

**ORNAPAPER BERHAD**  
(Company No. 200201006032 (573695-W))  
(Incorporated in Malaysia)

**TERMS OF REFERENCE OF BOARD RISK MANAGEMENT COMMITTEE**

(Version 1.1)

(Revised on 15 November 2024)

**1. OBJECTIVES**

The principal objective of the Board Risk Management Committee (“BRMC”) is to assist the Board of Directors (“the Board”) of Ornapaper Berhad (“Ornapaper” or “the Company”) in their responsibilities to formulate, oversee and promote good governance, a robust risk management framework and best practices for sustainability within the Company and its subsidiaries (“the Group”).

**2. COMPOSITION OF MEMBERS**

The Board shall elect the BRMC members from amongst themselves, composed of not less than three (3) members and a majority must be non-executive directors. Chairman of the Board shall not be a member of the BRMC.

If a member retires or resigns from his position, that member ceases to be a member of the BRMC. The Board may appoint a successor.

All members of the BRMC should have a reasonable knowledge of the Group’s operation, sufficient understanding of the industry in which the Group operates, and experience or knowledge about governance, risk management and sustainability.

No alternate Director shall be appointed as a member of the BRMC.

**3. CHAIRPERSON**

The Chairperson of the BRMC shall be elected from amongst the BRMC members. The Chairperson of the BRMC shall be a non-executive director and approved by the Board. The Chairperson of the BRMC shall not be the Chairman of the Board.

The role of the Chairperson is planning and conducting meetings, overseeing reporting to the Board and encouraging open discussion during meetings. The Chairperson should also attend the general meetings to answer any shareholder’s questions and concerns on the BRMC’s activities.

**4. SECRETARY**

The Secretary of the BRMC shall be the Company Secretary of the Company and the person(s) appointed by the BRMC.

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

**5. MEETINGS**

The BRMC 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 BRMC Meetings shall be given to all the BRMC members at least three (3) days prior to each meeting unless the BRMC waives such requirement.

Questions arising at any meeting of the BRMC 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.

**6. MINUTES**

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

The minutes of the BRMC 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 BRMC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the BRMC duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more BRMC members.

Any such document may be accepted as sufficiently signed by a BRMC 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 BRMC member.

**9. REPORTING**

The BRMC shall report to the Board the proceedings, findings and recommendations discussed at each meeting and on any specific matters referred to it by the Board.

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

## 10. **AUTHORITY**

The BRMC shall, in accordance with a procedure or process to be determined by the Board and at the expense of the Company, within the scope of its duties and responsibilities set in this terms of reference to 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 BRMC are as follows:-

- To identify, assess and monitor all risks and risk management processes associated with the operations of the Group;
- 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 an annual basis);
- To review and keep updated on 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 oversee the conduct, and review the results, of Group risk assessments, including the identification and reporting of key business risks as well as material environmental, social and governance ("ESG") risks;
- To review together with other Board Committees, the Key Senior Management and the Auditors of the Company, any significant risks and exposures and assess the steps taken to minimise such risks 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;

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

- 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 have acted in good faith in relation to its contracts;
- To act in line with the directions of the Board of Directors;
- 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.

## **12. REVIEW OF TERM OF REFERENCE**

The Terms of Reference shall be reviewed and updated at least once every three (3) years by the BRMC or as and when there are changes to the Malaysian Code on Corporate Governance ("MCCG") issued by Securities Commission Malaysia ("SC") and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") that may have an impact on the discharge of the BRMC's responsibilities.

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