

Policy on Control and Management of Assets and Shareholder Investments

Co-operative Insurance Company PLC

1. Purpose

This policy establishes a framework for the effective control, management, and safeguarding of the company's assets and shareholder investments. It aims to ensure that these resources are utilized efficiently, preserved against risks, and aligned with the company's strategic objectives. The policy complies with the **Insurance Regulatory Commission of Sri Lanka (IRC SL)** regulations, **Colombo Stock Exchange (CSE)** listing requirements, and international best practices.

2. Scope

This policy applies to all tangible and intangible assets owned or controlled by the company, including financial investments made on behalf of shareholders. It encompasses acquisition, utilization, maintenance, monitoring, and disposal of assets, as well as investment decision-making and performance evaluation.

3. Objectives

- To safeguard the company's assets against loss, misuse, or deterioration.
 - To maximize the value of shareholder investments while managing associated risks.
 - To ensure compliance with all legal, regulatory, and fiduciary requirements.
 - To enhance transparency and accountability in asset and investment management.
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4. Asset Management Framework

4.1 Asset Identification and Classification

- Assets shall be classified into:
 - **Tangible Assets:** Property, equipment, vehicles, and other physical resources.

- **Intangible Assets:** Intellectual property, goodwill, and proprietary software.
- **Financial Assets:** Cash, marketable securities, and other investments.

4.2 Acquisition and Approval

- All asset acquisitions must align with the company's strategic plan and approved budgets.
- Significant asset purchases require approval from the Board of Directors or a designated committee.

4.3 Asset Register

- The company shall maintain an updated asset register, documenting all physical and financial assets.
- The register shall include details such as asset description, location, value, depreciation, and ownership status.

4.4 Maintenance and Insurance

- Physical assets shall be regularly maintained to ensure optimal performance and longevity.
- All assets must be insured against risks such as damage, theft, or loss, with appropriate coverage levels.

4.5 Asset Disposal

- Disposal of obsolete or surplus assets shall follow established procedures, ensuring fairness, transparency, and compliance with regulations.
- Proceeds from asset sales shall be recorded and reinvested in line with the company's financial strategy.

5. Investment Management Framework

5.1 Investment Policy Statement (IPS)

- The company shall develop an IPS outlining:
 - Investment objectives and risk appetite.
 - Asset allocation strategy across equities, fixed income, real estate, and alternative investments.
 - Benchmarking and performance measurement criteria.

5.2 Governance of Investments

- An **Investment Committee** shall oversee the company's investment activities and report to the Board.
- The Committee's responsibilities include:
 - Approving investment strategies and asset allocations.
 - Monitoring investment performance and compliance with policies.
 - Ensuring diversification to mitigate risks.

5.3 Ethical Investment Practices

- Investments must align with the company's ethical guidelines and ESG (Environmental, Social, and Governance) considerations.
- The company shall avoid investments in sectors or entities associated with unethical practices or reputational risks.

5.4 Risk Management

- The company shall conduct regular risk assessments for its investment portfolio, focusing on:
 - Market risk, credit risk, and liquidity risk.
 - Regulatory and reputational risks.
- Risk mitigation strategies include diversification, hedging, and scenario analysis.

5.5 Performance Monitoring

- Investment performance shall be reviewed against benchmarks and targets on a quarterly basis.
- Underperforming investments shall be re-evaluated, and corrective actions taken as necessary.

6. Financial Reporting and Transparency

6.1 Asset Valuation and Depreciation

- All assets shall be valued periodically, adhering to the **Sri Lanka Financial Reporting Standards (SLFRS)**.
- Depreciation schedules shall be applied consistently to account for asset wear and tear.

6.2 Investment Reporting

- The company shall prepare comprehensive investment reports, including:
 - Portfolio composition and performance.
 - Risks and opportunities.
 - ESG integration in investments.
 - These reports shall be shared with the Board, shareholders, and regulators as required.
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7. Roles and Responsibilities

7.1 Board of Directors

- Provide strategic oversight on asset and investment management.
- Approve high-value transactions and significant investment decisions.

7.2 Asset and Investment Committee

- Review and recommend asset management and investment strategies to the Board.
- Monitor compliance with policies and ensure effective risk management.

7.3 Senior Management

- Implement asset and investment strategies in line with Board-approved policies.
- Ensure operational efficiency and accountability in asset and investment management.

7.4 Employees

- Adhere to the company's asset usage policies.
 - Report any discrepancies, losses, or damages promptly.
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8. Compliance and Audit

8.1 Internal Controls

- Robust internal controls shall be implemented to prevent fraud, mismanagement, or unauthorized transactions involving assets or investments.

8.2 Audits and Inspections

- Regular internal and external audits shall assess the adequacy of asset and investment management processes.
- Audit findings shall be reported to the Audit Committee, with corrective actions implemented promptly.

8.3 Regulatory Compliance

- Ensure adherence to relevant laws, including the **Companies Act No. 7 of 2007**, IRCSL guidelines, and CSE listing rules.
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9. Monitoring and Review

- The effectiveness of this policy shall be reviewed annually by the Board or designated committee.
 - Policy updates shall reflect changes in regulatory requirements, market conditions, or strategic priorities.
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Approved by the Board of Directors.