



POLICY

**ON RISK MANAGEMENT AND
INTERNAL CONTROLS**

POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

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Document Control

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1. Purpose

The purpose of this policy is to establish a comprehensive framework for identifying, assessing, managing, and monitoring risks to the organization, and to ensure that appropriate internal controls are in place to mitigate these risks. This policy aims to protect the company's assets, ensure the accuracy and reliability of financial reporting, and comply with applicable laws and regulations.

2. Scope

This policy applies to all employees, management, and the Board of Directors. It encompasses all areas of risk, including strategic, operational, financial, compliance, and reputational risks.

3. Risk Management Framework

3.1 Risk Identification

- All departments are responsible for identifying potential risks in their areas of operation.
- Risk identification should consider both internal and external factors.
- Regular risk assessments should be conducted to update the risk register

3.2 Risk Assessment

- Risks should be evaluated based on their likelihood and potential impact.
- A risk matrix will be used to prioritize risks according to their severity.
- Each risk should be categorized (e.g., high, medium, low) to facilitate appropriate management.

3.3 Risk Mitigation

- Each identified risk should have an assigned owner responsible for managing the risk.
- Mitigation strategies should be developed for all significant risks.
- Strategies may include risk avoidance, reduction, sharing, or acceptance.
- Action plans should be created for implementing mitigation strategies, including timelines and resource allocation.

3.4 Risk Monitoring and Reporting

- Continuous monitoring of risks and the effectiveness of mitigation strategies is essential.

- Regular risk reports should be prepared for senior management and the Board of Directors.
- Any changes in the risk profile should be promptly reported and addressed.

4. Internal Controls

4.1 Control Environment

- A strong control environment should be established, promoting ethical behavior and integrity.
- The Board of Directors and senior management should set a tone that emphasizes the importance of internal controls.

4.2 Control Activities

- Control activities should be implemented at all levels to address identified risks.
- These activities may include approvals, authorizations, verifications reconciliations, and reviews of operating performance.
- Controls should be designed to prevent, detect, and correct errors or irregularities.

4.3 Information and Communication

- Relevant information should be identified, captured, and communicated in a timely manner.
- There should be effective communication channels within the organization to ensure that information flows across all levels.

4.4 Monitoring

- Internal controls should be regularly monitored to ensure they are effective.
- Periodic reviews and audits should be conducted by internal audit or external auditors.
- Any deficiencies identified should be reported to management and corrective actions should be taken.

5. Roles and Responsibilities

5.1 Board of Directors

- Provide oversight and guidance on risk management and internal controls.
- Approve the risk management framework and internal control policies.

5.2 Senior Management

- Implement and maintain an effective risk management framework and internal control system.
- Ensure that risk management and internal controls are integrated into the company's strategic and operational processes.

5.3 Risk Management Committee

- Monitor the risk management process and ensure that risks are being managed effectively.
- Review and recommend risk management policies and procedures.

5.4 Internal Audit

- Conduct independent reviews of the effectiveness of risk management and internal controls.
- Report findings and recommendations to management and the Board of Directors.

5.5 Employees

- Understand and comply with the risk management and internal control policies.
- Report any potential risks or control issues to management.

6. Review and Revision

This policy should be reviewed annually or more frequently if necessary to ensure its continued relevance and effectiveness. Revisions should be approved by the Board of Directors.

Issued By

Frits Bogtsra – Chairman

Effective from 1st October, 2024

