

**POLICY ON RISK MANAGEMENT &  
INTERNAL CONTROLS**  
**AGSTAR PLC**

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## **1. Purpose**

Agstar Plc is a company within the LOLC Group which engages in Import, manufacturing & trading of fertilizer and seeds. The purpose of this policy is to formulate a risk management & internal control frame work to identify and manage the risks that could hinder the achievement of the organisation objectives and goals and to have a reasonable assurance that adequate risk mitigation controls are formulated to manage such risks with in the risk appetite of the organisation.

This policy will facilitate a systematic approach to internal controls within Agstar Plc and its subsidiaries.

## **2. Scope**

This policy applies to all employees & departments of Agstar Plc and its subsidiaries. All stake holders such as contractors, suppliers are also encouraged to uphold the provisions of this policy.

## **3. Objectives of Risk Management**

- Comply with statutory and regulatory provision.
- Ensure risks are managed with in the manufacturing process.
- Ensure quality and safety standards of the products manufactured.
- Ensure the safety & security of employees.
- Protection of the assets of the organisation
- Protection of confidentiality, integrity and availability of information assets
- Ensure operational continuity with effective and efficient processes
- Ensure accuracy & reliability of financial reporting
- Promote a controlled culture and promote continues quality & process improvements.

## **4. Risk Identification & Assessment**

Agstar PLC conducts regular risk assessments to identify potential threats and vulnerabilities which could hinder the achievements of its stated objectives and expected outcomes. The risks are assessed to evaluate the likelihood and impact. The following areas are focussed.

- Cost of Materials.
- Production Process
- Equipment & Machinery
- Quality Control.
- Supply chain
- Financial stability
- Safety & hazards
- Market
- Regulatory and statutory requirements.
- Environmental Impacts

## **5.Risk Mitigation**

A controlled culture is encouraged and promoted within the organisation encompassing its operations and the following broad level actions are undertaken by the company.

- The Organisation & factory Processes are well established.
- Safety & hazard control mechanism are established in the factory throughout its operations.
- Quality control processes are established to ensure the end product meets the expected specifications and standards.
- Emergency Response Plan for fire, medical emergencies, and natural disasters are established.
- Routine Training Programs are conducted for staff on emergency procedures.
- Maintains adequate security measures for the safety of organisational assets.
- Facilities and machinery are managed and maintained to ensure smooth & efficient performance & safety.
- The company has implemented adequate internal controls to manage financial, operational regulatory & market risks.

## **6.Control Activities**

Agstar Plc has developed a comprehensive internal control frame work for risk mitigation including;

- Segregation of duties to ensure that single individuals has no control over all aspects of any transaction/process.
- Critical activities are subject to authorization processes which includes limit & process controls considering the nature, complexity and the value of such activities and transactions.
- Physical access controls are implemented to safeguard assets through locks, security systems, and inventory management practices.
- Robust quality control & testing procedures are embedded from design to delivery of the products.

## **7.Compliance**

- Agstar Plc. ensures compliance with all applicable statues, regulations, and industry standards.
- The respective units maintain documentation of internal control processes, control assessments, and any corrective actions taken.

## **8.Risk Ownership & Review**

- The risk ownership remains with the respective business unit head while regular audits are conducted on the effectiveness and reliability of the risk mitigation controls.
- The Management/Risk owners are responsible to ensure that risks with in their scope of operations are identified and adequate internal controls are in place and practiced to mitigate such risks.
- Internal audit conducts independent reviews on the effectiveness of the internal controls.
- All employees have a responsibility to inform any weaknesses or a breach of internal controls promptly to the management.
- This policy is subject to review periodically on a need basis.