

## **POLICY ON BOARD COMMITTEES**

### **1. Purpose**

The Board has established sub-committees to assist in carrying out its responsibilities and to provide guidance and oversight on particular areas to ensure sound corporate governance practices.

Board Committees are made up of independent directors and non-executive directors with executive directors being included where permissible.

### **2. Definitions**

The following words and expressions shall have the respective meanings given against each such word unless such meanings are inconsistent with or repugnant to the subject or context:

**“Board”** means the board of directors of the Company;

**“Company”** means Mahaweli Reach Hotels PLC and all its subsidiaries if applicable;

**“CSE”** means the Colombo Stock Exchange

**“Director”** or **“Directors”** means a director or the directors (as the case may be) for the time being of the Company

**“Listing Rules”** mean the Listing Rules of the Colombo Stock Exchange;

### **3. Scope**

This policy applies to the Board.

### **4. Audit Committee**

In keeping with the Listing Rules of the Colombo Stock Exchange, the Company has established an Audit Committee whose function, authority and duties have been clearly identified in the Audit Committee Charter.

This Charter integrates all the requirements of the Listing Rules of the Colombo Stock Exchange. The role of the Audit Committee is to oversee the financial reporting system of the Company, with the view of safeguarding the interest of all stakeholders. This includes selecting and applying appropriate accounting policies for the purpose of financial reporting, ensuring that the financial

statements give a true and fair view of the Company's operations and performance, ensuring sound internal control principles and the safeguarding of assets, ensuring the integrity of Financial Statements and maintaining an appropriate independent relationship with the Company's auditors, as well as performing the role of risk identification, assessment and mitigation.

**Role of the Audit Committee:**

The main role and the responsibilities of the Audit Committee include:

- a. Assisting the Board in discharging its responsibilities by satisfying the Board oversight responsibilities in relation to quality and integrity of the Financial Statements of the Company. This includes preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange.
- b. Taking overall responsibility in ensuring that the internal controls systems and risk management systems of the Company are adequate and comply with legal and regulatory requirements.
- c. Oversight to ensure compliance in relation to financial reporting requirements and the information requirement as required by the Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.
- d. Assessing the independence, qualifications and performance of External Auditors.
- e. Making recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and approval of the remuneration and terms of engagement of the external auditors.
- f. Discussing the audit plan, key audit issues and their resolution and management responses.
- g. Discussing the Company's Annual Audited Financial Statements and Interim Financial Statements with management and the auditors.
- h. Reviewing quarterly and year-end financial statements with special reference to changes in significant accounting policies, significant and unusual events or transactions, and any related party transactions or instances in which there is a potential for conflict of interest.

## **5. Related Party Transactions Review Committee (RPTRC)**

The Related Party Transactions Review Committee (RPTRC) comprises of two independent non-executive Directors and an executive Director.

The Related Party Transactions Review Committee (RPTRC) was established to align requirements of the Listing Rules of the Colombo Stock Exchange. The committee's primary goal is to ensure that, the interests of shareholders as a whole are considered in related party transactions and, that such transactions are transparent and fair to all stakeholders and are consistent with governance standards.

Additionally, the committee adheres to best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange, ensuring timely and accurate disclosures.

### **Policies and Procedures of the Related Party Transactions Review Committee;**

- a. Define threshold values for each related party transaction which require detailed discussion and disclosure.
- b. Identify related party transactions requiring pre-approval from the Board of Directors and immediate market disclosure. Determine which transactions need shareholder approval and disclosure in the Annual Report.
- c. Establish guidelines to distinguish between recurrent and non-recurrent related party transactions and to review their economic and commercial substance.
- d. Provide clear guidelines on handling transactions with related parties.
- e. Conduct quarterly reviews to verify that disclosures about related party transactions have been adequately made in the market or the Annual Report.
- f. After each review of related party transactions, the Committee should communicate its comments and observations to the Board of Directors.

### **Task of the Related Party Transactions Review Committee:**

- a. The Committee reviews the related party transactions in the Company, presented to them by the management and their compliance with all relevant regulations and legislation and communicates the same to the Board of Directors.
- b. The Committee ensures that relevant disclosures are made in the Annual Report.

## **6. Remuneration Committee**

The committee consists of two non-executive directors who are independent and non executive Directors.

### **Independence of the Committee:**

The committee is independent from the management of the business and is not involved in any business operations. The scope of the Committee is:

- a. to study and recommend the remuneration policy of Directors;
- b. to review the performances of Executive Directors on a periodic basis;
- c. to recommend the remuneration based on the prevailing market rates and perquisites applicable to the Executive Directors of the Company and make appropriate recommendations to the Board of Directors for approval;

- d. To carry out periodic reviews to ensure that the remuneration is in line with market conditions. The Remuneration Policy is to attract and retain the best professional managerial talent within the Company and also to motivate and encourage employees to perform at the highest possible level;
- e. To ensure the Company has a structure and professional methodology in place to evaluate the performance of employees;
- f. To ensure that equality and fairness between the various employees is maintained;
- g. The Remuneration Committee reviews the remuneration policy for Executive Directors.

## **7. Nominations & Governance Committee**

The Nominations & Governance Committee consists of a minimum of 3 Non-executive directors, including at least 2 Independent directors.

The functions of the Nominations and Governance Committee shall include the following:

- a. Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.
- b. Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account:
  - i. The combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and,
  - ii. The number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- c. Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company.
- d. Establish and maintain a set of criteria for selection of Directors such as academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry specific requirements.
- e. Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the Managing Director of the Company to ensure that their responsibilities are satisfactorily discharged.
- f. Establish and maintain a process to evaluate size, composition and

- adequate functioning of the Board sub-committees.
- g. Develop succession plans for the Board of Directors and Key Management Personnel of the Company.
  - h. Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
  - i. Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
  - j. Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.
  - k. Receive regular updates from the Management on compliance with the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws, together with any deviations/non-compliances and the rationale for the same.

<b>POLICY ON BOARD COMMITTEES</b>	
Version	001
Approved By:	Board of Directors
Approved on:	28/11/2024
Notes:	Introduced in compliance with the Listing

