

ORNAPAPER BERHAD

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

POLICY ON INDEPENDENCE ASSESSMENT OF INDEPENDENT DIRECTORS

(Version: 1.0)

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

The purpose of this Policy is to establish processes for the evaluation of the independence of Independent Directors by the Board of Directors (“the Board”) of Ornapaper Berhad (“the Company”). The responsibility for the establishment and subsequent review of the assessment procedure and criteria established is delegated to Nomination Committee.

A. PURPOSE

This Policy:

- establishes the criteria which the Board will use to assess the independence of Independent Director before his/her appointment and on-going assessment; and
- identifies the information that the Company will collect from Independent Directors to enable the Board to assess the independence of Independent Directors.

The Board commits that it is their responsibility to carry out the independent assessment of its Independent Directors before his/her appointment and at least once annually thereafter.

B. DECLARATION BY INDEPENDENT DIRECTORS

Individual Independent Director is required to submit to the Board for review a duly completed and endorsed “Declaration of Interest” Form by him/her in the following manner:

- 1) before his/her appointment as Independent Director;
- 2) during his/her tenure of independent directorship, at least once annually at the request of the Board; and
- 3) during his/her tenure of independent directorship, immediately upon the changes in the family relationship, directorship or interest of the Independent Director.

“Declaration of Interest” Form contains the following information:

- 1) family members of Independent Director;
- 2) Independent Director’s employment history for the past three (3) years;
- 3) Independent Director’s directorship in other entities for the past three (3) years;
- 4) Independent Director’s interest in the Company and other entities for the past three (3) years;
- 5) Independent Director’s tenure with the Company; and
- 6) Any other relationship or interest that the Independent Director is of the opinion that may jeopardise his independence and objectivity in the context of his independent directorship in the Company.

The Board shall, upon the receipt of the duly completed and endorsed “Declaration of Interest” Form from the Independent Director, review the independence and objectivity of individual Independent Director and to establish whether such Independent Director is independent and objective to carry out his/her duties and responsibilities as an independent element in the Board.

Independent Director shall be abstained from the review and discussion of his/her independency as Independent Director for the Company.

C. CRITERIA TO ASSESS INDEPENDENCE

In determining the independence of Independent Directors, the Board will consider all relevant information, facts and circumstances in respect of such Independent Directors. When assessing independence, the Board should focus beyond the Independent Director’s background, economic and family relationships and consider whether the Independent Director can continue to bring independent and objective judgment to Board deliberations.

In assessing independence, the Board will take into consideration those relationships and interest may affect the independent status of a Director. For the purpose of the assessment, the Board shall establish and determine that the potential candidate for independent directorship or Independent Director fulfils the definition of “independent director” per paragraph 1.01 of Part A – Definitions of and Practice Note 13 of MMLR.

D. THE TENURE OF AN INDEPENDENT DIRECTOR

The tenure of an Independent Director should not exceed a term of nine (9) years. Upon completion of the nine (9) years, such Independent Director may continue to serve on the Board subject to such Director’s re-designation as a Non-Independent Non-Executive Director or he/she can be remained as Independent Director if:

- 1) The independence assessment conducted by the Nomination Committee (with such Independent Director being abstained from the deliberation if he/she is a member) based on the above procedure and criteria on such Independent Director determines that the independence of such Independent Director is preserved and is not deteriorated in any manner due to passage of time and reported as such to the Board; and
- 2) The continuing of such Director as Independent Director is recommended by the Board, based on the independence assessment conducted by the Nomination Committee with the results of the independent assessment being disclosed in the notice to such general meeting, to the shareholders for ratification through a two-tier voting process to continue to act as Independent Director in a general meeting and the ordinary resolution for such agenda is ratified by the shareholders during such general meeting.

E. Review and Approval of the Policy

This Policy was approved by the Board of Directors of the Company on 30 December 2021.

This Policy will be reviewed by the Audit Committee and proposed to the Board of Directors of the Company for approval as and when required and updated in accordance with the needs of the Group or any new or changes in regulations that may have an impact on the determination or evaluation of independent director and in any event, at least once every three (3) years.