

Policy on Risk management and Internal controls

Board : Board of Directors of Gestetner of Ceylon PLC

Company: Gestetner of Ceylon PLC

Version: 01

Listing Rules': Listing Rule 9.2.1 (f)

1.INTRODUCTION

Gestetner of Ceylon PLC (hereinafter referred to as "the Company") is a diversified conglomerate listed on the Colombo Stock Exchange. With its broad business portfolio and the evolving nature of the business environment, it is essential for the Company to maintain a strong risk management and internal control framework. This policy sets forth the principles and procedures for effective risk management and internal controls to protect assets, maintain financial integrity, and ensure compliance with regulatory obligations.

2.OBJECTIVES

The primary goal is to establish guidelines for controlling, monitoring, and reporting risks that could impact the operations. Management considers risk management crucial and aims to take appropriate action to prevent any negative impact on the company's financial position.

Main objectives of this policy are:

- **Effective Risk Management:** To identify, evaluate, and mitigate risks that may affect the Company's ability to meet its strategic, operational, and financial goals.
- **Robust Internal Controls:** To implement and uphold internal controls that protect assets, ensure precise financial reporting, and enhance operational effectiveness.
- **Regulatory Compliance:** To comply with relevant laws, regulations, and listing standards established by the Colombo Stock Exchange and other governing authorities.
- **Promote Accountability:** To cultivate a culture of responsibility, integrity, and openness throughout the organization.

3.RISK MANAGEMENT FRAMEWORK

3.1 Risk Management Framework

The risk management framework aims to:

- **Identify Risks:** Systematically identify potential risks that may affect the Company's operations, financial performance, and compliance.
- **Assess Risks:** Evaluate the likelihood and impact of identified risks to prioritize risk management efforts.

- **Mitigate Risks:** Develop and implement strategies to mitigate risks to an acceptable level.
- **Monitor and Review:** Continuously monitor and review the effectiveness of risk management strategies and processes.

3.2 Risk Management Process

3.2.1 Risk Identification

- **Methods:** Utilize various methods such as risk workshops, scenario analysis, and SWOT analysis to identify risks. Engage with key stakeholders, including management, employees, and external advisors.

3.2.2 Risk Assessment

- **Likelihood and Impact:** Assess the likelihood of each risk occurring and its potential impact on the Company's objectives. Use qualitative and quantitative techniques to evaluate risks.

3.2.3 Risk Response

- **Mitigation Strategies:** Develop strategies to address high priority risks. Strategies may include risk avoidance, reduction, sharing, or acceptance.
- **Action Plans:** Create action plans outlining specific measures, responsibilities, timelines, and resources required for risk mitigation.

3.2.4 Risk Monitoring and Review

- **Ongoing Monitoring:** Continuously monitor the risk environment and the effectiveness of risk management strategies. Utilize key risk indicators, Risk Registers and performance metrics.
- **Periodic Review:** Conduct periodic reviews of the risk management framework to ensure its continued relevance and effectiveness. Update risk assessments and strategies as necessary.
- **Annual Review:** Conduct annual reviews by Nomination and Governance Committee

3.3 Risk Management Responsibilities

- **Board of Directors:** Oversee the risk management framework, review significant risks, and ensure alignment with the Company's strategic objectives.
- **Audit Committee:** Periodically review identified Reporting risks and Internal Control Risks and mitigation measures taken.
- **Group Management Committee:** Evaluate and address significant risks, oversee risk mitigation strategies, and provide guidance on implementation of risk management policy within the Company.
- **Management:** Implement risk management strategies, monitor risks, and ensure compliance with risk management policies within their respective areas.
- **Employees:** Identify and report risks encountered in daily operations and adhere to risk management procedures.

3.4 Group Management Committee

The Group Management Committee shall ensure that controls are in place to safeguard company's assets.

3.5 Finance Function

In order to facilitate safeguarding of assets, the company's finance function should maintain adequate and accurate records.

The finance function also should ensure that adequate internal controls are in place to ensure the accuracy of financial statements.