

POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

1.0 Purpose

This policy establishes a comprehensive and proactive risk management and internal control framework to protect the company against potential threats while fostering informed decision-making across Panasian Power PLC.

Internal guidelines and processes shall be implemented to align as per Enterprise Risk Management Framework (ERMF).

2.0 Scope of the Policy

This Policy covers all aspects of risk management and internal controls, including financial, operational, strategic, regulatory, reputational, and environmental risks. The Policy also applies to all subsidiaries, divisions, and business units of the Group, ensuring consistent identification, assessment, monitoring, and mitigation of risks across the organization.

3.0 Compliance with Laws

Panasian Power PLC shall ensure that all risk management and internal control practices comply with applicable laws, regulations, and governance standards issued by regulatory or statutory authorities in Sri Lanka, including tax, employment, environmental, and sector-specific compliance requirements.

4.0 Applicability

This policy is applicable to all directors and employees of Panasian Power PLC.

5.0 Oversight

The Board Audit and Risk Committee (BARC) oversees the policy on Risk Management and Internal Controls at Panasian Power PLC.

6.0 Implementation

The Chief Executive Officer (CEO) provides decisive leadership in implementing internal controls to effectively manage and balance risks and opportunities within the organization.

7.0 Risk management and internal controls

This policy outlines the processes for identifying, assessing, and mitigating key risks, aimed at ensuring financial stability, regulatory compliance, operational efficiency, and maintaining stakeholder trust. It also defines PAP's internal controls, which consist of a series of processes, policies, and procedures designed to ensure reliable financial reporting, manage and mitigate critical business risks, adhere to legal and regulatory requirements, and enhance both operational effectiveness and efficiency.

8.0 Effective Date

26.09.2024

9.0 Review and Modifications

This policy will be updated as needed, and ensure alignment with all relevant disclosure requirements. The updated policy shall then be reviewed annually by the Board of Directors on the recommendations of the Board Audit and Risk Committee.