information per supporting documents and results of performance evaluation of the Directors (of the Company and its subsidiaries) who are seeking for re-appointment, highlighting key observations and matters required NC's attention for the review and assessment of such Director for re-appointment (together with supporting documents per **Section D – Review and Assessment**). Such Summary (together with supporting documents per **Section D – Review and Assessment**) is to be forwarded to NC at least 5 working days before the date of meeting.

- iii. NC shall review the summarised information and summarised results of the Directors' performance evaluation (of the Company and its subsidiaries) who are seeking re-appointment (with key observations and matters required NC's attention) prepared by the Company Secretary during the meeting of NC. NC to review and assess the Director who are seeking for re-appointment, to form an opinion and to recommend to the Board for consideration and decision on the re-appointment based on the results of the review and assessment at its properly constituted and duly minuted.
- iv. If the Board is to recommend the re-appointment of the Director of the Company to the shareholders of the Company in the general meeting, it should provide a statement as to why it supports the re-appointment of such candidate and the supporting reasons in the notice of such general meeting and details of such Director to be re-appointed on any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement before the Board and to act in the best interests of the Group.
- v. The Director who are seeking for re-appointment shall abstain himself/herself from the review, assessment, discussion and decision in relation to his/her re-appointment during meeting proceeding of NC and the Board of the Company and its subsidiaries (as applicable).

#### **G. PROCEDURE FOR NOMINATION AND APPOINTMENT OF MEMBER OF KEY SENIOR MANAGEMENT AT THE COMPANY AND ITS SUBSIDIARIES**

- i. When there is vacancy available for Key Senior Management position or new position identified for Key Senior Management position based on the needs of the Group, Chief Executive Director (“CED”) will update the Board on such requirement for the Board's consideration and decision and to inform Human Resource Department (“HR”) to look for suitable candidate if there is no recommendation from the Board.
- ii. Upon the instruction from the CED, HR shall source and thereafter shortlist the candidates, perform due diligence check based on regulatory sources and public databases and domains and compile the following documents for submission to the CED:
  - Resume accompanied by relevant supporting documentations
  - Fit and Proper Declaration
  - Declaration of Interest Form
  - Any other relevant reports (for example, self-generated credit bureau report, etc.)
- iii. CED shall review, assess and interview shortlisted candidates and state the preferred candidate with justification.
- iv. NC shall evaluate the shortlisted candidates in accordance **Fit and Proper Policy**, knowledge, skill and experiences (including sustainability management) expected to be possessed for the Key Senior Management position per **Section C - Criteria for Nomination and Appointment**”, having regard to the justification by the CED as to why preferred candidate shall be appointed.
- v. A discussion between CED and NC shall be held in order to agree on a final candidate and propose to the Board for consideration and decision at its properly constituted and duly minuted meeting.



vi. Once Board accepted the proposed candidate, HR shall proceed to hire the preferred candidate.

#### **H. AUTHORITY**

NC is authorised:

- a. To seek any information it requires from any officer and employee of the Company and its subsidiaries and all any officer and employee of the Company and its subsidiaries are directed to co-operate with any request made by the Nomination Committee; and
- b. Subject to prior discussion concerning the costs, to seek independent professional advice, at the Company's expense, to perform its responsibilities under nomination, appointment and re-appointment procedure in the Policy.

#### **I. REVIEW AND APPROVAL OF THIS POLICY**

This Policy was adopted by the Board on 30 December 2021.

This Policy will be reviewed by the Board as and when required and updated in accordance with the needs of the Group, and in any event, at least once every 3 years.