

## **Risk Management and Internal Control Policy**

### **1. Purpose**

This policy outlines the framework for risk management and internal control within ACL Plastics PLC. The objective is to ensure the effective management of risks that may impact the achievement of the company's strategic, operational, financial, and compliance objectives.

### **2. Scope**

This policy applies to all employees, officers, and directors of ACL Plastics PLC. It encompasses all aspects of the company's operations and extends to its subsidiaries and affiliates.

### **3. Policy Statement**

ACL Plastics PLC is committed to maintaining a robust system of risk management and internal control in accordance with the requirements of the Colombo Stock Exchange (CSE) listing rules. The company recognizes that effective risk management is essential for the sustainable growth and success of the business.

### **4. Risk Management Framework**

#### **4.1 Risk Identification**

- Identify risks that could potentially impact the company's ability to achieve its objectives.
- Maintain a risk register to document and track identified risks.

#### **4.2 Risk Assessment**

- Assess the likelihood and impact of identified risks.
- Categorize risks based on their potential impact on the organization.

#### **4.3 Risk Mitigation**

- Develop and implement strategies to manage and mitigate identified risks.
- Assign responsibility for risk mitigation to appropriate personnel.

#### **4.4 Risk Monitoring and Reporting**

- Continuously monitor risks and the effectiveness of mitigation strategies.
- Regularly report risk management activities and findings to the Board of Directors.
- Assess the likelihood and impact of identified risks.
- Categorize risks based on their potential impact on the organization.

## **5. Internal Control System**

### **5.1 Control Environment**

- Establish a culture of integrity, accountability, and transparency.
- Ensure that the Board of Directors and senior management provide leadership and direction.

### **5.2 Control Activities**

- Implement control activities that are designed to address identified risks.
- Ensure that control activities are integrated into the company's operational processes.

### **5.3 Information and Communication**

- Ensure that relevant risk and control information is communicated in a timely manner.
- Maintain open channels of communication across all levels of the organization.

### **5.4 Monitoring and Review**

- Conduct regular reviews of the internal control system to ensure its effectiveness.
- Implement corrective actions for any identified deficiencies in the internal control system.

## **6. Roles and Responsibilities**

### **6.1 Board of Directors**

- Oversee the risk management and internal control processes.
- Ensure that the risk management framework and internal control system are adequate and effective.

### **6.2 Audit Committee**

- Monitor the effectiveness of the company's risk management and internal control systems.
- Review and approve the risk management and internal control policies.

### **6.3 Senior Management**

- Implement the risk management and internal control policies.

- Ensure that risk management and internal control processes are integrated into daily operations.

#### **6.4 Head of Risk and Control**

- Maintain a risk register to document and track identified risks.
- Assess the likelihood and impact of identified risks.
- Categorize risks based on their potential impact on the organization.
- Report any potential risks or control deficiencies to management.
- Regularly report risk management activities and findings to the Board of Directors.

#### **7. Compliance with CSE Listing Rules**

ACL Plastics PLC shall comply with all relevant CSE listing rules related to risk management and internal control. The company shall disclose its risk management and internal control practices in accordance with CSE requirements.

#### **8. Review and Amendments**

This policy shall be reviewed annually and amended as necessary to ensure its continued relevance and effectiveness. Any amendments to the policy shall be approved by the Board of Directors.

#### **9. Approval**

This policy was approved by the Board of Directors on xx/xx/xx

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**Chairman of the Board**