

POLICY ON RISK MANAGEMENT AND INTERNAL CONTROL

1. THE POLICY

Seylan Developments PLC ('Company') is committed to provide uncompromised best quality products and services to its customers via the highest standards of operations, good governance, and its effective and efficient management.

The Risks Management and Internal Control Policy (the "Policy") focuses on the responsibility of certain governance structures to control the operations of the Company. This Policy envisages an approach of aligning processes and knowledge in order to curtail losses as well as to capitalize on business opportunities for the Company.

The Company performs regular assessments to ensure appropriate reporting, risk management, integrity, ethical business conduct and compliance with laws and regulations as well as the Company's guidelines and processes. Through integrity, compliance and high ethical standards of business conduct, the Company's reputation and the value of its assets are also ensured.

2. SCOPE

This Policy applies to all Seylan Developments PLC's directors, executives, and all other employees.

3. RESPONSIBILITY

The Company's risk management and internal control framework is the responsibility of the Board and is overseen by the Audit Committee. The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company in the system of internal controls. The Board has delegated the implementation of these internal control systems to the Management who regularly reports to the Audit Committee on risks identified and action/steps taken to mitigate and/or minimize the risks. The Audit Committee quarterly reports to Seylan Bank PLC's Audit Committee through their Chief Risk Officer, regarding action taken on risk control matters.

4. PROCESSES

The Management is charged with the responsibility for establishing procedures with the objective of controlling the operations in a manner that provides the Board of Directors with a reasonable assurance that:

- Data and information published either internally or externally are accurate, reliable, and timely;
- The actions of managers and employees are in compliance with the Company's policies, procedures, standards, and all relevant laws and regulations;
- The Company's resources (including its people, assets, systems, and data/information bases) are adequately protected;
- Resources are acquired economically and employed profitably;
- Quality business processes and continuous improvement are emphasized; and
- The Company's plans, programs, goals, and objectives are achieved.

5. CONTROLS

6.1. Overall Control Environment and Control Procedures

The Company maintains an established control framework comprising clear structures, authority limits, and accountabilities, well-understood policies and procedures. All policies and control procedures are documented. The Company has in place risk management framework to identify, assess and mitigate risks. Controlling is a function of management and is an integral part of the overall process of managing operations

6.2. Independent Assurance Mechanism

The internal auditing function is charged with the responsibility to evaluate that the ongoing processes for controlling operations throughout the Company are adequately designed and functioning in an effective manner. Internal auditing is also responsible for reporting to the Board Audit Committee on the adequacy and effectiveness of internal controls, together with recommendations to improve the systems.

In addition to this internal audit mechanism, the company's external auditors report their observations and findings at least once a year to the Board Audit Committee. The external auditors also submit a statutory auditors' report to the company's shareholders.

6.3. Board Audit Committee

The Board Audit Committee is responsible for:

- Monitoring, overseeing, and evaluating the internal audit activity, and the external auditors;
- Ascertaining that the internal control system including financial and operational controls; accounting system and reporting structure are adequate and effective;
- Reviewing that Company's statement of internal control systems prior to endorsement by the Board of Directors;
- Determining compliance with statutory requirements; and
- Monitoring compliance with the best practices of corporate governance and identify and rectify significant violations thereof.

6. REVIEW OF THE POLICY

The policy on Risk Management and Internal Control is reviewed by the Board on a regular basis to ensure its relevance and effectiveness. Updates may be made, when appropriate, to reflect the latest best practices and future amendments in listing rules.

7. PUBLICATION OF THIS POLICY

This Policy is made available in Seylan Developments PLC's corporate website for the perusal of its shareholders and other interested stakeholders.

Approved by : **Board of Directors**
Date : **25.09.2024**