

ORNAPAPER BERHAD

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

REMUNERATION POLICY FOR DIRECTORS AND KEY SENIOR MANAGEMENT

(Version: 1.0)

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

The Board of Director ("the Board") of Ornapaper Berhad ("the Company") assumes the overall responsibility to establish and implement effective remuneration policy for the members of the Board and Key Senior Management ("Remuneration Policy") in pursue of the medium to long term objectives of the Company and its subsidiaries ("the Group"). The responsibility of the implementation of this Remuneration Policy is delegated to Remuneration Committee, which is governed by the Terms of Reference approved by the Board of the Company.

This Remuneration Policy outlines the guiding principles for the remuneration of the Group. The Policy will be reviewed every three (3) years by the Remuneration Committee and report to the Board of the Company or as and when required, the Remuneration Committee will submit recommendations for changes to the Policy to the Board of the Company for deliberation and approval.

A. OBJECTIVES

The objectives of the Remuneration Policy are as follows:

- to enable the Group to attract and retain highly qualified members to enable the Group to provide a well-balanced and competitive Directors and Key Senior Management compensation package.
- to ensure that the interests of Executive Directors (including Executive Directors of the subsidiaries) and Key Senior Management of the Group are aligned with the business strategy, risk appetite, values and medium to long-term sustainability of the Group and is consistent with the "pay-for-performance" principle.
- to promote strong teamwork culture among the Executive Directors of the Company and its subsidiaries and Key Senior Management of the Group.
- to instill transparency and openness in the review and approval of compensation package of the Board's members and Key Senior Management of the Group

B. PRINCIPAL COMPONENTS OF COMPENSATION FOR EXECUTIVE DIRECTORS (INCLUDING EXECUTIVE DIRECTORS OF THE SUBSIDIARIES)

The principal elements of the Executive Directors (including Executive Directors of the subsidiaries) remuneration program consist of fixed and variable compensation, benefits and other arrangements, and is generally set to provide market competitiveness to attract, retain and motivate executives of highest caliber to competently manage the company.

i. Fixed Salary

- For each Executive Director (including Executive Directors of the subsidiaries), the Remuneration Committee will determine the amount of Fixed Salary as part of total compensation.
- Fixed salary for each Executive Directors (including Executive Directors of the subsidiaries) is determined based on his/her knowledge, skills, experience and responsibilities assigned.
- Fixed Salary shall be reviewed by Remuneration Committee at least once annually and to report the results of the review to the Board for deliberation and approval. Remuneration Committee will take into consideration, including but not limited to, the performance of respective Executive Directors (including sustainability management), country of assignment, country specific annual inflation rate, market rate of pay and etc.
- Executive Directors shall be abstained from deliberation and approval of his/her own fixed salary during the motion.

ii. Director's Fees

- Director's fee for the Executive Directors (including Executive Directors of the subsidiaries) is fixed for all executive directors based on his/her knowledge, skills, competency, responsibilities assigned to such director and his/her contributions to the Board.
- Director's fees for Executive Directors (including Executive Directors of the subsidiaries) shall be reviewed by the Board annually and proposed to shareholders for approval in general meeting and Directors (including Directors of the subsidiaries) who are shareholders and controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) will be abstained from voting at general meetings to approve fees and benefits in relation to such interested Director.

iii. Variable Compensation

Variable Compensation will be used to strengthen Executive Directors' (including Executive Directors of the subsidiaries) commitment to the Group's business strategy, sustainability, risk appetite, value and medium and long-term performance.

- The Group's Annual Incentive Plan such as performance bonus is designed to reward Executive Directors (including Executive Directors of the subsidiaries) for the respective entity's financial performance and individual director performance. In determining the appropriate level of remuneration for Executive Directors (including Executive Directors of the subsidiaries), the Board should also take into consideration performance of individual Executive Director in managing material sustainability risks and opportunities.
- Variable Compensation shall not include commission on or percentage of sales.
- Variable Compensation shall be reviewed by Remuneration Committee upon the Variable Compensation proposed by the Chief Executive Director and to report the results of the review to the Board for deliberation and approval.
- Executive Directors shall be abstained from deliberation and approval of his/her own Variable Compensation during the motion to deliberate and approval of his/her Variable Compensation.

iv. Benefits and Other Arrangements

Executive Directors (including Executive Directors of the subsidiaries) receive other benefits-in-kind based on their contractual agreements, local customs and comparable arrangements for comparable senior executive in the industry.

- Executive Directors shall be abstained from deliberation and approval of his/her own benefits-in-kind during the motion to deliberate and approval of his/her benefits-in-kind.
- Directors' fees and benefits which required approval by shareholders in general meeting per corporation or securities law and regulations shall be proposed to shareholders for approval in general meeting and Directors (including Directors of the subsidiaries) who are shareholders and controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) will be abstained from voting at general meetings to approve fees and benefits in relation to such interested Director.

C. PRINCIPAL COMPONENTS OF COMPENSATION FOR KEY SENIOR MANAGEMENT (INCLUDING KEY SENIOR MANAGEMENT OF THE SUBSIDIARIES)

The principal elements of the Key Senior Management (including Key Senior Management of the Subsidiaries) remuneration program consist of fixed and variable compensation, benefits and other arrangements, and is generally set to provide market competitiveness to attract, retain and motivate executives of highest caliber to competently manage the company.

i. Fixed Salary

- Fixed salary for Key Senior Management (including Key Senior Management of the Subsidiaries) is determined based on his/her knowledge, skills, experience and responsibilities assigned.
- Fixed Salary shall be reviewed by Chief Executive Director and subsequently by the Remuneration Committee at least once annually and to report the results of the review to the Board for deliberation and approval. Remuneration Committee will take into consideration, including but not limited to, the performance of respective senior management (including sustainability management), annual inflation rate, market rate of pay and etc.

ii. Variable Compensation

Variable Compensation will be used to strengthen Key Senior Management (including Key Senior Management of the Subsidiaries) commitment to the Group's business strategy, sustainability, risk tolerance, value and medium and long-term performance.

- The Group's Annual Incentive Plan such as performance bonus is designed to reward Key Senior Management for the Group financial performance and individual performance.
- In determining the appropriate level of remuneration for Key Senior Management (including Key Senior Management of the Subsidiaries), the Board should also take into consideration performance of Key Senior Management in managing material sustainability risks and opportunities.
- Variable Compensation shall be reviewed by Chief Executive Director and subsequently by the Remuneration Committee and to report the results of the review to the Board for deliberation and approval.

iii. Benefits and Other Arrangements

Key Senior Management (including Key Senior Management of the Subsidiaries) receives other benefits-in-kind based on their contractual agreements and comparable arrangements for comparable senior executive in the industry.

D. PRINCIPAL COMPONENTS OF COMPENSATION FOR NON-EXECUTIVE DIRECTORS (INCLUDING NON-EXECUTIVE DIRECTORS OF THE SUBSIDIARIES)

The Company's Non-Executive Directors (including Non-Executive Directors of Subsidiaries) shall be remunerated in the following manner:

i. Director's Fees

- Director's fee for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) is fixed for all Non-Executive Directors based on his/her knowledge, skills, competency, responsibilities assigned to such Director and his/her contributions to the Board and the Board Committees (or to the Board of the subsidiaries, if he/she is Non-Executive Directors of the subsidiaries).

Director's fees for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall be reviewed by the Board annually and proposed to shareholders for approval in general meeting of the Company and Directors (including Directors of the subsidiaries) who are shareholders and controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) will be abstained from voting at general meetings to approve fees in relation to such interested Director.

- Director's fees for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall take into consideration the performance of individual Non-Executive Directors in overseeing the management of material sustainability risks and opportunities.

ii. Allowance

- Allowances are granted to Non-Executive Directors (including Non-Executive Directors of the subsidiaries) for the purpose to defray cost/expenses incurred by him/her in carrying out the responsibilities assigned in respect of the Board and the Board Committees in which he/she is member. Such allowances shall be subject to review and approval from the Board annually.
- Allowances for Non-Executive Directors which required approval by shareholders in general meeting per corporation or securities laws and regulations shall be proposed to shareholders for approval in general meeting and Director who are shareholders and controlling shareholders with a nominee or connected Director on the Board will be abstained from voting at general meetings to approve benefits in relation to such interested Director.
- Compensation for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall not be subject to financial performance of the Group (or in respect of the subsidiaries, if he/she is Non-Executive Directors of the subsidiaries) and shall not include cash bonus schemes and equity vesting entitlements to prevent potential conflict with their primary role as an independent representative of stakeholders.
- Non-Executive Directors shall be abstained from deliberation and approval of his/her own compensation during the motion to deliberate and approval of his/her compensation by the Board.