

Distilleries Company of Sri Lanka PLC (“DCSL”) Statement on Risk Management and Internal Controls

Introduction

DCSL is dedicated to fostering a robust risk management framework that protects the interests of all stakeholders and ensures business continuity. This Policy outlines our commitment to identifying, assessing, and managing risks in alignment with applicable regulations.

Scope and Application

This Risk Management and Internal Controls Policy applies to all directors, officers and employees of DCSL, ensuring that every level of the organization understands and actively participates in risk management practices.

Risk Identification and Assessment

The Group employs systematic processes to identify and assess risks that could affect its operations. Risks are evaluated based on their potential impact and likelihood, utilizing input from various stakeholders to maintain a comprehensive view.

Risk Mitigation Strategies

For identified risks, DCSL implements effective mitigation strategies, which may include avoidance, reduction, transfer, or acceptance of risks. Internal controls are established and regularly reviewed to ensure their effectiveness in managing identified risks.

Monitoring and Reporting

Key risk indicators are developed to facilitate ongoing monitoring of risk exposure. Regular reports are presented to the Board of Directors and senior management, ensuring that significant risks and any changes to the risk landscape are communicated promptly.

Review and Revision

This Policy will be reviewed periodically by the Board Risk Committee to ensure its continued relevance and effectiveness. Any amendments require Board approval and will be communicated to all stakeholders as necessary.

Governance and Oversight

The Board of Directors oversees the implementation of this Policy, with the Board Risk Committee responsible for monitoring compliance and effectiveness. The Committee ensures that risk management practices align with the Group’s strategic objectives and regulatory requirements.