Lake House Printers & Publishers PLC

Policy Statement on Risk Management and Internal Control

1. Introduction

The Board of Directors (the "Board") of Lake House Printers & Publishers PLC is committed to ensuring a robust framework for risk management and internal controls to safeguard shareholder interests, enhance operational efficiency, and support sustainable growth. This Policy Statement outlines the Company's approach to risk management and internal controls, in compliance with the Continuing Listing Rules of the Colombo Stock Exchange (CSE).

2. Objectives

To identify, assess, and mitigate key risks that may impact the achievement of the Company's strategic objectives.

To ensure the effectiveness of internal controls in managing market, technological, operational, financial, compliance, and reputational risks.

To provide reasonable assurance regarding the reliability of financial reporting and compliance with applicable laws and regulations.

3. Scope

This policy applies to all business units, subsidiaries, and functions within the Company. It covers risks related to:

Strategic Risks: Risks affecting long-term goals and business model.

Operational Risks: Risks arising from internal processes, systems, or external events.

Financial Risks: Risks related to market volatility, liquidity, credit, and fraud.

Compliance Risks: Risks of non-compliance with laws, regulations, or internal policies.

Reputational Risks: Risks damaging the Company's public image or stakeholder trust.

4. Framework for Risk Management

4.1 Risk Identification and Assessment

Risks are systematically identified and assessed through scenario analysis, and feedback from management and stakeholders.

A Risk Register is maintained to document and prioritize risks based on their potential impact and likelihood.

4.2 Risk Mitigation and Response

The Company develops and implements risk response strategies, including risk avoidance, reduction, transfer, or acceptance.

4.3 Roles and Responsibilities

Board of Directors: Provides oversight and approves the risk management framework and policies.

Audit and Risk Committee: Assists the Board in reviewing the effectiveness of risk management and internal controls.

Management: Implements risk mitigation measures and ensures adherence to internal controls.

All Employees: Responsible for identifying and reporting risks in their respective areas.

5. Internal Control System

The Company maintains an internal control system designed to:

- Safeguard assets from loss or misuse.
- Ensure the accuracy and completeness of financial records.
- Promote operational efficiency and compliance with policies.

The system includes controls over financial reporting, IT systems, procurement, and regulatory compliance.

6. Monitoring and Review

The effectiveness of internal controls is monitored through continuous assessments and periodic internal audits.

The Audit and Risk Committee reviews the internal control system annually and reports to the Board.

Significant control deficiencies are promptly addressed, and corrective actions are implemented.

7. Assurance and Reporting

The Board receives regular reports on risk exposure and the effectiveness of internal controls through the Audit Committee.

The Company discloses in its Annual Report:

- An overview of the risk management framework & methodology.
- Key risks and mitigation strategies.
- A confirmation from the Board on the effectiveness of internal controls.

8. Continuous Improvement

The risk management and internal control framework is regularly updated to adapt to changes in the business environment, regulatory requirements, and emerging risks.

This Policy Statement demonstrates the Company's commitment to proactive risk management and robust internal controls, fostering confidence among investors and stakeholders.