

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: 1.1)

(Approved by the Board of Directors of the Company on 15 November 2024)

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

The responsibility for establishing policy and procedures related to the nomination, appointment and re-appointment of Directors of the Company and its subsidiaries, as well as the nomination and appointment of members of Key Senior Management, is delegated to the Nomination Committee (“NC”). This policy and procedure are subject to review and approval by the Board. NC is assisted by the Company Secretary of the Board in carrying out its duties and responsibilities related to the nomination and selection of Directors and members of Key Senior Management.

A. OBJECTIVE

This policy and procedure are designed to support the NC in ensuring that:

- person nominated for appointment as Director or member of Key Senior Management of the Company or its subsidiaries; and
- current Directors seeking 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, the person nominated for appointment by the Board to be a Director or member of Key Senior Management of the Company and its subsidiaries or those seeking re-appointed as Director of the Company and its subsidiaries should:

- a. 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 significant contributions to the Group, 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 that complement and strengthen the knowledge, skills, experience and competency possessed by current 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) with a strong sense of professionalism and intense dedication to serve the interests of stakeholders; and
- e. devote and spend a reasonable amount of time and effort to meet the demands and expectations of their roles and responsibilities as a Director or member of Key Senior Management.

B. TIMING OF REVIEW AND ASSESSMENT

A properly constituted and duly minuted meeting shall be held by NC to conduct a fit and proper assessment of persons nominated for appointment as Director or member of Key Senior Management, as well as current Directors seeking for re-appointment, as applicable, in the following manner:

- i. For Re-Appointment of Current Directors of the Company and its subsidiaries
 - Within three (3) months before the date of the 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, APPOINTMENT AND RE-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 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 is nominated and appointed by the Board to be a Director or member of Key Senior Management (as applicable) of the Company and its subsidiaries, as well as those seeking for re-appointed as Director 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 politicians, it is the policy that active politicians shall not be appointed to the Board of the Company or its subsidiaries

3) Boardroom and Key Senior Management Diversity

During the annual performance evaluation of Directors, the Chairman, the Board and the Board Committees (as the case maybe), the 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 whether it can meet its existing 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 in new skills and perspective to the boardroom of the Company based on such requirements and needs identified.

In order to ensure diversity within the Boardroom and Key Senior Management of the Company and its subsidiaries, the NC shall identify any competency gaps in the existing composition. The assessment shall encompass evaluating the knowledge, skills and experience as well as racial, gender and age diversity, to ensure the effective discharge of their roles, responsibilities and duties, both collectively as a Board and individually.

Directors and members of Key Senior Management of the Company and its subsidiaries must be able to devote the required time to fulfil their roles effectively. The Board shall consider any other board positions held by the Directors and members of Key Senior Management, including those on private corporation boards, 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 or 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 with promoting racial diversity within the Board and Key Senior Management to ensure, as practicably as possible, that major ethnic groups in Malaysia are represented in the Board and Key Senior Management, aiming to foster an inclusive environment that reflects and respects the multi-ethnic and multicultural context in which the Group operates.

The Board supports diversity in age and gender across the Group, including within the workplace, with focus placed on ensuring women and relevant age groups are represented at the Board and Key Senior Management levels, provided that suitable and qualified candidates are available.

4) Knowledge and Skill in Sustainability Oversight and Management

The person who is 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 the required knowledge, skill and competency related to the oversight and management of sustainability matters and stakeholder engagement, including the understanding of business operations and the internal and external context of the Company and its subsidiaries. Additionally, such persons shall be able to contribute to the continued advancement of sustainability management and its maturity within the Company and its subsidiaries in the foreseeable future.

5) Independence Assessment of Independent Director

In determining the independence of a person for independent directorship (including re-appointment as an Independent Director) at the Company, NC will consider all relevant information, facts and circumstances in respect of such person. When assessing independence, NC should not only focus on the candidate's compliance with the definition of an Independent Director under Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") but also on factors such as background, economic and family relationships. NC shall consider whether such candidates can bring independent and objective judgment to the 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 current Director seeking re-appointment, must complete and submit the following documentation to NC prior to the meeting for proper review and assessment of the appointment or re-appointment:

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

Persons standing for appointment as a Director or member of Key Senior Management should make the necessary declaration to the Board of 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 their ability to effectively execute their role as a Director 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 documentation (in addition to the above) for submission to the NC prior to the meeting for review and assessment of independence:

- i. Declaration by Independent Director Form; and
- ii. Annual Self-Assessment of the Independence of Independent Director Form.

During the review and assessment of the person's suitability to act as the Director and member of Key Senior Management, NC shall 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 OF DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES

I. Nomination Procedure

1. For filling a **Casual Vacancy (“Nomination 1”)**, it is the responsibility of the NC to develop a pool of potential candidates for consideration to fill such casual vacancy, including candidates recommended by any member of the Board of the Company, nominees recommended by shareholders individually or collectively holding not less than 10% of the paid-up capital of the Company and independent sources as at the date of the recommendation.
 - a. The recommendation for the candidacy of filling the casual vacancy by members of the Board or shareholders shall be guided by the “Director Recommendation Form” (with his/her written consent to be a Director and make a declaration that he/she 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 member of the Board or relevant shareholders who make the recommendation.
 - b. Duly completed and endorsed “Director Recommendation Form” and relevant supporting documents per **Section D - Review and Assessment** for fit and proper of the candidate(s) shall be submitted to Chairperson of the NC or deposited at the registered office of the Company within twenty-one (21) days from the date of cessation of office of a Director.
 - c. The Chairperson and members of NC should consult independent sources, such as, external auditors, other professional firms or other corporate director registries if the appointment is in relation to a Director of the Company.
 - d. If the nomination of persons is based on recommendations made by current Directors, management or shareholders, 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.
2. For **additional Directors** 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 members of the Board or shareholders shall be guided by “Director Recommendation Form” (with his/her written consent to be a Director and make a declaration that he/she 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 member of the Board or relevant shareholders who make the recommendation.
 - 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 Chairperson of the NC within twenty-one (21) days from the date of notification by the Chairperson of the NC of the intention of additional directorship.

- c. The Chairperson and members of NC may consult independent sources, such as, external auditors, other professional firms or other corporate director registries if the appointment is in relation to a Director of the Company.
 - d. If the nomination of candidates was based on recommendations made by current 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 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.
 - 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 a) above from the shareholder or shareholders, NC shall collect information of such candidate, 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 shall 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 Chairperson of the NC of the intention of additional directorship (for Nomination 2).
- ii. NC shall evaluate each recommendation by members of the Board or shareholders or candidates developed from independent sources in accordance with the **Fit and Proper Policy**. The evaluation shall consider the candidate's knowledge, skill, experiences (including sustainability management) expected to be possessed for the casual vacancy or proposed additional directorship and maintenance of the boardroom diversity. For Independent Director candidates, an independence assessment shall be conducted per **Section C - Criteria for Nomination and Appointment**.
- iii. If more than three (3) recommendations are submitted by members of the Board or shareholders, only maximum of three (3) potential candidates will be shortlisted by NC for formal interview and appropriate 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 conclude that such candidates do not meet the required criteria for nomination and appointment expected for such proposed directorship, 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 candidates, 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, 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, NC shall prioritise the shortlisted candidates to the Board for consideration by reference to the required fit and proper criteria, knowledge, skill, experiences (including sustainability management) expected to be possessed for the directorship under consideration, the required or expected boardroom diversity as well as independence element as Independent director 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 shall be held by members of NC in accordance with the Terms of Reference approved by the Board to evaluate potential candidates 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 of 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 OF 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 a 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 re-appointment, highlighting key observations and matters that 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 five (5) working days before the date of meeting.

- iii. NC shall review the summarised information and 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 seeking for re-appointment, to form an opinion and recommend to the Board for consideration and decision of 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 seeking re-appointment shall abstain himself/herself from the review, assessment, discussion and decision in relation to his/her re-appointment during the meeting proceeding of NC and the Board of the Company and its subsidiaries (as applicable).

G. PROCEDURE FOR NOMINATION AND APPOINTMENT OF MEMBERS 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 based on the needs of the Group, Chief Executive Director ("**CED**") will update the Board of such requirements 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 documentation;
 - Fit and Proper Declaration;
 - Declaration of Interest Form; and
 - 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 the Board accepts 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 NC; 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 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.