FILRT ENTERPRISE RISK MANAGEMENT POLICY

1.0 Introduction

This policy provides how Filinvest REIT Corp. (FILRT) will manage risk and maximize opportunities to support business growth and contribute throughout its value chain.

FILRT operates in a dynamic business environment, a volatile, uncertain, complex, and ambiguous (VUCA) world where uncertainties – both unfavorable and favorable – abound. Global megatrends and local developments have a significant influence on how the Company achieves its stated goals. The organization is accountable to its shareholders and stakeholders for the long-term protection of the value it creates and delivers through its diverse investments. Thus, everybody in the organization needs to manage the risks inherent in the course of doing business, and where possible, unlock the value of opportunities arising from those same risks. Risk management is an essential function for adopting strategic and tactical decisions for both existing and new businesses.

FILRT has established an Enterprise Risk Management (ERM) Program which is intended to manage current and emerging risks in both internal and external operating environments, through the utilization of best practices offered by various existing risk management frameworks.

The ERM Program is aligned with the Company's Manual of Corporate Governance which gives a mandate to the Board of Directors to ensure the establishment of organizational and procedural controls supported by an effective risk management program.

In addition, the Audit and Risk Management Oversight Committee (ARMOC), as stated in its charter, is required to provide oversight on management functions relating to financial, operational, legal, and other risks of the organization.

2.0 Objective

The ERM discipline aims to protect and enhance value, improve competitive advantage, achieve speed with confidence in pursuing growth opportunities, and enable FILRT to deliver its commitments to stakeholders (including customers, regulators, and providers

of capital), by effectively managing risks through a standard and informed decision-making mechanism under a common risk culture and language.

The objective of this document is to outline concepts and policies that shall govern the integrated risk management functions within FILRT.

This ERM Policy shall:

a. Establish the principles and framework that apply to risk management across FILRT
b. Establish risk management processes and oversight structure, and
c. Define the authorities and responsibilities of individuals, Committees, organizational units and parties with roles in enterprise risk management.

3.0 Principles of Risk Management

In the pursuit of protecting and enhancing the value created through its various operating models, FILRT shall abide by the following risk management guiding principles as adopted largely from ISO 31000:2018 and with consideration of the unique contexts within each business unit:

a. Value Creation and Protection. While managing risks primarily serves to protect the value already being created and delivered by the organization, the challenges to the business which include internal and external factors can be used to develop or generate opportunities for further business growth.
b. Integrated. The organization integrates risk management in all of its activities, from the strategic to execution level.
c. Structured and Comprehensive. The risk management system is kept simple and understandable while taking into consideration that the complexity of the business is not simplified to a point where unseen or forgotten risks could magnify. A structured and comprehensive approach to risk management yields consistent and comparable results.
d. Customized. Risk management is linked to the organizational objectives and is tailored to fit the organizations' multiple needs and contexts.
e. Inclusive. Appropriate and timely involvement of stakeholders – internal and external – enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management.

f. Dynamic. Risk management is able to detect and respond to internal and external context changes in a timely and appropriate manner.
g. Based on Best Available Information. Risk management accounts for any limitations and uncertainties regarding the provided historical and current information and future expectations.
h. Aware of Human and Cultural Factors. Human behavior and the established culture within the organization have a strong influence on risk management.
i. Owned and Managed at All Levels, and Shared. The appreciation and management of risks cuts across all levels of the organization. Upstream and downstream risks are the concern of every manager and addressing risks is never done with a silo mentality.
j. Continual Improvement. The risk management system draws on new experiences, knowledge, and analysis for the revision of process elements, actions, and controls at each stage of the process.

4.0 Scope

This ERM Policy applies to FILRT under its operational control, including its directors, executives, officers, employees and business partners. The policy extends to all current and future activities. Any deviation from this Policy shall be justified and substantiated with proper documentation for appreciation of the ARMOC and the Board.

5.0 Definition of Terms

a. Risk - the effect of uncertainty on an organization's ability to meet its objectives
b. Risk Management - the identification, analysis, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and impact of risk events, or to maximize the realization of opportunities
c. Control - a process established by the Board of Directors and Management designed to provide reasonable assurance regarding the achievement of objectives
d. Inherent Risk – the level of risk without regard to any management action or controls to alter or change its nature or state ('do nothing' scenario)
e. Residual Risk – the remaining exposure after considering existing management actions or controls to reduce the impact or likelihood of a risk
f. Risk appetite – the level of risk the organization is willing to take in pursuit of value creation or to achieve a desired level of return or growth

g. Risk tolerance – the specific maximum quantifiable risk that an organization is willing to take regarding each significant risk
h. Stakeholder – a person or group of persons that can affect and be affected by the decisions or activities of the organization
i. Risk owner – establish risk controls that will help mitigate risks, main responsible and accountable for mitigating risks

6.0 Policy Statement

a. Vision

FILRT ERM practices shall be a discipline embedded into the organization's culture and adhering to the principles of good corporate governance in the pursuit of creating, delivering, and protecting value.

b. Objectives of FILRT's ERM

ERM is an integral element of organizational processes in FILRT and shall provide a platform to achieve the following objectives:

i. Embed risk management in FILRT and promote a risk- and opportunity-aware culture
ii. Break down silos and promote collaboration among business units and functions
iii. Improve decision making by recognizing risks and opportunities in its internal and external operating environments
iv. Ensure capability to operate within and comply with all relevant regulatory frameworks, standards, and internal policies and procedures
v. Improve business performance through enhanced operational effectiveness and efficiency
vi. Improve operational resilience an organizational agility
vii. Create, protect, and enhance value to improve competitive advantage
viii. Enhance alignment with the strategic, sustainability, and governance objectives of FILRT

7.0 ERM Framework

The ERM Framework of FILRT, largely adopted from ISO 31000:2018, is anchored on the leadership and commitment from the Board of Directors and Management to implement the ERM process across the organization.

ERM Framework adopted from ISO 31000:2018

a. Leadership and Commitment. FILRT's Board and Management ensures that risk is embedded in all activities, such that it is embedded in the company's culture after the implementation of change management interventions and driven by the strategies, goals, and objective of the organization. The building and continuing improvement in ERM competencies shall be part of every talent's development, and the necessary resources will be allocated to strengthen risk management. Risk management will continue to be relevant to the organization and performance indicators shall be aligned and integrated with the performance management system of each business unit, and when necessary, the appropriate risk information shall be shared with stakeholders.

b. Integration. Taking into consideration the unique contexts of each business unit and the organizational structure, and that risk management is an iterative process that relies on continuous learning and adaptation to evolving context, FILRT's risk management shall be integrated with the other business functions from the top level all the way down to the execution level, and thus everybody in the company is responsible for managing their risks that stand in the way of achieving their objectives. Risk management is not distinct from, but integrated with the organization's governance, leadership development, strategic and tactical planning, operations and performance management processes.

c. Design. FILRT's ERM framework shall take into account the internal and external environment which includes social, regulatory, financial, technological, economic, and organizational design aspects. ERM shall be embedded in policy development, business and strategic planning and review and change management processes. The FILRT ERM function shall ensure that the necessary people, structure, methods, tools, processes, systems, and training programs shall be identified and resources allocated. An internal communications mechanism shall also be introduced or integrated with existing processes to encourage accountability and ownership of risks.

d. Implementation. The ERM program execution shall ensure the following:

    i. Timing of execution shall align with the cadence of other business functions
    ii. Risk management processes shall align with other organizational processes in terms of entry points (inputs), tools and deliverables, particularly with strategic planning and performance reviews
    iii. Adequate capacity building for all risk managers and enablers, with special focus on peripheral risk awareness and risk drivers analysis
    iv. The risk management process is adopted and embedded at all levels

e. Monitoring, Review and Evaluation. Periodic assessments of the effectivity of the ERM program design and implementation shall be undertaken by the Internal Audit, with support from the ERM program owners at the parent and subsidiary levels, covering the following:

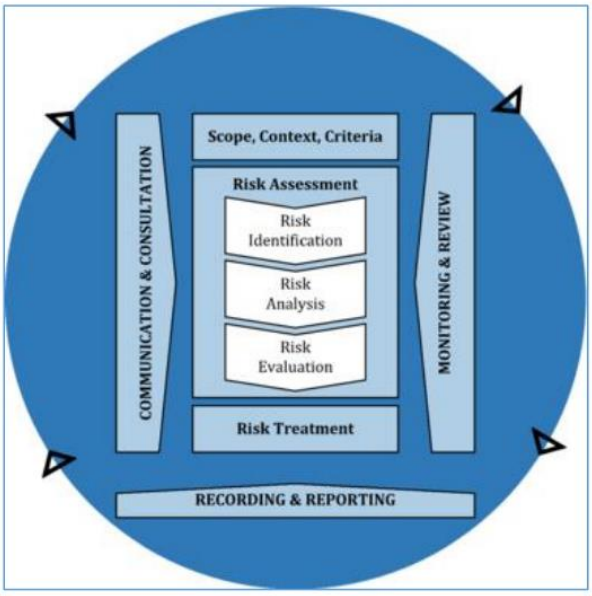
    i. Governance and organization, including roles and responsibilities
    ii. Relevance of the framework: guiding principles, values, and strategy
    iii. ERM Scope and activities
    iv. Applicability and effectiveness of the risk process, methods, and tools
    v. Risk competencies and culture
    vi. Risk and performance management
    vii. Risk capital structure
    viii. Overall risk management maturity level

f. Continuous Improvement. Based on the results of periodic assessments of the ERM program, the ARMOC shall approve recommendations of the Chief

Sustainability and Risk Officer and Internal Audit teams on the improvement of aspects of the framework, policies, and plans. The ERM function shall facilitate the development of action plans to bridge any gaps between the current and desired states of the ERM program.

8.0 ERM Process

The Enterprise Risk Management process of FILRT is largely adopted from the ISO 31000:2018 framework, which covers risk identification after the establishment of scope, context, and criteria, followed by risk analysis and evaluation then decisions on how to treat the risks, and finally monitoring and reporting progress.



ERM Process adopted from ISO 31000:2018

a. Context Establishment and Identification of Objectives

Before identifying risks, the first step is to clarify each unit's mandate and objectives. The most relevant internal and external stakeholders are listed and their particular needs are identified. This stage shall also reflect the objectives and key results (OKR) that are adopted by the unit, as well as hygiene objectives which are implicit to the mandate and roles within the unit, but not articulated in the official performance targets, e.g., compliance and safety.

This is to ensure that the risk universe of the unit shall be as comprehensive as possible.

b. Identification of Risks and Risk Sourcing

All risks that may prevent the achievement of or deviation from the unit's goals and objectives shall be identified. The risk owner may choose from an established risk dictionary with standard definitions or nominate previously unidentified risks and define them well. These risks may be identified through various methods such as SWOT analysis, checklists, workshops, etc.

The risk event associated with the risk is also identified, to clarify the failure mode for each risk. Upstream and downstream risks are also listed by the risk owner to show awareness of how one's risk is affected by another's, or how failure to manage a particular risk will magnify the risk of another business unit or function down the road.

Risks may actually be the result of a single risk driver or the confluence of several, and the bespoke management of specific driver/s is the key to managing the risk itself. Thus, after risks are identified, a comprehensive risk driver analysis is performed to identify which risk driver (or underlying issue, or root cause) is the most relevant and give an insight on which will need to be managed most, i.e., optimizing the allocation of resources.

c. Risk Analysis and Evaluation

Risks shall be quantified in terms of likelihood of occurrence and the impact to the business. Risk analysis and evaluation involves the assignment of risk ratings on the 'do nothing' scenario and with existing controls in place.

Inherent risk is the level of exposure in the absence of any controls in place, a function of both likelihood and impact. Residual risk is the level of exposure measured after consideration of the execution of controls previously identified. The residual risk rating gives the decision makers insights on whether any additional controls or risk management actions still need to be introduced, or the risk management strategy has to be overhauled.

FILRT should have in place methods to ensure that the following criteria are considered when determining severity of a risk:

- Financial – the extent of direct financial loss or increase in cost resulting from an incident or issue
    - FILRT uses NIAT as the basis for determining severity rating for each criteria. Internally, 5% materiality for financial reports is used as this is the benchmark used by FLI and subsidiaries as a listed company.
    - Other balance sheet accounts or components of Financial Statements (FS) can be considered as basis.
    - Return on Equity, Budget Deviation, Unplanned debt or equity infusion, share price behavior can also be used.
- Legal / Compliance – incident or event that gives rise to breaching of regulation
- Brand / Reputation – incident or event that causes damage to FILRT reputation internally and externally
- Safety and Health – incident or event that compromises the safety and health of employees, contractors, or the public
- Environmental – incident or event that affects the biological and physical environment whether short-term or long-term
- Business Disruption – incident or event that interrupts operations or service delivery to key business stakeholders

The impact statements should be reviewed annually as a minimum.

Note that if a particular risk has multiple consequences, then the higher severity rating should be chosen.

d. Risk Action Planning

Based on the residual risk rating, the decision makers shall identify the appropriate risk treatment (e.g., accept, mitigate, transfer, avoid) and put forward action plans with specific deliverables, timelines, owners and required resources. These action plans shall be consulted with other risk and process owners and whenever necessary, simulated or stress tested for effectiveness. It may also be necessary to identify strategies to improve the capabilities to manage risk.

The risk owner shall also nominate indicators and metrics for measuring the risk, with preference for leading indicators over lagging indicators.

e. Monitoring, Reporting, Communications and Consultations

Continuous risk monitoring shall be ensured by including risk discussions in management reviews, planning sessions, and regularly incorporated in the agenda of the Board.

Risk dashboards shall be developed by the ERM unit and regularly updated by the risk owners. ERM staff shall monitor the status of the identified risk action items and coordinate with the risk owners for the quantification of key risk indicators that will be used to inform and consult with management and the Board. Among the components of the dashboard will include top risks monitoring, risk trends, heatmaps, significant outstanding risk action items, and status of significant legal proceedings.

The Company shall prepare communication materials pertaining to the management of identified top risks and incorporate these in the mandatory disclosures to the public. Risk communications for internal discussion purposes such as performance reviews and planning shall also be made available to decision makers. For other internal communications purposes, the transparency of risk information shall be handled on a case-to-case basis.

Consultation with stakeholders, internal or external, shall be encouraged throughout the risk assessment process, in order to surface the most timely, relevant, accurate sentiments, and situation on the ground to support decision making. However, the integrity, control, and confidentiality of information and the privacy of individuals shall be ensured by the risk owners and ERM process keepers.

f. Escalation and Dispute Resolution

The status of top risks identified shall be provided by the risk owners to the members of Management and the Board on a regular basis, facilitated by the ERM team. Any significant risk events, breaches beyond the acceptable risk

levels, or the imminent occurrence of major or catastrophic risk events, shall be subject to immediate escalation and reporting.

Disputes during risk assessments or monitoring of action items shall be resolved through proper discussion within FILRT that participated in the risk assessment. In the event of lack of resolution at the risk owner level, the issue shall be forwarded to Management for discussion. The ERM staff shall document the dispute and its resolution for the record.

g. ERM Effectiveness Review

An annual review of the adequacy and effectiveness of the ERM framework, as well as the effectiveness of specific risk action items put forward by risk owners, will be undertaken, either by FILRT's Internal Audit or a third-party auditor which may be from the Filinvest Group or external to the Group.

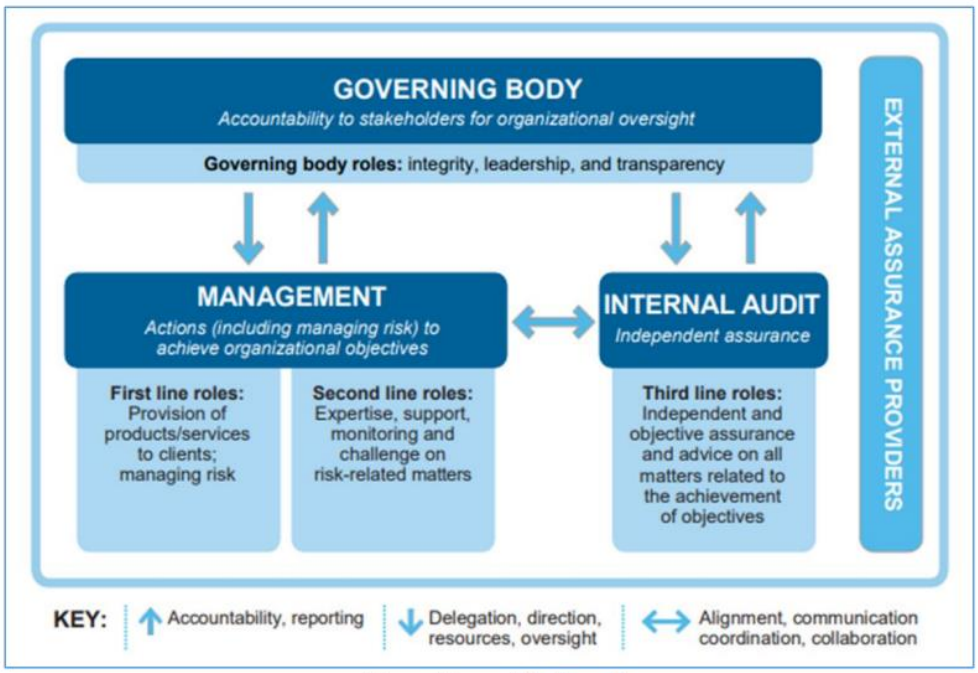
9.0 ERM Governance Structure

FILRT's risk oversight structure is aligned with industry best practice, i.e., the three lines of defense.

The first line of defense refers to the functions that are primarily responsible and accountable for identifying and managing risks for the objectives they own. They own and manage the risks at the execution, tactical, and strategic level.

The second line of defense refers to the functions that oversee the management of risk. They provide the policies, framework, methods, tools, and support to enable risk to be managed by the risk owners, as well as monitor the risk management performance. They ensure consistency and alignment of all risk owners with the stated framework and procedures.

The third line of defense refers to the functions that provide independent assurance, such as internal and external audit. Being outside the risk management process they ensure that the first two lines operate efficiently and effectively in accordance with the adopted framework, and give recommendations for continuing improvement.



'Three Lines of Defense'

The roles and responsibilities of the various risk-related roles in FILRT are as follows:

a. Board of Directors. Provides an oversight role to risk management activities including the periodic review and approval of the ERM Policy and ERM framework.

b. Audit and Risk Management Oversight Committee (ARMOC). Assists the Board in ensuring the integration of risk management process with other processes, and the overall management of business risks. The Committee is responsible for the oversight of the Enterprise Risk Management Framework to ensure its functionality and effectiveness.

c. Chief Executive Officer/President. As the comprehensive risk executive, is ultimately responsible for managing key risks of FILRT, setting ERM priorities, tolerances and policies, and the development, execution and monitoring of risk management strategies.

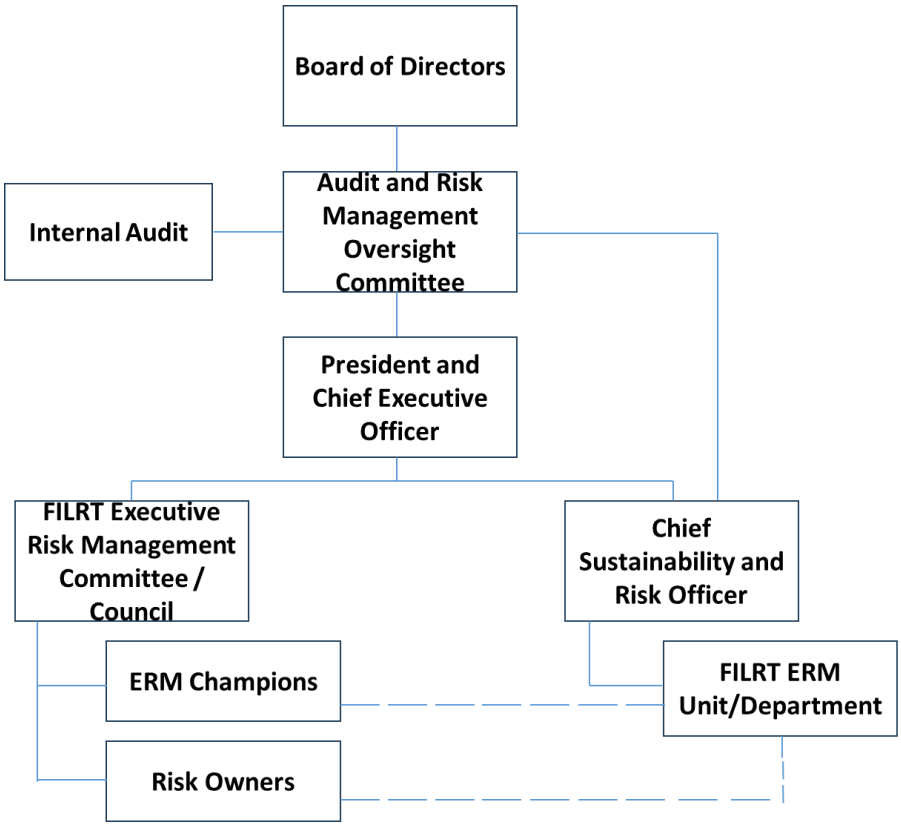
d. Chief Sustainability and Risk Officer. As the ultimate champion of ERM, oversees the entire risk management function and facilitates the development, implementation, maintenance, and continuous

improvement of ERM processes and tools, and reports directly to the ARMOC.

e. Risk Management Executive Committee. Composed of members of the management committee of FILRT who deliberate on the results of risk assessment exercises, makes a determination of the top risks that need attention, and develops strategies to address each of those risks.

f. Risk Owners. Managers assigned to FILRT operations who are responsible and accountable for effectively managing the risks associated with their assigned objectives. Identifies, analyzes, responds, and monitors risks & opportunities in their area of responsibility, and communicates risk-related information to the ERM function.

g. Internal Audit. As the 'third line of defense' may provide an independent assessment of the ERM program in FILRT as well as an assessment of the effectiveness of identified risk management strategies on specific top risks.



ERM Governance Structure

10.0 Effectivity

This document was approved by the Audit and Risk Management Oversight Committee and Board of Directors of Filinvest REIT Corp on July 30, 2024 and August 08, 2024, respectively. It shall be deemed effective upon approval by the Board of Directors.

Version History

Version	Date	Owner	Comments
1.0	July 30, 2024	FILRT Chief Sustainability and Risk Officer	