

## **REMUNERATION POLICY FOR DIRECTORS AND KEY SENIOR MANAGEMENT**

(Version: 1.1)

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

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

### **A. OBJECTIVES**

The objectives of the Remuneration Policy are as follows:

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

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

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

#### ***i. Fixed Salary***

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

## **ii. Director's Fees**

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

## **iii. Variable Compensation**

Variable compensation is intended to strengthen Executive Directors' (including Executive Directors of the subsidiaries) commitment to the Group's business strategy, sustainability goals, risk appetite, values and medium and long-term performance.

- The Group's Annual Incentive Plan such as performance bonus is designed to reward Executive Directors (including Executive Directors of the subsidiaries) based on the financial performance of their respective entities and individual Director's contributions.
- In determining the appropriate level of remuneration for Executive Directors (including Executive Directors of the subsidiaries), the Board should also take into consideration the performance of individual Executive Directors in managing material sustainability risks and opportunities.
- Variable compensation shall not include commission on or percentage of sales.
- RC shall review the variable compensation proposed by the Chief Executive Director ("CED") and report the results of the review to the Board for deliberation and approval.
- Executive Directors must abstain from participating in deliberation and approval of his/her own variable compensation during the motion to deliberate and approval of his/her benefits-in-kind.

## **iv. Benefits and Other Arrangements**

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

- Executive Directors must abstain from participating in deliberation and approval of his/her own benefits-in-kind during the motion to deliberate and approval of his/her benefits-in-kind.
- Directors' fees and benefits requiring shareholder approval under corporation or securities laws and regulations shall be proposed to shareholders for approval in general meetings. Directors (including Directors of the subsidiaries) who are shareholders or controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) must abstain from voting at general meetings on resolutions related to fees and benefits for such interested Director.

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

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

#### ***i. Fixed Salary***

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

#### ***ii. Variable Compensation***

Variable compensation is intended to strengthen Key Senior Management (including Key Senior Management of the Subsidiaries) commitment to the Group's business strategy, sustainability goals, risk appetite, values and medium and long-term performance.

- The Group's Annual Incentive Plan such as performance bonus is designed to reward Key Senior Management based on the Group's financial performance and individual contributions.
- In determining the appropriate level of remuneration for Key Senior Management (including Key Senior Management of the Subsidiaries), the Board should also take into consideration performance of Key Senior Management in managing material sustainability risks and opportunities.
- Variable compensation shall be reviewed first by the CED and subsequently by RC, which will then report the results of the review to the Board for deliberation and approval.

#### ***iii. Benefits and Other Arrangements***

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

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

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

#### ***i. Director's Fees***

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

- Director's fees for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall be reviewed by the Board annually and proposed to shareholders for approval in general meeting of the Company and Directors (including Directors of the subsidiaries) who are shareholders or controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) must abstain from voting at general meetings to approve fees in relation to such interested Director.
- Director's fees for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall take into consideration the performance of individual Non-Executive Directors in overseeing the management of material sustainability risks and opportunities.

***ii. Allowance***

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

**E. REVIEW AND APPROVAL OF THIS POLICY**

This Remuneration Policy is to be reviewed by RC at least once every three (3) years or as and when the need arises. Any requirement for the amendment shall be deliberated by RC and any recommendation for revisions shall be presented to the Board of the Company for deliberation and approval.