

*Bata*

# 2025 Finance Risk Control Matrix

Instructions: July 2025  
P&CI Department





## AGENDA

1. Context
2. Internal Control
3. Finance Risk Control Matrix.
4. Roles & Responsibilities
5. Next Steps



# **B** 1. CONTEXT

- Any OPCO must perform a yearly **Internal Control Self-Assessment.**
- The FRCM used on a yearly basis has been **updated to minimize control volumes and ensure proper risk coverage.**
- In 2025, we took into consideration local specificities for Europe with different deadline
- A consolidated report will be shared with Audit Committee and a quarterly status on Internal Control Actions will be performed.

## **B** 2. INTERNAL CONTROL: Reminder

### **Definition:**

Internal control is a process, effected by an entity's board of directors, management and other personnel designed to provide **reasonable assurance** of the achievement of **Operational Effectiveness and Efficiency**, Financial Reporting **Reliability** and **Compliance** on laws and regulations

**Operation objectives:** Efficiency of the entity's operations including operational and financial performance goals,

**Reporting Objectives:** Internal and external financial and non-financial reporting (reliability, timeliness, transparency,

**Compliance Objectives:** Adherence to laws and regulations.

# **B** 3. FRCM: General Information



## **Risk Based Approach**

*Assessing the adequacy of risk coverage & mitigation*

## **Standardized tool**

*Yearly revision in case of process change*

## **Minimum level of Internal Control**

*Implementing essential internal controls*

## **Control Self-Assessment**

*Maintaining proper control documentation*

## **Internal & External Audit**

*Control Effectiveness testing*

## **B** 3. FRCM: Matrix Structure

- There are 2 different matrices according to current ERP system

### **MSD based:**

- Still structured by the 4 mega processes from D&T Taxonomy : RtR, PtP, OtC, FA.
- Review of controls scoping to decrease volume and target more accurately risks.
- Controls retrieved from the previous FRCM to cover the ones that are non-system based.

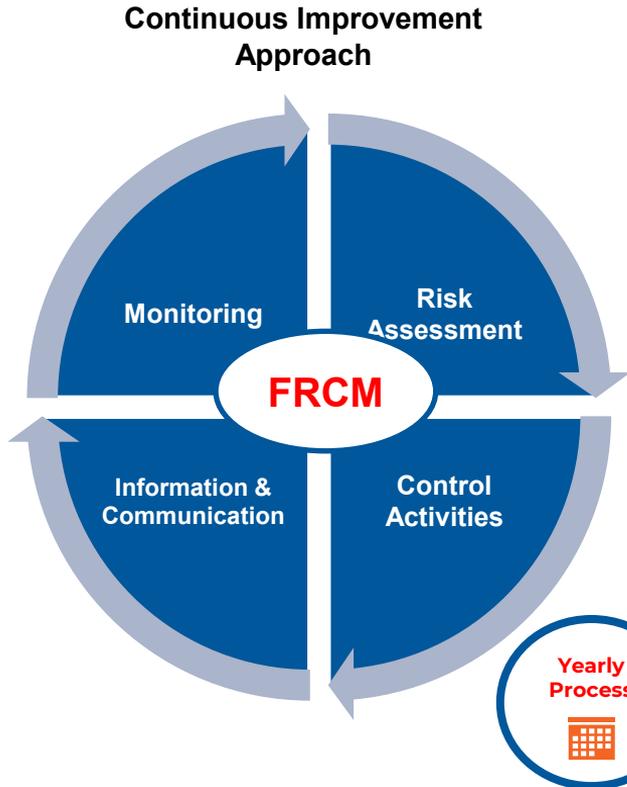
### **Non-MSD based:**

- Same structure than last year with 2 redesigned controls on investments.
- Controls redesigned are tracked in red font .

## **B** 3. FRCM: Matrix Structure

<b>FRCM self assessment rating</b>	
<b>4-Effectively managed</b>	Control design mitigates risk and covers all underpinning elements from control description proposed.
<b>3-Needs improvement</b>	Control design covers the risk and performance of control could not take place in required time window, or not by the proper control owner or is not properly formalized
<b>2-Ineffectively managed</b>	The control design does not cover all requirements prescribed and action plan must be defined to remediate.
<b>1-Not managed</b>	Either no control designed or very limited coverage of issues / risk.

# B 3. FRCM: Key Success Factors



## Process details



Ensure the right colleague / function answers the control under its responsibility



**Documentation** of controls is crucial and must be retained any time

## Key elements to consider



A fair assessment shall be performed to reflect the reality of your Internal Control System



Assess if controls are applicable and then Assess control level



If a control is not “Effectively Managed”, an **Action Plan must be designed and rolled out**



**Workflow** validation by FD and Country Manager (+Internal Audit also if present)



Formal Follow Up to be performed on a quarterly basis for Weaknesses / Action Plan

# **B** 4. Roles & Responsibilities



**ANNUALLY  
REVIEWED**



**ANNUAL SELF  
- ASSESSMENT**



**ENGAGE  
INTERNAL  
AUDITORS FOR  
BETTER RESULTS**



**SIGNED-OFF  
BY THE FINANCE  
DIRECTOR & THE  
COMPANY  
MANAGER**



**TO BE VALIDATED  
WITH WORKFLOW**

## **Level 3 - Internal Audit Team**

- Systematically evaluate & improve controls in all areas
- Provide independent & integrity advice to top management
- Coordinate action plans with owners for each recommendation
  - Verify & document implementation, meeting the deadlines

**Excel  
template &  
guideline  
policies  
available on**

***Bata* me**

## **Level 1 – Company Manager**

- Ensure the achievement of overall high level of internal control

## **Level 2 - Finance Director**

- Ensure the Finance RCM is implemented
- Collaborate with the Internal Audit team to implement Operating Review team recommendations\

## **Level 4 – Operation Review Team**

- Review & evaluate the self-assessment
- Verify controls existence & implementation
- Provide recommendations

## **Level 4 – Group P&CI Team**

- Report to Audit Committee
- Provide support to companies on the implementation of the Finance RCM

# B 4. Roles & Responsibilities

 E170 COMPAR S.P.A.	 E185 BATA A.S.	 E370 BATA PAKISTAN LTD.	 E400 BATA SHOE CO. LTD. <i>(MSD)</i>	 E500 BATA INDIA LTD. <i>(MSD)</i>	 E720 MANUFACTURA BOLIVIANA S.A.
 E518 BATA SHOE CO. LTD.	 E540 P.T. SEPATU BATA TBK	 E698 COMPANIA MANUFACTUR ERA MANISOL S.A.	 E700 BATA CHILE S.A.	 E730 EMPRESAS COMERCIALE S.S.A.	 E525 Bata Thailand LTD



A separated template will be provided to in scope countries with specific instructions shared by the Global Audit Team

For in scope companies **20 key controls are highlighted** to be tested and rated (using a scale from 1 for 'unreliable control' to 5 for 'optimized control') by the local auditors during their interim audit in October month

Concerned Finance Directors will need to review the results and provide an answer **as remediation actions, including a timeline, whenever the control will be rated as 'low'**

# **B** 5. Next Steps: All OPCO's (except Europe and Finco)

**30.07.2025**

**August 2025**

**05.09.2025**

**Kick Off FRCM 2025**

**OPCO / FSS  
Self-  
assessment**

**Deadline for  
submission**

# ***B*** 5. Next Steps: Europe and Finco (BBSA+IFI)

**30.07.2025**

**August til December**

**15.12.2025**

**Kick Off FRCM 2025**

**Europe / Finco  
Self-  
assessment**

**Deadline for  
submission**

# **B** Take Away

- Need to stick to agreed **deadline**
- Focus from Bata Executives and Audit Committee to have **status** for:
  - Internal Control System maturity level,
  - Identified weaknesses,
  - Remediation action
- ➔ Review of FRCM / PWC Action Plan to be performed by quarterly Follow Up
- As in 2024, for in scope countries, external Auditors will focus only on control effectiveness and not on control existence during October testing (controls in purple & Bold font)

***B***

**Thank you for your  
attention**

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If you have any question, please liaise with the Group P&CI Team