

POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS



ON'ALLY HOLDINGS PLC

POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

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<u>Approved By</u>	<u>M.H. Jamaldeen - Managing Director</u>
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Content

Preamble3

Definition.....3

Objective.....3

Applicability4

DETAIL POLICY4

 Role of the Board of Directors4

Responsibilities and Users5

Risk Policy Statement.....5

Risk Management Process6

 Risk identification6

Risk Identification Process;6

 Risk analysis and measurement6

 Risk management decision7

 Risk monitoring, review and reporting7

Publication7

Review and Update.....7

Preamble

On'ally Holdings PLC (the "Company") recognizes that effective risk management and robust internal controls are critical to the Company's ability to achieve its strategic objectives, safeguard its assets, and ensure long-term sustainability. As a dynamic organization operating across diverse sectors such as real estate, tourism the Company faces a range of risks that could impact its financial performance, reputation, and operational integrity.

This policy aims to establish a comprehensive framework for identifying, assessing, mitigating, and monitoring risks across all business functions, while ensuring that appropriate internal controls are in place to promote transparency, accountability, and compliance with regulatory requirements. The Company is committed to fostering a risk-aware culture, where proactive risk management is integrated into decision-making processes at all levels of the organization.

By implementing this Risk Management and Internal Controls Policy, the Company seeks to not only minimize potential threats but also capitalize on opportunities, ensuring that the Company can respond effectively to an ever-changing business environment and protect the interests of its shareholders, employees, and other stakeholders.

Definition

CSE: Shall all time mean and include the Colombo Stock Exchange.

Objective

The Policy on Risk Management and Internal Controls of the Company is designed to achieve the following key objectives:

1. To systematically identify and evaluate potential risks across all areas of the business, including strategic, operational, financial, legal, and reputational risks, in order to understand their impact and likelihood.
2. To develop and implement effective risk mitigation strategies that address identified risks, reducing their impact and likelihood to acceptable levels, and ensuring that the Company is prepared to handle uncertainties and potential disruptions.

3. To embed risk management practices into the Company's strategic and operational decision-making processes, ensuring that risk considerations are taken into account when setting objectives, allocating resources, and pursuing new opportunities.
4. To foster a culture of risk awareness and accountability across the organization, where employees at all levels understand the importance of risk management and are actively engaged in identifying, reporting, and addressing risks.
5. To regularly monitor, review, and update the Company's risk management framework and internal controls to ensure their continued effectiveness, relevance, and alignment with evolving business needs and regulatory requirements.
6. To ensure full compliance with applicable laws, regulations, and industry standards related to risk management and internal controls, and to provide timely and transparent reporting to the Board of Directors, shareholders, and other stakeholders on risk-related matters.
7. To enable On'ally Holdings PLC to pursue growth opportunities and achieve its long-term strategic goals while maintaining resilience and sustainability through effective risk management and control mechanisms.

These objectives align with the Company's commitment to safeguarding its operations, enhancing shareholder value, and ensuring sustainable growth through proactive risk management and effective internal controls

Applicability

The policy applies to the Company in general in carrying out its regular operations and discharging its duties and obligations.

DETAIL POLICY

Role of the Board of Directors

The planning responsibility of risk identification and understanding made by the Board of directors will be the framework for management of risks in the Company. The required activities and the techniques will be broadly done by way of following which will address all dimensions which impact the risks.

- I. Ascertaining and identifying tolerance levels/limits of risks
- II. Defining quantitative and qualitative risk goals.
- III. The relative behavior of risk exposures and connected outstanding in relation to capital of the bank.
- IV. Ensure compliance with the policies incorporated and the regulator requirement through a sound mechanism to monitor risk exposure.
- V. Introducing and directing robust systems for internal controls from time to time

The overall supervision and responsibility lies with the Audit Committee of the Company.

Responsibilities and Users

The requirement of this policy should be applied primarily by the Board Integrated Risk Management Committee and all staff of the Company including those employed on a contract basis. Any deviations by staff will be subject to disciplinary action. Therefore, submission of accurate information on a timely basis as required by members of the Committee is considered imperative for effective implementation of this policy.

Risk Policy Statement

Company is committed to managing risk in accordance with Company's risk framework in order to benefit the Company and manage the cost of risk. All employees are required to be responsible and accountable for managing risk in so far as is reasonably practicable within their area of responsibility.

Sound risk management principles and practices are to become part of the normal management strategy for all business units within the Company.

The management of risk is integrated into existing planning and operational processes and is fully recognized in the Company's reporting processes.

The Risk ownership and the primary responsibility of implementing adequate internal controls will remain with the process owners.

Risk Management Process

Management of risks within the Company takes place in several steps. These apply in principle to all risk categories. The risk management process at its broadest level can be broken-down into the following generic steps:

1. Risk identification
2. Risk analysis and measurement
3. Risk management decision
4. Risk monitoring, review and reporting

Risk identification

In the context of risk identification, all existing risk categories, their sub-risks as well as their risk sources within the Company's business are determined and clearly distinguished from each other on an ongoing basis.

New risks can occur, given that the business environment is constantly changing and new products are being developed and brought into the market. Early and comprehensive identification of risk is an essential element for the early warning system. Before commencing business with new products, types of business and in new markets, the risks inherent in them and the resultant effects on risk management must be identified by process owners, stakeholders.

Risk Identification Process;

- 1) Each type of risks to be identified and documented in the risk registers
- 2) Risks to be analyzed for potential impact and the level of impact
- 3) Risks to be rated as per the impact and the probability of occurrence

Risk analysis and measurement

Following on from risk identification, risks are analyzed and measured using quantitative as well as qualitative risk-appropriate methods and procedures. Interdependencies are to be taken into account, and risk concentrations or accumulation risks are to be continuously analyzed and evaluated.

Risk management decision

The risk management function initiates suitable strategies and concepts aimed at the prevention, reduction, mitigation, transfer or diversification of all identified and analyzed risks in accordance with the defined objectives.

Risk monitoring, review and reporting

The quantifiable risks are restricted by risk limits. The development of risk limits for controlling and monitoring risk positions, risk exposure in particular to avoid risk concentrations for sectors, industries, customers and security types form an essential part of the Company's risk approach. All non-quantifiable risks are managed via appropriate methods or approaches that involve process improvement, modifications or restructure. Monitoring and review ensures that the risk management decision is implemented appropriately, in a timely manner and evaluates its effectiveness. It includes both monitoring of deviations from the prescribed risk limits and monitoring of methods, procedures and processes used for quantifiable and non-quantifiable risks.

Publication

The Company's website will disclose the existence of the Policy on Risk Management and Internal Controls and a summary may be shared with the shareholders of the Company upon request made to the Company Secretary.

Review and Update

This policy shall be reviewed and updated at least once every two (2) years by 30th September. The required updates and modifications shall be recommended to the Chairman of the Board for approval.

On'ally Holdings PLC reserves the right to modify and amend the policy at any time.

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M.H. Jamaldeen
Managing Director