

ENTERPRISE RISK MANAGEMENT POLICY

MREIT, INC.

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A. Introduction

The Management of MREIT, Inc. (“MREIT” or the “Corporation”) is committed to the effective management of strategic, operational, financial and compliance-related risks throughout the organization.

In the Corporation’s Code of Corporate Governance, among the main responsibilities of the Corporation’s Board of Directors is to identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.

Furthermore, the Securities and Exchange Commission (SEC)’s Memorandum Circular No. 19, Series of 2016, requires companies to have a strong and effective internal control system and enterprise risk management framework to ensure the integrity, transparency and proper governance in the conduct of its affairs.

It is in this view that an enterprise-wide approach to risk management is deemed very useful and critical in providing the Board and Management with reasonable assurance that risks – which may adversely affect the Corporation’s ability to achieve its business objectives, comply with regulatory requirements and maximize shareholder value – are identified, monitored and effectively mitigated.

To ensure that needed measures are in place, the corporation has established an Enterprise Risk Management (ERM) Process that will provide a focused and disciplined approach to managing these risks. The Corporation shall proactively manage its perceived risks by continuously identifying, mitigating or controlling and monitoring serious risks in collaboration with key risk owners, critical support units and, if necessary, with proper external entities.

B. Statement of Policy

The Corporation adopts a comprehensive approach to understanding and proactively managing the risks we face in our business.

We recognize taking business decisions which entail calculated risks and managing those within approved tolerances is fundamental to delivering long term value to our shareholders and meeting our commitments to employees, tenants, customers,

contractors, business partners and members of the communities in which we do business. We believe risk management must be integrated into the day to day management and operation of our business. It should guide our decision making and form an integral part of our culture. Our risk management strategies are guided by the ISO 31000 Risk Management Standard and other applicable international standards.

With the effective management of risks being vital to the continued growth and success of the Corporation, we hereby state and commit that:

1. Risks faced by the Corporation shall be identified, monitored and managed effectively to the best of our ability at all times. The Corporation will use its risk management capabilities to maximize the long-term fundamental value of its assets, existing business portfolio, and future business opportunities.
2. Enterprise Risk Management will be embedded in the Corporation's critical business activities, functions, and processes. The understanding of key risks and the Corporation's appetite and tolerance for these risks will be critical considerations in the various decision-making processes involving our business units, including project planning, launch and delivery, capital and resource allocation, investment and partnering opportunities, business operations, sales and marketing, service support, and others.
3. A robust risk assessment system, methodology, and reporting structure will be used with all risk issues identified, analyzed, assessed, and monitored in a consistent manner. Risk controls will be designed and implemented to reasonably assure the achievement of the Corporation's goals and objectives. The effectiveness of these controls and mitigating strategies and action plans will be systematically reviewed and, where necessary, improved.
4. The performance of our risk management activities will be regularly monitored, reviewed and reported. The risk management function will be implemented by the Opportunity and Risk Management (ORM) Department, with oversight from the Board of Directors through the Executive Committee and the Office of the Chief Operating Officer.

C. Objective

The objective of this document is to outline the policies and procedures that will govern an integrated risk management process within the Corporation.

These risk management policies:

- Establish the framework that will be used for risk management in the corporation
- Establish the organization that will be responsible for the implementation of this framework
- Establish the roles and responsibilities of each party with regard to risk management

D. Enterprise Risk Management (ERM) Framework

The Corporation's risk management framework encompasses the following:

1. **Facilitated Sessions with the business owners and the management.** This is the stage where initial buy-in as well as continuous commitment is sought from all levels of management. Ensuring the effectiveness of risk management requires strong and ongoing commitment from the management. Through the risk management process, bottom-up approach is employed to get inputs initially from the lower management levels in identifying the risks surrounding their businesses, how these risks interrelate with each other, analyzing and forming risk treatment strategies to address gaps in controls, as well as developing metrics to serve as monitoring tools for managing the corporation's risks. These inputs are then cascaded up to top management for approval of the agreed action plans.
2. **Infrastructure.** In performing the risk management process, the Opportunity and Risk Management Department must see to it that the corporation has the required infrastructure to ensure that the Corporation's risk management capabilities are adequate. These include:
 - a. Strategies and policies - Risk management strategies and policies shall be sufficient, effective, documented and clearly communicated to properly guide concerned individuals toward achieving the corporation's risk management goals within the standards and tolerances approved by the management.

- b. Risk management processes – Business risk management processes shall be complete, efficient, and effective. Sufficient risk controls should always be integrated into any business process.
- c. People – There should always be the right number of people with the relevant capabilities to properly execute processes and strategies. Roles, responsibilities, and accountabilities of these people should be clearly specified and communicated.
- d. Management reports – Sufficient, accurate, and timely information must be made available to the people responsible to execute the processes and strategies and to the people responsible for monitoring and overseeing these strategies.
- e. Systems and data – Systems that provide and process the information to analyze and report risks must be in place at all times.

The Opportunity and Risk Management Department will facilitate the development of action plans to bridge gaps between current and desired levels of capabilities. Action plans will be integrated with the process owners and presented to the appropriate management levels for approval.

3. **Ongoing Monitoring.** The Risk Universe shall be reviewed periodically by the corporation's Opportunity and Risk Management Department. Any significant changes shall be communicated to the Internal Audit, and the Corporation's Chief Operating Officer. The Board of Directors through the Executive Committee shall, likewise, be constantly updated on the corporation's risk management process.
4. **Update Risk Register.** The effectiveness of the risk management process must be monitored on an on-going basis. The Opportunity and Risk Management Department shall ensure that all initiatives pertaining to risk management are continuously monitored and regularly reported to the appropriate members of the organization. Monitoring of the risk management process must be applied on:
 - Existing priority risks
 - New emerging risks
 - Specific risk treatment measures, policies and procedures

5. **Integration with business planning and budgeting.** The Opportunity and Risk Management Department shall ensure that periodic business risk assessment sessions are part of the annual strategic and business planning activities of the Corporation to ensure that all significant risks are identified and measured.

E. Risk Management Process / Cycle

1. The Risk Assessment Process

- a. **Risk Identification** - The purpose of risk identification is to find, recognize and describe risks that might help or prevent an organization achieving its objectives. Relevant, appropriate and up-to-date information is important in identifying risks. The following factors, and the relationship between these factors, are considered when identifying risks:

- Tangible and intangible sources of risk;
- Causes and events;
- Threats and opportunities;
- Vulnerabilities and capabilities;
- Changes in the external and internal context;
- Indicators of emerging risks;
- The nature and value of assets and resources;
- Consequences and their impact on objectives;
- Limitations of knowledge and reliability of information;
- Time-related factors;
- Biases, assumptions and beliefs of those involved.

- b. **Risk Analysis** -The purpose of risk analysis is to comprehend the nature of risk and its characteristics including, where appropriate, the level of risk. Risk analysis involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. An event can have multiple causes and consequences and can affect multiple objectives. Risk analysis considers factors such as:

- The likelihood of events and consequences;
- The nature and magnitude of consequences;
- Complexity and connectivity;
- Time-related factors and volatility;

- The effectiveness of existing controls;
- Sensitivity and confidence levels.

The risk analysis may be influenced by any divergence of opinions, biases, perceptions of risk and judgements. Additional influences are the quality of the information used, the assumptions and exclusions made, any limitations of the techniques and how they are executed. These influences should be considered, documented and communicated to decision makers.

Highly uncertain events can be difficult to quantify. This can be an issue when analyzing events with severe consequences. In such cases, using a combination of techniques generally provides greater insight.

Risk analysis provides an input to risk evaluation, to decisions on whether risk needs to be treated and how, and on the most appropriate risk treatment strategy and methods. The results provide insight for decisions, where choices are being made, and the options involve different types and levels of risk.

- c. **Risk Evaluation** - The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required. This can lead to a decision to:

- Do nothing further;
- Consider risk treatment options;
- Undertake further analysis to better understand the risk;
- Maintain existing controls;
- Reconsider objectives.

The outcome of risk evaluation should be recorded, communicated and then validated at appropriate levels of the organization.

- d. **Risk Treatment** - The purpose of risk treatment is to select and implement options for addressing risk. Risk treatment involves the process of:

- Formulating and selecting risk treatment options;
- Planning and implementing risk treatment;
- Assessing the effectiveness of that treatment;

- Deciding whether the remaining risk is acceptable;
- If not acceptable, taking further treatment.

Selection of risk treatment options. Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits derived in relation to the achievement of the objectives against costs, effort or disadvantages of implementation.

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options for treating risk may involve one or more of the following:

- Avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk;
- Taking or increasing the risk in order to pursue an opportunity;
- Removing the risk source;
- Changing the likelihood;
- Changing the consequences;
- Sharing the risk (e.g. through contracts, buying insurance);
- Retaining the risk by informed decision.

Justification for risk treatment is broader than solely economic considerations and should take into account all of the corporation's obligations, voluntary commitments and stakeholder views. The selection of risk treatment options should be made in accordance with the objectives, risk criteria and available resources.

When selecting risk treatment options, the organization considers the values, perceptions and potential involvement of stakeholders and the most appropriate ways to communicate and consult with them. Though equally effective, some risk treatments can be more acceptable to some stakeholders than to others.

Risk treatments, even if carefully designed and implemented might not produce the expected outcomes and could produce unintended

consequences. Monitoring and review need to be an integral part of the risk treatment implementation to give assurance that the different forms of treatment become and remain effective.

Risk treatment can also introduce new risks that need to be managed.

If there are no treatment options available or if treatment options do not sufficiently modify the risk, the risk is recorded and kept under ongoing review.

Decision makers and other stakeholders are made aware of the nature and extent of the remaining risk after risk treatment. The remaining risk is documented and subjected to monitoring, review and, where appropriate, further treatment.

Preparing and implementing risk treatment plans. The purpose of risk treatment plans is to specify how the chosen treatment options will be implemented, so that arrangements are understood by those involved, and progress against the plan can be monitored. The treatment plan should clearly identify the order in which risk treatment should be implemented.

Treatment plans are integrated into the management plans and processes of the organization, in consultation with appropriate stakeholders.

The information provided in the treatment plan should include:

- The rationale for selection of the treatment options, including the expected benefits to be gained;
- Those who are accountable and responsible for approving and implementing the plan;
- The proposed actions;
- The resources required, including contingencies;
- The performance measures;
- The constraints;
- The required reporting and monitoring;
- Then actions are expected to be undertaken and completed.

- e. **Monitoring and review.** The purpose of monitoring and review is to assure and improve the quality and effectiveness of process design, implementation and outcomes. Ongoing monitoring and periodic review of the risk management process and its outcomes should be a planned part of the risk management process, with responsibilities clearly defined.

Monitoring and review should take place in all stages of the process. Monitoring and review include planning, gathering and analyzing information, recording results and providing feedback. The results of monitoring and review are incorporated throughout the organization's performance management, measurement and reporting activities.

f. **Recording and reporting**

The risk management process and its outcomes are documented and reported through appropriate mechanisms. Recording and reporting aims to:

- Communicate risk management activities and outcomes across the organization;
- Provide information for decision-making;
- Improve risk management activities;
- Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

This whole process is to be employed during the annual facilitated sessions with the business process owners and the corporation's management. The outcomes of these sessions will be reviewed and monitored quarterly through risk reports and discussions with the business process owners and their risk management champions.

F. Organization and Responsibilities.

The risk management structure for the Corporation shall be such that an integrated and independent view of the Corporation's risk across the different risk areas can be obtained.

1. Board of Directors

- Provides an oversight role (through the Executive Committee) to the risk management activities by providing continuous input, evaluation and feedback on the effectiveness of the Corporation's risk management process
- Approves the corporation's risk management framework, methodologies, overall policies and roles and responsibilities
- Understands the corporation's critical risks and determines that these risks are managed effectively
- Approves and reviews risk management policies and strategies as deemed appropriate
- Evaluates proposals and items for Board approval with the corresponding risks and risk management approaches and strategies; and
- Reviews reports from the Executive Committee with regard to the overall effectiveness of the risk management process.

2. The Executive Committee

- Provides risk management assurance to the /board.
- Ensures that an overall set of risk management policies and procedures exist for the Corporation.
- Reviews the adequacy of the Corporation's risk management framework / process.
- Reviews the results of the annual risk assessment done by the head of the Opportunity and Risk Management Department / Chief Risk Officer (CRO). The report shall include the identified risks and impact on the Corporation and the corresponding measures in addressing such risks.
- Evaluates the risk assessment report submitted by the ORM Head / CRO on a periodic basis. The report may include existing and emerging risks identified with the Corporation and its subsidiaries, and the related risk mitigation strategies and action plans by Management.
- Monitor the risk management activities of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans, with the assistance of the internal auditors.
- Meet periodically with Management to discuss the Committee's observations and evaluation on its risk management activities.

3. Chief Executive Officer (CEO)

- He is the “Overall Risk Executive” – ultimately responsible for enterprise risk management priorities, including strategies, risk tolerance and policies which he recommends to the Board for Approval.
- Sets-up the overall risk management framework (processes, policies and procedures) and ensures the roll out across the organization. The ORM Head / CRO will assist him in ensuring that the process is established, institutionalized and carried out.
- Establishes the organizational structure, and delegates authority and management of each risk to Risk Owners to ensure that the proper risk management activities are carried out by people with the authority and right competency.
- Leads the Risk Owners in identifying, prioritizing the risks and aligning businesses activities with risk strategies and policies
- Ensures that risk management activities are imbedded to functional responsibilities of the Risk Owners

4. Risk Owner / Business Process Heads

- Has overall accountability and ownership for the assigned risk/s.
- Has the authority to designate Business Risk Management Champions who will assist the management in managing specific risks, consolidate information and document results for periodic reporting
- Approves risk management strategies proposed by the Business Risk Management Champions.
- Obtains updates from the assigned Business Risk Management Champions on a regular basis to ensure that:
 - Risks are understood
 - The severity, likelihood and financial impact (both upside and downside) are measured;
 - Risks are managed within tolerances established by the Board
 - Risk taking decisions are consistent with strategic business objectives and
 - The expected returns compensate for the risks taken
- Ensures that risk management activities form part of the Business Risk

Management Champions 'functional responsibilities

5. Business Risk Management Champions

- Implement the risk management framework within their own processes
 - Conduct risk self-assessment in his functional area of responsibility
 - Determine the key drivers for assigned risk
 - Identify risk management strategies and obtain approval of strategies from the risk owner
 - Implement and continuously review the appropriateness of adapted strategies for possible improvements
 - Assign thresholds for the key risk indicators needed to monitor the key risks in their functional business units
- Identify and review new and emerging risks and bring them to the attention of the Risk Owner and the CRO for inclusion in the Corporation's Risk Universe.
- Manage the material risks within their own business process and ensure the actual risk profile is consistent with the risk thresholds;
- Provide updates on the status of the risk management activities to the Risk Owner on a regular basis.

6. The Opportunity and Risk Management Department has overall accountability and ownership for the continuity of the enterprise risk management function.

- Ensures that the enterprise risk management process is communicated, institutionalized and carried out in the corporation by performing the following:
 - Review and endorse to the COO a policy and framework defining the enterprise risk management purpose, objectives, structure, roles and responsibilities and processes.
 - Review and endorse to the COO the possible owners of risks by considering their functional areas of responsibilities.
 - Facilitate the prioritization of risks to target risks and processes that require the most attention and focus subsequent efforts based on significant impact to business objectives, strategies and corporate belief.
- Ensures that specific risk management functions are performed by the Risk

Owners through a regular risk monitoring process;

- Ensure that all initiatives and progress relative to the enterprise wide risk management are monitored and reported to the appropriate members of the organization;
- Monitors and reports status of implementation of risk management strategies and action plans and initiate needed process improvements and reviews

7. Audit Department

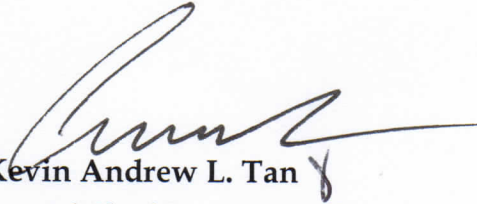
- Monitors compliance with the corporation's Enterprise Risk Management policies as approved by the Board and conduct reviews to provide reasonable assurance on compliance with such policies;
- Provides support in risk assessment workshops and other activities of the Opportunity and Risk Management Department;
- Contributes and provides quality assurance in the creation and updating of the corporation's risk portfolio;
- Identify and monitor other potential risks which might arise from the design and implementation of risk management strategies by the risk owners;
- Provides independent and reasonable assurance on the integrity of risk information and measures;
- Reports on the following:
 - Critical gaps in the design or operation of risk management strategies which could adversely affect the Corporation's ability to achieve its Goals and Objectives; and
 - Any exception, whether or not material, that involves management or other employees who have a significant role in the Corporation's risk management and internal controls

G. Review and Amendment

The provisions of this policy manual and the enforcement thereof shall be subject to annual review unless otherwise stated by the Executive Committee. This policy manual is subject to review and amendment to take into account the corporation's changing needs, environmental conditions and regulatory requirements.

H. Adoption and Effectivity

This Risk Management Policy was adopted by the Board of Directors in its meeting held on 19 May 2021.

A handwritten signature in black ink, appearing to read 'Kevin Andrew L. Tan', with a stylized flourish extending to the right.

Kevin Andrew L. Tan
President and Chief Executive Officer