

# **POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS**

This document is issued under the authority of the Board of Directors. Duplication and distribution of this document without an authorized release is strictly prohibited.

Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Company Secretary.

## **Document Control**

1.	Document Title	Policy on Board Committees
2.	Date of Release	01/10/2024
3.	Document Superseded	None
4.	Version No.	V1.0
5.	Document Owner	Company Secretary

## **Document Approvers**

S. No.	Approver	Approved Date
1.	Board of Directors	01/10/2024

## **Document Change Approvals**

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

# POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

## 1. OVERVIEW

This Policy has been adopted by the Board of Directors of the Company in conformity with the Listing Rules to establish a framework to identify, assess, mitigate and monitor risks across all aspects of the Company's operations.

## 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:

“**Articles**” mean the articles of association of the Company, as amended from time to time;

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

“**Company**” means The Fortress Resorts PLC;

“**Companies Act**” means the Companies Act No. 07 of 2007 as amended from time to time;

“**Director**” or “**Directors**” means a director or the directors (as the case may be) for the time being of the Company, including where the context so requires or admits alternate directors, and the directors assembled at a Board meeting;

“**Employee**” or “**Employees**” means a person or persons employed by the Company including executive and non-executive staff;

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

“**Policy**” means this policy on risk management and internal control.

## 3. PURPOSE

The Policy aims to ensure that risks are managed effectively with adequate internal controls to protect the interests of all stakeholders, maintain business continuity and enhance the Company's resilience in the face of uncertainties.

## 4. SCOPE

This Policy applies to the Company and covers all Directors and Employees of the Company, to the extent applicable.

## **5. GOVERNANCE AND RESPONSIBILITY**

5.1 The Board has the ultimate oversight of the Company's risk management activities. The implementation and oversight of the risk management framework is delegated by the Board to the Audit Committee.

5.2 In carrying out their respective duties and responsibilities, the Audit Committee shall guide the management in,

- (i) identifying and assessing potential risks associated with the Company's activities, including strategic, operational, financial and regulatory risks;
- (ii) implementing measures to mitigate and control identified risks to an acceptable level;
- (iii) the regular monitoring and review of risk exposure and mitigation efforts to adapt to changing circumstances;
- (iv) fostering a risk-aware culture within the Company, where all Employees are encouraged to report potential risks and contribute to risk management efforts.

5.3 The Company's risk management framework shall comply with the applicable laws, regulations and industry standards. Additionally, Employees shall adhere to the Company's Policy on Internal Code of Business Conduct and Ethics for all Directors when identifying, assessing and managing risks.

5.4 Employees shall receive regular training on risk management principles, processes and tools to their relevant roles. Awareness seminars and workshops may be conducted to promote a culture of risk awareness and encourage proactive risk reporting.

5.5 The risk management framework shall be periodically reviewed on an annual basis and updated to reflect changes in the business environment, emerging risks and lessons learned from past experiences. Feedback from stakeholders including Employees, customers and suppliers may be sought to identify areas of improvement.

## **6. RISK IDENTIFICATION AND ASSESSMENT**

6.1 Risks shall be identified through regular risk assessments, which may include workshops, surveys, and consultation with relevant stakeholders. This step aims to identify sources of risks, areas of impact, events, their causes and potential consequences.

6.2 Risks shall be categorized based on their nature, severity, and likelihood of occurrence.

6.3 Risk assessments shall consider both internal and external factors, including market conditions, regulatory changes, technological advancements, and competitive landscape.

## **7. RISK MITIGATION AND INTERNAL CONTROL**

7.1 Upon identification and assessment, risks shall be prioritized based on their potential impact and likelihood.

7.2 The Company shall ensure that high-priority risks, are treated in one of the following ways:

- (i) Risk Avoidance – Avoiding the risk by deciding not to commence/continue with the activity that gives rise to the identified risk;
- (ii) Risk Reduction – Involves reducing the severity or loss or the likelihood of the loss from occurring.
- (iii) Risk Transfer – Sharing the burden of loss or the benefit of gain from an identified risk with another party.
- (iv) Risk Acceptance – Involves accepting the loss or benefit from a risk when it occurs.

7.3 All risks that are not avoided or transferred are retained by default.

7.4 Internal controls shall be periodically tested on a bi-annual basis and reviewed to ensure their effectiveness and compliance with the applicable regulations and industry standards.

## **8. MONITORING AND REPORTING**

8.1 Key risk indicators shall be established to monitor changes in risk exposure, effectiveness of internal controls and identify emerging risks.

8.2 Regular risk reporting shall be provided to the Board and senior management to keep them informed of the company's risk profile, control environment and compliance status.

8.3 Any significant changes in risk exposure or unforeseen events shall be promptly reported to the general manager who may escalate the matter to the Audit Committee, if necessary.

## **9. REVIEW AND MONITORING**

9.1 The Audit Committee will from time to time review this Policy, monitor its implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practice and shall make recommendations on any proposed revisions as may be required to the Board for its review and final approval.

9.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.

9.3 This Policy is to be read in conjunction with the Articles and other relevant Company policies, including:

- (i) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees;
- (ii) Policy on Control and Management of Company Assets and Shareholder Investments; and
- (iii) Policy on Anti-Bribery and Corruption.