

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(Version 1.1)

(Revised on 15 November 2024)

1. OBJECTIVES

The principal objective of the Remuneration Committee (“RC”) is to assist the Board of Directors (“the Board”) of Ornapaper Berhad (“Ornapaper” or “the Company”) and its subsidiaries (“the Group”) in fulfilling their responsibilities to establish a documented, formal and transparent procedure for assessing and reviewing the remuneration packages of Executive Directors, Non-Executive Directors and Key Senior Management of the Group.

2. COMPOSITION OF MEMBERS

The members of RC shall be appointed by the Board from amongst the Directors of the Company and shall comprise at least three (3) members, composed wholly of Non-Executive Directors with a majority of them being Independent Directors.

No alternate director shall be appointed as a member of RC and the Chairman of the Board should not be a member or Chairperson of the RC.

3. CHAIRPERSON

The Chairperson of the RC shall be elected from amongst the RC members and shall be approved by the Board. The Chair of the RC shall not be a Chair of the Board.

In the absence of the Chairperson during a meeting, the members can elect from amongst themselves the Chairperson for that meeting.

The Chairperson should also attend the general meetings to answer any shareholder’s questions and concerns on the RC’s activities.

4. SECRETARY

The Secretary of the Company shall be the Secretary of the RC.

5. MEETINGS

The RC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairperson of the RC may call for additional meetings at any time at the Chairperson’s discretion.

The Secretary shall on the requisition of the members of the RC summon a meeting of the RC except in the case of an emergency, reasonable notice of every RC meeting shall be given in writing.

Questions arising at any meeting of the RC shall be decided on a majority of votes of the members present, and in the case of equality of votes, the Chairperson of the RC shall have a second or casting vote.

(Terms of Reference of Remuneration Committee – cont'd)

A member of RC may participate in a meeting of RC by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the said meeting and shall be entitled to vote or be counted in a quorum accordingly.

A member of the RC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her.

6. QUORUM

A quorum shall consist of two (2) members, the majority of members present shall be Independent Directors.

7. MINUTES

Minutes of each meeting shall be kept at the registered office and distributed to each member of the RC and the other members of the Board. The Chairperson of the RC shall report on each meeting to the Board.

The minutes of the RC meeting shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting.

8. CIRCULAR RESOLUTIONS

A resolution in writing signed by a majority of the RC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the RC duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more RC members. Any such document may be accepted as sufficiently signed by a RC member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical/electronic or digital written message purporting to include a signature of a RC member.

9. AUTHORITY

The RC shall, in accordance with a formal and transparent policy and procedure determined and established by the Board and at the expense of the Company,

- (a) seek any information it requires from management of the Company in order to perform its duties.
- (b) seek independent professional advice or external advice as necessary on matters within its terms of reference.
- (c) be entitled to the services of a Company Secretary who must ensure that all decisions of RC are properly recorded and documented in the minutes.

(Terms of Reference of Remuneration Committee – cont'd)

10. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the RC are as follows:-

- To support the Board in actively overseeing the design and operation of the Company's remuneration system in a fair and transparent manner.
- To establish frequent communication with other Board committees, namely the Nomination Committee, to align remuneration policies and procedures to succession plans and talent management of executives, and Board Risk Management Committee to ensure risk outcomes are adequately considered in the design of remuneration policies and procedures.
- To review and recommend to the Board on the total individual remuneration package for Executive Directors and members of Key Senior Management (including Executive Directors and members of Key Senior Management of its subsidiaries) including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.
- To review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken.
- To review and recommend to the Board the Director Fees of the Non-Executive Directors and ensure that the remuneration and incentives for Independent Directors do not conflict with their obligations to bring objectivity and independent judgement to the Board. The Director Fees and benefits reviewed by RC and recommended to the Board shall be subject to the approval of shareholders at the Annual General Meeting.
- To ensure the levels of remuneration are sufficiently attractive and be able to attract and retain highly qualified members of the Board and Key Senior Management in running and managing the Group successfully.
- To structure the components of remuneration by linking reward to corporate and individual performance and assess the needs of the Company for talent at the Board and Key Senior Management level at a particular time.
- To oversee the qualitative and quantitative disclosures of remuneration made in the Annual Report, Corporate Governance Report and Notice of General Meetings and ensure that resolutions on the approval of the fees for each Non-Executive Director are tabled separately at general meetings.
- To provide clarification to shareholders during general meetings on matters pertaining to the remuneration of Directors and Key Senior Management as well as the overall remuneration framework of the Company.
- To ensure that Directors who are shareholders and controlling shareholders with a nominee or connected director on the Board are abstaining from voting on the resolution to approve Directors' fees at the general meeting.
- To act in line with the directions of the Board of Directors.
- To consider and examine such other matters as the RC considers appropriate.

(Terms of Reference of Remuneration Committee – cont'd)

11. REVIEW OF THE TERM OF REFERENCE

The Terms of Reference shall be reviewed and updated at least once every three (3) years by the RC or as and when there are changes to the MCCG and MMLR that may have an impact on the discharge of the RC's responsibilities.

The RC should recommend any change to the terms of reference to the Board for approval.