



LRWC Enterprise Risk Management

Leisure & Resorts World Corporation (LRWC) recognizes Enterprise Risk Management (ERM) as essential to the achievement of business goals and objectives. Its approach begins with the identification and prioritization of risks, followed by the assessment of risk interrelationships and analysis of risk sources. This is followed by the development of risk management strategies and action plans, and ultimately, the monitoring and continuous improvement of the risk management process. The risk management policies of the Company are established to identify and analyze the risks faced by its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, systems and processes, as well as practices, are continuously reviewed.

LRWC's Board of Directors has the overall responsibility for managing its risk management policy. The Risk Management Committee (or RiskComm) was established to provide planning, implementation, oversight and continuous review of its risk management framework. RiskComm will provide an assessment on the impact of risks on the strategic and long-term goals and report regularly its assessment to the Board. The business unit heads on the other hand are responsible for managing operational risks by implementing internal controls within their respective units. LRWC regularly updates the Company's risk management systems, as well as on improvement plans of LRWC.

I. INTRODUCTION

POLICY

The Risk Management Manual sets out Leisure and Resorts World Corporation's (LRWC or the Corporation) risk management policies and guidelines. It aims to provide a common and systematic approach for managing risks of the Corporation.

OBJECTIVES OF THE MANUAL

LRWC's Risk Management Manual shall aim to address the following:

- Work towards achieving LRWC's strategic and operational goals by understanding risk and threats, identifying opportunities and maximizing opportunities that would otherwise create barriers;
- To balance the sustainability of growing shareholder value with the risks involve in achieving that growth;
- Work to diversify LRWC's exposure through its various holding companies and exposure across the different sectors, products and collateral;
- To establish a culture of risk taking by identifying major business risks while understanding the frameworks by which those risks are mitigated or addressed;





SCOPE AND LIMITATION OF THE MANUAL

The Risk Management activities of LRWC are recognized as an activity critical to LRWC's success and that responsibility for managing the risks is spread across all business units and functions. The policies and procedures contained in this Manual are intended to ensure that the Corporation applies cautiousness and responsibility in its risk-taking activities while retaining its competitiveness.

USERS of this MANUAL

The content of this manual is provided for the following groups of stakeholders in LRWC. It is not comprehensive and may change depending on certain requirements as well as changes in the industry:

1. **Board of Directors;**
2. **Senior Executive Management;**
3. **Risk Management Committee** – To aid the committee and to use this as a basis for reviewing, verifying and monitoring adherence to risk management policies and procedures while at the same time enabling them to exercise their oversight functions effectively;
4. **Business Unit Heads:** This serves as a guide for their day-to-day operations as well as any risk taking activities;
5. **Regulatory Bodies** – This manual will provide information to the regulators and supervising bodies in the performance of their functions in monitoring LRWC and the industries it operates in.

II. RISK MANAGEMENT CHARTERS

RISK MANAGEMENT COMMITTEE CHARTER

ROLE AND AUTHORITY

The *Risk Management Committee (RiskComm)* is appointed by the Board of Directors (BOD) to assist in fulfilling the BOD's risk management responsibilities. These are defined by regulations and applicable laws.

The **RiskComm** shall monitor the risk environment for Leisure and Resorts World Corporation (LRWC or the Corporation) as well as for all its subsidiaries. It will provide recommendations for any activities that will adversely affect the Corporation's as a continuing entity or on the Company's ability to achieve its goals.





The **RiskComm** will provide direction to either remove the possibility of such risks, transfer such risks to a third party or mitigate risks to an acceptable level.

The **RiskComm**'s responsibility is one of oversight and review. Risk management and the decision to undertake any projects will always remain with LRWC's Board of Directors and Senior Management.

RiskComm has the mandate to have direct access to and to receive regular reports from Management. It shall have the power to conduct or authorize inquiry into any matter within the scope of the **RiskComm**'s responsibilities.

COMPOSITION

The BOD shall appoint the members of the **RiskComm**. It shall have at least three (3) members of the Board of Directors who shall possess a range of expertise as well as adequate knowledge of LRWC's risk exposure. The Board shall designate one of the RiskComm members as the Chairperson of the Committee. The members of the Committee shall serve until such member's successor is duly elected. The Board members may also invite senior management to be part of the RiskComm to help develop appropriate strategies to prevent losses and to minimize the impact of losses when such occur.

MEETINGS AND PROCEDURES

The **RiskComm** shall hold regular meetings at least once every quarter, or as often as it considers necessary and appropriate. The RiskComm Chairman or the majority of its members may call a special meeting when deemed necessary. A majority of the members attending any meetings called for will constitute a quorum.

A notice of each meeting confirming the date, time and venue must be forwarded to each member of **RiskComm** before the scheduled date of the meeting. The agenda of each meeting will be circulated, whenever reasonably practicable, to each member prior to the meeting.

The **Risk Management Officer** shall serve as the Secretariat of the Committee and shall keep written minutes of its meetings. Minutes of the proceedings shall be signed by the Secretariat and the members of the Committee and made available prior to the next meeting and approved therein.

The **RiskComm** may request any director, officer or employee of LRWC or other persons whose advice and counsel are sought by the latter to attend any meeting in order to provide information as it deems necessary.

The **RiskComm** shall report to the Board of Directors matters discussed at each meeting along with the actions taken during said meeting.

DUTIES AND RESPONSIBILITIES





Core Duties and Responsibilities

The **RiskComm** shall perform the following **core duties** and **responsibilities**:

- a. Perform oversight risk management functions including crisis management, in the areas of mitigating and managing credit risks, market risks, issues on liquidity, operational, reputational, legal and other risks. It shall include receiving and reviewing from Senior Management periodic information on risk exposures and risk management activities.
- b. Develop the Risk Management Policies of the Corporation as well as ensure compliance with the adopted policies. ,
- c. Review to ensure that the risk management processes and compliance to those procedures are known and made available throughout the organization by reviewing and discussing with Management, the Corporation's risk management and risk assessment guidelines and policies on business risks;
- d. Review the major risk exposures of the Corporation against established risk measurement methodologies and the steps management has taken to monitor and control such exposures, including:
 1. Detailed structure of limits, guidelines and other parameters used to govern risk-taking units;
 2. Clear delineation of lines of responsibilities for managing risk;
 3. Adequate system for measuring risk; and
 4. Effective internal controls and comprehensive risk reporting process
- e. Provide regular reports to the Board, at a minimum on a quarterly basis, on key risk management issues.
- f. Perform annually a self-assessment of the Risk Management Committee performance.
- g. Endorse to the Board of Directors the appointment and, when and if appropriate, replacement of the Risk Management Officer, who shall report directly to the Committee.
- h. Perform such other duties and functions and/or assume such responsibilities as may be delegated by the BOD

INDEPENDENCE

The **Risk Management Committee** shall be an independent committee and shall report directly to and hold office on the authority of the Board of Directors.





REVIEW OF THE CHARTER

The RiskComm shall conduct an annual review and provide a written assessment to the Board of Directors regarding its Charter in order to determine its adequacy and make improvements thereof that the Committee considers necessary or valuable.

The Board will approve any amendments to the Charter that will emanate from the review based on the recommendation of the RiskComm.

EFFECTIVITY

This Charter shall take effect upon approval of the Board of Directors.

LRWC ENTERPRISE RISK MANAGEMENT

LRWC has adopted actions to mitigate the Company’s risks which include:

- a. Investments in technology,
- b. Continuous training of its personnel;
- c. Performance of regular audits
- d. Establishing and implementing policies for strong information technology (IT) governance, and
- e. Partnerships with the Company’s various stakeholders.

Technological risks are addressed via continuous risk assessments, wherein potential threats to assets, vulnerabilities and likelihood of occurrence are evaluated and possible impacts are estimated in the areas of networks, operating systems, applications and databases in production.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Safety and Security Risk	<p>Annual audit of the LRWC Safety and Security Team.</p> <p>Results of the audit are validated and monitored by the LRWC Internal Audit Team.</p>	<p>Department personnel are also trained to respond to safety and security incidents.</p> <p>LRWC ensures proper maintenance of facilities to minimize the impact of physical security risks which may affect its operations.</p>





	<p style="text-align: center;">LEISURE & RESORTS WORLD CORPORATION STOCK SYMBOL: LR</p>	
<p style="text-align: center;">Property Damage and Business Disruption Risk</p>	<p>Annual review of business continuity and business impact assessment.</p>	<p>LRWC continues to improve its Business Continuity Management System (BCMS) through implementation of data back-up procedures to ensure availability of critical resources.</p> <p>The Company undergoes an annual business continuity exercise that is reported to the Risk Committee.</p>
<p style="text-align: center;">Information Security and Technology Risks</p>	<p>Vulnerability assessment and penetration testing, incident monitoring</p>	<p>The Information Security Department monitors the compliance of the Information Security Policy and incidents of any system security breaches.</p> <p>LRWC through the course of the year conducts training across the business units to address the human factor in cyber security management.</p> <p>LRWC also endeavours to use the latest sophisticated technology to combat cyber-security threats that may impact operations.</p>
<p style="text-align: center;">Environmental Risk and Social Risk</p>	<p>Regular reporting of the group's sustainability road map and progress</p>	<p>LRWC is committed to protect the environment where it operates by implementing effective and efficient resource utilization measures in its daily operations.</p> <p>LRWC continues to explore methods to reduce its consumption, recycles its water and wastes and harness renewable sources of energy.</p> <p>LRWC is also omitted in promoting equal opportunities for persons with special needs, senior citizens, women and indigenous people.</p>





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Operational And Process Risk	Business process reviews	<p>The Risk Management Team reviews business processes and initiated the creation of tools and or procedures that enhance operational efficiency.</p> <p>The Company continues to improve on its business processes to ensure operational efficiency of all the Business Units.</p>
Financial Risk	Regular monitoring of interest and foreign exchange rates, financial ratios.	The Company continues to improve its financial risk management processes to ensure compliance with the various regulatory issuances relevant to its business operations.
Regulatory and Compliance Risk	Compliance monitoring and reporting	LRWC conducts regular employee awareness and mandatory compliance to the Code of Ethics, Data Privacy Act and other external regulations through constant monitoring and training of personnel.

