Kapruka Holdings PLC

Policy on Risk Management and Internal Controls.

Objective:

To establish a comprehensive framework for identifying, evaluating, managing, and monitoring risks, and to ensure the effectiveness of internal controls in safeguarding the company's assets, ensuring the accuracy of financial reporting, and maintaining compliance with laws and regulations.

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1. Risk Management Framework

1.1. Risk Identification:

- The company will systematically identify risks across all aspects of its operations, covering strategic, financial, operational, and compliance areas. Risk identification will involve contributions from all organizational levels to ensure a thorough understanding of potential risks.

1.2. Risk Assessment:

- Risks will be evaluated based on their probability and potential impact on the company's objectives. A risk matrix will be utilized to categorize, prioritize, and identify suitable responses for each risk.

1.3. Risk Response:

- The company will develop and implement strategies to manage identified risks, including avoidance, reduction, sharing, and acceptance. Each risk management strategy will be aligned with the company's risk appetite and overall strategic objectives.

1.4. Risk Monitoring and Reporting:

- Risks and the effectiveness of risk management strategies will be continuously monitored. Regular risk reports will be submitted to the Board of Directors and senior management to support informed decision-making.

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2. Internal Control Framework

2.1. Control Environment:

- The company will cultivate a control-focused environment where employees clearly understand their roles and responsibilities in maintaining effective internal controls. Ethical behavior, integrity, and competence will be promoted across the organization.

2.2. Control Activities:

- The company will implement control activities at all levels to mitigate identified risks. These activities may include approvals, authorizations, verifications, reconciliations, and performance reviews.

2.3. Information and Communication:

- The company will ensure that relevant information is identified, captured, and communicated promptly to support internal control activities. Clear communication channels will be maintained to ensure employees understand their responsibilities and can report any concerns.

2.4. Monitoring Activities:

- Internal controls will be continuously monitored through ongoing management activities and independent evaluations. Regular internal audits will be conducted to assess the effectiveness of these controls and identify opportunities for improvement.

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3. Roles and Responsibilities

3.1. Board of Directors:

- The Board holds ultimate responsibility for overseeing the company’s risk management and internal control systems. It will review and approve the company’s risk management framework and internal control policies.

3.2. Audit Committee:

- The Audit Committee will oversee the effectiveness of the company’s risk management and internal control systems. It will review risk assessments, internal audit reports, and the adequacy of internal controls.

3.3. Senior Management:

- Senior management is responsible for implementing the risk management framework and internal control policies approved by the Board. They will ensure that risks within their areas of responsibility are effectively identified, assessed, and managed.

3.4. Risk Management Function:

- The company will establish a dedicated risk management function to coordinate risk management activities and provide expertise in risk assessment and mitigation. This function will facilitate risk workshops, develop risk management tools, and maintain the risk register.

3.5. Internal Audit Function:

- The internal audit function will provide independent assurance regarding the effectiveness of internal controls and risk management processes. Internal auditors will conduct audits based on a risk-based audit plan approved by the Audit Committee.

Compliance and Review

4.1. Compliance:

- This policy will comply with the CSE Listing Rules and other relevant regulations. The company will ensure that all employees understand and adhere to this policy.

4.3. Review and Amendments:

- The Board will review this policy annually to ensure its effectiveness and alignment with regulatory requirements and best practices. Any changes to the policy will be communicated to all employees and incorporated into the company's governance framework.