



Colombo Dockyard PLC

Ship Repairers, Ship Builders and Heavy Engineers

POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS	Document No.: DMD/LEG/CG/9.2.1(i)/2024
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The Board of Directors of the company is committed to safeguarding and optimizing the use of Company assets and ensuring the responsible management of shareholder investments. This policy outlines the procedures for the control, management, and protection of assets and shareholder investments in compliance with the Corporate Governance requirements under the Listing Rules of Colombo Stock Exchange (Rules).

1. PURPOSE AND SCOPE OF THE POLICY

The purpose of this policy is to:

- a) Ensure that Company assets are used efficiently and effectively to enhance shareholder value.
- b) Safeguard the Company's physical, financial, intellectual, and human resources.
- c) Protect and manage shareholder investments responsibly and in accordance with best practices in corporate governance.
- d) Comply with the relevant regulations, including those specified in the Rule in corporate governance requirements.

This policy applies to all employees, directors, officers, and stakeholders involved in the management and oversight of Company assets and shareholder investments.

2. ASSET DEFINITION

For the purposes of this policy, Company assets include:

- a) **Tangible Assets:** Physical assets such as property, equipment, inventory, cash, and other financial resources.
- b) **Intangible Assets:** Intellectual property, brand value, patents, trademarks, copyrights, and goodwill.

- c) Human Resources: The skills, knowledge, and expertise of employees.
- d) Financial Assets: Investments, receivables, securities, and cash reserves.

3. ASSET MANAGEMENT OBJECTIVES

The Company's asset management objectives are to:

- a) Ensure the protection and efficient use of Company assets to achieve strategic objectives.
- b) Prevent unauthorized use, waste, damage, or loss of Company assets.
- c) Ensure compliance with applicable laws, regulations, and corporate governance standards.
- d) Maximize the return on Company investments and assets

4. RESPONSIBILITIES FOR ASSET CONTROL

- a) Board of Directors: The Board is responsible for overseeing the strategic management of Company assets. This includes setting asset management policies, approving major acquisitions and disposals, and ensuring that assets are used to enhance long-term shareholder value.
- b) Management: Senior management is responsible for implementing policies on asset management, ensuring the proper control and use of assets, and reporting to the Board on the status and performance of assets.
- c) Employees: Employees are responsible for the safeguarding and appropriate use of Company assets assigned to them in the course of their duties. Employees must comply with all internal controls related to asset usage.

5. ASSET PROTECTION AND SECURITY

The Company ensures the protection of its assets by implementing appropriate security measures, such as:

- a) Physical Security: Safeguards to protect physical assets such as buildings, equipment, and inventory from theft, damage, and unauthorized access.
- b) Financial Controls: Policies to safeguard cash, investments, and financial instruments, including bank accounts, from fraud and mismanagement.
- c) IT and Cybersecurity: Robust information technology controls, including firewalls, encryption, and access management, to protect intellectual property, confidential information, and other digital assets.
- d) Insurance Coverage: Adequate insurance policies to protect assets from potential risks, including property damage, liability, and business interruption.

6. ACQUISITION AND DISPOSAL OF ASSETS

The Company follows a rigorous process for the acquisition and disposal of assets to ensure transparency, value for money, and compliance with regulatory requirements:

- a) **Acquisition Process:** The acquisition of significant assets is subject to approval by the Board or a designated committee. The process includes due diligence, valuation, and compliance with budgetary limits.
- b) **Disposal of Assets:** The disposal of surplus or obsolete assets is conducted through a competitive and transparent process, ensuring the best possible return for the Company. All disposals must be approved by the Board, particularly for high-value or strategic assets.

7. ASSET VALUATION AND REPORTING

- a) The Company conducts regular valuations of its assets to ensure that they are reported accurately in the financial statements.
- b) Periodic audits are conducted to verify the existence, condition, and use of physical and financial assets.
- c) Asset impairments are reviewed and reported as necessary in compliance with accounting standards.

8. MANAGEMENT OF SHAREHOLDER INVESTMENTS

a) Protection of Shareholder Interests

The Company is committed to protecting shareholder interests and ensuring that investments are managed responsibly. Key objectives include:

- **Maximizing Shareholder Value:** The Board ensures that shareholder investments are used in a manner that maximizes long-term value, considering both financial performance and sustainable growth.
- **Transparency:** The Company ensures full and timely disclosure of information relevant to shareholders, including financial performance, material developments, and risks.
- **Dividend Policy:** The Company follows a clear and transparent dividend policy that balances shareholder returns with reinvestment needs for future growth.

b) Shareholder Rights and Engagement

- **Voting Rights:** Shareholders are entitled to vote on key Company decisions, including the appointment of directors, receiving financial statements, and changes to the Company's structure or policies.

- Annual General Meetings (AGMs): The Company holds AGMs where shareholders have the opportunity to engage with the Board, ask questions, and vote on significant resolutions.
- Communication: The Company provides shareholders with regular updates through quarterly reports, annual reports, and other communication channels to keep them informed about Company performance and strategic decisions.

c) Investment Risk Management

The Company manages shareholder investments by identifying and mitigating risks that could impact shareholder value, including:

- Market Risk: The Company monitors market trends, industry developments, and economic factors that could affect its financial performance and shareholder returns.
- Operational Risk: Internal controls and risk management frameworks are in place to minimize operational risks that could lead to financial loss or harm to shareholder interests.
- Regulatory Risk: The Company complies with all relevant regulations, including securities laws and corporate governance requirements, to protect shareholder investments from legal and regulatory penalties.

d) Monitoring of Shareholder Investment Returns

The Company continuously monitors its financial performance to ensure that shareholder investments yield competitive returns. This includes:

- Financial Reporting: Quarterly and annual financial statements are prepared in compliance with local and international accounting standards, providing shareholders with transparent information on the Company's financial health.
- Key Performance Indicators (KPIs): The Board regularly reviews KPIs related to profitability, liquidity, and return on investment to ensure that shareholder interests are aligned with the Company's strategic objectives.

9. INTERNAL CONTROLS FOR ASSET AND INVESTMENT MANAGEMENT

a) Internal Controls Framework

The Company has implemented a robust internal control framework to ensure the protection and effective management of its assets and shareholder investments. This framework includes:

- Segregation of Duties: Key processes such as asset acquisition, disposal, and financial reporting are subject to segregation of duties to prevent fraud and errors.
- Audit and Review: Regular internal and external audits are conducted to assess the effectiveness of the control environment and ensure compliance with asset and investment management policies.

- Authorization Limits: Financial transactions related to asset management and shareholder investments require appropriate approval by authorized personnel, with limits based on the nature and value of the transaction.

b) Whistleblower Protection

The Company encourages employees and stakeholders to report any concerns related to the misuse or mismanagement of Company assets or shareholder investments. Whistleblowers will be protected from retaliation and will have access to a confidential reporting mechanism.

10. BOARD OVERSIGHT AND ACCOUNTABILITY

The Board of Directors holds ultimate responsibility for overseeing the control and management of the Company's assets and shareholder investments. Key responsibilities include:

- Approving the asset management strategy and ensuring alignment with the Company's overall strategic objectives.
- Monitoring the performance and returns on shareholder investments.
- Ensuring the implementation of internal controls to safeguard assets and mitigate risks.

11. ROLE OF THE AUDIT COMMITTEE

The Audit and Risk Assessment Committee is responsible for reviewing the adequacy of internal controls related to asset management and shareholder investments. It also monitors the effectiveness of risk management strategies and ensures compliance with regulatory requirements.

12. AMENDMENTS TO THE POLICY

This policy will be reviewed annually, or as necessary, to reflect changes in regulatory requirements, business operations, or best practices. Any amendments will be approved by the Board of Directors, and all relevant stakeholders will be informed of updates.

