
Sustainability Statement

Introduction

The Board of Directors (“the Board”) of Ornapaper Berhad (“Ornapaper”) acknowledges the significance of constantly developing and improving business operations in a sustainable and responsible manner. The Board believes and remains committed to creating 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.

Notwithstanding the swift changes in the business and operational landscapes, operating sustainably is an integral component of our business strategy that we continue to place great emphasis on in striving to attain the expectations of our customers while reducing the impact on the environment and producing a better life for present and future generations. Continuous efforts are dedicated by the Board to embrace and enhance the sustainable business practices of the Group 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 encouraging good sustainability practices, updating the sustainability progress and engaging openly and responsively with the Group’s stakeholders through transparent sustainability reporting that captures the economic, environmental and social aspects of its business operations. The Board recognises that stakeholder engagement plays an important part to ensure the businesses pursued by the Group are sustainable in the long term. Through this Sustainability Statement, the Board provides the stakeholders with a better insight into its approach to creating sustainable long-term value for stakeholders as well as the progress in meeting these commitments. The Group is committed to conducting the businesses and operations in an equitable and accountable manner across the value chain to ultimately achieve results that are sustainable for future generations.

The Group remain dedicated to creating value by transforming and evolving with the market, the industry as well as the nation. The Board recognises that economic value is generated by maximising profits and shareholders’ value while holding on greater responsibility as a global citizen to create social value. Apart from strengthening the financial performances of the businesses the Group is operating in, the Board also recognises the importance of upholding great standards of business conducts in respect of governance, economic, environmental and social aspects, which are vital for the Group to endure in this competitive, challenging and evolving business environment, in which 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 to meet corporate objectives and stakeholders’ expectations.

Nevertheless, the Group is always committed to striving for excellence in sustainability and is mindful to be a responsible corporate citizen in securing a sustainable future for the Group and the communities it lives in and interacts within 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 to embracing good sustainability practices, by continuously integrating such practices into the working environment and culture, business processes and strategy-making processes in order to develop sustainable businesses that bring constructive impact to the economy, environment and greater community. Hence, the Group is committed to being accountable and transparent in sustainability performance.

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Major global crises, such as the COVID-19 pandemic that is in the transition towards the endemic stage, the war in Ukraine, the energy crisis and inflationary pressure have caused significant disruption affecting almost all sectors of economies across the globe and further exacerbated the interrelated challenges relating to poverty, inequality, carbon emissions, education, health, economic growth and finance. Despite the challenging business environment faced by the Group, we endeavour to conduct business operations according to pragmatic principles and sustainable practices with a long-term sustainability strategy that integrates economic, governance, environmental and social considerations. The Group remains steadfast and strives to adapt, innovate and take up the essential measures to navigate through this incredibly challenging time. We are dedicated to ensuring high standards of governance across our entire operations, promoting responsible business practices, managing the environmental impact, providing a safe and healthy workplace, as well as meet the social needs of our community.

The Board of Ornapaper Group is pleased to present the Sustainability Statement for the financial year ended 31 December 2022. The Sustainability Statement demonstrates our commitment towards sustainability by developing and implementing key sustainability matters that are pertinent to the Group's nature and business operations, with the ultimate aim of creating more value for our businesses, society and stakeholders. The Sustainability Statement is prepared pursuant to paragraphs 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 all material aspects, in accordance with Part III of Practice Note 9 of MMLR and the Sustainability Reporting Guide issued by Bursa Securities ("the Guide") on the content of the Sustainability Statement.

Scope of the Statement

The contents of this Sustainability Statement primarily include activities carried out during the financial year ended 31 December 2022 and up to the date of this Statement. This Statement covers the economic, environmental and social management and performance of the Group. 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 Group's management and performance.

The disclosures of the corporate governance practices and compliance with relevant provisions and requirements per MMLR of Bursa Securities and Malaysia Code on Corporate Governance 2021 are made in the Corporate Governance Report and Corporate Governance Overview Statement in the Annual Report.

The Group is involved in the manufacturing of paper-based packaging and stationery products as well as the 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.

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As at the date of this Statement, information disclosed in this Statement involves the identification, management and reporting of sustainability matters and performances of five (5) of the subsidiaries, namely Ornapaper Industry (M) Sdn. Bhd. ("Ornapaper Melaka"), Ornapaper Industry (Batu Pahat) Sdn. Bhd. ("Ornapaper Batu Pahat"), Ornapaper Industry (Perak) Sdn. Bhd. ("Ornapaper Perak"), Ornapaper Industry (Johor) Sdn. Bhd. ("Ornapaper Johor") and Tripack Packaging (M) Sdn. Bhd. ("Tripack") (collectively referred to as "the Companies", individually referred to as "the Company"). These five (5) subsidiaries drive the paper packaging business segment of the Group which contributes the highest proportion of revenue to the Group throughout the years thus far.

Sustainability Principles

The Board, as the highest governance body within the Group, undertakes the ultimate accountability for the integration of sustainability in the Group, including sustainability-related strategy and performance. The Group is dedicated to promoting sustainability and continuously integrates it into its working environment, business processes and strategy-making process. The Group remains committed to meeting various stakeholders' interests while achieving its strategic objectives by upholding its accountability and transparency in its sustainability performance based on the following principles instilled by the Board:

- 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;
- To manage sustainability matters in a 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 intervals 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 time.

Sustainability Policy

The Board remains committed to the 2030 Agenda for Sustainable Development adopted by the United Nation. The Sustainability Policy established by the Board is guided by the 17 Sustainable Development Goals ("SDGs"), otherwise known as the Global Goals, which are established by the United Nations 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.

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The 17 SDGs are integrated, that is, they recognise that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. The SDGs are a call for action by all countries to create a world that is comprehensively sustainable by 2030 to end poverty, improve health and education, reduce inequality and injustice while addressing the urgency of climate change and environmental protection.

The COVID-19 pandemic has unleashed an unprecedented crisis in health, economic and social, and undermined the progress made on sustainable development. While the world is yet to fully recuperate from the social and economic repercussions of COVID-19, the Russia–Ukraine war poses another major threat causing the achievement of the SDGs even more challenging. Nevertheless, the Group is still dedicated to driving accountable and sustainable business practices throughout the organisation by striking a balance between managing the financial performance and contributing to the social and environmental impacts in ensuring high standards of governance practised across the business operations.



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 with high ethical standards of suppliers;
- Compliance with 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;

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- Commitment to ensuring 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 suppliers at significant locations of operations to optimise cost and sales value;
- Customer profile diversification to ensure the economic interest of all relevant stakeholders are preserved and prevention from loss of key customers; and
- Compliance with better practices under the Malaysian Code of Corporate Governance 2021 (“MCCG”).

Governance Structure and Process

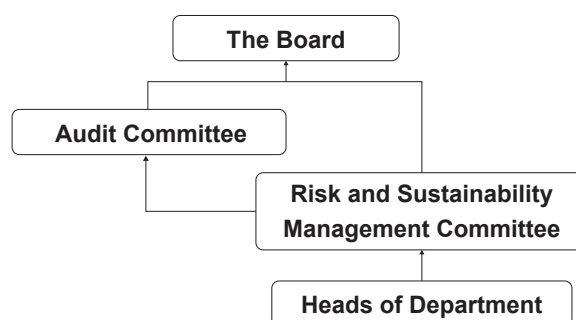
Good governance plays a key role for the Group to operate in an accountable and sustainable manner. The Board affirms its overall responsibility for the integration of the recommended sustainable economic, environmental and social practices throughout the Group to ensure business strategies of the Group are developed with regard to the sustainability consideration and to ensure sustainability performance is 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, environmental and social practices are comprehended and implemented by all levels of the organisation.

To ensure such commitment to good sustainable economic, environmental and social practices is embedded throughout the Group, the Board put in place a 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 respond timely to 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.

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The Board has formalised the sustainability principles, policies and processes envisaged by the Board through the establishment of the Sustainability Policy. Furthermore, a 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 clearly defines the roles and responsibilities expected from the Board, the Audit Committee, Risk and Sustainability Management Committee, Heads of Department and the 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 of overseeing the sustainability management and performance of the Group for reporting to the Board.

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 plans in cases where sustainability issues are not adequately or effectively addressed and communicate proposed action plans to the Heads of Departments;
- c. To conduct a 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 a periodical basis (at least on annual basis) respectively or when appropriate (due to changes in the 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 the appropriate level of employees to cultivate a positive attitude and promote the correct approach toward sustainability management.

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As for the Heads of Department, 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, 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;
- The stakeholders identified for each significant business segment and geographical segment are prioritised in relation to their 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 is 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 collaborating/empowering to keeping 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 documentation as well as an information system and internal stakeholders' communication via engagement medium and direct communication) and from external sources (through internal documentation, 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 are 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.

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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 matter on the revenue, cost, reputation, strategic and operational risk and business opportunities criteria.

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

- 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 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 is to develop a position and response with respect to each material sustainability matter 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; and
 - implementing new, or changing existing systems, to capture, report, analyse, and manage data requirements.

The Risk and Sustainability Management Committee is 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.

Stakeholder Engagement

The Board recognises and admits that the contribution and support of the internal and external stakeholders are of utmost importance for the realisation of the Group's missions and long-term business sustainability and excellence. Therefore, a stakeholder-driven approach to sustainability serves as a foundation for developing our sustainability strategy and reporting. It is vital for us to maintain a good degree of communication, understanding and relationship with stakeholders through multiple communication platforms, continuous dialogue and sharing of information with the stakeholders to ensure the success and long-term growth of our businesses.

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The Group recognises and values each of the employees, customers, as well as other stakeholders, and believes by understanding their interests and needs, it fosters lasting and mutually beneficial relationships that enhance the morale, reputation and business performances while delivering sustainable value to the stakeholders. By establishing effective and transparent lines of communication with the 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.

It is on this basis that the Board is pursuing the sustainable strategy of continuous engagement with internal and external stakeholders who are 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 respond 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.

During the financial year under review and up to the date of this Statement, with regard 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 Heads of Department and Executive Directors, supported by formal channels 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 a preferred level of engagement per stakeholders' profile at the 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 respond to such topics and concerns raised. 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.

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

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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 pathways for the 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 	<ul style="list-style-type: none"> Annually Ongoing
Board of Directors	<ul style="list-style-type: none"> To ensure business strategy takes into consideration of sustainable practices To convey accurate financial and non-financial information for decision making To comply with good corporate governance To ensure cyber security and continuous safety of organization data and assets (including suppliers and customers) 	<ul style="list-style-type: none"> Committee meetings Board of Directors meeting 	<ul style="list-style-type: none"> Annually Quarterly
Management	<ul style="list-style-type: none"> To ensure the sustainability of human resources in pursuit of the company's goals 	<ul style="list-style-type: none"> Meetings Memorandum Electronic mail system 	<ul style="list-style-type: none"> Annually Quarterly Monthly Ongoing
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 	<ul style="list-style-type: none"> Annually Ongoing
Government	<ul style="list-style-type: none"> To ensure full compliance with all 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Ongoing

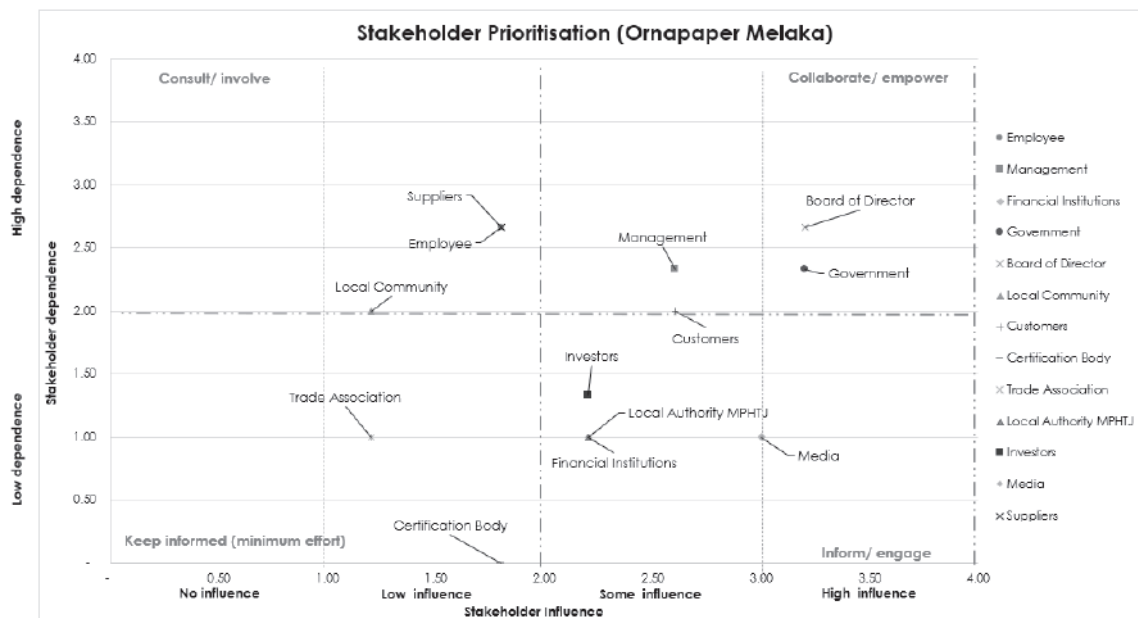
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STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Customers	To improve customer satisfaction To meet potential customer's requirements To ensure sufficient and healthy manpower support To sustain good product quality even during COVID-19 endemic	Face-to-face meetings Electronic mail system Telephone conversation Customer audits Letter of complaint Official letter SCAR	Ongoing
Investors	To demonstrate financial sustainability	Annual report Annual general meeting Shareholders' communication Press releases and public announcements	Annually Quarterly Ongoing
Certification Body	To ensure compliance with ISO 9001: 2015 and 14001: 2015 standard	Audit Electronic mail system Telephone conversation Reports	Ongoing
Suppliers	To ensure all materials are RoHS compliance/ environmentally friendly To strive for reasonable price materials and services at an acceptable quality, consistent and on-time delivery To ensure safety and health during the loading and unloading process and delivery journey To ensure product quality and safety as well as services To ensure no disruption in the supply of materials	Supplier's evaluation and appraisal Meetings Conflict of Interest Policy Code of Conduct Electronic mail system Telephone conversation Official letter/ memorandum Supplier audit	Ongoing
Local community	To ensure pollution and social ills free community	Corporate social responsibility programme Face-to-face meetings Press release Official letters Electronic mail system Telephone conversation	Ongoing

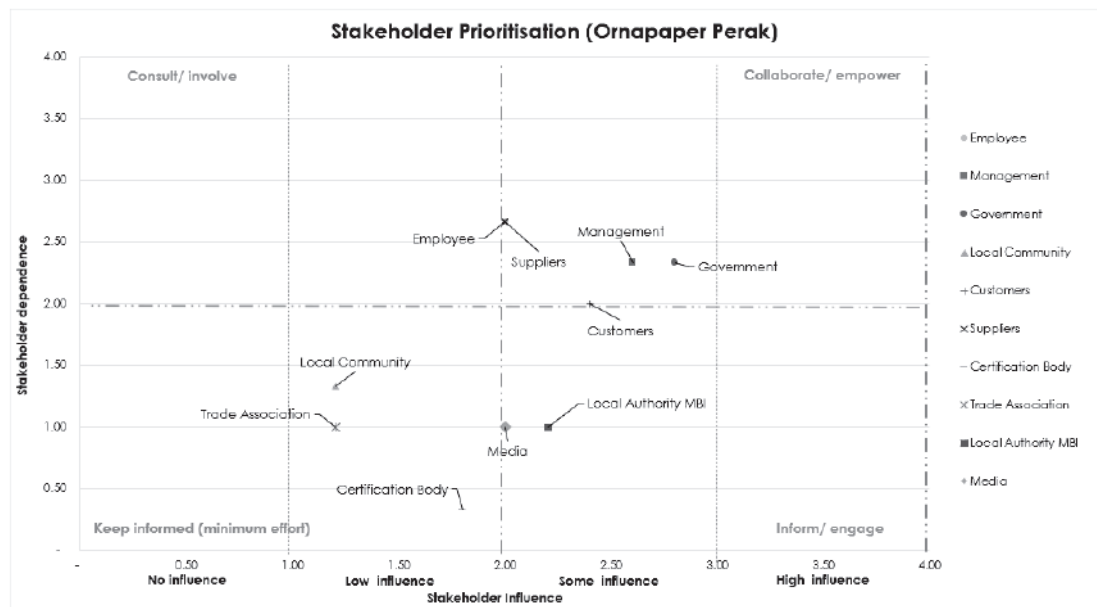
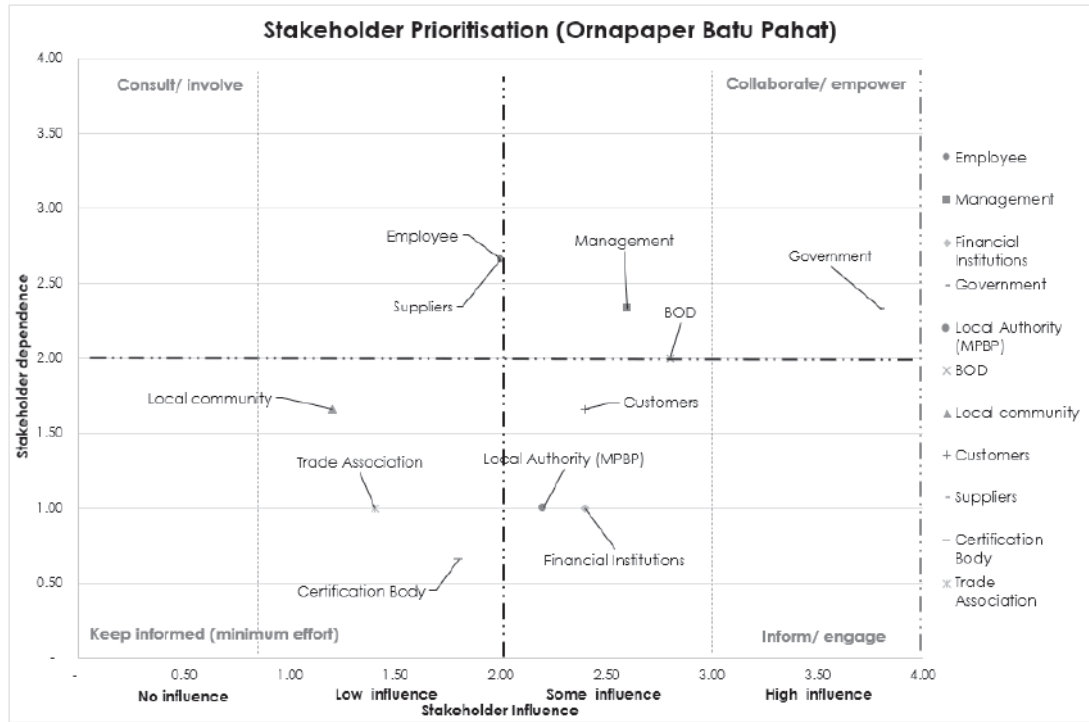
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STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Media	To minimize negative reporting and protect the company image To ensure reporting accuracy	Press release Telephone conversation	Ongoing
Trade Association	To seek for protection of employer's interests and opportunities in business trade Sharing of industrial update	Meetings Forums	Ongoing

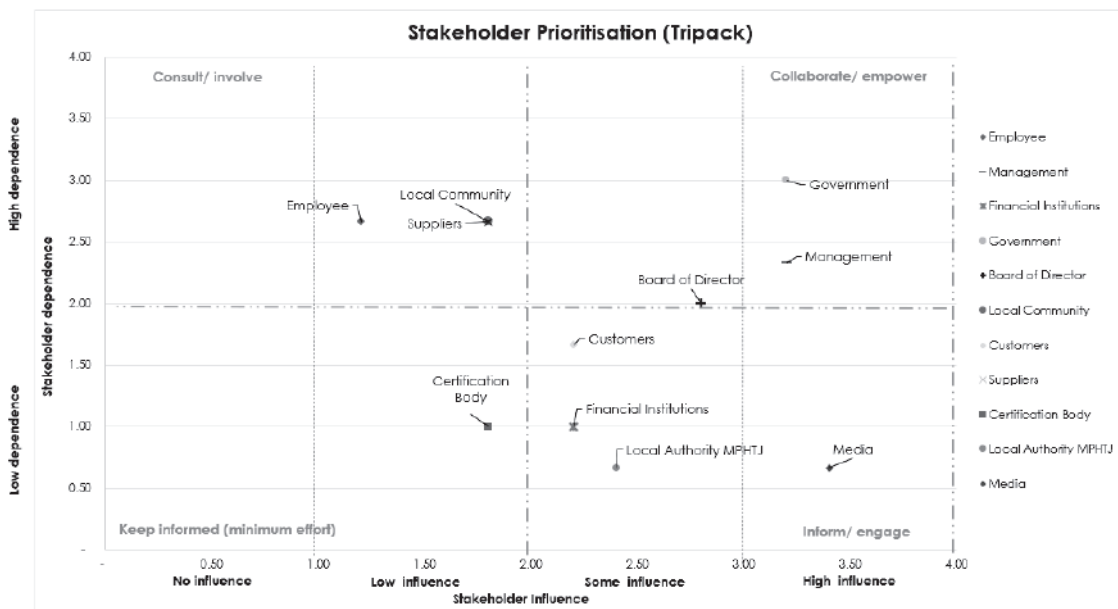
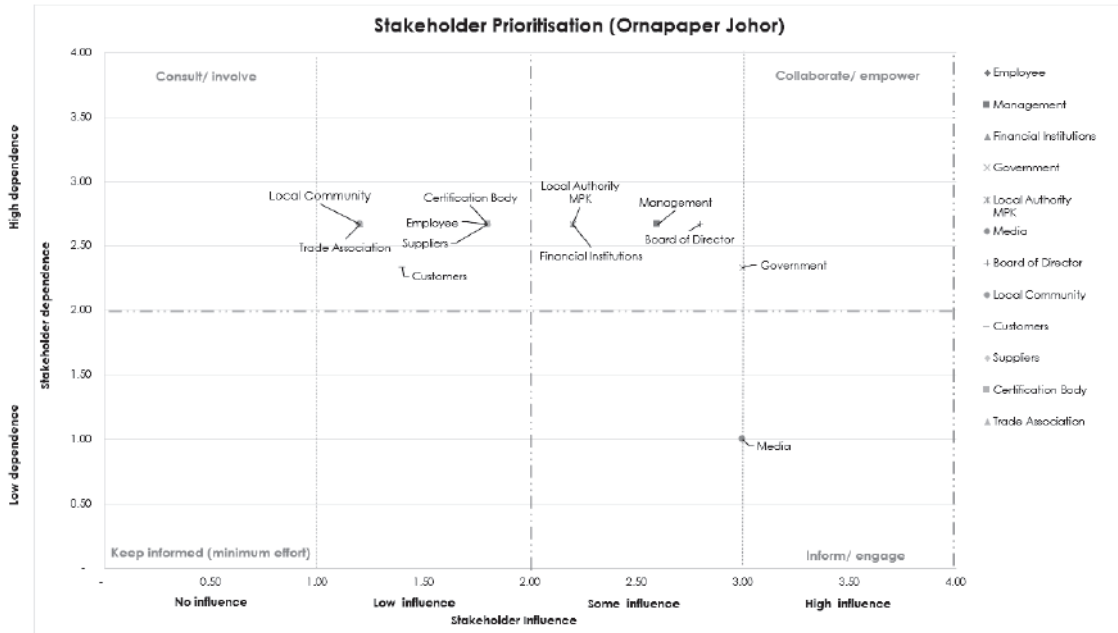
Subsequent to the stakeholder group's identification with the respective engagement methods proposed, a stakeholders' prioritisation exercise was conducted for Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack to rank respective stakeholder groups' influence over and/or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



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Sustainability Management Activity

Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack 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, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack through Stakeholder Mapping and with individual Stakeholder Profiles established for each stakeholder identified.
- Internal and external stakeholders of manufacturing activities identified by the Risk and Sustainability Management Committee were assessed and prioritised for its degree of influence over and dependence on Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack based on the agreed upon criteria and rating scale (“Stakeholder Prioritisation Exercise”).
- The 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 Heads of Department.
- The Risk and Sustainability Management Committee performed the internal materiality assessment by using predetermined criteria and rating scales 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”).
- The degree of significance of the sustainable matters to influence the assessment and decision by internal and external stakeholders were performed by the Risk and Sustainability Management Committee by using informal stakeholders’ engagement through direct communication with relevant internal and external stakeholders by Heads of Department.
- 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 were used to prioritise sustainability matters and identification of material sustainable matters by the Risk and Sustainability Management Committee. An identified sustainability matter is considered as material if it is above the material threshold established by the Board.

Material Sustainability Matters

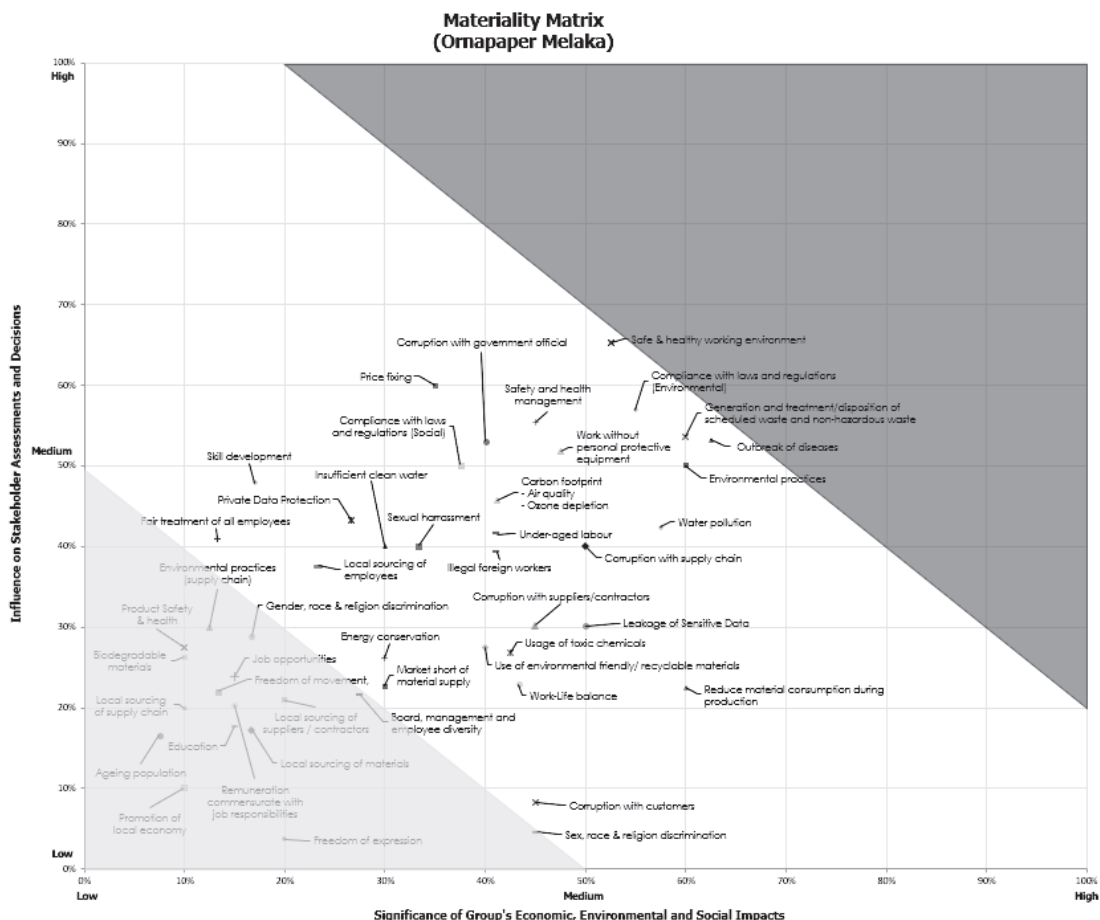
The Group focuses strongly on delivering value to shareholders, practising good governance, maximising contributions to stakeholders and minimising environmental footprint. The Group’s material sustainability matters were identified through the materiality assessment process, whereby the Economic, Environmental and Social (“EES”) matters relevant and important to the Group’s long-term sustainability were identified and prioritised through a 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.

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A list of material sustainability issues was identified and determined by the sustainability matters assessment and prioritisation exercise of Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack undertaken by the Risk and Sustainability Management Committee that reflected the critical sustainable considerations expected of Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack in respect of the business and geographical extent Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack Pahat are 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 the 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.

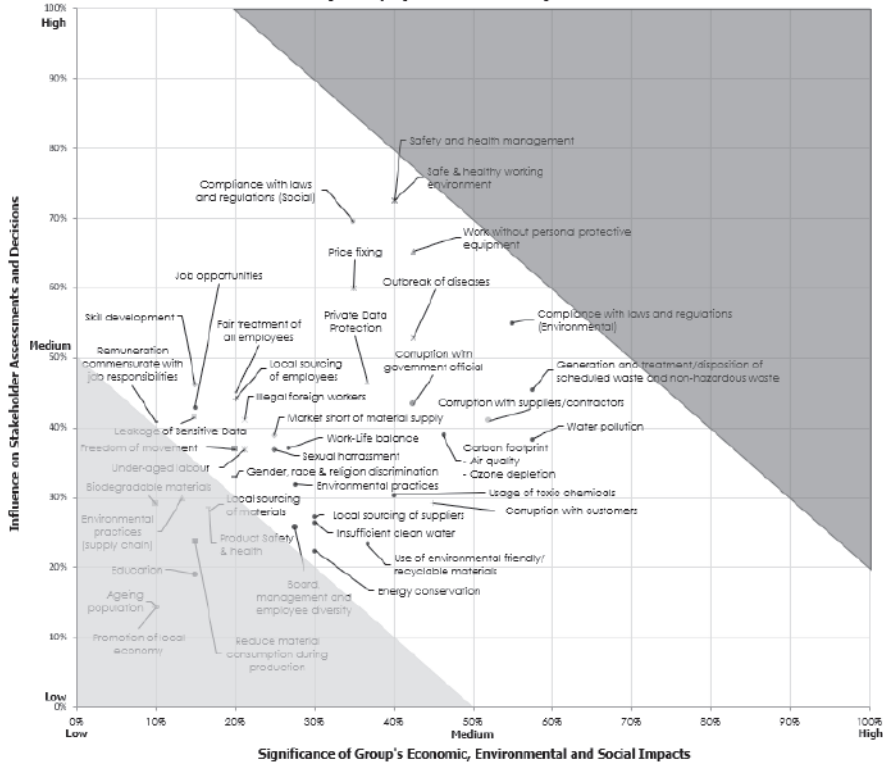
The final list of sustainability matters together with the details of identification and assessment of Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack were reviewed by the Audit Committee and reported to the Board for its approval to ensure effective sustainability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

The assessment results of material sustainability matters of Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack are tabulated in the following Materiality Matrices:

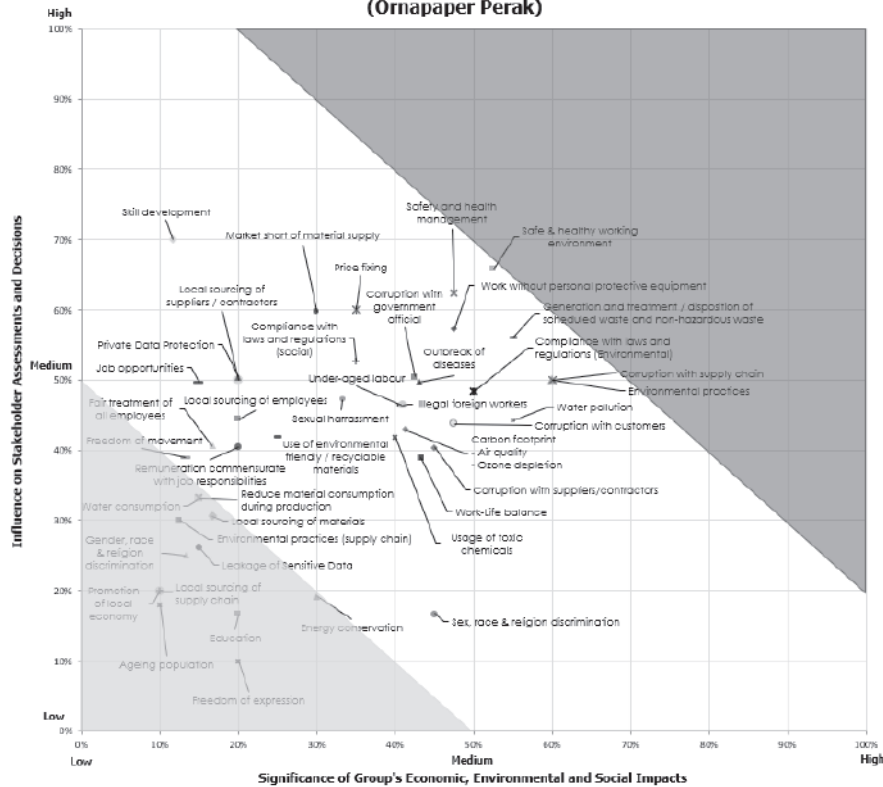


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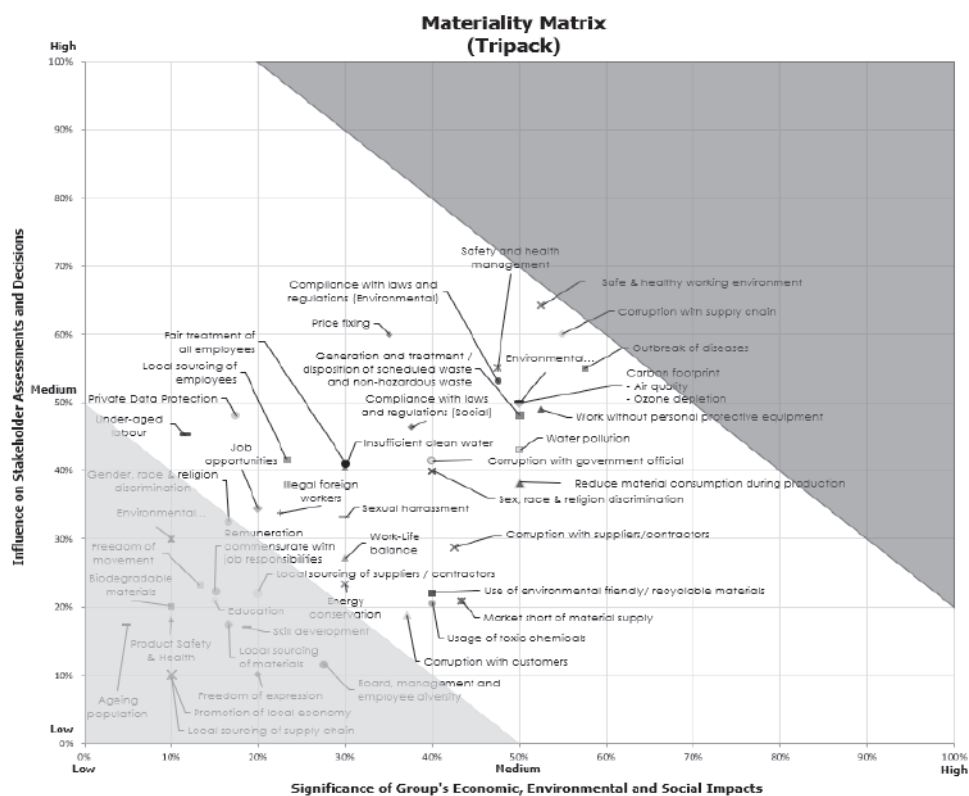
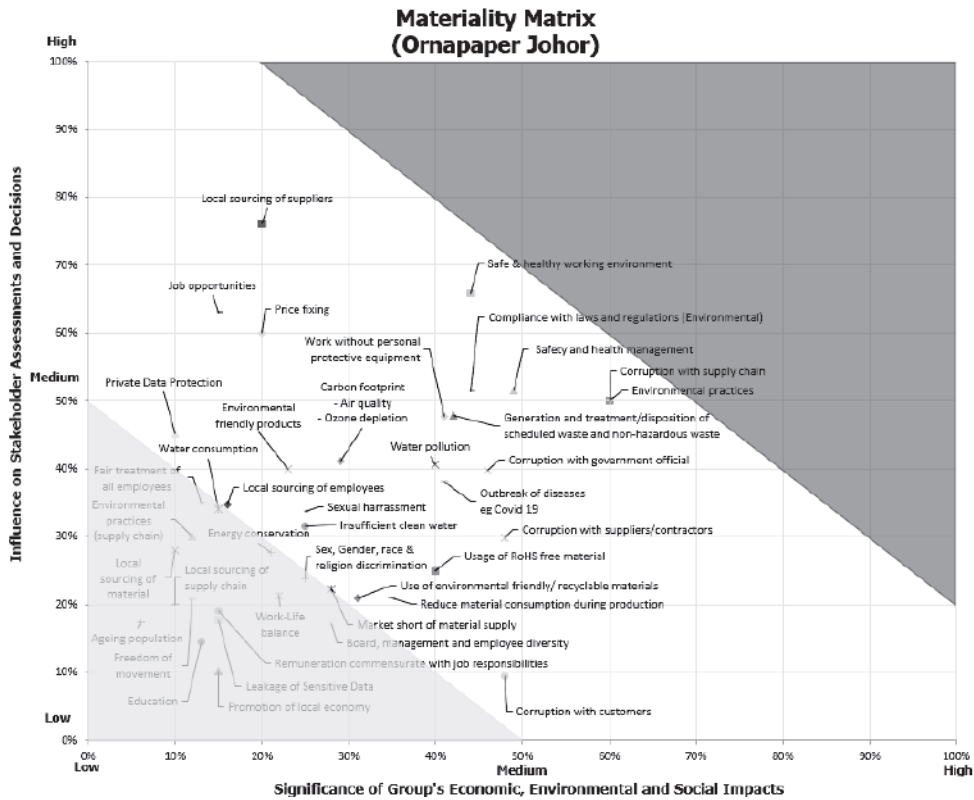
**Materiality Matrix
 (Ornapaper Batu Pahat)**



**Materiality Matrix
 (Ornapaper Perak)**







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Similar key material matters are identified and prioritised by the Management of Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack as well as the stakeholder groups, details as shown in the table below:

Sustainability Matter	Definition	Aspect Boundary		Relevant SDG Goals	Corresponding Risk Register
		Internal Stakeholders	External Stakeholders		
Safe and Healthy Working Environment (Social) Safety and Health Management	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	Management, Employee, Board of Directors	Government, Customer, Department Of Safety & Health, Certification Body	 	Compliance with Occupational Safety & Health Act
Outbreak of Diseases (Occupational Safety and Health – 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	Management, Employee, Board of Directors	Customer, Supplier, Government, Department Of Safety & Health, Certification Body	 	Compliance with MITI Requirements

Safe and Healthy Working Environment and Management (Social)

Health and safety are of utmost importance to the Group. As a socially responsible business, the Group'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 providing and maintaining a productive, dynamic yet safe and healthy workplace and learning environment, as far as is reasonably practicable, to all employees and relevant stakeholders by minimising the risk of accidents, injury and exposure to health hazards.

In this respect, the Group places the utmost importance on strict and continuous compliance with all relevant safety and health laws and regulations, including but not limited to the following:

- 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
- Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013
- Occupational Safety and Health (Noise Exposure) Regulations 2019
- Factories and Machinery Act 1967 (and its orders and regulations)

Sustainability Statement

The safety and health management at the workplace is managed by the Safety and Health Committee (made up of representatives from the Management and the employees) established by the respective subsidiaries of the Group. The safety and health management at the workplace is also guided by a Group Safety and Health Policy approved by the Chief Executive Director. Safety and health rules and regulations are established by the Safety and Health Committee and approved by the Management to ensure the operational activities are carried out in a proper and safe manner to minimise industrial accidents.

Emphasis on the importance of the safety and health of our employees and stakeholders remained to be one of the Group's top priorities throughout the COVID-19 pandemic and during the current transition to the endemic phase as we adapt to the new normal whilst providing uninterrupted supply and services to our customers and ensuring business continuity and resilience. In this respect, the Group implemented various COVID-19 preventive measures in compliance with the guidelines and Standard Operating Procedures ("SOPs") mandated by the Malaysian Government in curbing the spread of COVID-19 virus in the workplace to ensure business continuity while safeguarding the safety and health of employees, customers, suppliers, contractors, visitors and other relevant stakeholders.

A safe and healthy culture at the workplace has been embedded within our day-to-day business operation activities. To foster the desired safety and health objectives and outcomes with minimal industrial accidents and incidents occurring, the Safety and Health Committee shall oversee the due observance of safety and health rules and regulations established and practised at the workplace and to promote safe and healthy conducts and environment at the workplace. The Group strives to work towards its goals of achieving "A Zero Accident" workforce, meanwhile, creating "A Good, Safe and Pleasant" environment for the employees and relevant stakeholders in order to prevent unnecessary accidents and injuries at the workplace.

Safety and health audits are conducted by the Safety and Health Committee on all departments of the Companies to ensure that concerns or incidents of non-compliance with 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 environments are performed by the Safety and Health Committee with planned controls formulated to eliminate hazards or control risks at regular intervals.

Furthermore, scheduled meetings of the Safety and Health Committee are held at a predetermined interval in accordance with the required safety and health-related rules and regulations. Such scheduled meetings are conducted to promote effective communication on ways to perform jobs/ tasks in a better and safer manner at the workplace, as well as to discuss and monitor the trend of accidents or incidents and immediately investigate near-miss accidents or incidents, dangerous occurrence, occupational poisoning or occupational disease that are occurred at workplace and to resolve with measurements proposed, 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 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 the workplace. Workplace safety procedures and instructions for operating forklifts and various types of machines on the production floor are established too in guiding the employees to operate the forklift, production machines and equipment in a safe and sound manner.

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 hazards to the employees, customers, suppliers, contractors and other visitors. Floor signages are placed at strategic and hazardous locations too within the premises of the Companies, including production floors and warehouses, as safety indicators and awareness to all employees, suppliers, customers, contractors and other visitors to adhere to in preventing the unnecessary incident from happening. Pedestrian safety walkways are created at designated areas in warehouses, factories and any other hazardous locations with safety signages placed to serve as the roadway for pedestrians and provide a safe workplace for employees, customers, suppliers, contractors and other visitors.

Relevant employees and other stakeholders with authorised access to our production facilities are provided with the required personal protective equipment per the Company's safety and health rules and regulations established. Besides, all visitors that have appointments with the Company's personnel are required to report to the security personnel for security clearance and visitor registration before they are permitted access to the Company's premises. Access to the manufacturing and storage area is also restricted to authorised personnel only with the required personal protective gear to be equipped. Strategic locations at our factories are also monitored through a closed-circuit television system while security guards are employed and deployed at important safety control points in the factories to ensure the general safety of our employees and other stakeholders within our premises.

As noise is inevitable in some of the Company's production processes, we have implemented measures to mitigate the impact on 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"). To better control noise levels, we deployed engineering controls as far as reasonably practicable, such as machineries constructed with noise reducing specifications.

Employee noise exposure is also mitigated by using personal protective equipment, such as hearing protection, especially in sections with higher noise exposure. Audiometry tests for machine operators are carried out periodically too to monitor employees' risk of detrimental exposure to noise. All plants and equipment used within the Companies are subject to service and maintenance at a predetermined interval to ensure their functionality with any defects or potential defects detected at the earliest opportunity to reduce the risk of unplanned machinery breakdown and risk of an industrial accident.

Moreover, chemical spillage handling procedures/ flow charts are established and placed at strategic and hazard-prone locations too in the production floor. Chemical spillage handling and awareness trainings are conducted too from time to time to enhance employees' responsiveness in the event of such an incident happens. First aid boxes are prepared and kept in designated prominent locations in the premises for easy access and prompt retrieval by employees in the event of the occurrence of any accidents. Inspection of first aid boxes is also performed regularly by the First Aid Team of the respective companies. First aid and CPR trainings are conducted too. Besides, blinking lights are installed at the weighbridge for the safety of the lorries during night vision.

Sustainability Statement

Further measures on proper labelling and secure storage of flammable materials/ chemicals in dedicated areas, regular safety inspection of electrical wiring and cables as well as the prohibition of smoking at the workplace (except at the dedicated smoking areas) are implemented too to reduce the likelihood of fire hazards. Additionally, fire preventive equipment and systems are installed and inspected at regular intervals to ensure their functionalities are not compromised over time and clear escape route plans are placed at strategic locations. The fire alarm system is installed too in alerting employees and visitors of any fire incidents.

To ensure our readiness in the event of an unfortunate incident, emergency preparedness and response programmes including fire drills are conducted by our fire and rescue team at regular intervals to ensure that such unlikely incidents can be handled satisfactorily and promptly to minimise damage to properties and people. The electrical safety programme is also arranged to be conducted on-site by a qualified external trainer to strengthen employees' awareness and response in relation to electrical safety at the workplace. Furthermore, a fire evacuation plan is established and disseminated through trainings and briefings given to employees, as well as being published at the strategic locations in the Companies' premises. Notwithstanding that, fire certificates issued by the Fire and Rescue Department of Malaysia for respective subsidiaries of different locations are obtained and renewed annually after inspections were performed by the authority bodies to ensure the Company's strict compliance with life safety, fire prevention, fire protection and fire-fighting requirements of the Fire Services Act 1988.

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 the workplace and the measures undertaken to address these issues. These are also discussed and reviewed by the Management annually during the Management Review Meeting. The Group strives to work towards a zero-injury (both minor and major) workforce. The figures below illustrate the incident records of Ornapaper Melaka, Ornapaper Batu Pahat, and Ornapaper Perak over the course of 5 years from the financial year end 2018 to 2022.

ENTITY	YEAR	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Ornapaper Melaka	Major	7	5	7	0	2
	Minor	0	4	2	1	2
Ornapaper Batu Pahat	Major	5	9	1	4	2
	Minor	1	2	4	0	0
Ornapaper Perak	Major	3	1	4	1	2
	Minor	0	0	0	2	2

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

Sustainability Statement

The incidents that occurred in Ornapaper Melaka and Ornapaper Perak recorded a slightly higher number of cases occurred during the financial year under review. The Management has been proactively discussing and implementing counter measures to reduce the incident rate to the extent possible in attaining the target of zero-injury set, including enhancing the workplace safety procedures and instructions in operating forklifts, machines and equipment with trainings provided to relevant employees, providing more comprehensive and targeted safety and health related trainings and awareness programmes to the employees apart from the on-the-job trainings provided. Besides, the Management is planning for investment in upgrading and fine-tuning some machines in production lines in order to minimise hazards and the risk of injury.

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

Outbreak of Diseases – COVID-19 (Social)

The unprecedented global outbreak of the COVID-19 pandemic that has been ongoing since the end of year 2019 has brought about substantial disruptions affecting almost all sectors of economies across the globe and ours are no exceptions too. Uncertainties with continuous fine-tuning and adaptation in business operations under the new normal, and even during the current transition towards the endemic, are needed during such challenging times. Nevertheless, we have responded quickly along the way to put in place measures that enhance the safeguarding of employees' health and safety during this extraordinary time meanwhile making sure that our business and production operations are able to be resumed and sustained with growth, without significantly affecting the supply to customers.

Notwithstanding that, the Group is committed to ensuring its adaptation and strict compliance with the SOPs stipulated as well as the regulations and guidelines on health precautions and movement control issued by the Ministry of Health Malaysia, Ministry of Defence Malaysia and other related regulatory bodies. In order to provide a safe and healthy working environment to employees, sufficient and appropriate briefings and awareness are always given to employees in relation to the pandemic and the preventive measures required to be taken. Employees are required to always comply strictly with the guidelines and preventive measures required by the authority bodies.

A formal memorandum in relation to COVID-19 prevention enhancement was issued and disseminated to employees in serving as a reminder of the precautions and safety measures exercised by the Group. The precaution steps are reviewed and improved from time to time with reference to the ongoing situation as well as the government's guidelines and SOPs to safeguard the safety and well-being of our employees, lorry drivers, suppliers, customers, contractors and visitors. Furthermore, the Group always ensure strict compliance with the minimum standard for space requirement for workers' accommodations in accordance with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

Sustainability Statement

Various COVID-19 safety and precaution signages are placed at key locations of the premises to create awareness to employees apart from providing related awareness trainings to the employees. Besides, despite the relaxation of COVID-19 related SOPs announced by the authority bodies, virtual meetings are still encouraged if possible. Necessary precaution steps are continued to be practised by the Group to allow early detection and avoid the widespread of this infectious disease, such as the following:

- Face masks are encouraged to be put on while inside the Companies' premises.
- Hand sanitisers are provided at the security guardhouses and the main entrance of the office premises.
- Employees are enquired to declare or report to Human Resources and Administration Department for any symptoms of COVID-19.
- Outsiders are encouraged to perform at least COVID-19 self-testing prior to going in the Companies.
- Disinfection or sanitisation process conducted at the Companies' premises/ factories are conducted before the shift or operation begins, especially the common spaces.
- The lunch and break times of employees are arranged in stages and partitions are installed on canteen tables to minimise the crowd as well as the interaction between employees during break time.

Other Major Environment and Social Activities Undertaken During Financial Year

A. Environment

The Group, as a responsible corporate citizen, is mindful of its commitment to driving long-term value for its stakeholders and its role in securing a sustainable future for the Group and the communities it is interacting with along with the environment that it subsists upon. The Group is dedicated to continuously improving environmental performance in order to exist in harmony with mother nature. Hence, the Group strives to conduct its business and operations in an environmentally responsible manner that leaves a positive impact on society and the environment. The Group's operations are built on governance procedures intended to ensure sound environmental practices in its daily operations.

The Group is committed wholeheartedly to ensuring that all relevant environmental laws and regulatory requirements, i.e. Environmental Quality Act 1974 and its regulations, are strictly adhered to and embedded into its operations. Other environmental related laws and regulations strictly complied with by the Group are Environmental Quality (Scheduled Wastes) Regulations 2005, Environmental Quality (Control of Petrol and Diesel Properties) Regulations 2007, Environmental Quality (Sewage) Regulations 2009, Environmental Quality (Industrial Effluent) Regulations 2009, Environmental Quality (Clean Air) Regulations 2014, Poison Act 1952 (Act 366), Poison (Sodium Hydroxide) Regulations 1962, Occupational Safety and Health (Noise Exposure) Regulations 2019, Environmental Quality (Refrigerant Management) Regulations 2020 and etc.

The Group's target is to sustainably maintain operational quality across the Group, which would promote the sensible use of natural resources. To enhance this, the Company has obtained ISO 14000:2015 certification which helps to improve the environmental performance and management control through more efficient use of resources and reduction of waste, hence, reducing the environmental impact. Furthermore, in order to contribute to the environmental pillar of sustainability, the Company has also obtained the Forest Stewardship Council ("FSC") Chain of Custody ("COC") certification and Programme for The Endorsement of Forest Certification ("PEFC") certification. These FSC certifications are credited following compliance with the required FSC principles and criteria which ensure that products used come from well-managed forests that provide environmental, social and economic benefits.

Sustainability Statement

Hence, the Company is committed to implementing and maintaining the chain of custody requirements of the FSC COC standards. We are committed to monitoring and ensuring that all our relevant suppliers and/or outsourcing contractors who manufacture products which have been certified on FSC and PEFC have been produced in accordance with the recognised sustainable forestry practices. An FSC-PEFC COC Policy has also been established and published on the corporate website of Ornapaper in providing awareness and understanding of the Company's commitments and principles involved in promoting sustainability in processes, activities, products and services based on three aspects, namely, Prosperity, Planet and People ("3Ps").

Apart from the above, given the nature and size of its operations, the Group's operating processes produce a 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 businesses 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 through the Electronic Scheduled Waste Information System under DOE. Besides, grease traps were installed too to prevent oil and waste from discharging to the drain.

As for non-scheduled waste generated, it is scrapped or collected by selected waste collectors to be recycled or disposed of at landfills. The nature of the 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 the atmosphere are channelled through chimneys, whereby regular air emissions monitoring was conducted through stack emission monitoring to ensure continuous compliance with DOE's limits. Besides, engineering controls were deployed on plants and machineries to the extent possible to reduce the wastages generated, improve air quality and minimise/ prevent depletion of natural resources.

To uphold its value on the environmental proposition, the Group practices the "Reduce, Reuse and Recycle" policy to reduce waste, reuse resources and recycle materials to the extent possible. Instances of the Group's initiatives in practising the "Reduce, Reuse and Recycle" policy are as follows: -

- Reuse and recycle 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 the supplier for refilling.
- Reduce electronic waste to be disposed of through landfill, which helps to conserve the environment by saving energy, water, and natural resources and reduces greenhouse gases caused by manufacturing new cartridges.
- Recycle trim waste, paper core and rejected cartons which help to conserve energy and natural resources and ultimately reduce pollution.
- Recycle 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.
- Return reusable and returnable plastic containers to suppliers.

Sustainability Statement

The Group is committed to the protection of the environment at all locations where manufacturing and assembly activities are performed. As an environmentally conscious business entity by holding environmental preservation close to its heart, an Environmental Policy is established by the Group which is approved by the Chief Executive Director with strict compliance. The Environmental Policy established was advertised and announced to our customers and the public by uploading such policy on our corporate website and distributed upon request from customers and suppliers. The Environmental Policy was published at every department too, including the guardhouse, meeting rooms and receptionist counter, to bring awareness to every one of the Company's commitments to fulfilling the accountability of trustee of the environment for the benefit of all stakeholders including the future generations. The Group is committed to the following corporate environmental policy: -

- Fulfill the responsibility of the trustee of the environment for this and future generations.
- To the extent possible, apply practices and control technologies that minimise pollution.
- Be committed to fulfilling compliance obligations.
- Setting and reviewing appropriate environmental objectives and targets.
- Strive to minimize release to air, water and land.
- As appropriate, take corrective action where past practices have harmed the environment.
- Providing awareness training to our management and employees on the importance of the environmental issue.
- Strive for continual improvement of the environmental management system.
- To advertise and announce the environmental policy to our customers and the general public.
- Prevent pollution through reuse, recycling, and reduction.
- To establish and implement environmental quality assurance system by referring to Sony Technical Standards SS-00259 to control environment-related substances.

The Group has been mindful and remained committed to protecting and enhancing the environment surrounding the Group's operations by minimising the environmental footprint for the benefit of future generations. In demonstrating the Group's initiative in environmental preservation, roof thermal insulation painting in the production area was previously carried out in Ornapaper Melaka to improve the air quality and reduce temperature while providing a more comfortable and less heaty workplace to the employees in production areas. Besides, in striving for a sustainable environment and financial benefits through a reduction in energy consumption, the Group has invested in on-site solar energy generation, starting with Ornapaper Melaka. The Company has installed solar panels on the factory roof, in which the energy produced from the solar panels will be consumed first, and any excess will be exported and sold to Tenaga Nasional Berhad ("TNB"). Such initiative will help to reduce the temperature inside the workplace as well as reduce the electricity consumption and electricity costs incurred while reducing carbon emissions to fight climate change.

Additionally, to play a part in maintaining environmental sustainability and strive to minimise releases to air, water and land, there are several environmental objectives and targets established by the Management of Ornapaper Melaka, Ornapaper Batu Pahat and Ornapaper Perak, whereby the actual performances are reviewed periodically with necessary corrective actions taken, shown as follows: -

Sustainability Statement

ORNAPAPER MELAKA	
Environmental Objective(s)	Environmental Target(s)
1. To control water consumption	To ensure the water consumption not exceeding an average of 0.7m ³ /MT for the next twelve months.
2. To control electricity consumption	To ensure the electricity consumption not exceeding an average of 50 kwh/MT with a tolerance level of 10% for the next twelve months.
3. To reduce the disposal of plant waste	To ensure disposal of plant waste not exceeding 11%/month.
4. To control gas consumption	To ensure the gas consumption not exceeding an average of 1.10 GJ/MT for the next twelve months.
5. To reduce the generation of glue sludge	To reduce the generation of glue sludge to 25MT/year.
6. To reduce the generation of ink sludge	To reduce the generation of ink sludge to an average 10MT/month.

➤ **Water and Electricity Consumption (For Ornapaper Melaka):**

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	TARGET
Average Water Consumed/MT (m ³ /MT)	0.5	0.4	0.3	0.6	0.7	0.7
Average Electricity Consumed/MT (kwh/MT)	52	44	54	52	51	50

➤ **Gas Consumption (For Ornapaper Melaka):**

	FYE 2022	TARGET
Average Gas Consumed/MT (GJ/MT)	1.03	1.10

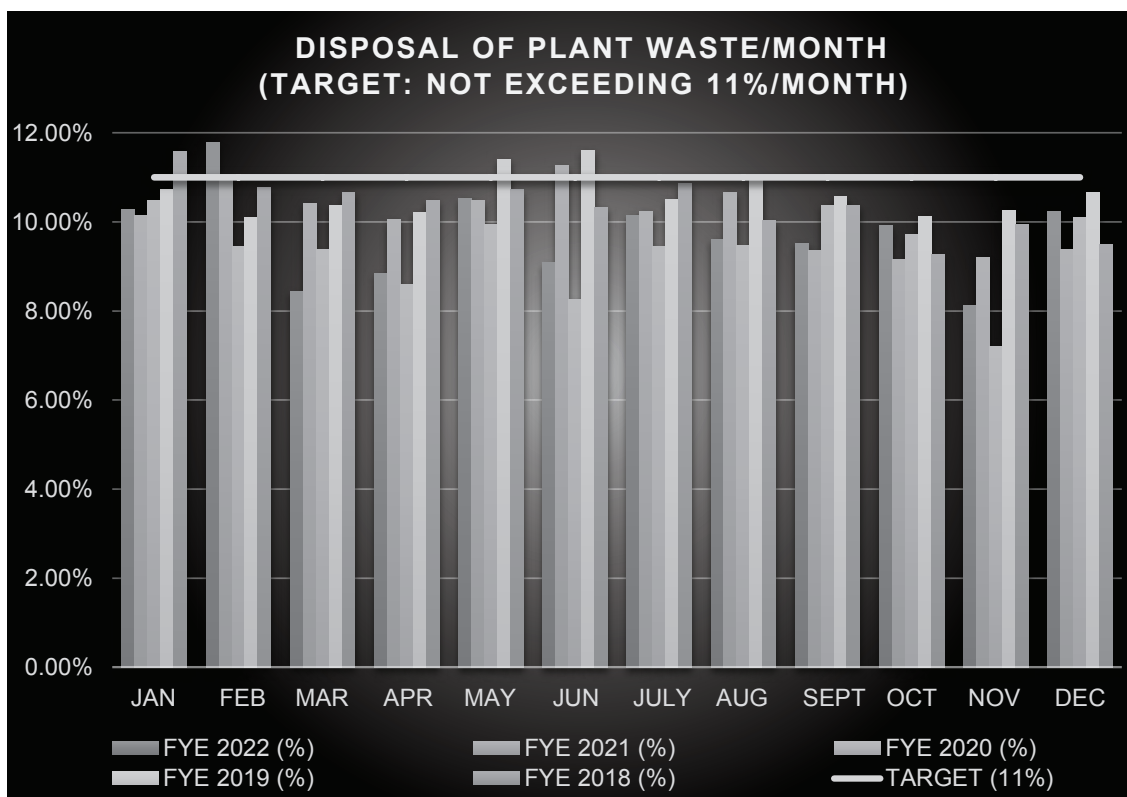
➤ **Generation of Glue Sludge and Ink Sludge (For Ornapaper Melaka):**

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	TARGET
Average Glue Sludge Generated/Year (MT/year)	10.72	11.52	19.64	19.54	16.11	25
Average Ink Sludge Generated/Month (MT/month)	3.58	3.61	7.16	6.71	9.08	10

Sustainability Statement

Apart from the good management practised by the Management in working towards optimising operational efficiency and reducing the generation of scheduled wastes, the lower average monthly ink sludge and yearly glue sludge generated for the financial years of 2021 and 2022 were also partly due to the COVID-19 pandemic with limitation of production workforce capacity in the Company, as well as the lower production and sales volume as a result of the after-effect from the pandemic and Ukraine war with global economic recovery and supply chain being disrupted.

➤ *Disposal of Plant Waste (For Ornapaper Melaka):*



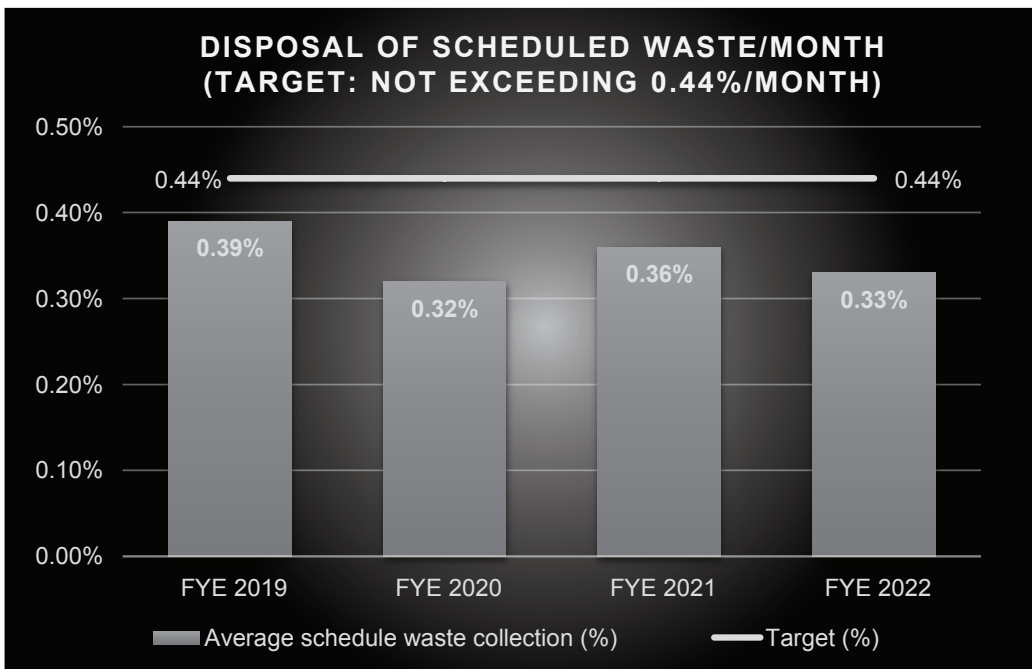
ORNAPAPER BATU PAHAT	
Environmental Objective(s)	Environmental Target(s)
1. To control water consumption	To control the average consumption of water not exceeding 1.06m ³ /MT.
2. To control energy consumption	To ensure the average consumption of electricity not exceeding 75.20kwh/MT.
3. To control the disposal of scheduled waste	To control the scheduled waste collection by 0.44% compared with the previous year.
4. To control boiler emissions by 20% per day	To ensure smoke emissions shall not exceed 20% per day. If exceeded, less than 15 minutes per day.

Sustainability Statement

➤ **Water and Energy Consumption (For Ornapaper Batu Pahat):**

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	TARGET
Average Water Consumed/MT (m³/MT)	1.04	0.92	0.90	1.43	1.06
Average Energy Consumed/MT (kwh/MT)	86.80	74.80	75.20	86.29	75.20

➤ **Disposal of Scheduled Waste (For Ornapaper Batu Pahat):**



➤ **Boiler – Smoke Emission (For Ornapaper Batu Pahat):**

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	TARGET
Smoke Emission Not Exceeded 15 Minutes/Day	Failed	Failed	Passed	Passed	< 15 minutes

The results obtained in years 2019 and 2020 were based on the smoke emission control limit of 40% per day, and less than 15 minutes per day if it exceeds the limit of 40% per day. The smoke emission control limit was then changed to 20% per day effective from March 2021 per DOE’s enforcement after the site inspection. However, the target was unable to be achieved in year 2021 after such changes in boiler smoke emission control, mainly due to the inconsistent performance during the change of materials (types of wood) used for the biomass process. Management has performed a thorough investigation, identified the possible root causes with corrective actions designed and implemented with close monitoring of the smoke emission readings during the change of materials used for the biomass process.

Sustainability Statement

Nevertheless, for the year 2022, the results from January 2022 till November 2022 were all passed, except for December 2022 in which the Management performed an immediate investigation and identified the root cause of such non-compliance whereby the panel board for the smoke detector was found faulty after calibration was performed by a consultant, hence, caused the device having detection problem with the smoke emission with the inconsistent reading of smoke emission recorded despite new panel board was changed. Corrective actions were identified in requiring the consultant to check and recalibrate the related device and to have Boilerman continue monitoring the performance of the smoke detector closely.

ORNAPAPER PERAK	
Environmental Objective(s)	Environmental Target(s)
1. To control energy consumption	To ensure the energy consumption not exceeding an average of 70.32 kwh/MT for the next twelve months.
2. To control water consumption	To ensure the water consumption not exceeding an average of 0.9m ³ /MT for the next twelve months.
3. To reduce the disposal of plant waste	To ensure disposal of plant waste not exceeding 9.5%/month.
4. To control the disposal of ink sludge	To control the disposal of ink sludge collection to an average of 2,000 kgs/month.

➤ **Energy and Water Consumption (For Ornapaper Perak):**

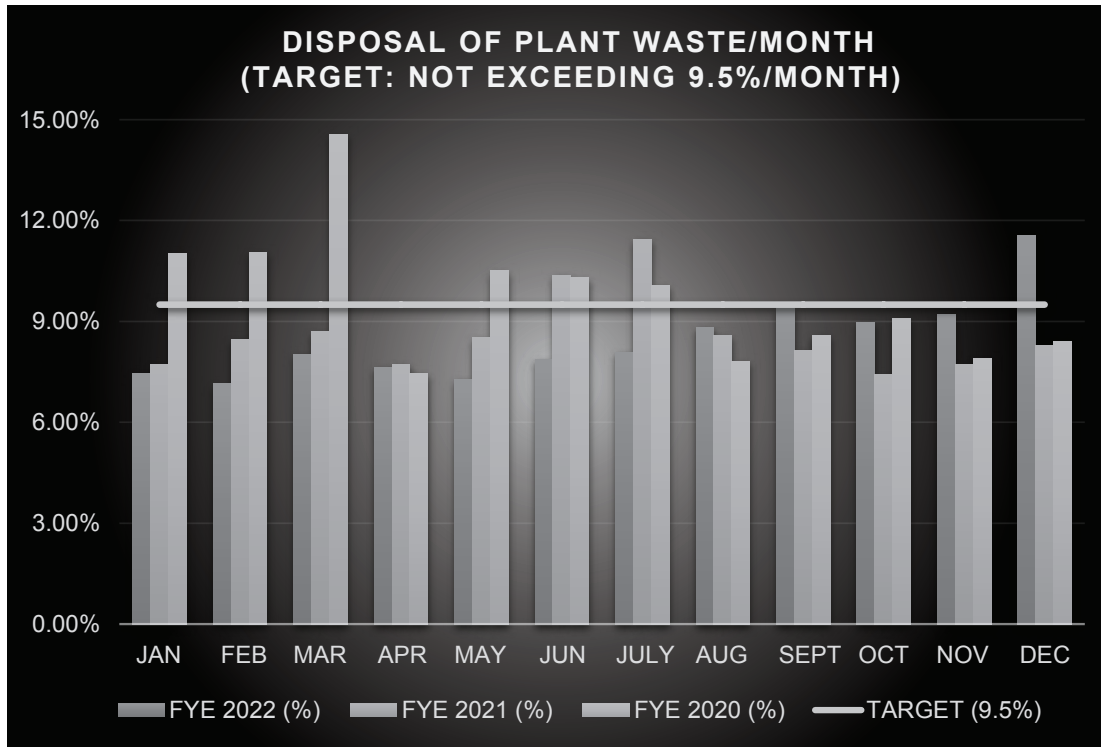
	FYE 2022	FYE 2021	FYE 2020	TARGET
Average Energy Consumed/MT (kwh/MT)	50.36	53.85	59.79	70.32
Average Water Consumed/MT (m³/MT)	0.82	0.87	0.87	0.90

➤ **Disposal of Ink Sludge (For Ornapaper Perak):**

	FYE 2022	FYE 2021	FYE 2020	TARGET
Average Ink Sludge Disposed/Month (kgs/month)	1,693	1,488	1,513	2,000

Sustainability Statement

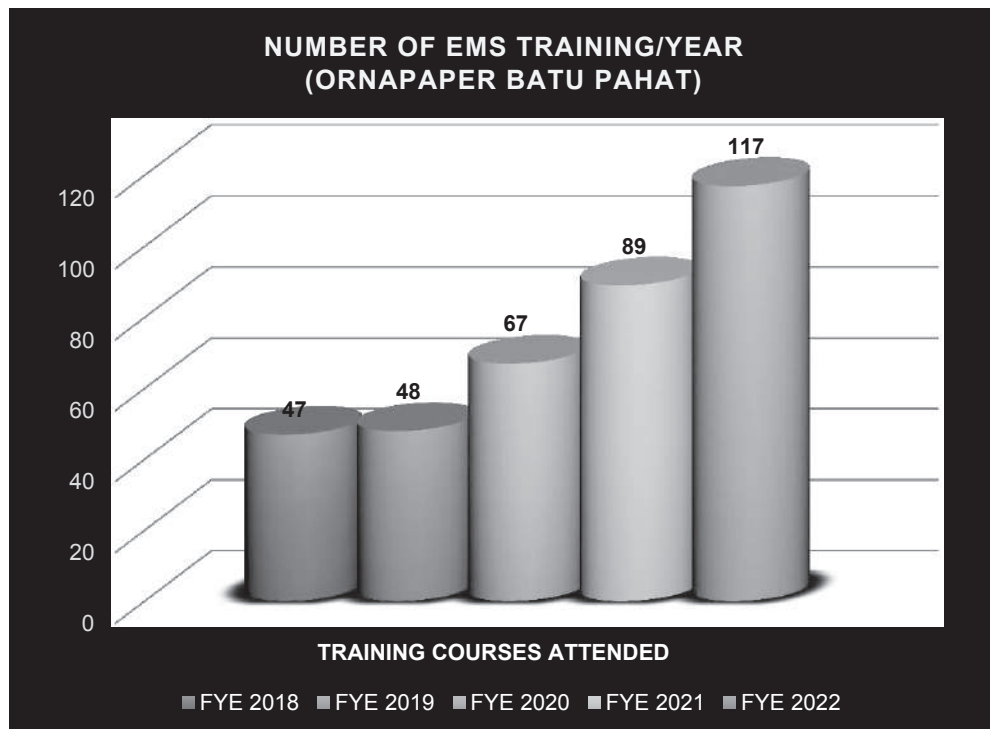
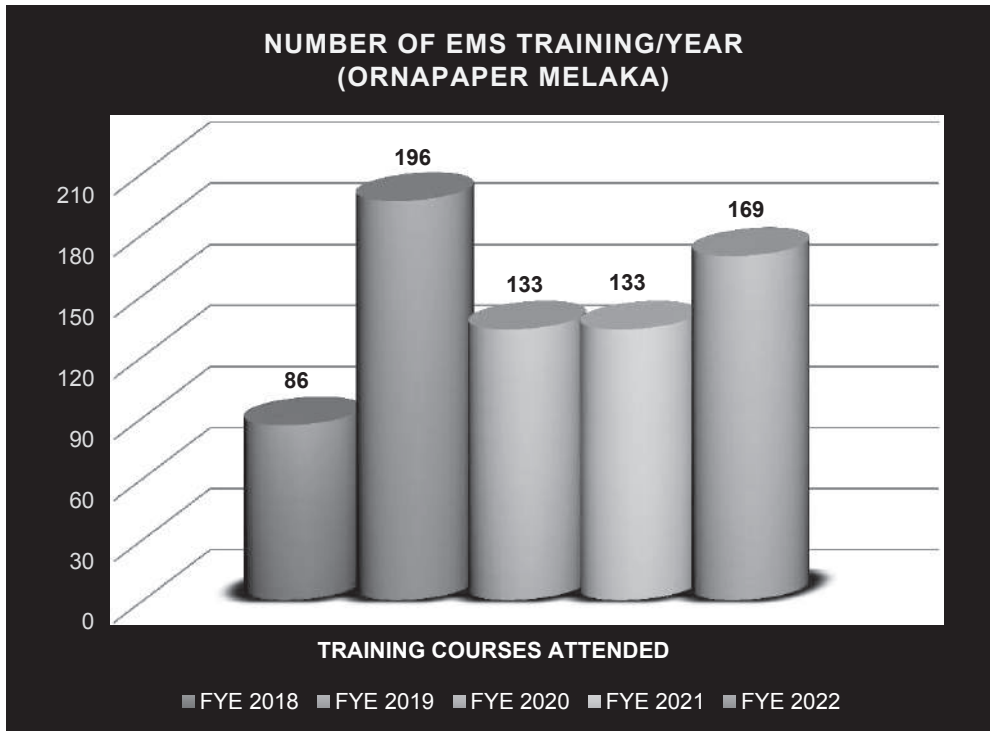
➤ **Disposal of Plant Waste (For Ornapaper Perak):**



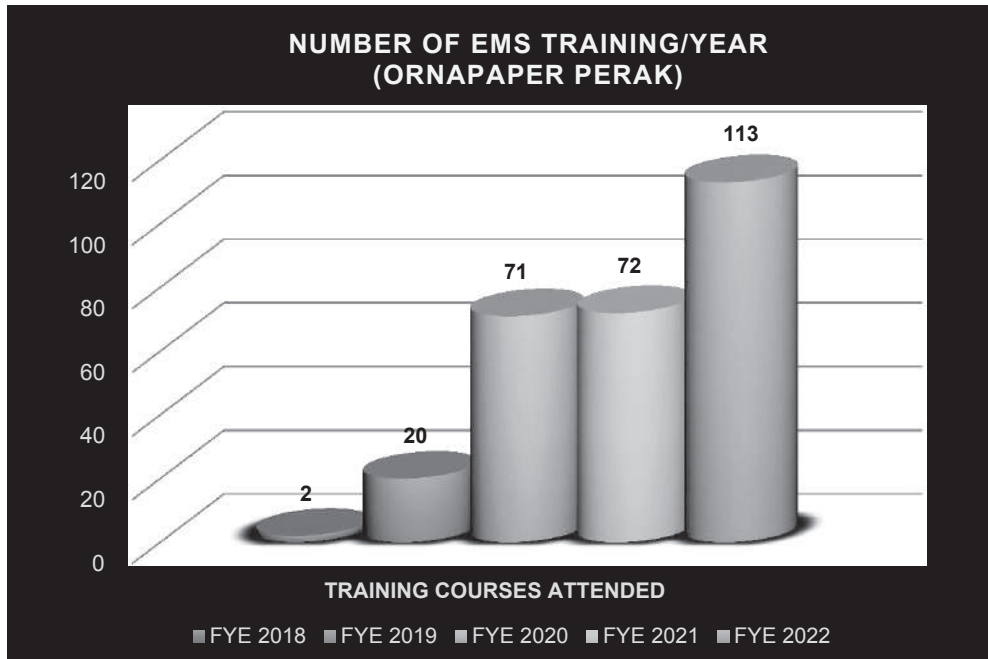
In order to instil an environmentally friendly mindset in all employees as well as the compliance requirements of the Environmental Quality Act and its regulations, continuous environmental preservation awareness trainings (i.e. environmental management system (“EMS”) trainings) are provided to employees on the environmental causes championed and the required conducts expected from the employees.

TRAINING / YEAR	ENTITY	YEAR 2022	YEAR 2021	YEAR 2020	YEAR 2019	YEAR 2018
NO. OF ENVIRONMENTAL MANAGEMENT SYSTEM (“EMS”) RELATED TRAINING	ORNAPAPER MELAKA	169	133	133	196	86
	ORNAPAPER BATU PAHAT	117	89	67	48	47
	ORNAPAPER PERAK	113	72	71	20	2

Sustainability Statement



Sustainability Statement



There was no legal action taken against the Group nor any fine or monetary sanction imposed in relation to the environmental related aspects during the financial year under review. Prompt actions and proactive steps were taken to ensure relevant environmental factors remained within the regulatory requirements of our operations.

B. Social

The Group acknowledges the importance to uphold social value along with its value chain to accommodate the needs of stakeholders affected by its activities undertaken. The Group is committed to conducting 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 lie in every employee as employees are recognised as an important and valuable asset as well as a key business success factor for the Group. The Group strongly believes that human capital development and the availability of a highly resilient workforce are particularly important to support the continued expansion and growth of the businesses. Therefore, it is vital for the Group to value the employees and 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. Hence, all employees have the opportunity to contribute to the Group while achieving their own career goals.

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 their duties and responsibilities, to offer ongoing opportunities for trainings and development, as well as long-term career prospects. The Group encourages employees to undergo learnings and training courses or activities that are beneficial to them in supporting their career development and performance enhancement. The learnings can be inclusive of functional, on-the-job or people skills that are relevant to the current or future job function, which shall prepare them for the next level of long-term career with the Group.

Sustainability Statement

The Board is committed to building performance-based culture by allowing employees to demonstrate their capabilities and recognising their potential to be leaders. The Group is mindful that fair compensation is vital in motivating and engaging the workforce to achieve its growth target in line with the strategic directions of the Group. Thus, employees are reasonably rewarded based on the competencies demonstrated and the efforts dedicated by them in delivering their duties and responsibilities.

The Group strives to create a positive and supportive workplace where employees are engaged through various avenues to ensure an effective flow of information and optimise operational performance. Annual performance appraisals are undertaken by the Management, not only for 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 the employees are communicated while the employees' commitment and concerns are conveyed for future monitoring and sustainable development of the Group.

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 be delivered to employees, suppliers, contractors, customers, investors and the 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 embraces diversity in the workplace and continues to advocate a culture that respects and leverages the diverse ethnicities and cultures of Malaysia, hence, recognising the needs of respective ethnic groups and accommodating their needs and requirements in the business and operations. The Group believes and practices fair treatment and equitable opportunities 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. In addition, equal access and opportunities with fair treatment are provided to employees in terms of recruitment, salary increment, benefits and allowances, promotion, retention and training. Such beliefs and practices are vital in boosting employees' motivation for better performance achievement and continuous improvement.

The Group had developed Employee Handbook and Human Resource policies and procedures with respect to transparency in employee benefits and entitlements. The Group forbids all forms of discrimination in the workplace, such as race, religion, nationality, gender, colour, age, marital status, pregnancy status, sexual orientation and physical disability. The Group respects and embraces that every individual has an equal right and voice to make a difference in driving and strengthening the sustainable growth of the Group. All employees are allowed to receive fair treatment while working with the Group such as equality in terms of wages, work hours and overtime allowed, various types of leaves entitlements, medical benefits, terminations, non-discrimination, access to complaint mechanisms and other established protection policies. The Group also observes strict enforcement of no illegal employment in the workplace.

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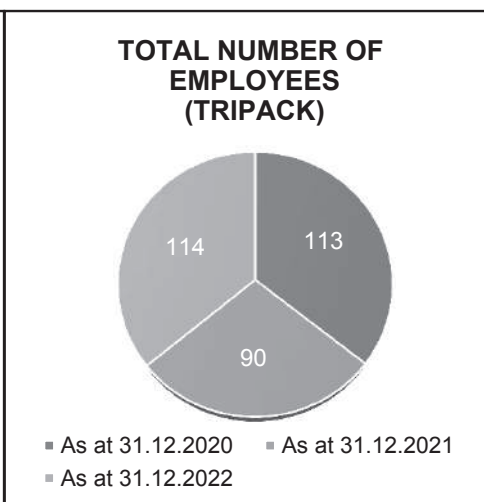
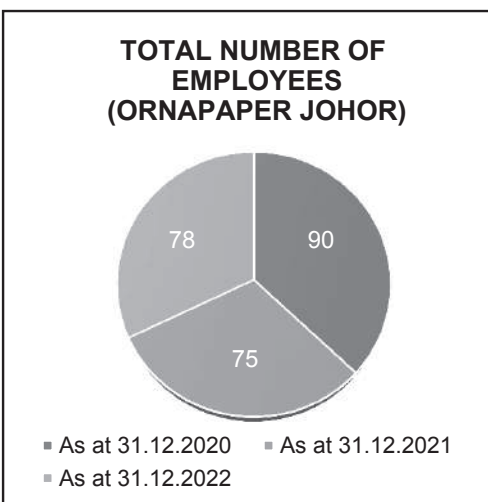
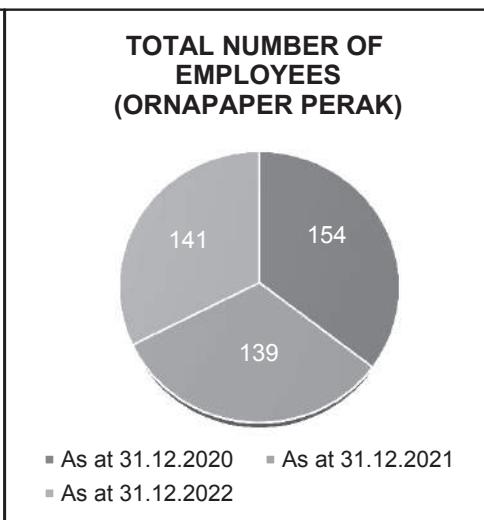
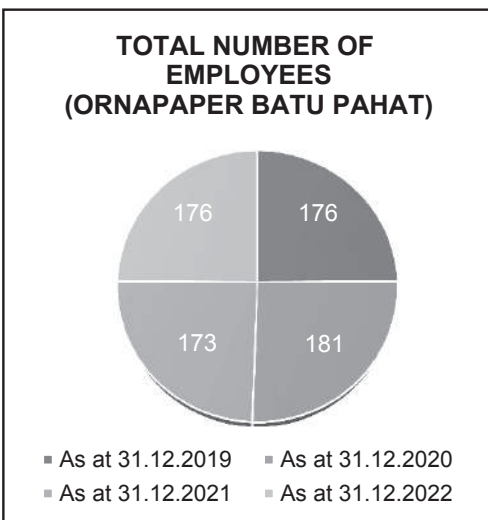
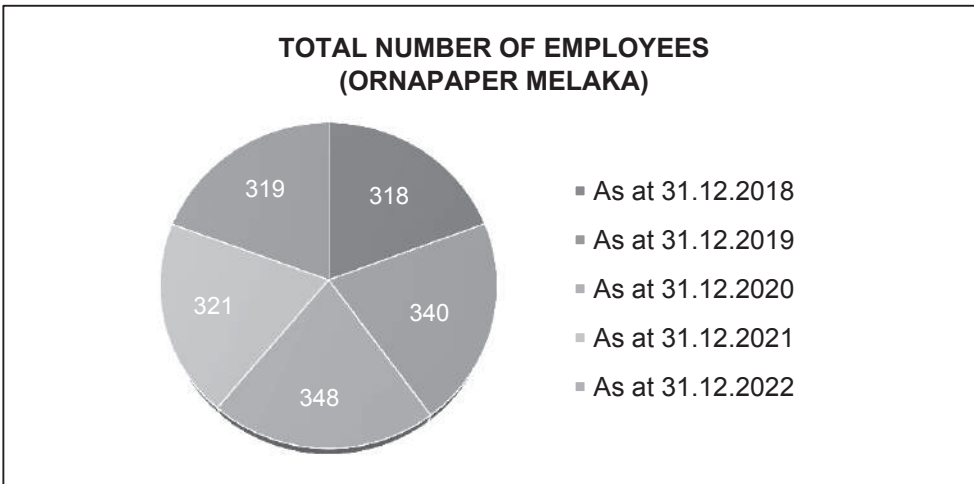
The Group is committed to providing a work environment which is conducive, safe and free from sexual harassment and sexual harassment is viewed as a serious violation of the Company's rules and regulations as well as work values. No employees, regardless of male or female, shall be treated with any unsolicited and/or unwelcome sexual conduct/ behaviours having the effect of verbal, non-verbal, visual, psychological or physical harassment. In this respect, the Company has established a Policy on the Prevention and Eradication of Sexual Harassment at the Workplace which is also being published on the respective departments' notice boards for the understanding and awareness of all employees, as well as on the corporate website of Ornapaper in signifying Ornapaper's effort and stern emphasis on prohibition and eradication of sexual harassment at workplace.

In addition, as the Company embraces sustainability of the 3Ps (prosperity, planet and people), we are committed to not being directly or indirectly involved in the violation of any of the International Labour Organisation ("ILO") Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work, which are written in the FSC-PEFC COC Policy established by the Company and published in the corporate website of Ornapaper, shown as follows: -

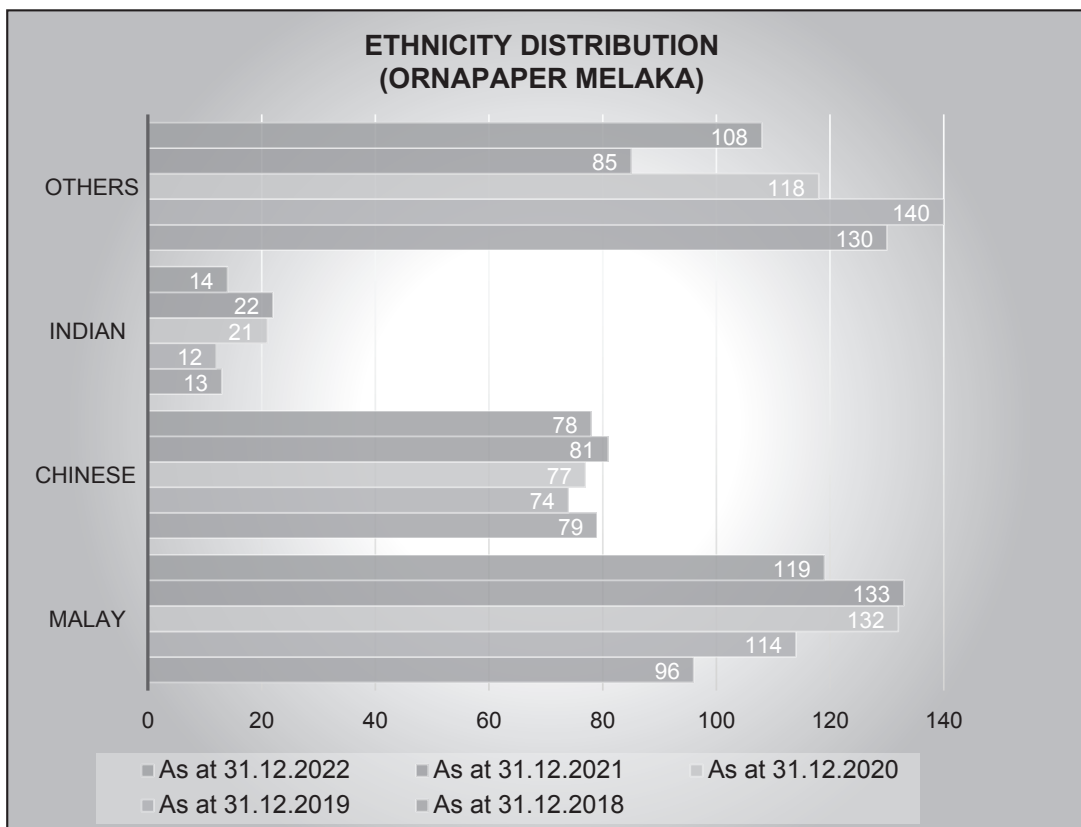
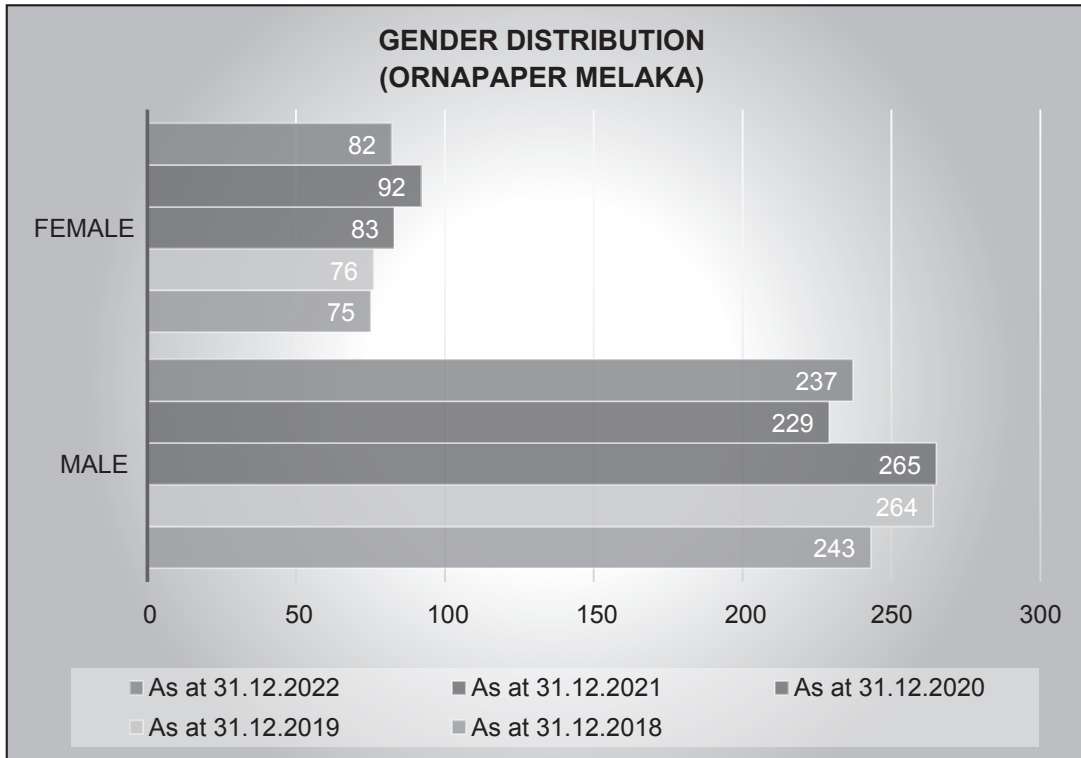
- (a) No forced, bonded and indentured labour.
 - Under no circumstances forced labour shall be used, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour, or any other forms.
 - Mental and physical coercion, slavery and human trafficking are prohibited.
 - Workers are not required to work more than the regular hours, and all overtime works by workers are on a voluntary basis.
- (b) No child labours.
 - All workers employed shall be above 18 years old, or under the local legal minimum age for work or mandatory schooling, whichever is higher.
- (c) Freedom of association and the effective recognition of the right to collective bargaining.
 - Workers are not intimidated or harassed in the exercise of their rights to join or refrain from joining any organisation.
- (d) No discrimination, harassment and abuse.
 - Workers are not subject to any physical, sexual, psychological or verbal harassment, abuse, or other forms of intimidation.
 - Shall not engage in, support or tolerate discrimination in employment.
- (e) Safe and healthy working environment.
- (f) Consistent wages, benefits and terms of employment.
- (g) Complaints and grievances.
 - A proper channel is established and regular meetings are conducted for employees to raise their concerns.
- (h) Welfare of employees is taken care of.
 - All workers are provided with transparent, fair and confidential procedures that result in the swift, unbiased and fair resolution of difficulties that may arise as part of their working relationship.
 - All provisions of services and facilities for workers and their dependents are at, or above, the legally required minimum standards (if applicable).
- (i) Training and competency.
 - Training and development opportunities are provided equally to all employees.

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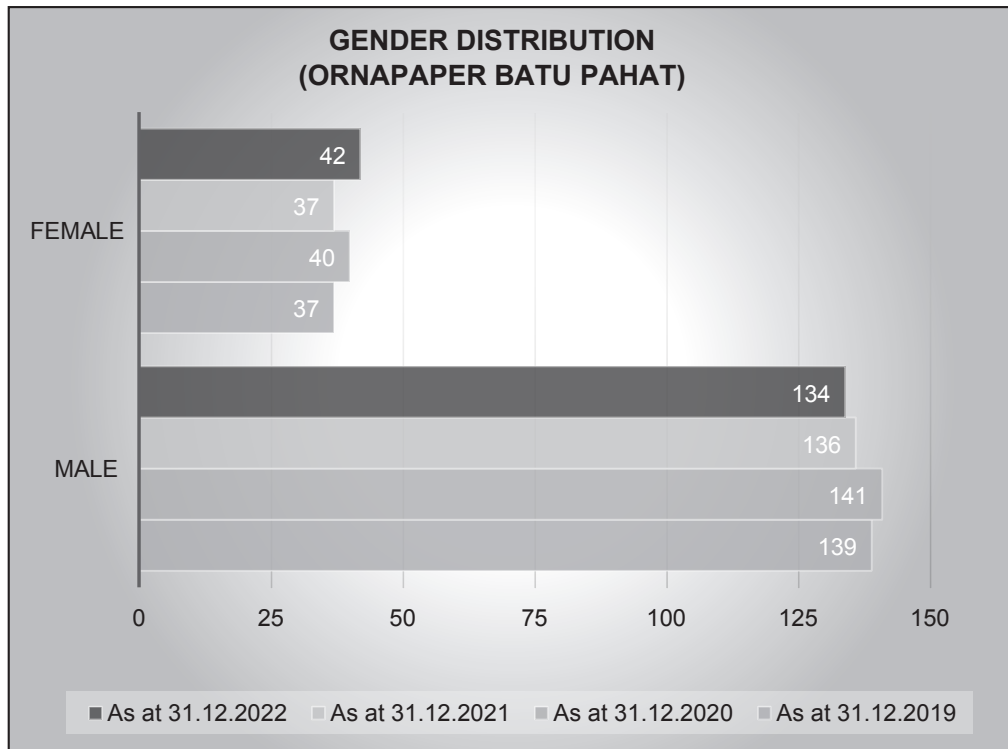
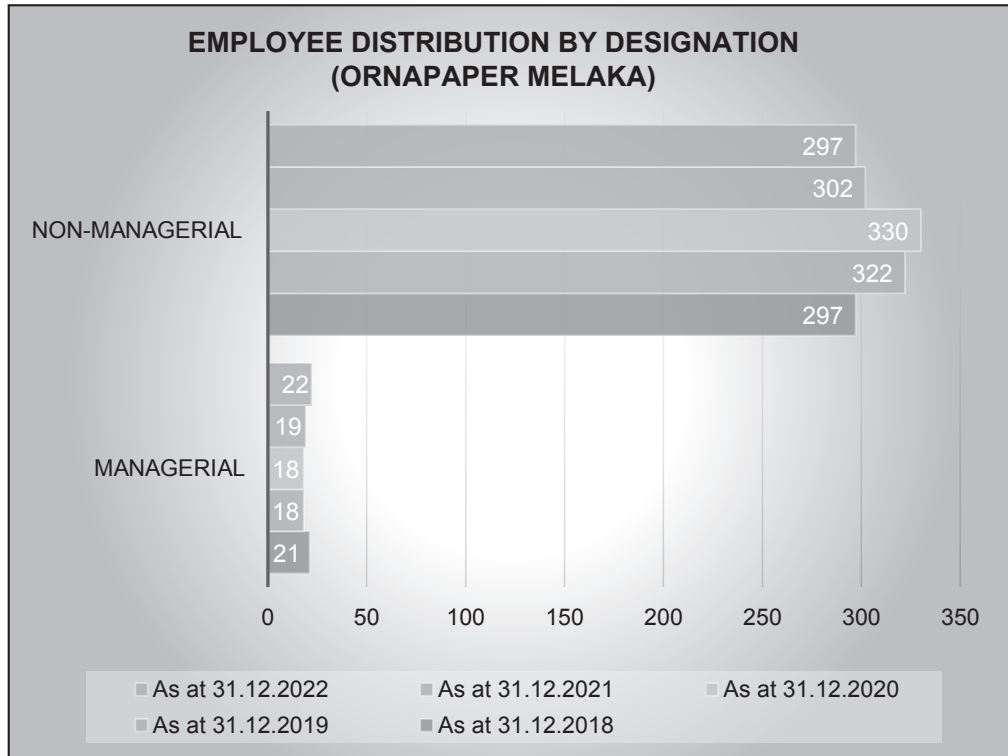
A full breakdown of our workforce in Ornapaper Melaka, Ornapaper Batu Pahat, Ornapaper Perak, Ornapaper Johor and Tripack is illustrated below.



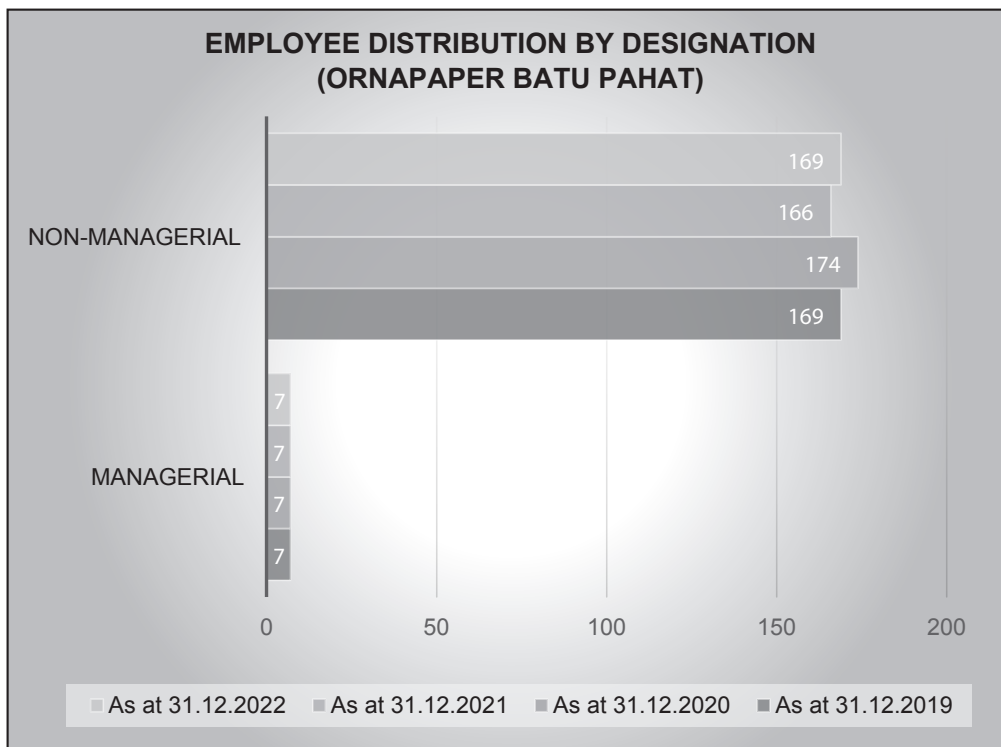
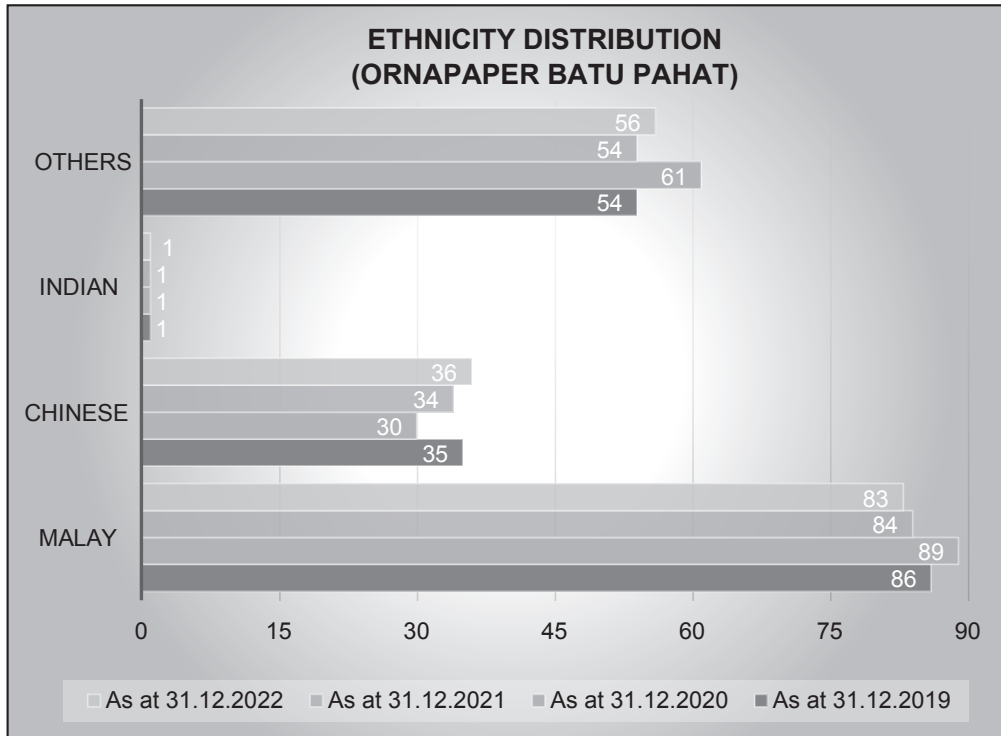
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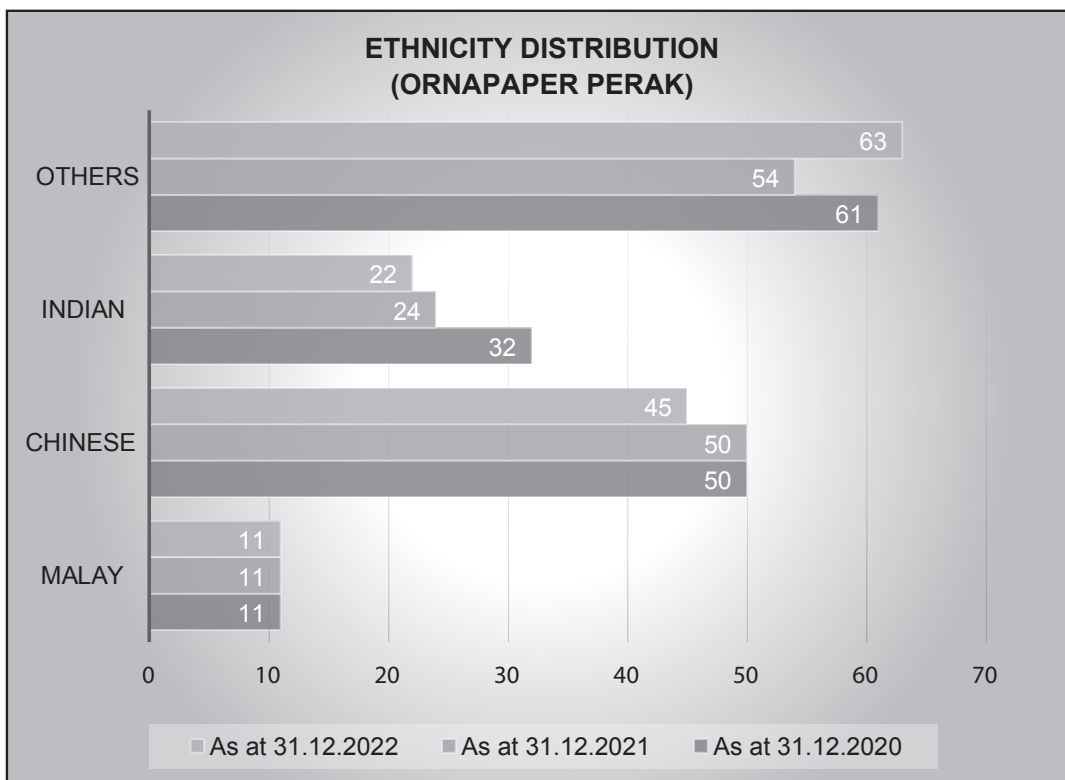
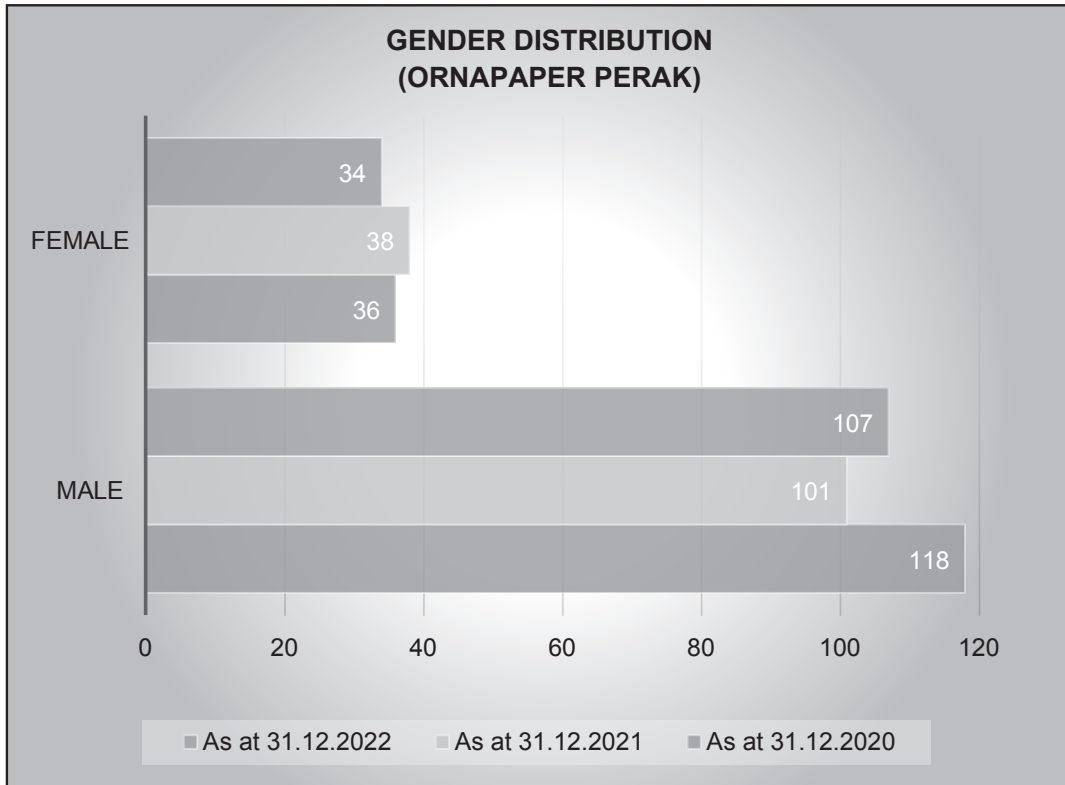
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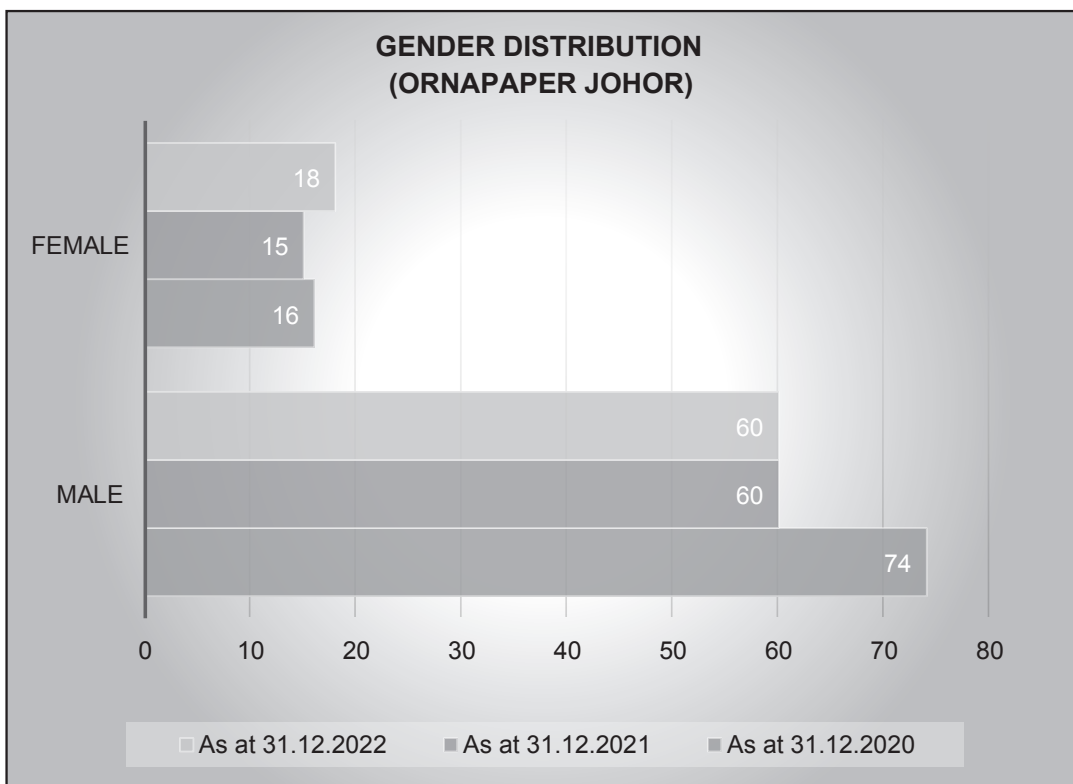
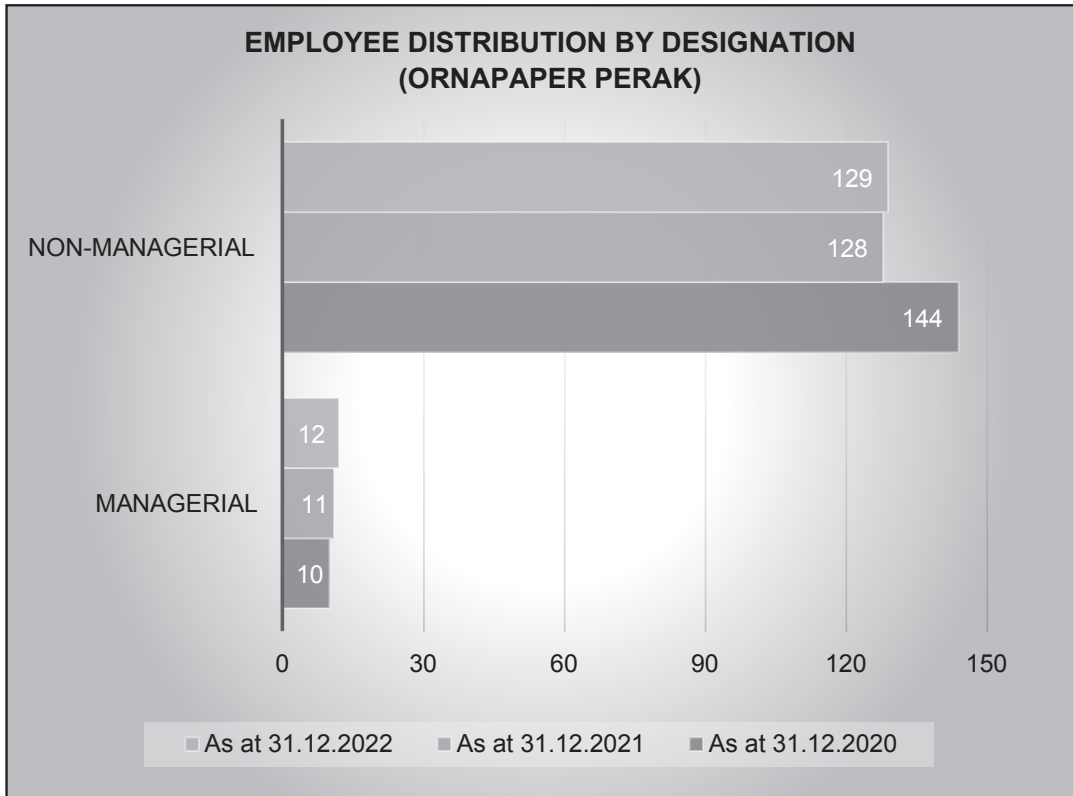
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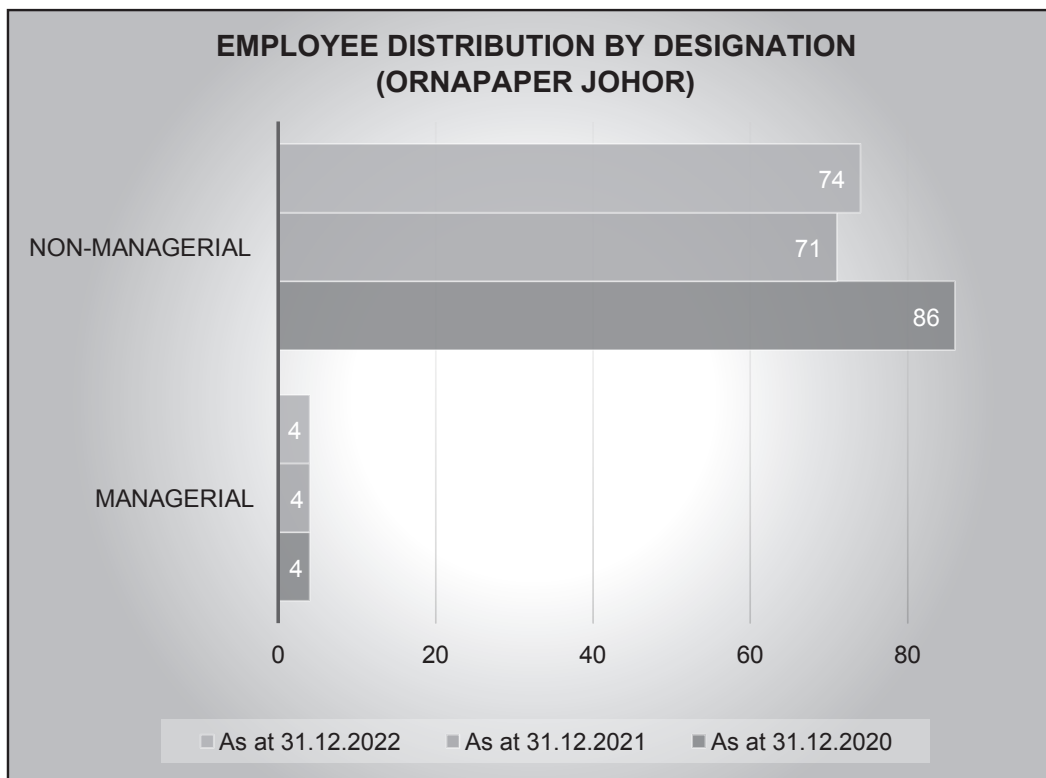
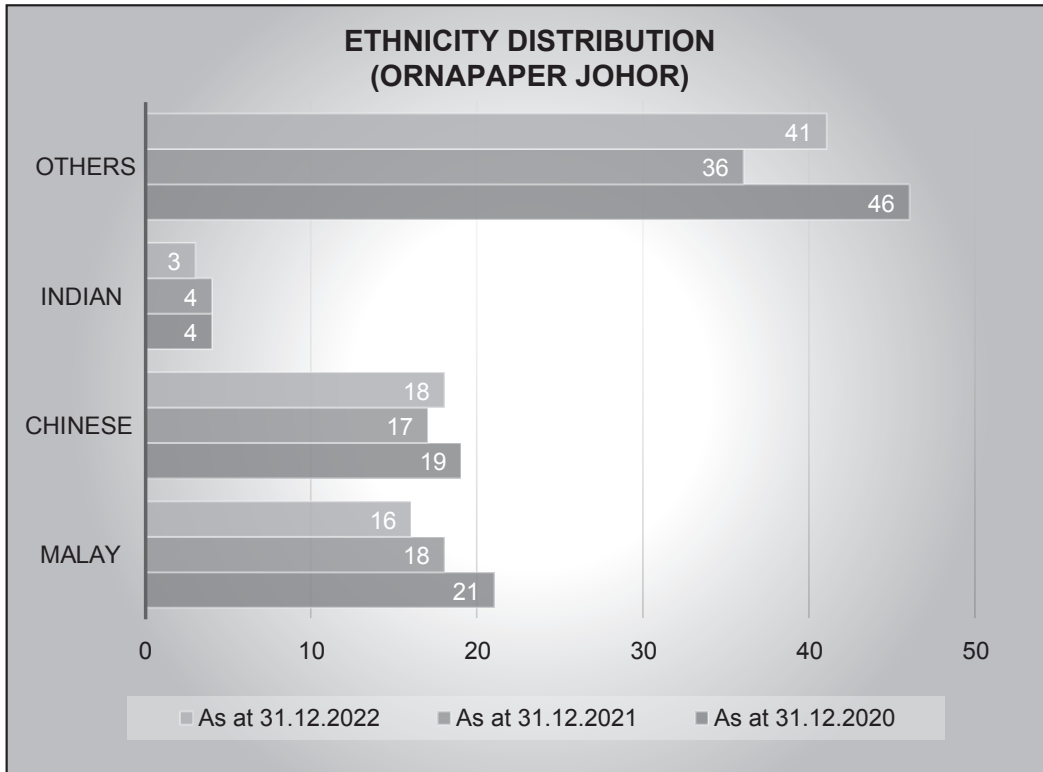
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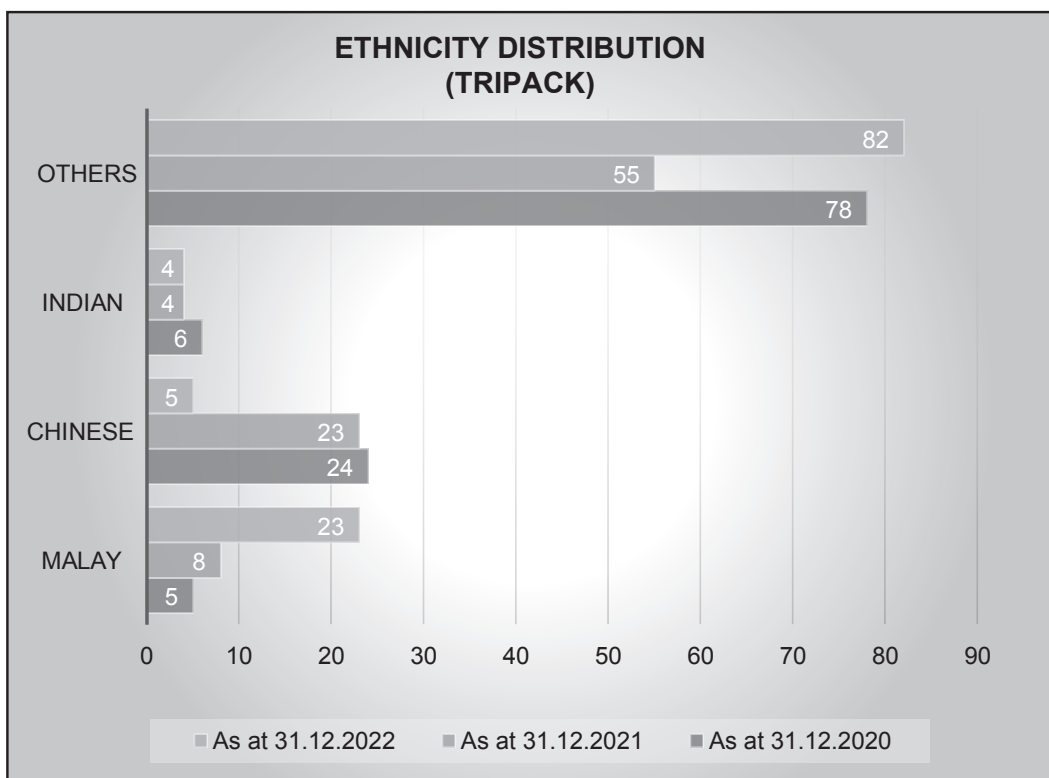
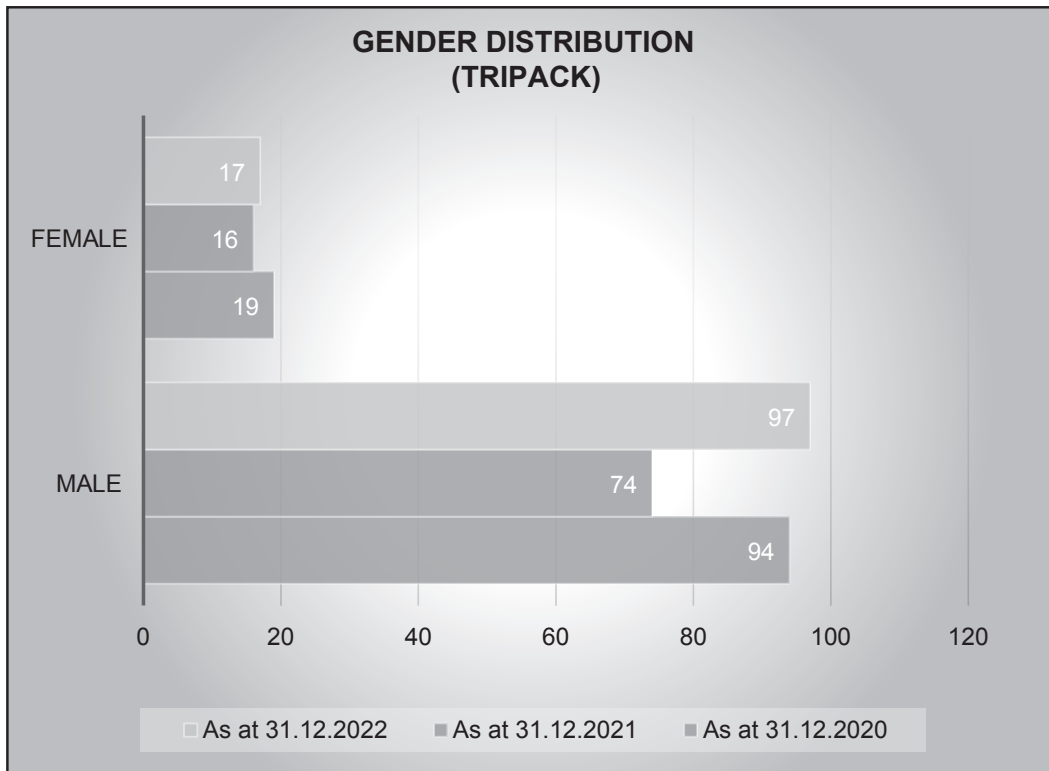
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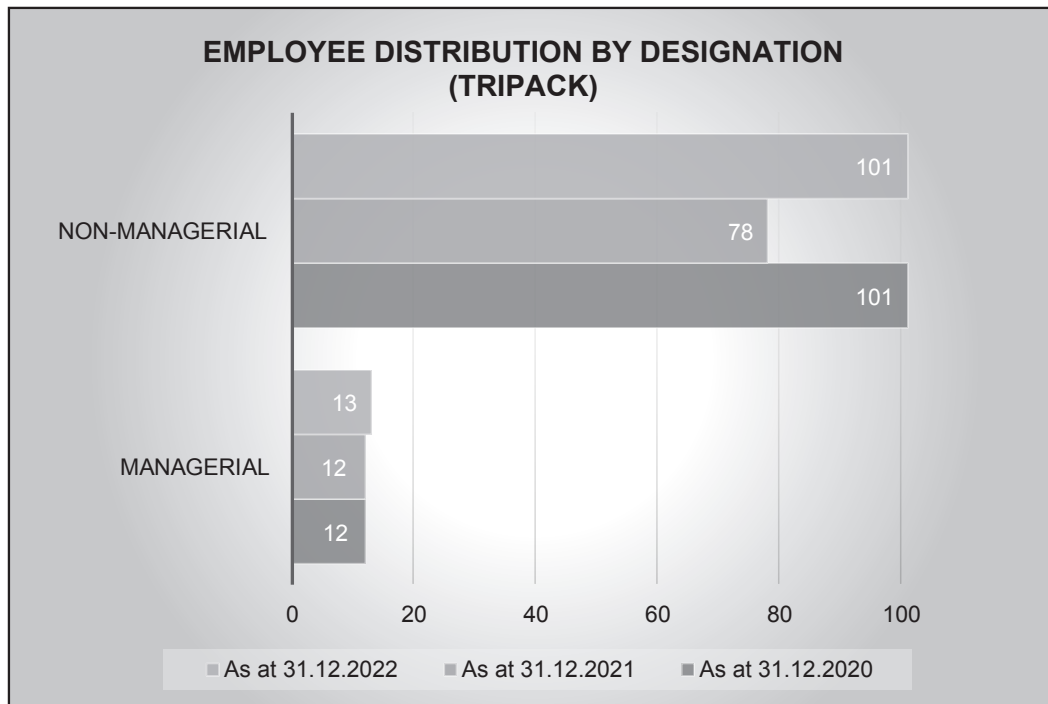
Sustainability Statement



Sustainability Statement



Sustainability Statement



As a responsible corporate citizen, the Group strives to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility. In fostering the aspect of social responsibility, in order to accord our people their rights as an employee of the Group, the Group observes strict compliance with all applicable prevailing human resource and social related 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, Children and Young Persons Act, Workers' Minimum Standards of Housing and Amenities Act, Temporary Measures for Reducing The Impact of Coronavirus Disease 2019 (COVID-19) Act 2020, just to name a few important ones.

The Group is holding the integrity value close to its heart and walks the extra mile to combat corruption and bribery practices throughout the Group and along the value chain. The Group is mindful of the importance of conducting business in a responsible and transparent manner and is committed to behaving professionally and with integrity in our business dealings with our business associates which include but are not limited to the customers, suppliers, agents and consultants. Pursuant to the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 effective from 1 June 2020, the Group is continuously embarking on initiatives to ensure that adequate measures are in place as a defence mechanism based on the TRUST principle under the Guidelines on Adequate Procedures issued by the Prime Minister's Department.

To demonstrate an adequate level of top-level commitment, the Group's Anti Bribery and Corruption Framework is established to ensure the Group's compliance with the principle of zero-tolerance on any and all forms of gratification as well as applicable anti-bribery and corruption laws and regulations. The said approved Group's Anti Bribery and Corruption Framework is published on the corporate website of Ornapaper too. The Group upholds the highest standards of integrity in all business interactions and adopts a strict zero tolerance on any forms of bribery and corruption whereby all business dealings should be transparently performed and accurately reflected on records with monitoring and enforcement procedures being implemented to ensure the related compliance. Officers and employees who refuse to pay bribes or participate in acts of corruption will not be penalised even if such refusal may result in losing business.

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The core principle in relation to anti-bribery and corruption of the Group is enshrined in the Code of Conduct approved by the Board as well as the misconduct and conflicts of interest requirements as specified in the Employee Handbook and related human resources policies and procedures. Therefore, these have explicitly defined the expectations of the Board on each officer, employee as well as a business associate to strictly comply with the terms of good business practices and to uphold high personal conduct and integrity. Besides, the Group continuously conducts awareness programs for all new and existing employees to refresh awareness of anti-bribery and anti-corruption measures and to continuously promote integrity and ethics.

Furthermore, the Group recognises the importance of practising lawful and ethical conduct in its business activities and is committed to complying with the ethical principles of transparency, integrity, objectivity and accountability in the conduct of its businesses and affairs at the workplace. The Anti Bribery and Corruption Framework put in place enables stakeholders to report any concerns in relation to bribery and corruption confidently to the designated Compliance Officer through the anti-bribery and corruption management's incident reporting channel.

The Group has also put in place a Whistleblowing Policy which is approved by the Board and administered by the Audit Committee to support the Group's principles and code of conduct. Such approved Whistleblowing Policy is also published on the corporate website of Ornapaper. A proper channel for whistleblowing is established to encourage whistle-blowers (including anonymous disclosure) to report any inappropriate ethical behaviours and workplace grievances 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 and anti-bribery and corruption management's incident reporting channel during the financial year under review.

Last but not least, the Group greatly emphasizes being a responsible corporate citizen by giving back and investing in the community in which the Group operates to show its gratitude and appreciation for its success and growth. Its strategy is to generate sustainable value for both the community and economic growth through the effective use of the Group's capabilities and resources as well as sharing of financial resources with the local community for their development. During the financial year, the Group have supported various community causes through corporate donations and community events. The Group is committed to continuing investing in community programmes and other corporate social responsibility initiatives to contribute towards the betterment of local communities.

Beyond building sustainability in business operations, we also recognise the importance of being responsible to society by not only providing financial and non-financial support to the local communities and those in need but also sharing our knowledge base for the next generation of community development. We do offer an internship programme to provide students with opportunities to work with us during their semester breaks and at the same time fulfilling their internship requirements. Such an internship programme is not only aimed to develop the confidence and skill sets of the undergraduates for future job requirements but also to present the Group with a ready source of new recruits for its business operations and business expansion.

During the financial year, the Group has contributed to the development of education of the young children in order to promote education and literacy in the next generations which enable the next generations to be well-educated and armed with relevant knowledge so that people's quality of life is improved, and sustainable development is enhanced. Our donations are not limited to only education but also to non-profit associations for social and economic development initiatives. The Group respects and values long-term beneficial relationships with the communities where we operate and in the wider society in order to achieve sustainable business growth.