

ORNAPAPER BERHAD

[Registration No. 200201006032 (573695-W)]

(Incorporated in Malaysia)

TERMS OF REFERENCE OF BOARD RISK MANAGEMENT COMMITTEE

(Revised on 30 December 2021)

1. Objectives

The principal objective of the Board Risk Management Committee is to assist the Board of Directors in their responsibilities to oversee the Company and its subsidiaries ("the Group") risk management framework and policies, which includes identifying, analysing, evaluating, managing and monitoring potential and significant financial and non-financial risks.

2. Composition of members

The Board of Directors shall elect the Board Risk Management Committee members from amongst themselves, composed of not less than three (3) non-executive directors.

3. Chairperson

The Chairperson of the Board Risk Management Committee shall be elected from amongst the Board Risk Management Committee members. The Chairperson of the Board Risk Management Committee shall be a non-executive director and approved by the Board of Directors.

4. Secretary

The Secretary of the Board Risk Management Committee shall be the Company Secretary of the Company and the person(s) appointed by the Board Risk Management Committee.

5. Meetings

The Board Risk Management Committee may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, at least one (1) time per year or more frequently as deemed necessary. The Chairperson may call for additional meetings at any time at the Chairperson's discretion.

Notice of Board Risk Management Committee Meetings shall be given to all the Board Risk Management Committee members at least three (3) days prior to each meeting unless the Board Risk Management Committee waives such requirement.

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

In the absence of the Chairperson, the members can elect from amongst themselves the Chairperson of the Meeting.

(Terms of Reference of Board Risk Management Committee - cont'd)

6. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Board Risk Management Committee and also to other members of the Board for notation.

The minutes of the Board Risk Management Committee 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.

7. Quorum

A quorum shall consist of two (2) members.

8. Circular Resolutions

A resolution in writing signed by all of the Board Risk Management Committee Members for the time being shall be as valid and effectual as if it had been passed at a Meeting of the Board Risk Management Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more Board Risk Management Committee Members. Any such document, may be accepted as sufficiently signed by a Board Risk Management Committee Member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of a Board Risk Management Committee Member.

9. Reporting

The Board Risk Management Committee shall report to the Board of Directors the proceedings, findings and recommendations discussed at each meeting and on any specific matters referred to it by the Board.

10. Authority

The Board Risk Management Committee shall, in accordance with a procedure or process to be determined by the Board of Directors and at the expense of the Company, have authority to make decisions on whether the Company has acted in good faith in relation to its contracts, review the risk management framework of the Company and make recommendations to the Board in an advisory capacity.

11. Duties and Responsibilities

The duties and responsibilities of the Board Risk Management Committee are as follows:-

- To identify, assess and monitor all risks and risk management process associated with the operations of the Group;

(Terms of Reference of Board Risk Management Committee - cont'd)

- To develop and implement internal compliance and control systems and procedures to manage risk;
- To review and make recommendations to the Board on key risk policies and strategies for the Board's approval;
- To review, monitor and assess risk tolerance and risk appetite of the Group;
- To recommend or advise the Board on significant proposed changes to risk management policies and strategies;
- To review and update the Board on changes in the Key Risk Registers on a periodical basis (at least on annual basis);
- To review and keep updated of any new or emerging trends of threats including sustainability and climate-related risks so as to ensure the Management continues to promote risk awareness at all levels within the Group;
- To review together with other Committees, the Management and the Auditors of the Company, any significant risk and exposures and assess the steps taken to minimise such risk to the Group;
- To monitor the risks associated with all material outsourcing agreements;
- To review reports on compliance with risk management policies and recommend action where necessary;
- To benchmark risk management exposure of the Group against other leading integrated companies;
- To review the adequacy and effectiveness of the Group's risk management process and systems established by the Management and whether such system is able to provide reasonable assurance that key business risks are managed within the Board's risk appetite as well as the Group's mission, vision, strategies and business objectives;
- To review and oversee the adequacy and effectiveness of the Group's sustainability management system in identifying, assessing and managing sustainability matters and the results (including the process) of identification, assessment, management and monitoring of sustainability matters;
- To oversee matters relating to the sustainability policy, standards and practices of the Group;
- To deliberate, and subject to the facts and representations made by the Management of the Company and its subsidiaries, decide on whether the Company and its subsidiaries has acted in good faith in relation to its contracts;
- To act in line with the directions of the Board of Directors;

(Terms of Reference of Board Risk Management Committee - cont'd)

- To consider and examine such other matters as the Board Risk Management Committee considers appropriate; and
- To consider any other matters as defined by the Board.

The Terms of Reference shall be reviewed and updated at least once every three (3) years by the Board Risk Management Committee or as and when there are changes to the Malaysian Code on Corporate Governance and Main Market Listing Requirements that may have an impact on the discharge of the Board Risk Management Committee's responsibilities.

The Board Risk Management Committee should recommend any change to the terms of reference to the Board for approval.