



35. P.B.A Weerakoon Mawatha, P.O Box 78, Kandy, Sri Lanka.
Tel : 0094 81 247 2727 Fax : 0094 81 223 2068
E-mail : mareach@slt.lk Website : www.mahaweli.com

Policy on Risk management and Internal controls

1. Purpose

This policy sets out the internal control principles Mahaweli Reach Hotels PLC (the Company) follows to ensure that its operations are efficient and profitable, that risk management is adequate and appropriate, and that financial and other information produced is reliable. The Company's internal control is based on the company's Code of Conduct and internal controls framework. With respect to the financial reporting process, these are supported by the Company's policies and guidelines, as well as its internal financial reporting processes. The Company's internal control approach is approved by the Board of Directors and specifies the applicable control principles, procedures and responsibilities.

The Whistleblower policy gives an opportunity to confidentially and anonymously raise concerns of possible misconduct or other matters that may not be in line with the Company's values and policies.

Line management is principally responsible for internal control. This is backed by corporate support functions, which define instructions applicable across the company and supervise risk management. Internal and external audits form the third tier with their task being to ensure that the first two tiers function effectively.

Internal Audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value and improving the operations of the Company. It helps and supports the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Internal Audit function is outsourced and reports are provided to the Audit and Risk Committee and administratively to the Finance Manager. Internal Audit is carried out based on a flexible risk based audit plan which is approved by the Audit and Risk Committee.

Risk management

The Company's risk management aims at anticipating risks involved in operations and managing them in the appropriate manner. The purpose of this is to support the values, strategy and goals and the continuity of operations.

The Company defines a risk as any internal or external threat or uncertainty which may prevent or jeopardise operations and the achievement of company objectives.

The key principle of risk management for the Company is continuous, systematic and preventive action taken to identify risks, define the company's risk appetite, assess and manage risks and, should they materialise, deal with them effectively.

Responsibilities

The Board of Directors is responsible for ensuring sufficient risk management and control. The Board is also responsible for defining the Company's risk appetite, that is, the level of risk accepted, on an overall basis. The Board shall receive relevant and timely reporting on risks and risk management as defined in the risk management policy, and it can mandate the Audit and Risk Committee of the Board to assist in the practical oversight role.

The Managing Director and senior management team are responsible for the methods, implementation and supervision of risk management, and report on these to the Board of Directors.

As far as it is possible and practical, risk management is conducted within business units and support functions as part of day-to-day processes. Identification, assessment, treatment planning and reporting are part of the Company's planning and decision-making processes. Follow-up of risks and risk management actions forms part of the management and follow-up of the company's operations as a whole. Each employee is responsible for identifying, assessing and managing risks in his or her area of responsibility, and for reporting any significant risks to the relevant managers.

Maintaining a robust insurance program is part of the risk mitigation strategies adopted.

Risk Management and Internal Controls Policy	
Version:	001
Approved By:	Board of Directors
Approved on:	28/11/2024
Notes:	Introduced in compliance with the Listing Rules of the Colombo Stock Exchange and applicable laws

