

Sustainability Statement

Introduction

The Board of Directors (“the Board”) of Ornapaper Berhad (“Ornapaper”) recognises the importance of continuously developing and improving the business operations in a sustainable and responsible manner. The Board believes and remains committed to create sustainable value throughout its businesses’ value chain by improving the core business principles and operations. The continuous creation of sustainable value shall drive the long-term business growth of Ornapaper Berhad and its subsidiaries (“the Group”) as well as the establishment of mutually favourable relationships with its stakeholders. The sustainable business practices of the Group can be enhanced by having its businesses’ operating strategies and corporate culture formulated and continuously aligned to the Sustainable Development Goals (“SDGs”) developed by the United Nations to promote prosperity while protecting the environment.

The Board is committed to continuously encourage good sustainability practices, update the sustainability progress and engage openly and responsively with the Group’s stakeholders through transparent sustainability reporting that captures the economic, environmental and social aspects of its businesses’ operations. The Board recognises that stakeholder engagement plays a vital role to ensure the businesses pursued by the Group is sustainable in the long term. Through Sustainability Statement, the Board provides the stakeholders a better insight on its approach to create sustainable long-term value for stakeholders as well as the progress in meeting these commitments. The Group is committed to conduct the businesses and operations in an equitable and accountable manner across the value chain.

The Board of Ornapaper Berhad acknowledges that businesses are not solely judged by its financial performance but also, not to a lesser extent, on its conducts in respect of governance, economic, environment and social aspects in order to endure in this challenging environment and to generate value for a wide array of stakeholders on long term sustainable manner. It is, therefore, the underlying value of the Group to achieve optimum equilibrium between short-term financial performance and its long-term business sustainability and value creation. The Group remain dedicated to create value by transforming and evolving with the market, the industry as well as the nation.

The Board is mindful of the Group’s role as a responsible citizen in securing a sustainable future for the Group and the communities it lives in and interacts with in an era where social capitalism, climate change, ocean conservation, water scarcity, food insecurity, poverty and public health are ever-increasing global issues. The Board is dedicated towards embracing good sustainability practices, by continuously integrated such practices into the working environment and culture, business processes and strategy making process in order to develop sustainable businesses that bring constructive impact to the economy, environment and greater community. Hence, the Group is committed to be accountable and transparent in the sustainability performance and exercises.

The Board of Ornapaper Group is pleased to present the Sustainability Statement for the financial year ended 31 December 2019 which is prepared pursuant to paragraph 6.1, 6.2 and 6.3 of Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). In particular, the management of material sustainability matters is disclosed in accordance with Part III of Practice Note 9 of MMLR and Sustainability Reporting Guide issued by Bursa Securities (“the Guide”) on the content of the Sustainability Statement.

Sustainability Statement

Scope of the Statement

The contents of this Sustainability Statement primarily include activities carried out during the financial year ended 31 December 2019 and up to the date of this Statement. This Statement covers the Group's economic, environmental and social management and performance. The Board observes the sustainability requirements in which the Statement defines stakeholder engagement, materiality assessment, sustainability achievement, and the information of significant economic, environmental and social impacts for assessment of the management and performance.

The disclosures of the corporate governance practices and compliance with relevant provisions and requirements per MMLR and Malaysia Code on Corporate Governance 2017 are made in the Corporate Governance Report and Corporate Governance Overview Statement published in the Annual Report.

The Group is involved in the manufacturing of paper based packaging and stationery products as well as provision of logistics services in Malaysia with the core operating segment, i.e. paper packaging business, encompasses activities related to manufacturing and sales of corrugated boards and carton boxes, contributed to more than 90% of the Group's total revenue.

As at the date of this Statement, information disclosed in this Statement involves identification, management and reporting of sustainability matters and performance of one of the subsidiaries, namely Ornapaper Industry (M) Sdn. Bhd. ("Ornapaper Melaka" or "the Company"), which contributes the highest proportion of revenue to the Group throughout the years thus far.

Nevertheless, as at the date of this Statement, the Risk and Sustainability Management Committee together with the Head of Departments have yet to undertake an internal materiality assessment of sustainability matters for the remaining key operating subsidiaries of Ornapaper Berhad by using predetermined criteria and rating scale approved by the Board and to engage with the stakeholder groups identified in obtaining their assessments of the degree of significance of the sustainable matters identified to influence on their decision.

The Risk and Sustainability Management Committee and the Board are committed to perform such sustainability assessment in stages from financial year ending 31 December 2020 to financial year ending 31 December 2021 and to report the sustainability assessment activities undertaken in accordance with MMLR and the Guide in respective financial years.

Sustainability Principles

As the highest governance body within the Group, the Board undertakes the ultimate accountability for the integration of sustainability in the Group, including sustainability-related strategy and performance. The sustainability principles developed by the Board are:

- To observe and comply with all relevant legislation, regulations, recommended trade practice and code of practice applicable and relevant to the Group;
- To consider sustainability matters and integrate these considerations into the Group's business operations and when making and implementing business strategies;

Sustainability Statement

- To manage sustainability matters in structured and systematic manner, whereby sustainability matters are embedded throughout the Group and to be documented, continuously assessed and managed with reporting to the Board on scheduled interval or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's or their strategy, taking into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve the Group's sustainability performance over times.

Sustainability Policy

World-over, the adoption of the United Nation's 2030 Agenda for Sustainable Development marks a significant navigation change within the political system, private sector and civil society. The Sustainability Policy established by the Board is guided by the 17 Sustainable Development Goals ("SDGs"), otherwise known as the Global Goals, which are developed by the United Nations. The 17 SDGs are a universal call for action by all developed and developing countries to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice in order to form a world that is comprehensively sustainable in terms of socially fair, environmentally secure, economically prosperous, inclusive, and more predictable.



Sustainability Statement

The Board had formalised a formal Sustainability Policy which strengthens the Group's commitment to achieving an equilibrium between being at the forefront of our industry and meeting the commercial expectations of our stakeholders. The said Sustainability Policy entails:

- Compliance of high ethical standards of suppliers;
- Compliance to Environmental and Occupational Safety and Health regulations;
- Adoption of "Green" principles in procurement and manufacturing practices;
- Reduction of material consumption through recycling of waste materials;
- Management and disposal of waste in a responsible manner;
- Commitment to ensure a safe and healthy working environment;
- Fair treatment of employees;
- Continuous training and development of employees;
- Contributions towards local authorities and communities;
- Uphold business excellence and continuity;
- Commitment to continual research & development in achieving product innovation and enhancing product quality;
- Continuous selection of potential supplier at significant location of operations to optimise cost and sales value;
- Customer profile diversification to ensure economic interest of all relevant stakeholders are preserved and prevention from loss of key customers; and
- Compliance to better practices under the Malaysian Code of Corporate Governance 2017 ("MCCG").



Sustainability Statement

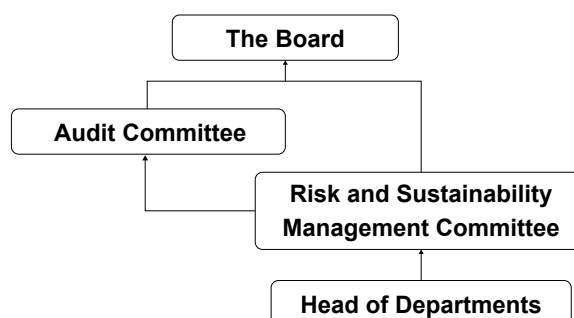
Governance Structure and Process

The Board affirms its overall responsibility for integration of the recommended sustainable economic, environment and social practices throughout the Group to ensure business strategies of the Group are developed with regards to the sustainability consideration and to ensure sustainability performance are monitored for its accomplishment from time to time. The governance structure in relation to the Group's sustainability management is guided by the Guide and Toolkit: Governance issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group.

The Group's commitment towards sustainable business practices is imputed throughout all levels of its organisation. At the leadership level, the Board, Executive Directors and Management recognise the importance of ensuring good sustainable economic, environment and social practices are comprehended and implemented by all levels of organisation.

To ensure such commitment of good sustainable economic, environment and social practices is embedded throughout the Group, the Board put in place formal structure to ensure accountability, oversight and review in the identification, management and reporting of sustainability matters and performance. Such formal structure is important to ensure that execution of the sustainability initiatives at all levels of organisation and business units are aligned with the Board's sustainability and business strategies with reporting at predetermined intervals so that the Group is able to response timely with the sustainability risks and opportunities applicable to the Group. The responsibilities for identification, management and reporting of sustainability matters and performance are delegated to the Risk and Sustainability Management Committee.

The Board has formalised the sustainability principles, policies and processes envisaged by the Board through the establishment of Sustainability Policy. Furthermore, formal governance structure, based on the existing geographical scope, scale and nature of the businesses the Group is pursuing, for the identification, management and reporting of sustainability matters and performance of the Group is established by the Board in the following manner:



The governance structure defines clearly on the roles and responsibilities expected of the Board, the Audit Committee, Risk and Sustainability Management Committee, Head of Departments and Key Risk and Sustainability Officer. In a nutshell, the Board assumes the ultimate responsibility for sustainability management and performance within the Group while the Audit Committee is tasked with the duties to oversee the sustainability management and performance of the Group for reporting to the Board.

Sustainability Statement

The Risk and Sustainability Management Committee, chaired by the Chief Executive Director and Executive Director of Ornapaper Berhad, is tasked with the following duties:-

- a. implement the sustainability strategy and management policy as approved by the Board;
- b. lead and implement the process of sustainability matters identification, assessment and management and devising appropriate action plan in cases where sustainability issues are not adequately or effectively addressed and communicate proposed action plans to the Heads of Departments;
- c. To conduct periodic review of all sustainability matters of the Group (at least on an annual basis) and determine the adequacy of the response and the current standing of the sustainability matters and to report the review results (including material sustainability matters) and recommendations to the Audit Committee;
- d. To manage stakeholder engagement for input for assessment and communication of results of review and response;
- e. To implement the material sustainability matters' indicator and the target and performance monitoring thereof and the preparation of sustainability disclosures as required by laws and/or rules, and to report to the Audit Committee for review;
- f. To oversee the Heads of Departments in the implementation of systems of sustainability management;
- g. To update the Audit Committee on changes to the material sustainability matters on periodical basis (at least on annual basis) respectively or when appropriate (due to change in external environment or internally) and the course of action to be taken by management in managing the changes; and
- h. To ensure relevant sustainability trainings are provided for appropriate level of employees to cultivate a positive attitude and promote correct approach toward sustainability management.

As for the Heads of Departments, their primary responsibilities are to manage sustainability matters of the business processes under his/her control and to assist the Risk and Sustainability Management Committee with the implementation of the process of sustainability matters identification, assessment, management and monitoring of all sustainability matters.

The sustainability matters management process is established by the Board in compliance with the Guide and Toolkit: Materiality Assessment issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group, taking into consideration the business strategies promoted by the Board, is as follows:-

- Identification of the intended stakeholder groups and sub-groups, the focus areas expected by the intended stakeholders and engagement objective(s) for each stakeholder group through Stakeholders' Mapping and the establishment of the Stakeholders' Profile;

Sustainability Statement

- The stakeholders identified for each significant business segment and geographical segment are prioritised in relation to its influence over and dependence on the Group so that the Group can put in more effort on stakeholder groups that have higher influence and/or dependency and the concerns of such stakeholders will carry greater weight. The prioritisation of the stakeholders is conducted by the Risk and Sustainability Management Committee by using Stakeholder Prioritisation Matrix, whereby each stakeholder identified are assessed by using the influence and dependence criteria and rating scale established by the Board. The results of the prioritisation can be used to determine the level of engagement to be employed by the Group with respective stakeholders (from collaborate/ empower to keep informed) based on the perceived influence and dependency of each stakeholder group;
- Identification of sustainability matters for each significant business segment and geographical segment via internal sources (through internal documentations as well as information system and internal stakeholders' communication via engagement medium and direct communication) and from external sources (through internal documentations, management information system, trusted public domains, correspondences with external stakeholders and external stakeholders' communication via engagement medium and direct communication);
- Sustainability matters identified for each significant business segment and geographical segment via internal and external sources are refined, consolidated and categorised into respective sustainability categories determined by the Board and enlisted in the Sustainability Matters Listing, detailing the influential and dependent internal and external stakeholders;
- Sustainability matters categorised in the Sustainability Matters Listing are subjected to internal materiality assessment by the Risk and Sustainability Management Committee in order to prioritise the sustainability matters for assessment by internal and external stakeholders.

Sustainability issues considered material if:

- it has significant economic, environmental and social impacts on the Group from the organisation's point of view;
- substantively influence the assessments and decisions of stakeholders from the stakeholders' point of view; and
- it has significant economic, environmental and social impacts that affect the ability to meet the needs of the present and future generations.

The internal materiality assessment entails the assessment by the Risk and Sustainability Management Committee based on the rating scale established by the Board on the significance of each sustainability matters on the revenue, cost, reputation, strategic and operational risk and business opportunities criteria.

From internal and external stakeholders' perspective, stakeholders' assessment of the sustainability matters is based on the significance of such matters to influence on the assessment and decision by respective stakeholders. The stakeholders' assessment of the sustainability matters is obtained during stakeholders' engagement, either through direct communication by Risk and Sustainability Management Committee or Heads of Departments, via the rating system established by the Board.

Sustainability Statement

- Subsequent to the assessment process, sustainable matters identified above are subjected to risk management policy and process established by the Board for the assessment and management of the risk and opportunities identified.

In the context of the sustainability matters management, the current standing of sustainability matters is assessed for its adequacy and effectiveness by the Risk and Sustainability Management Committee and to formulate management response (if existing controls are inadequate or ineffective) to mitigate the sustainability risk or optimise the sustainability opportunities, in line with the risk appetite and business strategies established by the Board. Please refer to Statement on Risk Management and Internal Control on the risk management system employed by the Group in the identification, management and monitoring of business risks.

- For the management of material sustainability matters, the Risk and Sustainability Management Committee to develop position and response with respect to each material sustainability matters in the following manners:
 - developing policies and procedures
 - implementing various initiatives, measures or action plans
 - to comply with applicable laws and regulations
 - setting indicators, goals, targets and timeframe in line with the strategic objectives
 - implementing new, or changing existing systems, to capture, report, analyse, and manage data requirements

The Risk and Sustainability Management Committee to monitor the current standing (including but not limited to, indicators, target and actual performance) and responses of the material sustainability matters and actual performance and to report to the Audit Committee on yearly basis for review and for their recommendation to the Board for review and approval.

Stakeholders' Engagement

The Board recognises and admits that contribution and support of the internal and external stakeholders are utmost important for realisation of the Group's missions and long-term business sustainability and excellence. Therefore, a stakeholder-driven approach to sustainability serves as a foundation in developing our sustainability strategy and reporting. It is vital for us to maintain a good relationship with stakeholders to ensure our business success and long-term growth. The Group recognises and values each of its employees, customers, as well as other stakeholders, and believes by understanding their interests and needs, it fosters lasting and mutually beneficial relationships that enhances its morale, reputation and business performances. By establishing effective and transparent lines of communication with its stakeholders, the Group aims to address their concerns in a collaborative manner that meets both the stakeholders' interests and needs as well as the Group's vision for sustainable growth.

Sustainability Statement

It is on this basis that the Board is pursuing the sustainable strategy of continuous engagement with internal and external stakeholders who is dependent on and/or influenced by the activities undertaken by the Group and to ensure that such engagements are to include all internal and external stakeholders across the value chain and to response proactively, via formal and informal channels, to the concerns and views of respective stakeholder groups. By actively engaging with all stakeholders, the Board is able to identify risks and opportunities in the way the businesses of the Group are carried out. During such engagement, the Group is able to validate the sustainable matters identified by the Management of the Group.

The Group's stakeholder engagement process is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group.

During the financial year under review and up to the date of this Statement, with regards to the sustainability assessment, management and monitoring process, the Risk and Sustainability Management Committee relied on the informal channels (such as, meetings and face-to-face communication) employed by the Head of Departments and Executive Directors, supported by formal channel of communication (such as, employees' performance appraisal) to engage with the stakeholders.

The Board acknowledges that the stakeholder engagement engaged by the Risk and Sustainability Management Committee can be further enhanced by employing preferred level of engagement per Stakeholders' Profile at preferred frequency as determined by the Board so that key topics and concerns of respective stakeholder groups are communicated timely and reliably to the correct governance body of the Group to response to such topics and concerns.

For Ornapaper Melaka with sustainability assessment performed, the Board had determined that, through stakeholder mapping and profiling exercise conducted by the Risk and Sustainability Management Committee and Head of Departments and reported to them subsequently, the following stakeholders are dependent on and have influence over Ornapaper Melaka:

Stakeholder Group	Engagement Objective(s)	Preferred Engagement Method(s)	Frequency of Engagement
Employees	<ul style="list-style-type: none"> To ensure fair engagement of salary To establish career pathway for workforce at all levels To have a safe and healthy working environment To strike for work life balance 	<ul style="list-style-type: none"> Performance appraisal Employee's self-evaluation Memorandum Electronic mail system Meetings Employees' dialogue 	Annually; Ongoing

Sustainability Statement

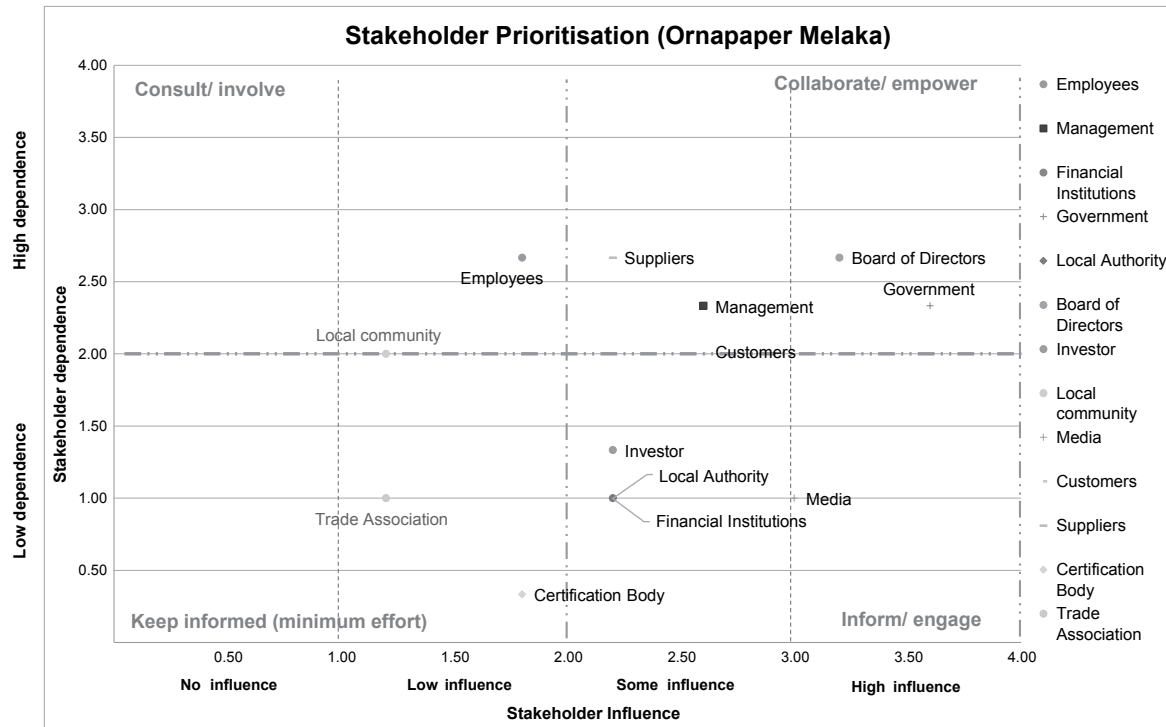
Stakeholder Group	Engagement Objective(s)	Preferred Engagement Method(s)	Frequency of Engagement
Management	<ul style="list-style-type: none"> To ensure sustainable of human resources in pursuing of company's goals 	<ul style="list-style-type: none"> Meetings Memorandum Electronic mail system 	Annually; Quarterly; Monthly; Ongoing
Board of Directors	<ul style="list-style-type: none"> To ensure business strategy take into consideration of sustainable practices 	<ul style="list-style-type: none"> Committee meetings Board of Directors meeting 	Annually; Quarterly
Financial Institutions	<ul style="list-style-type: none"> To demonstrate financial sustainability To understand and comply with laws 	<ul style="list-style-type: none"> Annual report Public announcements Meetings 	Annually; Ongoing
Government	<ul style="list-style-type: none"> To ensure full compliance with relevant laws and regulations 	<ul style="list-style-type: none"> Official submission Official letter Public dialogue involving government officials Public announcements Telephone conversation Face -to -face meetings Electronic mail system Periodical audit 	Ongoing
Local Authority	<ul style="list-style-type: none"> To ensure full compliance with relevant laws and regulations 	<ul style="list-style-type: none"> Official submission Official letter Public dialogue Public announcements Telephone conversation Face -to -face meetings Electronic mail system Periodical audit 	Ongoing
Customers	<ul style="list-style-type: none"> To improve customer's satisfaction To meet potential customer's requirements 	<ul style="list-style-type: none"> Face -to -face meetings Electronic mail system Telephone conversation Customer's audits Letter of complaint Official letter SCAR 	Ongoing
Suppliers	<ul style="list-style-type: none"> To ensure all materials are RoHS compliance/ environmental friendly To strive for reasonable price materials and services at acceptable quality, consistent and on-time delivery To ensure safety and health during loading and unloading process & delivery journey To ensure product quality and safety 	<ul style="list-style-type: none"> Supplier's evaluation and appraisal Meetings Conflict of Interest Policy Code of Conduct Electronic mail system Telephone conversation Official letter/ memorandum Supplier audit 	Ongoing

Sustainability Statement

Stakeholder Group	Engagement Objective(s)	Preferred Engagement Method(s)	Frequency of Engagement
Investors	<ul style="list-style-type: none"> To demonstrate financial sustainability 	<ul style="list-style-type: none"> Annual report Annual general meeting Shareholders' communication Press release and public announcements 	Annually; Quarterly; Ongoing
Certification Body	<ul style="list-style-type: none"> To ensure compliance with ISO 9001: 2015 and 14001: 2015 standard 	<ul style="list-style-type: none"> Audit Electronic mail system Telephone conversation Reports 	Ongoing
Local community	<ul style="list-style-type: none"> To ensure pollution and social ills free community 	<ul style="list-style-type: none"> Corporate social responsibility programme Face -to -face meetings Press release Official letters Electronic mail system Telephone conversation 	Ongoing
Media	<ul style="list-style-type: none"> To minimize negative reporting and protect company image To ensure reporting accuracy 	<ul style="list-style-type: none"> Press release Telephone conversation 	Ongoing
Trade Association	<ul style="list-style-type: none"> To seek for protection of employer's interests and opportunities in business trade Sharing of industrial update 	<ul style="list-style-type: none"> Meetings Forums 	Ongoing

Subsequent to the stakeholder groups identification with respective engagement methods proposed, stakeholders prioritisation exercise was conducted for Ornapaper Melaka to rank respective stakeholder groups' influence over and/or dependence on Ornapaper Melaka based on influence over and dependence rating criteria and scale approved by the Board. The results of the stakeholders prioritisation exercise for Ornapaper Melaka are tabulated in the following Stakeholder Prioritisation Matrix with recommended level of engagement for respective quadrum:

Sustainability Statement



Sustainability Management Activity

Ornapaper Melaka had performed the following activities in relation to the identification, management and reporting of sustainability matters and performance:

- Identification of the internal and external stakeholders of manufacturing activities that have influence over and dependence on Ornapaper Melaka through Stakeholder's Mapping and with individual Stakeholder Profile established for each stakeholder identified.
- Internal and external stakeholders of manufacturing activities identified by Risk and Sustainability Management Committee were assessed and prioritised for its degree of influence over and dependence on Ornapaper Melaka based on the agreed upon criteria and rating scale ("Stakeholder Prioritisation Exercise").
- Risk and Sustainability Management Committee performed identification of the sustainability matters through internal sources and informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments.
- Risk and Sustainability Management Committee performed the internal materiality assessment by using predetermined criteria and rating scale to prioritise the sustainability matters for assessment by internal and external stakeholders and to determine the significance of the sustainability matters from the Group's perspective ("Internal Materiality Assessment").

Sustainability Statement

- The degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholders are performed by Risk and Sustainability Management Committee by using informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments.
- The results of the Stakeholder Prioritisation exercise, internal materiality assessment and degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholders are used to prioritise sustainability matters and identification of material sustainable matters by Risk and Sustainability Management Committee. An identified sustainability matter is considered to be material if it is above the material threshold established by the Board.

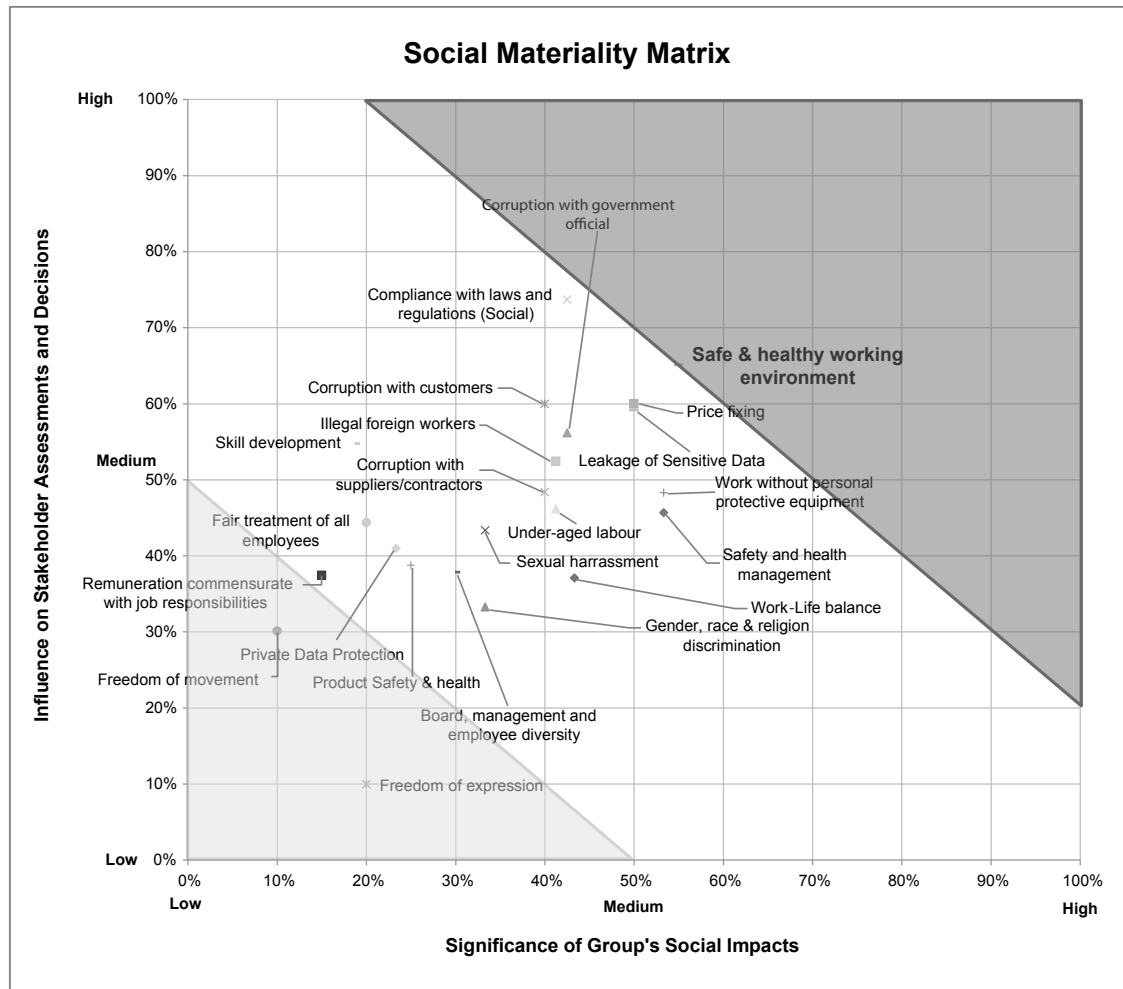
Material Sustainability Matters

The Group focuses strongly on delivering value to shareholders, practicing good governance, maximising contributions to stakeholders and minimising environmental footprint. The Group's material sustainability matters were identified through the materiality assessment process, whereby the Economic, Environmental and Social ("EES") matters relevant and important to the Group's long-term sustainability were identified and prioritised through structured process and assessment mechanism as approved by the Board, guided by the Guide Toolkit: Materiality Assessment issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group on sustainability context, materiality, completeness and stakeholder inclusiveness through a cycle of identification, prioritisation, validation and review.

A list of material sustainability issues was identified and determined by the sustainability matters assessment and prioritisation exercise of Ornapaper Melaka undertaken by Risk and Sustainability Management Committee that reflected the critical sustainable considerations expected of Ornapaper Melaka in respect of the business and geographical extent Ornapaper Melaka is operating in and highlighted the expectations and concerns of stakeholder groups. The sustainability matters are rated as "Material", "Low and Medium" and "Not Material", through material matrix, in respect of its significance from the Management's perspective on the impact as well as all significant stakeholders' perspectives in terms of its influence on the respective stakeholders' assessments and decisions.

The final list of sustainability matters together with the details of identification and assessment of Ornapaper Melaka were reviewed by the Audit Committee and reported to the Board for its approval to ensure effective sustainability management and monitoring.

Sustainability Statement



The following sustainability matters are considered material both by the Management of Ornapaper Melaka and the stakeholder groups:

Sustainability Matter	Definition	Aspect Boundary		Relevant SDG Goals	Corresponding Risk Register
		Internal Stakeholders	External Stakeholders		
Safe and Healthy Working Environment (Social)	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders	Board of Directors, Investors, Management, Employee	Department of Occupational Safety And Health Malaysia, Media, Customer, Certification Body	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>	Compliance with Occupational Safety & Health Act

Sustainability Statement

Safe and Healthy Working Environment (Social)

As a socially responsible business, the Company's long-term sustainability hinged heavily on the safety and well-being of our employees and not to a lesser extent, the stakeholders. A safe and healthy workplace is not only the fundamental right of the employees but also the relevant stakeholder groups, such as customers, suppliers and contractors. Hence, the Group is committed to provide and maintain a productive yet safe and healthy workplace to all employees and relevant stakeholders by minimising the risk of accidents, injury and exposure to health hazards.

In this respect, the Company places utmost importance on continuous compliance with all relevant safety and health related legislative requirements. The safety and health management at workplace is managed by the Safety and Health Committee (made up of representatives from the Management and the employees) in compliance with the *Occupational Safety and Health Act 1994, Occupational Safety and Health (Safety and Health Committee) Regulations 1996, Poisons Act 1952, Poisons (Sodium Hydroxide) Regulations 1962, Fire Services Act 1988 and Factories and Machinery Act 1967 (and its orders and regulations)*. The safety and health management at workplace is also guided by the Safety and Health Policy established by the Safety and Health Committee and approved by the Chief Executive Director. Besides, safety and health rules and regulations are also established by the Safety and Health Committee and approved by the Management to ensure the operational activities are carried out in a manner to minimise industrial accidents.

In order to foster the desired safety and health objectives and outcomes with minimal industrial accidents and incidents occurred, the Safety and Health Committee established by the Company shall oversee the due observance of safety and health rules and regulations established at workplace and to promote safe and healthy conducts and environment at workplace. The Company strives to work towards its goals in achieving "A Zero Accident" workforce, meanwhile, creating "A Good, Safe and Pleasant" environment to the employees and relevant stakeholders in order to prevent unnecessary accidents and injuries at workplace.

Safety and health audits are conducted by Safety and Health Committee on all departments of the Company to ensure that incidents of non-compliance of the safety and health rules and regulations by relevant stakeholders are identified promptly and corrective actions are implemented swiftly. Identification of anticipated hazards and assessment of corresponding risks to safety and health arising from existing or proposed work environment are performed by the Safety and Health Committee with planned controls formulated to eliminate hazards or control risks at regular interval.

Furthermore, scheduled meetings of the Safety and Health Committee are held at predetermined interval in accordance with the required safety and health related rules and regulations to discuss and monitor the trend of accident or incident and immediately investigate near-miss accident or incident, dangerous occurrence, occupational poisoning or occupational disease that are occurred at workplace, with the aim of maintaining a hazard free workplace. Awareness programmes for safety and health are established and implemented to ensure that all relevant stakeholders are competent to uphold the safety and health during the execution of their duties and responsibilities. To promote safety and health culture among the employees, regular safety and health related trainings are conducted and provided to all employees to keep them abreast with the current safety and health practices with necessary precautions to be taken in place to minimise accidents or incidents in workplace.

Sustainability Statement

As safety measures, safety notices/signboards and indicators are placed at strategic and hazard-prone locations as well as on production equipment to convey safety messages and potential safety hazard to the employees, customers, suppliers, contractors and other visitors. Relevant employees and other stakeholders with access to our production facility are provided with required personal protective equipment per our safety and health rules and regulations established. Besides, access to the Company required all visitors to report to the security personnel for security clearance and visitor registration. Access to the manufacturing and storage area is also restricted to the authorised personnel only with required personal protective gears to be equipped. Strategic locations at our factory are also monitored through closed-circuit television system.

As noise is inevitable in some of the Company's processes, we have implemented measures to mitigate the impact to our employees. In particular, our corrugating section has been identified as the process that generates the highest noise levels. Noise levels are subject to periodic assessments by an Environmental Consultant approved by the Department of Occupational Safety & Health ("DOSH"). In order to better control noise levels, we deploy engineering controls as far as reasonably practicable, such as, machineries are constructed with noise reducing specifications. We also mitigate employee's noise exposure by ensuring personal protective equipment, such as, hearing protections are worn especially at sections with higher noise exposure. Audiometry tests for machine operators are carried out periodically to monitor employee's risk of detrimental exposure to noise.

In addition, fire preventive equipment and systems are installed and inspected at regular interval to ensure its functionalities are not compromised over time and clear escape route plans are place in strategic locations. All plants and equipment used within the Company are subject to service and maintenance at predetermined interval to ensure its functionality with any defects or potential defects detected at earliest opportunity to reduce the risk of unplanned machinery breakdown and risk of industrial accident. To ensure our readiness in the event of unfortunate event, emergency preparedness and response programme including fire drills are conducted by our fire and rescue team at regular intervals to ensure that such unlikely incident can be handled satisfactorily and promptly to minimise damage to the properties and people. Further measures on proper storage of flammable materials/ chemicals in dedicated areas, regular safety inspection of electrical wiring and cables and prohibition of smoking at workplace (except in dedicated smoking areas) are implemented too to reduce the likelihood of fire hazard.

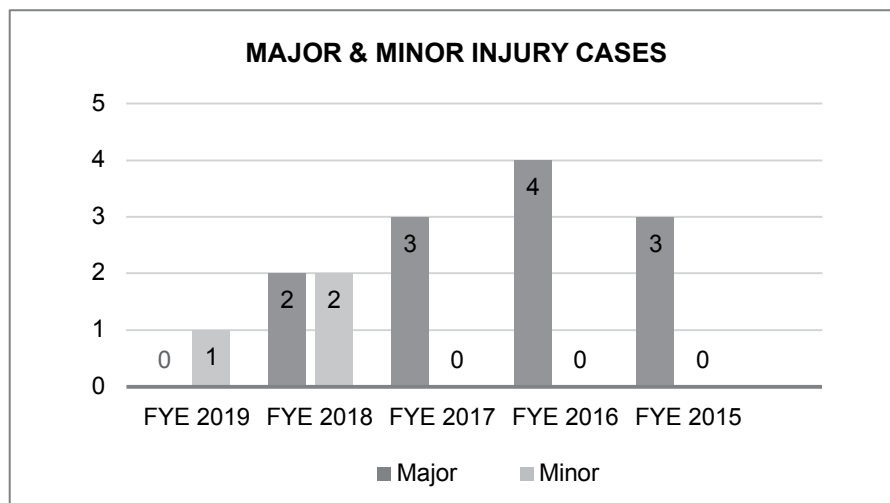
Occupational safety and health performance are regularly monitored and reported in monthly progress reports, identifying any new or recurring health and safety issues that may occur in workplace and the measures undertaken to address these issues. The Company targets a zero-injury (both minor and major) rate. The figures below illustrate the incident records of the Company over the course of 5 years from financial year end 2015 to 2019:-

Year	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Major	0	2	3	4	3
Minor	1	2	0	0	0
Target	0	0	0	0	0

Sustainability Statement

Classification of Major and Minor Injury:

Major injury	Employees who injured cause incapacity for more than 4 calendar days
Minor injury	Employees who injured cause incapacity for less than 5 days



There was no major legal action taken against the Company nor any fine or monetary sanction imposed related to occupational safety and health aspects during the financial year under review.

Last but not least, as the Company has obtained approval from the Ministry of International Trade and Industry to resume operation at 50% of its workforce during the Movement Control Order ("MCO") period, the Company is committed to ensure its adaptation and compliance with the Standard Operating Procedures stipulated as well as the rules and guidelines on health precautions and strict movement control from Ministry of Health Malaysia and other related enforcement agencies. The Company has submitted the registers of employees that are involved in the operations during MCO and complied with the requirement of ensuring the registered employees' movement is confined only to leaving their homes to and fro from the factory/ premise. In view of the recent outbreak of COVID-19 pandemic, in order to provide a safe and healthy working environment to employees, sufficient and appropriate briefings were given to employees in relation to the pandemic and the preventive measures that are required to be taken. Employees are always required to comply strictly with the guidelines and preventive measures required by the Ministry of Health Malaysia.

Besides, thermal scanner is prepared and used by the Company, whereby body temperature of employees is measured every day by the security guards at entrance of the factory premises and employees are enquired for any symptoms of cough, sore throat or breathing difficulties. Readings of employees are recorded and kept for a period of at least three months for reference. Should the body temperature reading be 37.5 degree Celsius or more, or has symptoms, the employee is not allowed to enter the Company's premises and the Company is required to contact the nearest health office or government hospital or clinics. Hand sanitizers are provided at the security guardhouse, main entrance of the office premise, common areas as well as other related places within the premises/ factory. Face masks are required to be used by every employee too. The best practices of social distancing, such as, one-meter distance/ space separation, floor markings, desks and chairs etc. are established and performed by the Company especially in common areas and the social distancing practices are required to be observed by employees in the premises/ factory.

Sustainability Statement

Furthermore, disinfection or sanitisation process at the Company's premises/ factory is conducted before the shift or operation begins in accordance with the guidelines set by the Ministry of Health Malaysia. The sanitation and cleaning process is performed three (3) times a day especially in common spaces such as lobby/ entrance to the office premises, meeting rooms, prayer rooms, canteen, toilets, pantries and production floors. The Company's canteen is only allowed to operate for the purpose of providing packed foods by food operators who should also wear mask and gloves with social distancing practiced. Lunch time of employees are arranged in stages. The Company also encourages no handshake policy to avoid unnecessary physical contact. Thus far, there was no cases of COVID-19 reported at the Company.

Other Major Environment and Social Activities Undertaken During Financial Year

A. Environment

As a responsible corporate citizen, the Group is mindful of its commitment to drive long-term value for its stakeholders and its role in securing a sustainable future for the Group and the communities it's interacting with along with the environment that it subsist upon. Hence, the Group strives to conduct its business and operations in an environmentally responsible manner. The Group's operations are built on governance procedures intended to ensure sound environmental practices in its daily operations. Having said so, the Group is committed wholeheartedly to ensure that all relevant environmental laws and regulatory requirements, i.e. *Environmental Quality Act 1974* and its regulations, are being adhered to and embedded into its operations. The Group's target is to sustainably maintain operational quality across the Group, in which would promote sensible use of natural resources. To enhance this, the Company has obtained ISO 14000:2015 certification.

Given the nature and size of its operations, the Group's operating processes produce significant amount of waste. The Group is subject to periodical assessments by the Department of Environment Malaysia ("DOE") to ensure that the Group operates its business in an environmentally responsible manner. Scheduled wastes generated from the Group's operations are collected and stored in compliance with the *Environmental Quality (Scheduled Wastes) Regulations 2005* and disposed to licensed scheduled waste operators which are approved by DOE for material recovery and proper handling and ultimate disposal of such wastes. The scheduled wastes' generation and movement are monitored by using Electronic Scheduled Waste Information System under DOE. To play a part in maintaining environmental sustainability, Ornapaper Melaka had installed a more cost-saving yet environmentally friendly heated purge desiccant dryer system which processes the ink sludge by using evaporation technique that enables lesser ink sludge to be generated and disposed by the Company. Trial run and monitoring of the ink sludge produced from such dryer system is still on-going. Such dryer system provides the smallest footprint possible while ensuring maximum performance.

As for non-scheduled waste generated, it is scrapped or collected by selected waste collectors to be recycled or disposed at landfills. The nature of industry the Group is involved in does not generate significant air emissions but that does not exclude the Group from meeting the regulatory standards set by DOE pursuant to *Environmental Quality (Clean Air) Regulations 2014*. The emissions to atmosphere are channelled through chimneys, whereby the Group's Safety Department conducts regular air emissions monitoring through stack monitoring in order to ensure continuous compliance to DOE's limits. Besides, engineering controls were deployed on plants and machineries to the extent possible in order to reduce the wastages generated, improve air quality and minimise/ prevent depletion of natural resources.

Sustainability Statement

In addition, the Group practices the “Reduce, Reuse and Recycle” policy to uphold its value on environmental proposition. Instances of the Group’s initiatives in practicing the “Reduce, Reuse and Recycle” policy are as follows:-

- Reuse and recycle of A4 paper which helps to reduce trees being cut down and reduce greenhouse gases emission;
- Recycle and reuse the printer toner cartridge by sending the empty toner to supplier for refilling;
- Reduce electronic waste to be disposed through landfill, which helps to conserve environment by saving energy, water, and natural resources and reduces greenhouse gases caused by manufacturing new cartridges.
- Recycle of trim waste, paper core and rejected carton which help to conserve energy and natural resources and ultimately reduce pollution.
- Recycle of stripping band and metal scrap.
- Reuse cleaning water for glue starch generation which aids to reduce water bills and minimise water pollution.
- Reuse of hydraulic lubricant, which is the residue of cleaning corrugating rolls, for maintenance processes.

As an environmentally conscious business entity by holding environment preservation closed to its heart, an Environmental Policy is established by Ornapaper Melaka and approved by the Chief Executive Director with strict compliance. Besides, in order to strive to minimise releases to air, water and land, several environmental objectives and targets are set up by the management of Ornapaper Melaka and performance are reviewed periodically with necessary corrective actions taken, shown as follows:-

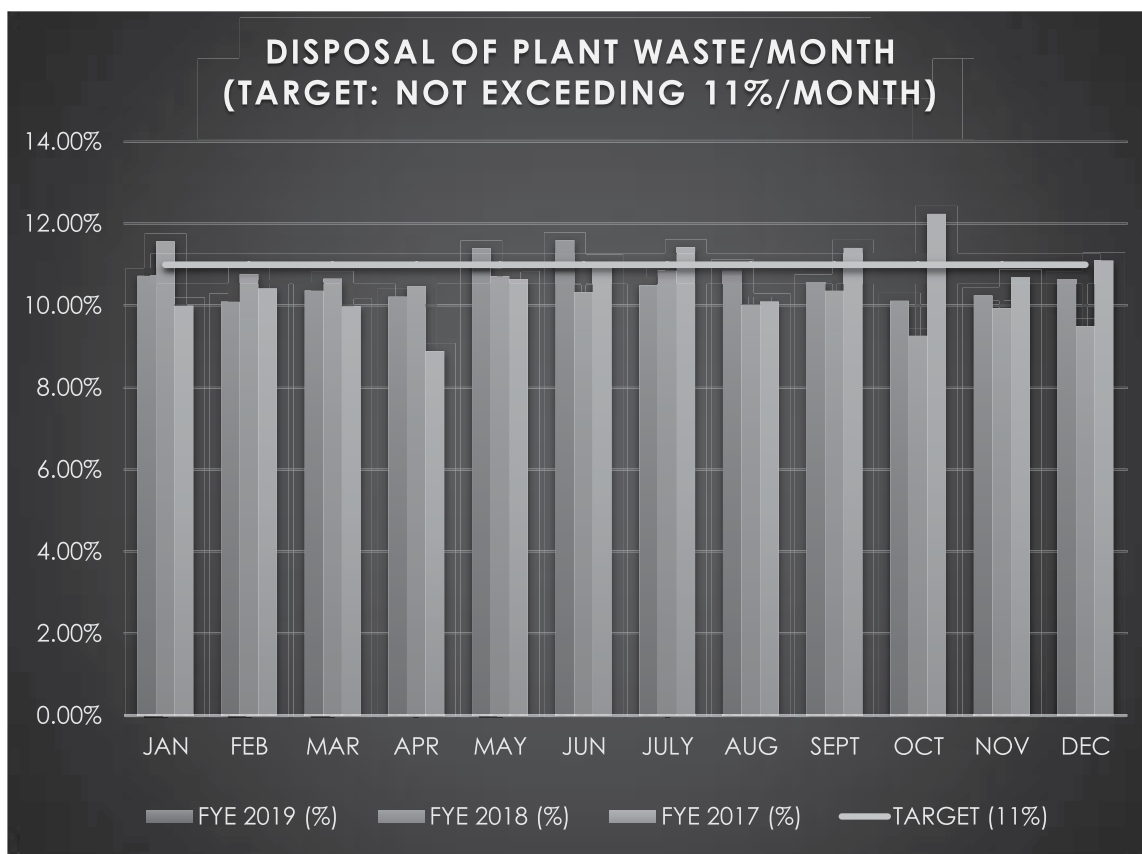
Environmental Objective (s)	Environmental Target (s)
1. To control water consumption	To ensure the water consumption not exceeding average of 0.7 m ³ / MT for the next twelve months.
2. To control energy consumption	To ensure the energy consumption not exceeding average of 50 kwh/MT for the next twelve months.
3. To reduce disposal of plant waste	To ensure disposal of plant waste not exceeding 11%/month.
4. To reduce disposal of peel waste	To reduce disposal of peel waste from Incoming Warehouse below 3 MT/month.
5. To reduce disposal of glue sludge	To reduce the disposal of glue sludge accumulated to 25 MT/year.
6. To reduce disposal of ink sludge	To reduce the disposal of ink sludge to average 10 MT / month.

Sustainability Statement

➤ *Energy and Water Consumption:*

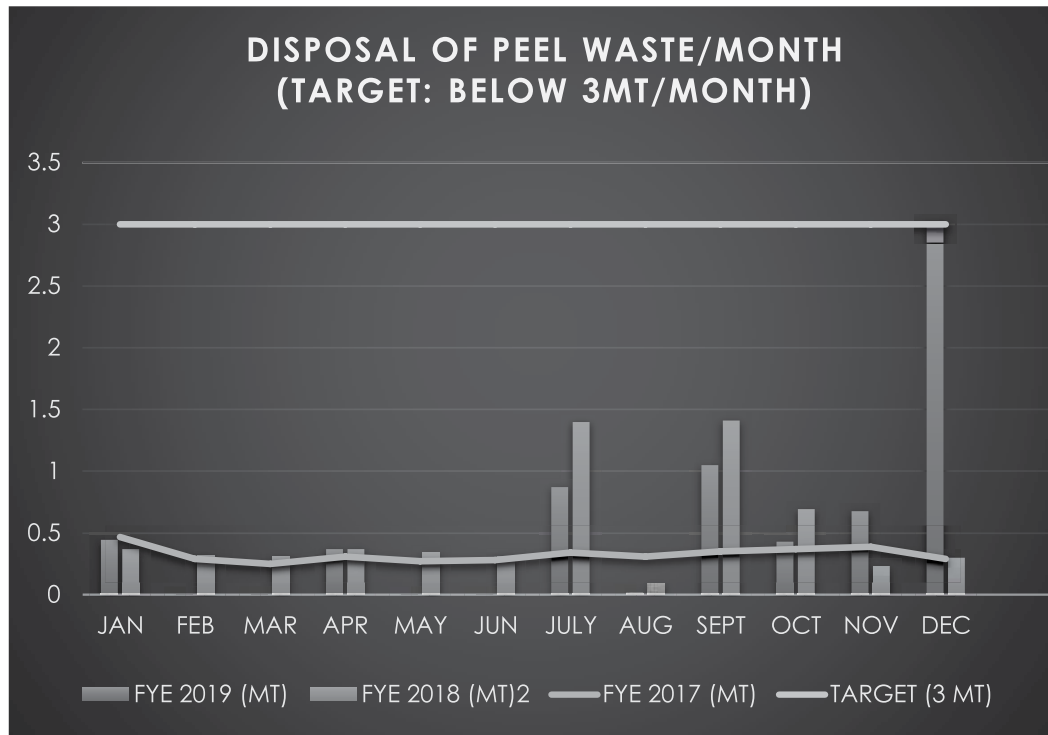
	FYE 2019	FYE 2018	TARGET
Average Water Consumed/MT (m³/MT)	0.6	0.7	0.7
Average Energy Consumed/MT (kwh/MT)	52	51	50

➤ *Disposal of Plant Waste:*



Sustainability Statement

➤ Disposal of peel waste:



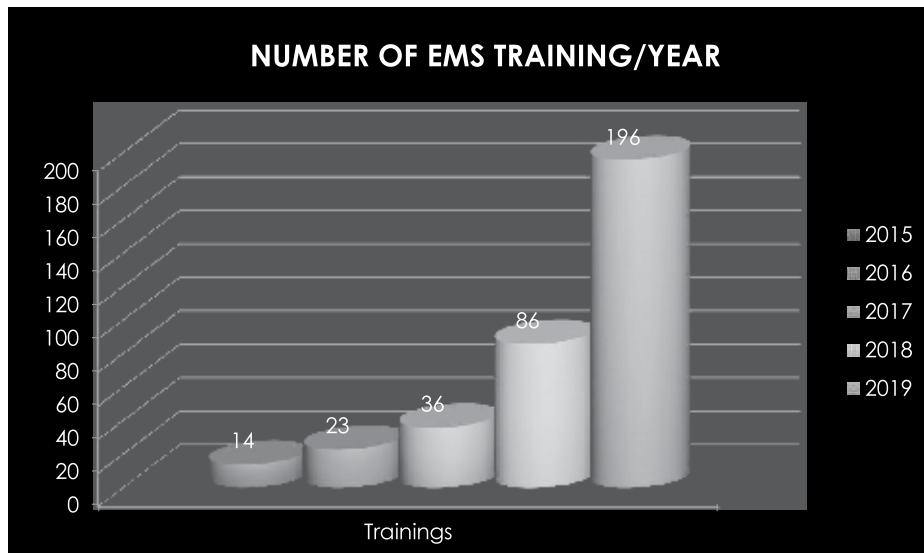
➤ Disposal of Glue Sludge and Ink Sludge:

	FYE 2019	FYE 2018	FYE 2017	TARGET
Accumulated Glue Sludge Disposed for the Year (MT/year)	19.54	16.11	22.67	25
Average Ink Sludge Disposed/Month (MT/month)	6.71	9.08	5.61	10

In order to instil environmentally friendly mindset in all employees and the compliance requirements of *Environmental Quality Act* and its regulations, continuous environmental preservation awareness trainings are provided to employees on the environmental causes championed and the required conducts expected from the employees.

TRAINING/YEAR	YEAR 2019	YEAR 2018	YEAR 2017	YEAR 2016	YEAR 2015
NO. OF EMS TRAINING	196	86	36	23	14

Sustainability Statement



There was no legal action taken against the Company nor any fine or monetary sanction imposed related to environmental aspect during the financial year under review.

B. Social

The Group is committed to conduct its business activities ethically and in a transparent manner in order to build an enduring and trusting business relationship with all its stakeholders. The long-term business success and sustainability of the Group lies in every employee as employees are a valuable resource and a key business success factor for the Group. Therefore, it is vital for the Group to treat them equally, provide them with a safe, healthy and sustainable working environment as well as to actively develop, invest in and foster growth amongst its employees to further develop the skills, knowledge and talents of the employees. The Group had developed Employee Handbook and Human Resource policies and procedures in that respect for transparency in employee's benefits and entitlements.

To have a strong-based workforce and ensure the Group remains competitive and continues to attract and retain the right talents, the Board acknowledges the efforts to remunerate employees with remuneration and benefits that commensurate with duties and responsibilities, to offer on-going opportunities for trainings and developments, as well as long-term career prospects. To enable this, the Group encourages employees to undergo learnings to support their career development and performance enhancement. The learnings can be inclusive of functional, on-the-job or people skills that are relevant to current or future job function, which shall prepare them for the next level of long-term career with the Group.

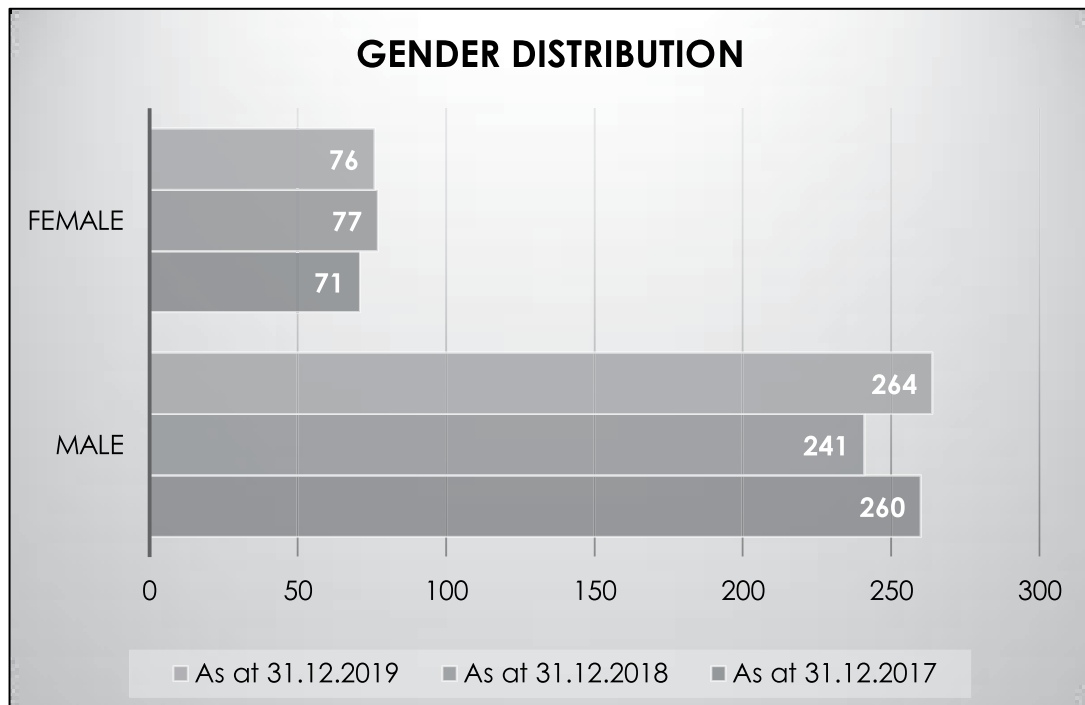
The Board is committed to build performance-based culture by allowing employees to demonstrate their capabilities. The Group is mindful that fair compensation is essential in motivating and engaging workforce to achieve its growth target. Thus, employees are to be reasonably rewarded based on the competencies demonstrated and efforts dedicated by them in delivering their duties and responsibilities. Annual performance appraisals are undertaken by the Management, not only for the performance-based remuneration, but also to have effective two-way communication with its people whereby the past performance and expectations for the future years by the Management on its people are communicated while its people's commitment and concerns are conveyed for future monitoring.

Sustainability Statement

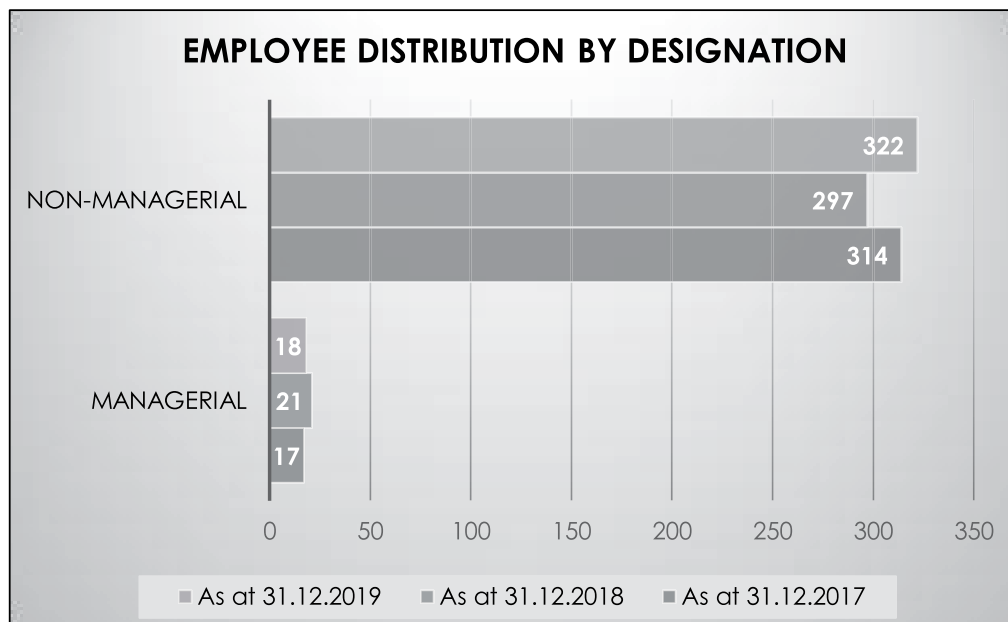
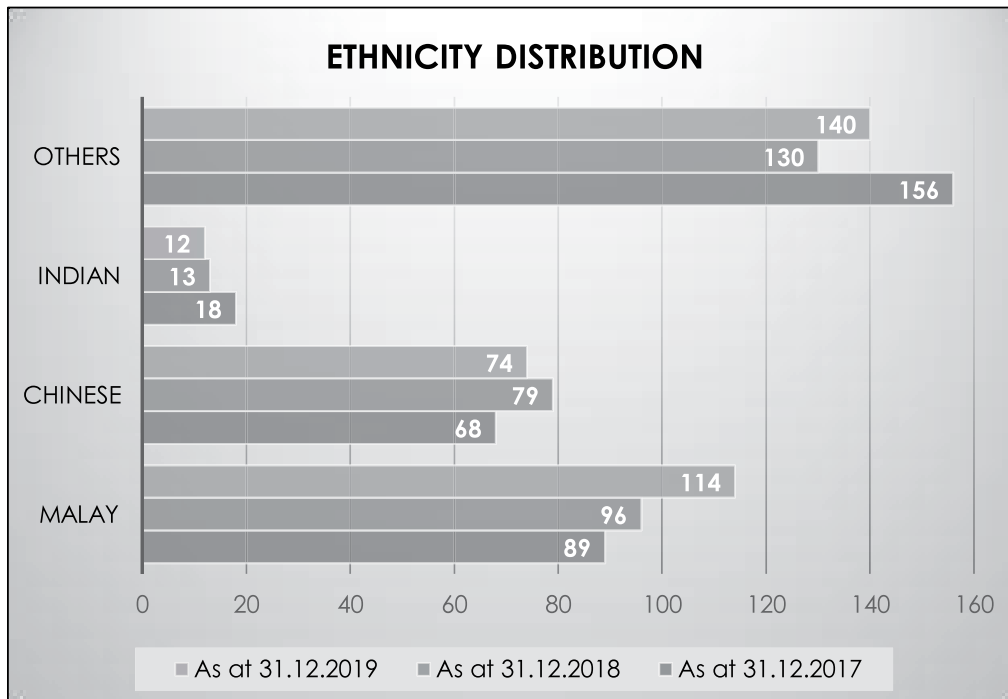
Making the Group a secure and comfortable workplace continues to be an important focus in its business strategy whereby health and safety improvement benefits will eventually deliver to employees, suppliers, contractors, customers, investors and general public. The Board understands the inherent risk of the Group's operations, especially in the Production Department. While it takes every possible measure to safeguard the occupational safety and health of individuals involved in its operations, all employees possess general duties to comply with occupational safety and health related standard operating procedures in accordance with the *Occupational Safety and Health Act 1994*. The Group continuously aim to improve its safety culture through the renewal and deployment of occupational safety and health trainings and courses delivered to selected personnel.

The Group also champions equal opportunity for all employees regardless of race or ethnicity, religion, nationality, age, marital status, gender or any other characteristics as protected by the local legislation and regulations. There is strict enforcement by the Group where no illegal employees shall be engaged in the work place. In addition, equal access and opportunities with fair treatments are provided to employees in terms of recruitment, retention and training. The Group acknowledges the culture that respects and leverage on the diverse ethnicities and cultures of Malaysia, hence, to recognise the needs of respective ethnic groups and cater their needs and requirements in its business and operations. The Group is committed to provide a work environment that is free from discrimination for employees.

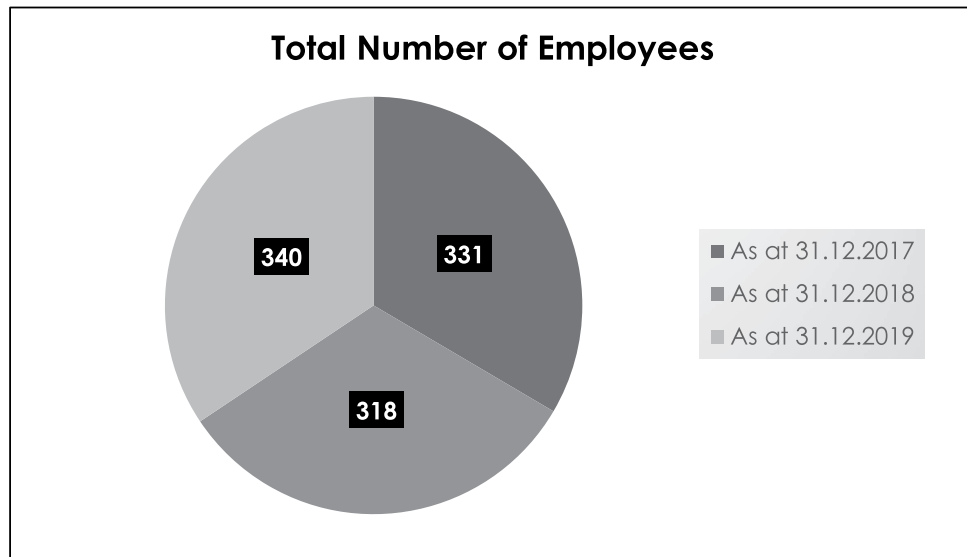
This is evidenced by the diversity profile of human capital in the Company.



Sustainability Statement



Sustainability Statement



As a responsible corporate citizen, the Group strives to undertake sustainable and responsible practices to add value to the sustainable business growth, environmental stewardship and social responsibility. In the aspect of social responsibility, in order to accord our people with their rights as an employee of the Group, the Group observes strict compliance with all applicable prevailing human resource laws and regulation, at the minimum. It is paramount for the Group to also comply with the other relevant social laws and regulations, such as *The Federal Constitution of Malaysia, Employment Act and its regulations, Minimum Wages Order, Competition Act, Personal Data Protection Act, Minimum Retirement Age Act and Child Act*.

On the other hand, the Group has established a proper channel for whistle-blowing with serious effort being taken in communicating the whistle-blowing policy to all our employees. Such whistle-blowing channel set-up encourages whistle-blower to report any inappropriate ethical behaviours and workplace grievances through multiple communication channels to the appropriate level of authority. The confidentiality of the identification of the whistle-blowers is to be strictly maintained and protected against reprisal, unless prohibited by law. This is part of the Group's efforts to establish and uphold impartiality in the workplace. There was zero incident of whistle blowing reported through the established whistle blowing channel during the financial year under review.

Lastly, the Group believes in the philosophy of giving back to society to show its gratitude and appreciation for its success and growth. Hence, the Group is committed in giving back to communities. Its strategy is to generate sustainable value for both the community and economic growth through effective use of the Group's capabilities and resources as well as sharing of financial resources with local community for their developments. During the financial year, the Group have supported various community causes through corporate donations and community events for the less fortunate. The Group is committed to continue investing in community programmes and other corporate social responsibility initiatives to contribute towards the betterment of local communities. Employee's participation is the key to success of these initiatives. Such initiatives help to increase employees' interaction outside working hours, build fellowship and support inter-departmental bonds. Whilst communities benefit, its employees also benefit.