



**MANILA JOCKEY CLUB, INC.**  
San Lazaro Leisure Park, Brgy. Lantic,  
Carmona, Cavite

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## **ENTERPRISE RISK MANAGEMENT**

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In compliance with the Securities and Exchange Commission Memorandum Circular No. 19 series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies,<sup>1</sup> the Board of Directors of Manila Jockey Club, Inc. adopts the following Enterprise Risk Management subject to the provisions of the of the Corporate Governance Code, Securities Regulations Code, Philippine Stock Exchange Disclosure Rules, Corporation Code of the Philippines and all applicable laws of the Philippines

### **I. OBJECTIVE**

The Company recognizes that an adequate and effective internal control system and an enterprise risk management framework help sustain safe and sound operations as well as implement management policies to attain corporate goals. An effective internal control system embodies management oversight and control culture; risk recognition and assessment; control activities; information and communication; monitoring activities and correcting deficiencies. To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

### **II. CONCEPT OF RISK MANAGEMENT**

As defined under the Code, **Enterprise Risk Management** is a process effected by the Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

### **III. ROLES AND RESPONSIBILITIES**

The company's Internal Audit shall monitor and guide the implementation of company policies by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the company's governance, risk management and control functions.

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<sup>1</sup>Hereinafter referred to as the "Code."



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As laid down in the Code, the Internal Audit shall have the following functions:

- a. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in
  - (1) promoting the right values and ethics
  - (2) ensuring effective performance management and accounting in the organization
  - (3) communicating risk and control information, and
  - (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
- b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- c. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- h. Monitors and evaluates governance processes.



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**IV. PROCEDURE AND GUIDELINES**

The Risk Management Committee will ensure that risks are actively identified, analyzed, and managed. Risks will be identified as early as possible so as to minimize their impact.

**Risk Identification.** This will include an evaluation of environmental factors, organizational culture and the project management plan.

**Risk Analysis.** All risks identified will be assessed to identify the range of possible impacts. Qualifications will be used to determine which risks are the top risks to pursue and respond to and which risks can be ignored.

**Risk Evaluation.** Identified risks shall be evaluated and classified by determining the risk magnitude which is the combination of likelihood and consequence. Each major risk will be assigned to a project team member for monitoring purposes.

**Treatment of the Risk.** The highest ranked risks are assessed and a plan will be set to treat or modify these risks to achieve acceptable risk levels. Determine how to minimize the probability of the negative risks as well as enhancing the opportunities. Risk mitigation strategies, preventive plans and contingency plans will be adopted.

**Risk Monitoring, Controlling and Reporting.** All identified risk, particularly the highest ranked risks, will be monitored, tracked and reviewed.