



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2018**
2. SEC Identification Number **163671**
3. BIR Tax Identification No. **000-804-342-000**
4. Exact name of issuer as specified in its charter **AyalaLand Logistics Holdings Corp.**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **3rd Floor, Glorietta 5, Ayala Center, Makati City**
Address of principal office
8. **1223**
Postal Code
8. **(632)884-1106**
Issuer's telephone number, including area code
9. **Prime Orion Philippines, Inc.**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	COMPLIANT	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors are disclosed in the Corporation's Annual Report and Definitive Information Statement.</p> <p>The qualifications for the directors are provided in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>1. SEC Form 17-A (2018 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>2. SEC 20-IS (Information Statement) (for Annual Stockholders' Meeting on 12 April 2018)</p>	

		<p>> Item 5-Directors and Officers > page 5 ; Annex A > Pages 14-16 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf</p> <p>3. Manual on Corporate Governance (2017) > Article III – Governance > Item 1.3 – Qualification > Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	<p>COMPLIANT</p>	<p>The Corporation’s Board of Directors is composed of a diverse mix of individuals with accounting, legal or business background, consistent with its policy to ensure diversity of experience and background of directors.</p> <p>Reference:</p> <p>SEC Form 17-A (2018 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

		content/uploads/2019/04/SEC-17-A-CY-2018.pdf	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	<p>All directors possess the qualifications and none of the disqualifications provided in the Manual on Corporate Governance.</p> <p>Reference:</p> <ol style="list-style-type: none"> SEC Form 17-A (2018 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf Manual on Corporate Governance (2017) > Article III – Governance > Item 1.3 – Qualification > Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	The Board is composed of majority non-executive directors as shown in the 2018 General Information Sheet of the Corporation.	

		<p>Reference:</p> <p>1. 2018 General Information Sheet (GIS) and Amended GIS >2018 General Information Sheet (filed on May 11, 2018) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>> 2018 Amended General Information Sheet (filed on 4 January 2019) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>The Corporation’s Board Charter and Manual on Corporate Governance provide a policy for training and continuing professional development of directors.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance (2017) a) Article III – Governance > Item 2.3 – Specific Responsibilities of each Director > paragraph i ></p>	

		<p>Page 11</p> <p>b) Article IV – Management > Item 2.1 –Chairman of the Board > Paragraph i > Page 24</p> <p>c) Article III – Governance > Item 3.3 Corporate Governance Committee > Paragraph d > Page 17</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Board Charter > Section 4.4 – The Chairman of the Board > Paragraph i > Page 8 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretary ensures proper onboarding of all directors by conducting orientation for its new directors.</p> <p>Prior to assuming office, directors are required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution.</p> <p>Reference:</p>	

		<p>1. Manual on Corporate Governance</p> <ul style="list-style-type: none"> a) Article III – Governance > Item 2.3 – Specific Responsibilities of each Director > paragraph i) > Page 11 b) Article IV – Management > Item 2.1 –Chairman of the Board > Paragraph i > Page 24 c) Article IV-Management > Item 2.4-Secretary > paragraph i > page 26 d) Article V –Audit, Risk and Compliance > Item 5- Compliance System > paragraph h > page 31 <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>	<p>It is the responsibility of the Chairman of the Board to set continuing training opportunities for all directors.</p> <p>The Compliance Officer shall ensure that there is relevant training program for all directors.</p> <p>1. Board Charter</p> <ul style="list-style-type: none"> > Section 4.4 – The Chairman of the Board > Paragraph i > Page 8 	

		<p>> Section 4.5 -The Corporate Secretary>Paragraph i>page 9 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p> <p>2. Manual on Corporate Governance > Article V- Audit, Risk and Compliance > Item 5 Compliance System > paragraph h > page 31 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>3. Certificate of Attendance of Directors and Key Officers to Training and Seminars > Certificate of Attendance of Directors and Key Officers https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Corporate-Governance-Seminar-dated-10-September-2018.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Corporate-Governance-Seminar-dated-9-October-2018.pdf</p>	
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		https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/advisement-letter.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>The Board encourages the selection of a mix of competent directors, each of whom can add value and contribute independent judgment in the formulation of sound corporate strategies and policies. The required knowledge, abilities and experience needed to successfully manage the Corporation are considered in the selection of candidates for the Board.</p> <p>At present, the Board consists of one (1) female director and eight (8) male directors.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 1.2 – Diversity > Page 4 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>In 2018, the Board was assisted by the following Corporate Secretaries:</p> <p>Corporate Secretary- June Vee D. Monteclaro-Navarro</p> <p>Asst. Corporate Secretaries- Nimfa Ambrosia L. Perez-Paras Marthe Lois V. Cordia</p> <p>The qualifications, duties and functions of the Secretary are stated Manual on Corporate Governance and Annual Report (SEC 17-A).</p> <p>Reference:</p> <p>1. 2018 GIS and Amended GIS >2018 GIS (filed on May 11, 2018) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>> 2018 Amended GIS (filed on 4 January 2019) > page 3</p>	

		<p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>3. Manual on Corporate Governance > Article IV – Management > Item 2.4 – Secretary > Page 25 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>4. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretary is a separate individual from the Compliance Officer.</p> <p>Reference:</p> <p>1. SEC 17-C (Current Report) >SEC 17-C dated 12 April 2018> page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2018/04/SEC-17-C-2018.pdf</p>	

		<p>content/uploads/2019/04/Results-of-ASM-and-Organizational-meeting-of-the-Board-4.12.18-002.pdf</p> <p>2. 2018 GIS and Amended GIS > 2018 GIS and Amended GIS> page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p>	
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretary is not a member of the Board of Directors.</p> <p>Reference:</p> <p>1. SEC 17-C (Current Report) > SEC 17-C dated 12 April 2018> page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/Results-of-ASM-and-Organizational-meeting-of-the-Board-4.12.18-002.pdf</p> <p>2. 2018 GIS and Amended GIS > 2018 GIS and Amended GIS></p>	

		<p>page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p>	
<p>2. Corporate Secretary attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretaries attended a 4-hour corporate governance seminar facilitated by the Institute of Corporate Directors (ICD) held at on 10 September 2018 and 9 October 2018.</p> <p>Reference:</p> <p>Certificate of Attendance of Directors and Key Officers to Training and Seminars > Corporate Governance Seminars dated 10 September 2018 and 9 October 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Corporate-Governance-Seminar-dated-10-September-2018.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Corporate-Governance-Seminar-dated-10-September-2018.pdf</p>	

		content/uploads/2018/07/Corporate-Governance-Seminar-dated-9-October-2018.pdf	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Board is assisted by the Compliance Officer, Rhodora Estrella B. Revilla*.</p> <p>*Ms. Francis M. Montojo was appointed as Compliance Officer vice Ms. Revilla effective 15 December 2018.</p> <p>The qualifications, duties and functions of the Compliance Officer are stated in the SEC Form 17-A (Annual Report) and Manual on Corporate Governance.</p> <p>Reference:</p> <p>1. 2018 GIS and Amended GIS > 2018 GIS and Amended GIS> page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>https://www.ayalalandlogistics.com/wp-</p>	

		<p>content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 26-27 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>3. Manual on Corporate Governance > Article V – Audit, Risk Oversight and Compliance > Item 5.1– Compliance System > Page 31 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>4. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p>COMPLIANT</p>	<p>The Compliance Officer, Rhodora Estrella B. Revilla*, is also the Corporation’s Chief Finance Officer. She is among the top 4 officers of the Corporation. The Corporation has no Senior Vice President.</p> <p>*resigned effective 14 December 2018</p> <p>Reference:</p>	

		<p>1. 2018 GIS > 2018 GIS > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>2. Organizational Chart https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Organizational-Chart.pdf</p> <p>3. SEC Form 17-A (Annual Report) > Item 10. Executive Compensation > page 29 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
<p>3. Compliance Officer is not a member of the board.</p>	<p>COMPLIANT</p>	<p>The Compliance Officer is not a member of the Board of Directors.</p> <p>Reference:</p> <p>1. 2018 GIS and Amended GIS > 2018 GIS and Amended General Information Sheet> page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p>	

		<p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p> <p>2. Manual on Corporate Governance > Article V – Audit, Risk Oversight and Compliance > Item 5.1– Compliance System > Page 31 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The Compliance Officer attended a 4-hour corporate governance seminar facilitated by the ICD held at Fairmont Hotel on 10 September 2018.</p> <p>Reference:</p> <p>Certificate of Attendance of Directors and Key Officers to Training and Seminars > Corporate Governance Seminar dated 10 September 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Corporate-Governance-Seminar-dated-10-September-2018.pdf</p>	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>Directors attended the meetings of the Board and Board Committees. The directors participate and ask questions during the meetings of the Board and Board Committees.</p> <p>All directors act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness.</p> <p>Reference:</p> <p>SEC Form 20-IS (Information Statement) for the 2019 Annual Stockholders' Meeting > Item 5- Directors and Executive Officers > Attendance of Directors in meetings in 2018> page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/03/Definitive-Information-Statement-2019-as-of-15-March-2019.pdf</p>	
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Recommendation 2.2

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Management presents the goals and objectives, budget and strategies at the beginning of the year. The Board, through the Audit and Risk</p>	
<p>2. Board oversees and monitors the</p>	<p>COMPLIANT</p>		

<p>implementation of the company's business objectives and strategy.</p>		<p>Committee, reviews the operations and financial performance of the Corporation every quarter.</p> <p>Reference:</p> <p>Quarterly Reports > SEC 17-Q (Quarterly Report) dated 31 March 2018, 30 June 2018 and 30 September 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-SEC-Form-17-Q-as-of-31-March-2018.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-17-Q-30-June-2018-1.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-17-Q-30-Sept-2018.pdf</p>	
Supplement to Recommendation 2.2			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>COMPLIANT</p>	<p>The existing vision, mission and core values of the corporation are listed below.</p> <p>Due to recent changes in its business operations, the Corporation is in the process of reviewing and updating its vision, mission and core values to align it with its objective to be the country's top real estate logistics and industrial parks company.</p>	

		<p><u>Mission</u> We are committed to:</p> <ul style="list-style-type: none"> • Strengthen our position in existing markets by focusing our efforts in the retention and expansion of our existing core businesses. • Seek business opportunities and synergies which complement and enhance our existing core businesses. • Provide our employees, our greatest resource, every opportunity for them to excel in their respective fields and achieve their hopes, goals and career aspirations. • Provide superior management practices that will allow our subsidiaries to deliver quality products and services, achieve long-term growth and profitability and create shareholder value. <p><u>Vision</u> “Creating Wealth, Enriching Lives”</p> <p><u>Values</u></p> <ul style="list-style-type: none"> • Customer Delight We provide best value products and services to gain customer loyalty 	
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		<ul style="list-style-type: none"> • Unity We are united in our pursuit of our goals through effective confluence of our individual talents and passion for excellence. • Integrity We strive to do things right, with integrity and honesty at all times and all situations • Resilience and Determination We will never give up until our goals are achieved. 	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>COMPLIANT</p>	<p>Before the start of the calendar year, Management submits its budget, plans and strategies to the Board. Management reports to the Board the status of the implementation of the strategies and results of operations at least every quarter.</p> <p>Reference:</p> <p>Quarterly Reports > SEC 17-Q dated 31 March 2018, 30 June 2018 and 30 September 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-SEC-Form-17-Q-as-of-31-March-2018.pdf</p> <p>https://www.ayalalandlogistics.com/wp-</p>	

		content/uploads/2018/07/SEC-17-Q-30-June-2018-1.pdf https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-17-Q-30-Sept-2018.pdf	
Recommendation 2.3			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>The Board is headed by a competent and qualified Chairperson.</p> <p>Qualifications and competencies of the Chairperson are stated in SEC Form 17-A (Annual Report) and SEC Form 20-IS (Definitive Information Statement).</p> <p>Reference:</p> <p>1. Manual on Corporate Governance (2017) >Article IV Management>Item 2.1 Chairman> Pages 23-24 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 24</p>	

		<p>https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>3. SEC Form 20-IS (Information Statement) for 2018 Annual Stockholders' Meeting (ASM) > SEC Form 20-IS > pages 5-6; Annex A (pages 14-15) https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf</p>	
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>The Board, through its Corporate Governance and Nomination Committee, together with the Management is tasked to plan and recommend a succession plan for the board members and senior officers.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance (2017)</p> <p>a) > Article III – Governance > Item 2.2 – Specific Duties of the Board > Paragraph d > page 9</p> <p>b) > Article III – Governance > Item 3.3 – Corporate Governance Committee > Paragraph d > Page 17</p>	

		<p>c) > Article IV – Management > Item 1 – General Responsibilities of Management> Paragraph a) iv > Page 23 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Board Charter</p> <p>a) > Section 2- Membership > Item 2.4 Vacancy > page 4</p> <p>b) > Section 4- Powers, Duties and Responsibilities of the Board > Item 4. 2 –Specific Duties of the Board > Paragraph d > page 6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p> <p>3. Management Succession Policy https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/management-succession-policy.pdf</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>NON-COMPLIANT</p>		<p>The Board has not set a retirement age for its directors. However, the term of the independent director is set at cumulative term of nine (9) years (starting from 2012) as provided in the Code of Corporate Governance for Publicly-listed</p>

			<p>Companies. After 9 years, he is perpetually disqualified to be an independent director.</p> <p>The Company's key officers are employees, and subject to the retirement policy, of the parent company, Ayala Land, Inc. (ALI).</p>
Recommendation 2.5			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>COMPLIANT</p>	<p>The Board, through the Compensation and Remuneration Committee, ensures that the compensation of individual directors and remuneration packages of key corporate officers are consistent with the Corporation's culture, strategy, and environment.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance</p> <p>a) > Article III – Governance > Item 3.4 – Compensation and Remuneration Committee > Paragraph a > Page 18</p> <p>b) > Article III – Governance > Item 2.5 – Compensation and Liability Insurance Coverage of Directors > paragraph a > page 12</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-</p>	

		<p>2017.pdf</p> <p>2. Board Charter > Section 4.1-General Responsibilities of the Board > paragraph d (v) > page 6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	<p>The Board, through the Compensation and Remuneration Committee, determines the amount of compensation which shall be of sufficient level so as attract and retain competent directors and officers to successfully run the business.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Item 3.4 (a), (b)- Compensation and Remuneration Committee> Page 8 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT	<p>No director shall be involved in deciding his or her own remuneration.</p>	

		<p>No member of the Compensation and Remuneration Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.</p> <p>Reference:</p> <p>Manual on Corporate Governance</p> <p>a) > Article III – Governance > Item 2.5 – Compensation and Liability Insurance Coverage of Directors > paragraph b > page 12</p> <p>b) > Article III – Governance > Item 3.4 – Compensation and Remuneration Committee > last paragraph> Page 18</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Board Charter</p> <p>> Section 2.5 (c)- Compensation and Liability Insurance of Directors > page 4</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
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Optional: Recommendation 2.5

1. Board approves the remuneration of senior

executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	<p>The nomination and election policy is disclosed in the Manual on Corporate Governance and Board Charter.</p> <p>The names of the nominees for directors and their consent thereto are to be submitted to the Corporate Governance and Nomination Committee, through the Office of the Corporate Secretary, at least thirty (30) business days before the date of the stockholders' meeting where they are to be elected.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III - Governance > Item 3.3 - Corporate Governance Committee> Paragraph g > Page 17 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-</p>	

		<p>Governance-May-2017 5-23-2017.pdf</p> <p>2. Board Charter > Section 2.3- Election of Directors > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>The nomination and election policy is disclosed in the Manual on Corporate Governance and Board Charter. The procedure for nomination and election was also disclosed in the Explanation of the Agenda items of the ASM Notice.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III – Governance > Item 3.3 – Corporate Governance Committee> Paragraphs g-i > Page 17 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017 5-23-2017.pdf</p> <p>2. Board Charter > Section 2.3- Election of Directors > page 3 https://www.ayalalandlogistics.com</p>	

		<p>m/wp-content/uploads/2019/04/board-charter-signed.pdf</p> <p>3. Notice of 2018 Annual Stockholders' Meeting > Notice of 2018 Annual Stockholders' Meeting>Election of Directors> Page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPINoticeandAgendaofAnnualStockholdersMeeting020918-1.pdf</p>	
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>COMPLIANT</p>	<p>Stockholders, including minority stockholders, may submit to the Corporate Governance and Nomination Committee, the nominations to the Board on or before the deadline set by the Board. The list of names of nominees to the Board, together with the written consent of the nominees shall be submitted to the Committee, through the office of the Corporate Secretary at least thirty (30) business days prior to the date set for the annual meeting of the stockholders. The Committee will determine whether the nominees for directors, including nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election of the stockholders.</p>	

		<p>The information on the background and experience of candidates shall be provided (through the Information Statement sent to the stockholders and posted in the Corporation's website) to enable the stockholders to study the candidates' qualifications and credibility.</p> <p>Reference:</p> <ol style="list-style-type: none">1. Manual on Corporate Governance > Article VII – Shareholders' Rights and Protection of Minority Shareholder > Item 1.1 – Voting Right > first and second paragraphs > page 36 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf2. SEC 17-C dated 15 December 2017 > Deadline for submission of nominees for election as directors in the 2018 annual stockholders' meeting https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-SEC-Form-17-C-Results-of-the-	
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		<p>Regular-Meeting-of-the-Board-of-Directors-12-15-17.pdf</p> <p>3. Board Charter > Section 2.3- Election of Directors > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>COMPLIANT</p>	<p>The Board, through the Corporate Governance and Nomination Committee, screens and shortlists all candidates nominated to become a member of the Board to ensure that all candidates/ nominees for election as directors at the ASM are qualified and possess none of the disqualifications as provided in the By-laws, Manual on Corporate Governance and relevant laws, rules and regulations.</p> <p>Reference:</p> <p>1. Corporate Governance and Nomination Committee Charter > Item 3 – Responsibilities > Paragraphs 3.6 to 3.9 >Page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p>	

		<p>2. Manual on Corporate Governance > Article III – Governance > Item 3.3 – Corporate Governance Committee> Paragraph g > page 17 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board’s processes in the nomination, election or replacement of a director.</p>	<p>COMPLIANT</p>	<p>The Board, through the Corporate Governance and Nomination Committee, annually reviews its performance through self-assessment, with respect to the fulfillment of its functions and responsibilities which include nomination and election of directors.</p> <p>Reference:</p> <p>1. Corporate Governance and Nomination Committee Charter > Item 5 – Performance Evaluation > Page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p>	

		<p>2. Manual on Corporate Governance > Article III – Governance > Item 6 – Performance Assessment > Page 22 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>	<p>The Board, through the Corporate Governance and Nomination Committee, screens and shortlists all candidates nominated to become a member of the Board to ensure that all candidates/ nominees to be nominated for election as directors at the ASM are qualified as provided in the Manual on Corporate Governance and Board Charter.</p> <p>Reference:</p> <p>1. Corporate Governance and Nomination Committee Charter > Item 3 – Responsibilities > Paragraphs 3.6 to 3.8 >Page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p>	

		<p>2. Manual on Corporate Governance > Article III – Governance > Item 1.3 Qualifications > page 5 > Article III – Governance > Item 3.3 – Corporate Governance Committee> Paragraphs f, g and i > page 17 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	<p>The Corporation has a RPT Policy. RPT transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality are submitted for approval of the Audit and Risk Committee and ratification of the Board.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article VI – Disclosure and</p>	

		<p>Transparency > Item 2 – Related Party Transactions > Page 32 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Audit and Risk Committee Charter > Item D – Roles and Responsibilities > Paragraph 1.7 > Page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>3. Related Party Transactions Policy >Items 5- Identification, Review and Approval of RPTs> Item 6- Pre-Approved RPTs>Pages 4-5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Related-Party-Transaction-Policy-2017.pdf</p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee is tasked with the review and approval of material RPTs.</p> <p>Reference:</p> <p>Related Party Transactions Policy > Item 5 - Identification, review</p>	

		and approval of related party transactions > page 4 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Related-Party-Transaction-Policy-2017.pdf	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	The Policy encompasses all entities within the group, considering the terms, business purpose, benefits and other details of the related party transaction, including the description of the transaction, affected periods to be disclosed in the financial statements, amounts, and such other information necessary for better understanding of the effect of the proposed transaction. Reference: Related Party Transactions Policy > Item 5 - Identification, review and approval of related party transactions > page 4 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Related-Party-Transaction-Policy-2017.pdf	

Supplement to Recommendations 2.7

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee shall approve RPTs before their commencement. Material or significant related party transactions will have to be endorsed by the Audit and Risk Committee to the Board for approval. The Board may, at objection, require that an RPT that it has approved, be also submitted to the stockholders for consideration and ratification.</p> <p>RPTs are disclosed in the relevant financial reports of the Corporation as required under International Accounting Standard 24 on Related Party Disclosures and other applicable disclosure requirements.</p> <p>RPTs that are considered <i>de minimis</i> or transactions in the ordinary course of business, and are covered by separate board approvals shall be deemed to be pre-approved or ratified and shall not require review and approval of the Audit and Risk Committee and the Board are enumerated in the RPT Policy.</p> <p>Reference:</p> <p>1. Related Party Transactions Policy a) > Item 5 - Identification, review and approval of related party transactions > Paragraphs 5.3 & 5.4 > pages 4-5</p>	
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		<p>b) >Item 6 – Pre-approved Related Party Transactions, Item 7 - Disclosure > page 6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Related-Party-Transaction-Policy-2017.pdf</p> <p>2. 2018 Audited Financial Statements (AFS) >Note 19 of AFS> Pages 62-67 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI_CFS1218_Prime-Orion-Philippines-Inc.pdf</p>	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	NON-COMPLIANT		<p>There is no voting system whereby a majority of non-related party shareholders approve specific RPTs in a stockholders' meeting.</p> <p>In 2018, there was no RPT which was submitted for the approval of the stockholders.</p>
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>The Board is responsible for approving the selection of the Management, including the President/CEO and other function heads.</p> <p>Reference:</p>	

		<p>1. Manual on Corporate Governance > Article III – Governance > Item 2.1 – General Responsibilities of the Board > Paragraph d.iii – d.v > Page 8 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Board Charter > Section 4.1- General Responsibilities of the Board>paragraph d (iii)>page 5 >Section 4.2- Specific Duties of the Board > paragraphs b, c, j (vii) > pages 5-6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p> <p>3. Audit and Risk Committee Charter >Section 2-Internal Audit> paragraph 2.2> page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
2. Board is primarily responsible for assessing the performance of Management led by	NON-COMPLIANT		Board conducts an annual assessment of the President and the Management.

<p>the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>			<p>Prospectively, we will have assessment of the CEO, CRO and Compliance Officer by the Board.</p> <p>Reference:</p> <p>Manual on Corporate Governance (2017) > Article III – Governance > Item 2.2 – Specific Duties of the Board > Paragraph m > Page 10 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
Recommendation 2.9			
<p>1. Board establishes an effective performance management framework that ensures that Management’s performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>It is the policy of the Company to manage work performance through a year-round process of helping and guiding people to achieve desired results. Our Performance Management System aims to systematically and periodically monitor results against established individual or organizational goals and thus improve the overall performance and potentials of the Company and its employees. The system allows the Company to be linked to employee rewards and compensation. Performance of the individual, department and the company as a whole bears the greatest weight in determining annual merit increases.</p>	

		<p>Before the start of the calendar year, the Board sets the Corporation's objectives and goals. Management sets Key Result Areas (KRA) and Key Process Indicators (KPI) to achieve the objectives. Management's performance is measured against the set KRAs and KPIs at the end of the year.</p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	COMPLIANT	<p>See explanation in Recommendation 2.9 Item 1.</p> <p>The Corporation's personnel are also asked to prepare their respective KRAs and KPIs for the year based on the KRAs of Management.</p> <p>At the end of the year, Management evaluates the performance of the personnel based on the KRAs and KPIs.</p>	
Recommendation 2.10			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	COMPLIANT	<p>The Board ensures the presence and adequacy of internal control mechanisms for good governance.</p> <p>The Board, through the Audit and Risk Committee, monitors the presence and adequacy of internal control system.</p> <p>Reference:</p>	

		<p>1. Manual on Corporate Governance > Article II – Governance > Item 2.1 – General Responsibilities of the Board > Paragraph d > Pages 8-9 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Audit and Risk Committee Charter > Item B –Statement of Policy > page 2 > Item D-Roles and Responsibilities > pages 3-6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
<p>3. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>COMPLIANT</p>	<p>The minimum internal control mechanisms for the Board’s oversight responsibility include reviewing conflict-of-interest situations and providing appropriate remedial measures for the same.</p> <p>The Board has also adopted a governance policy on conflict of interest as one of its preventive measures.</p> <p>Reference:</p>	

		<p>1. Manual on Corporate Governance a) > Article III – Governance > Item 2.1 – General Responsibilities of the Board > Paragraph d.ii > Page 8 b) > Article VI – Disclosures and Transparency > Item 3 – Governance Policy on Conflict of Interest > Page 8 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Conflict of Interest Policy https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Conflict-of-Interest-Policy-3.pdf</p>	
4. Board approves the Internal Audit Charter.	COMPLIANT	<p>The amended Internal Audit Charter was approved by the Audit and Risk Committee on February 13, 2017 and ratified by the Board on March 16, 2017.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 2.1> Page 3 https://www.ayalalandlogistics.com</p>	

		<p>m/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. Internal Audit Charter https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Internal-Audit-Charter-2017.pdf</p>	
Recommendation 2.11			
<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee is tasked to review the adequacy of the Corporation’s risk management framework/process and monitor the risk management activities of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 4 – Risk Oversight https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. Enterprise Risk Management https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/write-</p>	

		up-on-Enterprise-Risk-Management-2014-1.pdf	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	<p>The underlying premise of enterprise risk management is that every entity exists to provide value for its stakeholders. The Corporation faces uncertainty which presents both risk and opportunity, with potential to erode or enhance value.</p> <p>The Corporation launched a formal ERM system, aligned with that of its parent company, firmly embedded into its corporate planning process, which constantly seeks to identify, assess and address all the risks inherent and external to the business that could potentially affect the performance of the Corporation. The ERM exercise was completed in March 2017 and is continuously conducted and monitored annually.</p> <p>For 2018, the top three (3) risks identified by the Corporation are as follows:</p> <ul style="list-style-type: none"> a. Regulatory b. Safety and Security c. Execution and Timely Delivery. 	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	The Board Charter formalizes and clearly states the roles, responsibilities and accountabilities of the Board.	

		<p>Reference:</p> <p>Board Charter https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	<p>See reference and explanation in Recommendation 2.12 – Item 1</p> <p>Board Charter https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
3. Board Charter is publicly available and posted on the company’s website.	COMPLIANT	<p>The Corporation’s Board Charter is posted in its website.</p> <p>Board Charter https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	<p>The Corporation’s Insider Trading Policy (revised in March 2018) identifies the covered persons, type and examples of material information and blackout periods.</p> <p>Reference:</p> <p>Insider Trading Policy https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/Insider-Trading-Policy-revised-2018.pdf</p>	

Optional: Principle 2

1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	<p>The Board is supported by the following committees that focus on specific functions to aid in the optimal performance of its roles and responsibilities:</p> <ul style="list-style-type: none"> a. Executive Committee b. Audit and Risk Committee c. Corporate Governance and Nomination Committee d. Compensation and Remuneration Committee e. Inspectors of Proxies and Ballots Committee f. Sustainability Committee <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III – Governance > Item 3</p>	
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		<p>– Board Committees > Pages 12-17 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. SEC Form 17-C dated 12 April 2018 >Page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/Results-of-ASM-and-Organizational-meeting-of-the-Board-4.12.18-002.pdf</p>	
Recommendation 3.2			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee supports the Board in its oversight role over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Audit and Risk Committee recommends the appointment and removal of the Corporation's external auditor.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter >Item B- Statement of Policy ></p>	

		<p>page 1 > Item D- Roles and responsibilities > Paragraph 3 –External Auditors > pages 4-5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>NON-COMPLIANT</p>		<p>In 2018, majority of the members of the Audit and Risk Committee are non-executives:</p> <ol style="list-style-type: none"> 1. Rex Ma. A. Mendoza (Chairman) Lead Independent Director 2. Maria Rowena M. Tomeldan Executive Director 3. Renato O. Marzan Independent Director <p>Reference:</p> <p>2018 GIS >Page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p>
<p>1. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and</p>	<p>COMPLIANT</p>	<p>All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing</p>	

<p>finance.</p>		<p>and finance and serve as directors in many companies.</p> <p>Reference:</p> <p>SEC Form 17-A > Item 9. Directors and Executive Officers of the Registrant > Page 23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
<p>2. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Audit and Risk Committee, Mr. Rex Ma. A. Mendoza, is not the Chairman of the Board or of any other committee.</p> <p>Reference:</p> <p>1. 2018 GIS and Amended GIS >Page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2019/05/AYALALAND-LOGISTICS-HOLDINGS-CORP.-Formerly-POPI-AMENDED-GIS-2019.pdf</p> <p>2. Audit and Risk Committee Charter</p>	

		<p>> Item E –Membership > paragraph 5 > page 7 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
Supplement to Recommendation 3.2			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>NON-COMPLIANT</p>		<p>All non-audit services to be conducted by the external auditor must be presented to the Audit and Risk Committee for approval and must be disclosed as stated in its Charter.</p> <p>Non-audit services of external auditor include the counting and validation of votes during the 2018 ASM. Prior approval of the ARC was not sought as the non-audit service was to be rendered by another group (of the external auditor) and not by the same group which conducted the audit of the company.</p> <p>The other non-audit services were performed by auditing firms other than the external auditor of the company.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 3.7 > Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>

			<p>2. SEC Form 17-A (Annual Report) > Item 8. – Information on Independent Auditor> Paragraph 2) > Pages 22-23 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	NON-COMPLIANT		<p>Members of the Management are invited to join the meetings between the Audit and Risk Committee and the External Auditor to ensure that management responses are immediately obtained pertaining to the agenda being discussed.</p> <p>The external auditor met with the Audit and Risk Committee and management on August 3, 2018.</p>
Optional: Recommendation 3.2			
1. Audit Committee meets at least four times during the year.	COMPLIANT	<p>The Audit and Risk Committee had five (5) meetings during the year on the following dates:</p> <ol style="list-style-type: none"> 1. February 12, 2018 2. March 5, 2018 3. May 8, 2018 4. August 3, 2018 5. November 6, 2018 	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	<p>The Audit and Risk Committee is tasked to set up the Internal Audit Group, including the appointment of the Chief Audit Executive (CAE). The CAE shall report directly to the Committee functionally. The Committee, having appointed the</p>	

		<p>CAE, shall also concur in his/her replacement, re-assignment or dismissal. The CAE shall set up the qualification criteria for internal auditors, subject to the approval of the Board through the Committee.</p> <p>The Corporation's CAE as at December 31, 2018 is Ms. Maria Divina Y. Lopez.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 2 – Internal Audit > Paragraph 2.2 > pages 3-4 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
Recommendation 3.3			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>COMPLIANT</p>	<p>The Corporate Governance and Nomination Committee is tasked to oversee the implementation of the corporate governance framework of the Corporation. The Committee assists the Board of Directors in the screening and short listing of all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications for directors, as provided in the Corporation's Manual on Corporate Governance.</p>	

		<p>The Corporate Governance and Nomination Committee went through the nominations for directors which were submitted by the stockholders through the Office of the Corporate Secretary. It checked the qualifications (i.e., academic qualifications, training, expertise) of each of the nominees as provided in the Manual on Corporate Governance vis-a vis the requirements of the business of the Corporation.</p> <p>Reference:</p> <ol style="list-style-type: none">1. Corporate Governance and Nomination Committee Charter >pages 1-3 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf2. 2018 GIS and Amended GIS > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf	
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		content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	NON-COMPLIANT		<p>The Corporate Governance and Nomination Committee has only one (1) independent director as member. In 2018, the following were appointed to the Corporate Governance and Nomination Committee:</p> <ol style="list-style-type: none"> 1. Maria Rowena M. Tomeldan Executive Director 2. Felipe U. Yap Non-executive Director 3. Rex Ma. A. Mendoza Lead Independent Director <p>It is the position of the Board that having the Lead independent director in the Committee is sufficient given the Corporation's size, risk profile and nature of operations. The lead independent director actively participates in all the meetings of the committee.</p> <p>Reference:</p> <p>2018 GIS >Page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p>
3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT		The Chairman of the Corporate Governance and Nomination Committee is not an independent director. The

			<p>Manual on Corporate Governance and Corporate Governance and Nomination Committee Charter only provide that an independent director be a member of the Committee.</p> <p>However, the Lead Independent Director is a member of the Committee and actively participates in all the meetings of the Committee.</p> <p>Reference:</p> <p>Corporate Governance and Nomination Committee Charter > Item 2. Membership and Composition > Paragraph 2.1 > page 1 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p>
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Optional: Recommendation 3.3.

1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	The Corporate Governance and Nomination Committee had 4 meetings in 2018, on the following dates: February 19, 2018, March 21, 2018, April 17, 2018 and December 10, 2018	
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Recommendation 3.4

1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management	NON-COMPLIANT		The Corporation does not see the need to establish a BROC given the size, risk profile and nature of its operations. The oversight
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<p>system to ensure its functionality and effectiveness.</p>			<p>of the Corporation's Enterprise Risk Management system is performed by the Audit and Risk Committee of the Corporation as provided in the Audit and Risk Committee Charter.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 4 – Risk Oversight > page 6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>NON-COMPLIANT</p>		<p>The Corporation has no BROC. Please refer to explanation in Recommendation 3.4 – Item 1 above.</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>NON-COMPLIANT</p>		<p>The Corporation has no BROC. Please refer to explanation in Recommendation 3.4 – Item 1 above.</p>
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>NON-COMPLIANT</p>		<p>The Corporation has no BROC. Please refer to explanation in Recommendation 3.4 – Item 1 above.</p>
<p>Recommendation 3.5</p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>NON-COMPLIANT</p>		<p>The function of reviewing RPTs of the Corporation is performed by the Audit and Risk Committee as provided in the Audit and Risk Committee Charter.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter</p>

			<p>> Section D – Roles and Responsibilities > Item 1.7 – Risk Oversight > page 6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. Related Party Transaction Policy</p> <p>a) > Section 2- Statement of Policy, paragraph 2 > page 1</p> <p>b) > Section 5- identification, Review and Approval of Related Party Transactions > pages 4-5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Related-Party-Transaction-Policy-2017.pdf</p>
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	NON-COMPLIANT		The Corporation has no RPT Committee. Please refer to explanation in Recommendation 3.5 – Item 1 above.
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	<p>All Board committees have their respective committee charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p> <p>Board Committee Charters https://www.ayalalandlogistics.com/board-committees/</p>	

2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	The Committee Charters set the objectives and processes which serve as standards to measure performance of the Committees through an annual self-assessment.	
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	<p>Committee Charters are disclosed in the Corporation's website.</p> <p>Reference:</p> <p>Board Committee Charters https://www.ayalalandlogistics.com/board-committees/</p>	

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	<p>The directors attended in person the meetings of the Board, Board Committees and stockholders held in 2018 as shown in the minutes of the meetings and in the Definitive Information Statement.</p> <p>1. SEC Form 20-IS (Information Statement) for 2019 Annual Stockholders' Meeting > Item 5-Directors and Executive Officers > Attendance of Directors > page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/03/Definitive-Information-Statement-2019-as-of-15-March-2019.pdf</p>	
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		<p>2. SEC 17-C dated 4 January 2019 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-SEC-Form-17-C-Attendance-of-the-BOD-in-2018.pdf</p> <p>3. Minutes of Annual Stockholders' Meeting dated 12 April 2018 >Attendance of Directors>page 1 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sgd-1.pdf</p>	
4. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The meeting materials are sent to the directors several days before the meeting to give them time to review the materials and to prepare their questions.	
5. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The directors ask questions (as may be necessary) during the meetings of the Board and Committees. The Chairman of the meetings ask the members if they have questions on each item taken up.	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	The Corporation shall ensure that adequate time and attention is given to the fulfillment of each director's duties. Non-executive directors shall hold no more than five (5) board seats or directorships in any group of publicly-listed companies and executive directors shall hold no	

		<p>more than two (2) board seats in listed companies outside the Corporation's group.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance > Article III – Governance > Item 1.6 – Policy on Multiple Board Seats > Page 7 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. SEC 20-IS (Information Statement) for 2018 Annual Stockholders' Meeting (ASM) >Annex A –Information on the Directors and Officers> pages 14-16 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf 3. SEC Form 17-A (2018 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf 	
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		content/uploads/2019/04/SEC-17-A-CY-2018.pdf	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	NOT APPLICABLE		<p>No member of the Board reported new directorship during the year 2018. The directors disclosed their directorships in the Annual Report and Information Statement.</p> <p>It is the specific responsibility of each director to notify the Board where he is an incumbent director before accepting directorship in another company.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 2.3 – Specific Responsibilities of each Director > Paragraph j > Page 11 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	<p>The Corporation does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) Company Disclosures > SEC Filings > Item 9. Directors and Executive Officers of the Registrant > Pages</p>	

		23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	The Board has set four (4) Board meetings for the year 2018- February 19; April 12, August 3 and December 13.	
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NON COMPLIANT		<p>The By-laws provide for a majority of the number of directors as fixed in the articles of incorporation to constitute a quorum for the transaction of corporate business except for those which require a higher quorum.</p> <p>A majority of such quorum shall decide any question that may come before the meeting save for those cases where Philippine laws require an affirmative vote of a greater proportion of the shareholders.</p> <p>In practice, more than 2/3 of the Board attend the meetings and decide on matters submitted to Board.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III – Governance > Item 1.7 – Board Meetings and Quorum Requirements > Page 7</p>

			<p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Amended By-laws > Amended By-laws (as of 10 April 2017) > Article III-Directors > Section 6- Quorum https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf</p>
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	NON-COMPLIANT		<p>The Board has only two (2) independent directors, namely:</p> <ol style="list-style-type: none"> 1. Rex Ma. A. Mendoza Lead Independent Director 2. Renato O. Marzan Independent Director <p>The Board believes that having two (2) independent directors is sufficient given the Corporation's size, risk profile and nature of its operations. The 2 independent directors are men of competence and integrity.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. 2018 GIS and Amended GIS
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			<p>>2018 General Information Sheet (filed on May 11, 2018) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p> <p>> 2018 Amended General Information Sheet (filed on 4 January 2019) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p> <p>2. Manual on Corporate Governance > Article III – Governance > Item 5.1 Independent Directors > paragraph 2 > page 20 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
Recommendation 5.2			
<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>COMPLIANT</p>	<p>All independent directors possess the qualifications and none of the disqualifications to hold their respective positions.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > PART III – Control and Compensation Information > Item 9. Directors and Executive Officers of the Registrant > Pages 25-26</p>	

		<p>https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>2. Manual on Corporate Governance > Article III – Governance > Item 1.3 – Qualification > Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>COMPLIANT</p>	<p>The Corporation has no shareholder agreements, by-laws provisions, voting trust holders of 5% or more or other arrangements that constrain the directors' ability to vote independently.</p> <p>Reference:</p> <p>SEC Form 17-A (2018 Annual Report) > Item 11. Security Ownership of Certain Beneficial Owners and Management > Item C-Voting Trust Holders of 5% or More > page 32 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	

Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>The Company has two (2) independent directors. No independent director has served for more than a cumulative term of nine (9) years.</p> <p>Mr. Rex Ma. Mendoza was first elected as an independent director on February 26, 2016 and serves as such until the present.</p> <p>Mr. Renato O. Marzan was elected as an independent director of the Corporation starting on January 13, 2017.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 25-26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>2. SEC Form 17-C (dated 26 February 2016 and 13 January 2017) https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-Form-17-C-dated-26-Feb-2016.pdf https://www.ayalalandlogistics.com</p>	

		<p>m/wp-content/uploads/2018/07/SEC-PSE-Results-of-ASM-and-Organizational-Board-Meeting_1-13-17.pdf</p> <p>3. 2018 GIS >2018 General Information Sheet (filed on May 11, 2018) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Independent directors may serve for a cumulative period of not more than nine (9) years. After serving for nine years, he shall be perpetually barred from being elected as such in the Corporation, without prejudice to being elected as non-independent director or independent director in other companies outside of the business conglomerate, where applicable.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III – Governance > Item 5.1– Independent Director > Paragraph 4 > Page 20 https://www.ayalalandlogistics.com/wp-</p>	

		content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. Board Charter > Section 2.1 Composition > paragraph 6 > pages 1-2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	The Corporation does not allow retention of an independent director after serving nine (9) years. The provision is a permanent bar.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The positions of Chairman of the Board and the President/Chief Executive Officer are held by separate individuals. Mr. Jose Emmanuel H. Jalandoni was elected Chairman of the Board during the meeting of the Board (after the annual stockholders' meeting) on 12 April 2018. Ms. Maria Rowena M. Tomeldan* was elected President/CEO on 12 April 2018. *Ms. Maria Rowena M. Tomeldan was	

		<p>elected President/CEO on February 19, 2018 vice Mr. Jalandoni.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. SEC Form 17-A (2018 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 24-25 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf 2. 2018 GIS and Amended GIS >2018 General Information Sheet (filed on May 11, 2018) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf <p>> 2018 Amended General Information Sheet (filed on 4 January 2019) > page 3 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2018.pdf</p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>The roles, responsibilities and duties of the Chairman of the Board and President/Chief Executive Officer are</p>	

		<p>stated in the Corporation’s Manual on Corporation Governance.</p> <p>The Chairman presides at all meetings of the Board and stockholders.</p> <p>The President acts as chairman in the absence of the Chairman and Vice Chairman. The President ensures the implementation of policies and objectives set by the Board.</p> <p>1. Manual on Corporate Governance</p> <p>a) > Article IV – Management > Item 2.1– Chairman of the Board > Page 23</p> <p>b) > Article IV – Management > Item 2.3 – President > Page 24 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Amended By-laws*</p> <p>>Amended By-laws (as of 10 April 2017) > Article IV-Officers > Sections 2 and 4 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf</p>	
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		*The SEC approved latest amendment of the By-laws on May 9, 2019	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	<p>The Chairman is not an independent director.</p> <p>The Board has designated Mr. Rex Ma. A. Mendoza as the lead independent director in 2018.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III – Governance > Item 5.2 Lead Director > pages 21-22 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. SEC Form 17-C (dated 12 April 2018) https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/Results-of-ASM-and-Organizational-meeting-of-the-Board-4.12.18-002.pdf</p>	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	No director had any material interest in any transaction affecting the Corporation. There was no need to abstain from taking part in the	

		deliberations.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	NON-COMPLIANT		Members of the Management are invited to join the meetings between the NEDs and the external auditor to ensure that management responses are immediately obtained pertaining to the agenda being discussed. The meetings with external auditors are held during the meetings of the Audit and Risk Committee.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		The meetings with the external auditors were attended by Management. The meetings with the external auditors and Management were chaired by the lead independent director who is chairman of the Audit and Risk Committee.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and	

		<p>committees.</p> <p>Attached is the Board self-assessment form (Annex A).</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 6 – Performance Assessment > Page 22 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	See reference and explanation in Recommendation 6.1 Item 1.	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT	See reference and explanation in Recommendation 6.1 Item 1.	
4. Each committee conducts a self-assessment of its performance.	COMPLIANT	The Board committees use a self-assessment form to evaluate their performance.	
5. Every three years, the assessments are supported by an external facilitator.	NOT APPLICABLE		The assessment will be supported by an external facilitator in 2019 as provided in the Article III, Section 6 of the Manual on Corporate Governance.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to	COMPLIANT	The Board has in place a system that provides, at the minimum, criteria	

<p>determine the performance of the Board, individual directors and committees.</p>		<p>and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.</p> <p>The Board uses self-assessment form to measure the performance of the Board.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 6 – Performance Assessment > Page 22 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>COMPLIANT</p>	<p>The Board established the investor relations function to reach out to the shareholders and serve as a feedback mechanism from the shareholders.</p> <p>The Corporation has an email - corporate.popi@primeorion.com.ph* which the shareholders can use to express their comments regarding the company, its programs or its</p>	

		<p>directors. *corporate email to be changed to: corporate@ayalalandlogistics.com</p> <p>Manual on Corporate Governance > Article VII – Disclosure and Transparency > Item 4.2 – Investor Relations Function > Page 35 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	COMPLIANT	<p>The Board adopted a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Code-of-Business-conduct-and-Ethics.pdf</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	COMPLIANT	<p>A copy of the Code may be accessed by the Board, Management and employees through the Corporation’s website.</p>	

		<p>Reference:</p> <p>Code of Business Conduct and Ethics https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Code-of-Business-conduct-and-Ethics.pdf</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>COMPLIANT</p>	<p>The Code is posted in the Corporation's website and available to the public.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics Corporate Governance > Code of Business Conduct and Ethics https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Code-of-Business-conduct-and-Ethics.pdf</p>	
Supplement to Recommendation 7.1			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>Employees and officers are expected to exercise utmost discretion in accepting personal favor or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery of any form.</p>	

		<p>Reference:</p> <p>Code of Business Conduct and Ethics</p> <p>> Code of Business Conduct and Ethics > Bullet 4</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Code-of-Business-conduct-and-Ethics.pdf</p>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	<p>The Board, through the Human Resources Department, implements and monitors compliance by the senior management and employees with the Code. The Corporation's Compliance Officer implements and monitors compliance by the Board of Directors with the Code and the Manual on Corporate Governance.</p> <p>The Human Resource Department and the Compliance Officer monitor compliance with internal policies. The Corporation has an Employee Manual and the following policies in place:</p> <ul style="list-style-type: none"> • Related Party Transaction Policy • Conflict of Interest Policy • Insider Trading Policy • Management Succession Policy • Whistle Blowing Policy • Health, Safety, and Welfare 	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		

		<p>Policy</p> <p>Reference:</p> <p>Corporate Policies Corporate Governance > Corporate Policies https://www.ayalalandlogistics.com/corporate-governance/</p>	
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Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>COMPLIANT</p>	<p>The Corporation complies with the disclosure policies and procedures, rules and regulations required by the SEC, Philippine Stock Exchange (PSE), Bureau of Internal Revenue and other regulatory agencies.</p> <p>Copies of structured and unstructured reports such as the Information Statement (SEC 20-IS), audited financial statements, Annual Report (SEC 17-A), Quarterly Reports (SEC 17-Q), and Current Reports (SEC Form 17-C) are promptly posted in the Corporation's website to enable the stockholders to easily access information on the Corporation.</p> <p>Reference:</p> <p>Manual on Corporate</p>	
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		<p>Governance > Article VI – Disclosure and Transparency > Item 1 – Disclosure Policy and Material Information > Page 32 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>Reports in POPI website www.primeorion.com https://www.ayalalandlogistics.com/investor-relations/#popi-report</p>	
Supplement to Recommendations 8.1			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>COMPLIANT</p>	<p>The SEC Form 20-IS (Information Statement) which contains the 2018 audited consolidated financial statements was disclosed to the public (via posting on PSEedge and the Corporation’s website) on March 21, 2019 or eighty (80) days after the end of the calendar year. Copies of the SEC 20-IS were also distributed to the stockholders starting March 21, 2019.</p> <p>Except for the report for the quarter ended 30 June 2018, the quarterly reports which contain unaudited financial statements were filed within forty five (45) days from end of each quarter in 2018.</p>	

		<p>Reference:</p> <p>SEC Form 20-IS (Information Statement) for 2019 ASM https://www.ayalalandlogistics.com/wp-content/uploads/2019/03/Definitive-Information-Statement-2019-as-of-15-March-2019.pdf</p> <p>PSE Disclosure >POPI Information Statement http://edge.pse.com.ph/openDiscViewer.do?edge_no=021686f4a97bb8fdefdfc15ec263a54d#sthash.5l0lqKud.dpbs</p> <p>Quarterly Reports > SEC 17-Q dated 31 March 2018, 30 June 2018 and 30 September 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-SEC-Form-17-Q-as-of-31-March-2018.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-17-Q-30-June-2018-1.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-17-Q-30-Sept-2018.pdf</p>	
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>COMPLIANT</p>	<p>The audited financial statements as of December 31, 2018 attached to the Annual Report (SEC Form 17-A) discussed the risks faced by the Corporation.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) >Note 32 of Notes to Financial Statements > pages 81-86 of Notes > Supplementary Schedules> Schedule IV-Map of relationships of Companies within the group as at December 31, 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
Recommendation 8.2			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>Under the Corporation's revised Insider Trading Policy (approved in March 2018), all covered persons, which includes directors and officers, are required to report their trades with the Office of the Compliance Officer within 3 business days. All covered persons are prohibited from dealing with the Corporation's shares ten (10) trading days before and three (3) trading days after the date of disclosure of the Corporation's accounts.</p> <p>Under the Charter of the Board of</p>	

		<p>Directors, directors are required to inform the Corporation of the proposed dealing with the Corporation's shares at least a day before the transaction and to report the transaction within three (3) business days from the transaction.</p> <p>Reference:</p> <p>1. Insider Trading Policy (2018) > Insider Trading Policy > Item 3 – Compliance and Reporting > Paragraph 3.2 – Reporting > Page 4 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Insider-Trading-Policy-revised-2018.pdf</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>2. Board Charter >Section 3- Board Independence and Conflict of Interest > paragraph 3 > page 4 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p>	
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>COMPLIANT</p>	<p>The Corporation discloses the trading of the Corporation's shares by, as well as the shareholdings of, directors, officers and controlling shareholders.</p> <p>Changes in the shareholding of a</p>	

		<p>director (due to indirect beneficial ownership) was reported in 2018.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. SEC Form 17-A (2018 Annual Report) <ul style="list-style-type: none"> > Item 11- Security Ownership of Certain Beneficial Owners and Management > Page 31 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf 2. SEC Form 23-B (Statement of Change in Beneficial Ownership) filed in 2018 <ul style="list-style-type: none"> > SEC Form 23-B (Statement of Beneficial Ownership) of Directors > 23-B of Maria Rowena M. Tomeldan dated May 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-SEC-Form-23-B-of-Maria-Rowena-M.-Tomeldan-5-16-18- PSE.pdf 3. SEC Form 17-C (Current Report) <ul style="list-style-type: none"> dated 30 April 2018 >Exchange of shares https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-C-dated-30-April-2018.pdf 	
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Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	COMPLIANT	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors and their shareholdings in the Corporation are disclosed in the Corporation’s Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 23-26 >Item 11- B. Security Ownership of Directors and Management> page 31 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	COMPLIANT	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors and key officers are disclosed in the Corporation’s Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (2018 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	

		om/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	<p>The Corporation provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p> <p>As per By-laws of the Corporation, subject to approval of the stockholders, the directors receive per diems for their attendance in the meetings of the Board and its committees. The per diems must be guided by reasonableness and industry practice.</p> <p>Reference:</p> <ol style="list-style-type: none"> Amended By-laws > Article III- Directors >Sections 7 and 12 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf SEC Form 17-A (Annual Report) > Item 10. Executive Compensation > A (General) and (a)> Pages 28-30 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf 	

		content/uploads/2019/04/SEC-17-A-CY-2018.pdf 3. Minutes of the Stockholders' Meeting of 13 January 2017 Item 11> Resolution No. S-07-17 >pages 11-12 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-13Jan2017pdf.pdf	
4. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	NOT APPLICABLE		The present executives of the Corporation are employees of the parent company and do not receive compensation directly from the Corporation.
5. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		<p>The Corporation discloses in the Annual Report and Information Statement the aggregate remuneration of the CEO and four most highly compensated executive officers for confidentiality and security purposes.</p> <p>The directors receive per diems for their attendance in the meetings of the Board and the Committees as were approved during the stockholders' meeting on 13 January 2017.</p> <p>Note that the CEO (an executive director) and ALI directors (non-executive directors) and Corporation's executives receive no compensation or per diems from the Corporation.</p>
Recommendation 8.5			
1. Company discloses its policies governing	COMPLIANT	The policy on RPTs and other unusual	

<p>Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>		<p>transactions are disclosed in the Manual on Corporate Governance and posted in the Corporation's website.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance > Article VI – Disclosure and Transparency > Item 2 – Related Party Transactions > Page 32 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. Related Party Transactions Policy https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Related-Party-Transaction-Policy-2017.pdf 	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>COMPLIANT</p>	<p>Related party transactions reviewed and approved during the year were disclosed in the Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (2018 Annual Report) > Consolidated Financial Statements > Note 19 – Related Party Transactions > Pages 62-67</p>	

		<p>of Notes https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
Supplement to Recommendation 8.5			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>COMPLIANT</p>	<p>All directors and officers to disclose/report to the company any dealings in the company's shares within three (3) business days or any transaction that may potentially cause conflict of interest. The directors must disclose any potential conflict of interest immediately to the Corporation.</p> <p>A conflict of interest exists when a director or an officer of the Corporation:</p> <ul style="list-style-type: none"> i. Supplies or is attempting or applying to supply goods or services to the Corporation; ii. Supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation; iii. By virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation; iv. Is offered or receives consideration for delivering the Corporation's business to a third party; 	

		<p>v. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article VI – Disclosures and Transparency > Item 3 – Governance Policy on Conflict of Interest > Page 33 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Board Charter >Item 3-Board Independence and Conflict of Interest > Page 4 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/board-charter-signed.pdf</p> <p>3. Conflict of Interest Policy https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Conflict-of-Interest-Policy-3.pdf</p>	
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Optional : Recommendation 8.5

1. Company discloses that RPTs are	COMPLIANT	The Corporation’s RPTs are	
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<p>conducted in such a way to ensure that they are fair and at arms' length.</p>		<p>conducted at arm's length transactions.</p> <p>Reference:</p> <p>1. Related Party Transactions Policy > Item 2 - Statement of Policy > Page 1 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Related-Party-Transaction-Policy-2017.pdf</p> <p>2. SEC Form 17-A (for 2018) >Item 12 Certain Relationships and Related Transactions> Page 32 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
<p>Recommendation 8.6</p>			
<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	<p>COMPLIANT</p>	<p>The Corporation's Manual on Corporate Governance, provides that all material information, i.e., anything that could potentially adversely affect the viability of the Corporation or interests of the stockholders and other stakeholders shall be publicly and timely disclosed.</p> <p>All material information, i.e., business, operational, financial, is accurately and timely disclosed through SEC Form 17-C (Current Report), SEC 17-Q</p>	

		<p>(Quarterly Reports) and SEC 17-A (Annual Report).</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance > Article VI – Disclosures and Transparency > Item 1.2 – Material Information> Page 32 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. SEC Form 17-A (Annual Report) > PART I - Business and General information / Part II – Operational and Financial Information / Part V- Item 14 (b) >Pages 4 – 23, 33 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf 3. SEC Form 17-C (Current Report) > SEC 17-C filed in CY 2018 https://www.ayalalandlogistics.com/investor-relations/#popi-report 	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>COMPLIANT</p>	<p>All acquisition and disposal of the assets were made at arm’s length and are monitored by the Audit and Risk Committee if relating to related party and unusual transactions.</p>	

		<p>In 2018, the Corporation engaged an independent party for the valuation of its subsidiary, FLT Prime Insurance Corporation, as well as the valuation of the shares of Laguna Technopark, Inc. which was subject of a Deed of Exchange.</p> <p>SEC Form 17-A (Annual Report) > Item 8. Information on Independent Accountants and Other Related Matters > Paragraph c > Page 23 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	NOT APPLICABLE		There are no shareholder agreements, voting trust agreements or such similar agreements at this time involving the Corporation's shares of stock that may impact the control, ownership and direction of the Corporation.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	<p>The Corporation's corporate governance policies, programs and procedures are contained in its MCG.</p> <p>Reference: Manual on Corporate Governance https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	

		content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	<p>The Corporation's MCG was submitted to SEC on May 31, 2017 and PSE on even date.</p> <p>Reference:</p> <p>See transmittal letter to the SEC (Annex B)</p> <p>Submission to PSE http://edge.pse.com.ph/openDisViewer.do?edge_no=6510dc9c62cc237c3318251c9257320d#sthas.h.CCUxwzMy.dpbs</p>	
3. Company's MCG is posted on its company website.	COMPLIANT	<p>The Corporation's Manual on Corporate Governance is posted in its website.</p> <p>Reference: Manual on Corporate Governance https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in	NOT APPLICABLE		The Corporation submitted its Manual on Corporate Governance to SEC and PSE

its corporate governance practices.			<p>on May 31, 2017. The said Manual has not been revised or updated.</p> <p>Reference:</p> <ol style="list-style-type: none"> Manual on Corporate Governance https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf Submission to PSE http://edge.pse.com.ph/openDiscViewer.do?edge_no=6510dc9c62cc237c3318251c9257320d#sthash.CCUxwzMy.dpbs
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Optional: Principle 8

1. Does the company's Annual Report disclose the following information:	COMPLIANT	<p>All material information, i.e., business, operational, financial, is accurately and timely disclosed in the Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > PART I - Business and General information / Part II – Operational and Financial Information>Pages 4 – 23 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
a. Corporate Objectives	COMPLIANT	Reference:	

		<p>SEC Form 17-A (2018 Annual Report) > Part II – Operational and Financial Information > Prospects of the Future > Page 13 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
b. Financial performance indicators	COMPLIANT	<p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Part II – Operational and Financial Information > Key Variable and other Qualitative and Quantitative Factors > Pages 13-14 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
c. Non-financial performance indicators	COMPLIANT	<p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Part II – Operational and Financial Information > Key Variable and other Qualitative and Quantitative Factors > Pages 14-16 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
d. Dividend Policy	COMPLIANT	<p>SEC Form 17-A (Annual Report) > Part II – Operational and Financial Information > Item 5 (C)</p>	

		<p>- Dividends > Page 12 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors are disclosed in the Corporation's Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 23-26 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
f. Attendance details of each director in all directors meetings held during the year	NON COMPLIANT		<p>Attendance of directors in Board meetings was included in the Definitive Information Statement (SEC 20-IS) for the 2019 stockholders' meeting and in the report dated 3 January 2019 on 2018 attendance of directors submitted to the SEC.</p> <p>Reference:</p> <p>1. SEC Form 20-IS (for 2019 ASM) >Item 5. Directors and Executive Officers> Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-20-IS-2019-ASM.pdf</p>

			content/uploads/2019/03/Definitive-Information-Statement-2019-as-of-15-March-2019.pdf 2. SEC 17-C dated 3 January 2019 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-SEC-Form-17-C-Attendance-of-the-BOD-in-2018.pdf
g. Total remuneration of each member of the board of directors	COMPLIANT	<p>The total fees paid to all directors in 2018 are included in the Summary Compensation Table in the Annual Report and General Information Sheet.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > PART III – Control and Compensation Information > Item 10. Executive Compensation > Page 29 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>2. 2019 GIS (filed on May 10, 2019) >Total Compensation of Directors for the Preceding Fiscal year>Page 7 https://www.ayalalandlogistics.com/wp-content/uploads/2019/05/POPI-2019-GIS.pdf</p>	
2. The Annual Report contains a statement	NON-		The Corporation endeavored to comply

<p>confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>COMPLIANT</p>		<p>with all the provisions of the Code of Corporate Governance. However, given the size, risks, scope and nature of operations of the Corporation, it did not adopt the provisions on the number of independent directors and the creation of the RPT Committee and BROCC in the Corporation's Manual.</p> <p>There was no material deviation from the Manual. The Company continues to work on its systems to procedures to improve compliance with the principles and practices of good corporate governance.</p>
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>COMPLIANT</p>	<p>The Management prepares and submits to the Board, on a regular basis, financial and operational reports which enable the Board and the Management to assess effectiveness and efficiency of the Corporation and its operating subsidiaries. The Audit and Risk Committee reviews the quarterly and annual financial statements before their submission to the Board.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > PART IV – Corporate Governance > Item 13 – Corporate Governance > Paragraph 4 > Page 35 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-</p>	

		A-CY-2018.pdf	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	NON-COMPLIANT		The Audit and Risk Committee annually updates the Board on the adequacy of the Corporation's internal control and risk management system. Prospectively, a statement containing the result of the Audit and Risk Committee's evaluation of the controls and systems will be included in the report.
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	The key risks are included in the Notes of the Audited Financial Statements attached to the SEC 17-A (Annual Report). Reference: SEC Form 17-A (Annual Report) > Note 32 –Financial Instruments of the 2018 Audited Financial Statements > Pages 83-86 of Notes https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	The Audit and Risk Committee is tasked to recommend the appointment and removal of the External auditors and the fixing of their remuneration to the Board.	

		<p>The Committee conducts an assessment of independence and professional qualifications and competence of the external auditor.</p> <p>The Corporation's external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 3.7 > Pages 4-6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 8 – Information on Independent Auditor> Paragraph 2 > Pages 22- 23 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee,	COMPLIANT	The appointment of the external auditor SyCip Gorres Velayo & Co. and fixing of its audit fees, was	

<p>approved by the Board and ratified by the shareholders.</p>		<p>recommended by the Audit and Risk Committee, approved by the Board and ratified by the stockholders during the Annual Stockholders' Meeting on April 12, 2018.</p> <p>Reference:</p> <p>Minutes of Annual Stockholders' Meeting dated 12 April 2018 > Item 8 – Election of External Auditor and Fixing of its Remuneration > Page 7 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sgd-1.pdf</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>COMPLIANT</p>	<p>The Manual on Corporate Governance requires that removal or change of auditor be disclosed.</p> <p>In 2018, there was no change in the appointed external auditor although there was a new partner-in-charge of the audit due to rotation of partner.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article IV – Audit, Risk Oversight and Compliance > Item 3 – External Audit > Paragraph 3.1> Page 29 https://www.ayalalandlogistics.com</p>	

		<p>m/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 8 – Information on Independent Accountants and Other Related Matters> Paragraph 2 > Page 23</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
Supplement to Recommendation 9.1			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>COMPLIANT</p>	<p>The Corporation’s External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.</p> <p>In 2018, there was a new SGV partner-in-charge of the audit due to rotation of the partner.</p> <p>Reference: Manual on Corporate Governance > Article IV – Audit, Risk Oversight and Compliance > Item 3 – External Audit > Paragraph 3.4 –</p>	

		<p>Rotation > Page 30 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 8 – Information on Independent Accountants and Other Related Matters> Paragraph 2) > Page 23 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee’s responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor’s independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>COMPLIANT</p>	<p>The Audit and Risk Committee is tasked to assess the independence and professional qualifications and competence of the external auditor and ensure that a rotation process is observed in the engagement of external auditor.</p> <p>The Audit and Risk Committee is responsible for reviewing and pre-approving the external auditor’s plans one (1) month before the conduct of external audit to understand the basis for their risk assessment and financial statement materiality, including the scope and frequency of the audit.</p>	

		<p>Reference:</p> <p>Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 37 > Pages 4-6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
<p>2. Audit Committee Charter contains the Committee’s responsibility on reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee shall assess the performance of the external auditor and recommends appointment of external auditor every year.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter >External Audit > Item 3.1> Pages 4-5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee shall discuss with the External auditors, before the audit commences, the nature and scope of the audit, including the fees and terms, and ensure cooperation when more than one professional service firm is needed. In addition, the Committee</p>	

		<p>shall review compliance of external auditor with auditing standards.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Item 3.2 > Paragraph 2 > Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	<p>The Audit and Risk Committee ensures that the external auditor complies with auditing standards that include having adequate quality control procedures.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Item 3.2 > Paragraph 2 > Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	<p>Total non-audit fees for year 2018 are disclosed in SEC Form 17-A (Annual Report) and in the Definitive Information Statement (SEC 20-IS).</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report)</p>	

		<p>> Item 8. – Information on Independent Accountants and Other Related Matters> Paragraph 1 (c)- All Other Fees > Pages 22-23 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>2. SEC Form 20-IS (Information Statement) for 2019 ASM >Item 7- Independent Public Accountants> Paragraph b> Pages 9-10 https://www.ayalalandlogistics.com/wp-content/uploads/2019/03/Definitive-Information-Statement-2019-as-of-15-March-2019.pdf</p>	
<p>3. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor’s objectivity.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee reviews and approves the proportion of audit versus non-audit work both in relation to their significance to the External auditor and in relation to the Corporation’s year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the External auditor. The amount of both audit and non-audit work of External auditors shall be disclosed in the annual report.</p> <p>Reference</p>	

		<p>Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 3.7 > Page 5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
Supplement to Recommendation 9.3			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>COMPLIANT</p>	<p>Total audit fees for the year 2018 amounted to Php1,886,553.20 (including VAT of Php202,130.70) which is more than the total non-audit fees for year 2018 of Php800,800.00 (including VAT of Php85,800).</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Item 8 – Information on Independent Accountants and Other Related Matters> Paragraph 1 (c) > Pages 22-23 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>COMPLIANT</p>	<p>Details of the appointed external auditor for 2018:</p> <p>Partner-in-Charge:</p>	

		<p>Mr. Carlo Paolo V. Manalang SEC Accreditation No. 1625-A (Group A) March 28, 2017 valid until March 27, 2020</p> <p>Audit Firm: SyCip Gorres Velayo & Co. SEC Accreditation No. 0012-FR-5 (Group A), November 6, 2018 valid until November 5, 2021</p> <p>SEC Form 17-A (Annual Report) > Independent Auditor's Report attached to the 2018 consolidated Audited Financial Statements https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	NOT APPLICABLE		The external auditor, Mr. Carlo Paolo Manalang from SyCip Gorres Velayo & Co, has not been subjected to the SEC Oversight Assurance and Review (SOAR) Inspection Program. It is the SEC which selects the auditor.
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and	COMPLIANT	The Board has a disclosure and transparency policy on non-financial and sustainability reporting.	

<p>governance (EESG) issues of its business, which underpin sustainability.</p>		<p>Reference:</p> <p>Manual on Corporate Governance > Article VI – Disclosure and Transparency > Item 1.3 – Non-financial and Sustainability Reporting > Page 32 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>As approved by the Sustainability Committee, the Corporation adopts the Sustainability Reporting Guidelines issued by SEC through Memorandum Circular No. 4, series of 2019, outlining information that covered companies will have to disclose in relation to their non-financial performance across the economic, environmental and social aspects of their organizations.</p> <p>The Guidelines reflects four of the globally accepted frameworks for reporting sustainability and non-financial information: the Global Reporting Initiative’s Sustainability Reporting Standards, the International Reporting Council’s Integrated Reporting Framework, the Sustainability Accounting Standards Board’s Sustainability Accounting</p>	

		<p>Standard and the recommendations of the Task Force on Climate-related Financial Disclosure.</p> <p>The Corporation will submit its sustainability reports, in the reporting template prescribed under the Guidelines, together with their annual reports. The first report will be attached to the annual report for 2019, which must be submitted in 2020.</p>	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>COMPLIANT</p>	<p>After the 2018 annual stockholders' meeting, there was a media briefing where the President discussed the Corporation's 2017 operations and the plans for 2018.</p> <p>The Corporation has a website and e-mail address by which it can communicate information to its stakeholders and the public.</p> <p>Reference:</p> <p>Analyst/Media Briefings and Conferences 2018: http://www.4-traders.com/PRIME-ORION-PHILS-INC-20699827/news/Prime-Orion-Phils-POPI-to-strengthen-real-estate-</p>	
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		logistics-industrial-business-26355733/	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		<p>Reference: SEC Form 17-Q (Quarterly Report) > SEC Form 17-Q for quarter ended 30 September 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-17-Q-30-Sept-2018.pdf</p> <p>Reference: Press Materials / News https://www.ayalalandlogistics.com/press-room/ https://www.ayalalandlogistics.com/news/</p> <p>Reference: SEC Form 17-A (Annual Report) > For the Calendar Year ended 31 December 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p> <p>Reference: Notice of Stockholders' Meeting > Notice of Annual Stockholders'</p>	
a. Financial statements/reports (latest quarterly)	COMPLIANT		
b. Materials provided in briefings to analysts and media	NON COMPLIANT		No materials were provided during the media interview held after the stockholders' meeting in 2018.
c. Downloadable annual report	COMPLIANT		
d. Notice of ASM and/or SSM	COMPLIANT		

e. Minutes of ASM and/or SSM	COMPLIANT	<p>Meeting on April 12, 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPINoticeandAgendaofAnnualStockholdersMeeting020918-1.pdf</p> <p>Reference: Minutes of Meeting of Stockholders of 12 April 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sgd-1.pdf</p>	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	<p>Reference: Articles of Incorporation and By-Laws* https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Increase-of-Capital-Stock-with-AOI-2016-07-04-2.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf</p> <p>*On May 9, 2019, the SEC approved the amendment of the Corporation's Articles of Incorporation and By-laws https://www.ayalalandlogistics.com/wp-content/uploads/2019/05/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf</p>	

		content/uploads/2019/05/SEC-PSE-Amendment-of-AOI-and-By-Laws_5.9.19.pdf	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	<p>The Corporation complies with the SEC-prescribed website template. This website is updated regularly and contains all the corporate information on the business and management, policies, corporate governance reports and disclosures of the Corporation.</p> <p>Reference: https://www.ayalalandlogistics.com/</p>	
Internal Control System and Risk Management Framework			
Principle 12: 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.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>The internal audit activities promote internal control.</p> <p>The scope of internal audit work includes the review of risk management procedures, internal control systems, information systems and governance processes to ensure:</p> <ul style="list-style-type: none"> • Safeguarding of Assets • Proper identification and management of risks • The appropriate level of internal control exists within the company to manage and 	

		<p>mitigate risk</p> <ul style="list-style-type: none"> • Policies, standards, procedures, and controls are adequately documented as needed • Interaction with the various governance groups occurs as needed • Significant financial, managerial, and operating information is accurate, reliable, and timely. • Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations. • Resources are acquired economically, used efficiently, and adequately protected • Programs, plans, and objectives are achieved • Quality and continuous improvement are fostered in the organization's control process • Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately. <p>The internal control system is reviewed annually.</p> <p>Reference:</p>	
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		<p>Internal Audit Charter > Section G – Scope of Work > Page 7 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Internal-Audit-Charter-2017.pdf</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>The Corporation launched a formal ERM system, aligned with that of its parent company, firmly embedded into its corporate planning process, which constantly seeks to identify, assess and address all the risks inherent and external to the business that could potentially affect the performance of the Corporation. The ERM exercise was completed in March 2017 and is continuously conducted and monitored annually</p> <p>The top three (3) risks identified by the Corporation are as follows:</p> <ul style="list-style-type: none"> a. Regulatory b. Safety and Security c. Execution and Timely Delivery <p>Reference:</p> <p>Enterprise Risk Management Policy https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/write-up-on-Enterprise-Risk-Management-2014-1.pdf</p>	

Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	COMPLIANT	<p>The Internal Audit Group performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the Corporation.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article V – Audit, Risk Oversight and Compliance > Item 2 – Internal Audit > Paragraph d) > Page 38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>			
Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add</p>	COMPLIANT	<p>The Corporation has an independent internal audit group that reports to the Audit and Risk Committee.</p>	

value and improve the company's operations.		<p>Reference:</p> <p>Internal Audit Charter > Internal Audit Charter > Section G – Scope of Work > Pages 3-5 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Internal-Audit-Charter-2017.pdf</p>	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	<p>Ms. Maria Divina Lopez* is the Chief Audit Executive of the Corporation. *replaced Mr. Leovigildo Abot as of August 3, 2018</p> <p>The CAE's overall responsibilities are disclosed in the Corporation's Internal Audit Charter.</p> <p>Reference:</p> <p>Internal Audit Charter > Section H – Overall Responsibility > Pages 5-6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Internal-Audit-Charter-2017.pdf</p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	<p>The CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p> <p>However, activities that will be outsourced to a third party service</p>	

		<p>provider must be recommended by the CAE to the Audit and Risk Committee for approval.</p> <p>Reference:</p> <p>1. Internal Audit Charter > Section H – Overall Responsibility > Pages 5-6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Internal-Audit-Charter-2017.pdf</p> <p>2. Audit and Risk Committee Charter > Item 2.4 > Page 4 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	NOT APPLICABLE		The internal audit function is not outsourced.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	NON-COMPLIANT		<p>Given the size, risk profile and nature of the Corporation's operations, there is no separate group to perform the risk management function. At present, risk management is performed by the Audit and Risk Committee.</p> <p>Reference:</p>

			<p>Internal Audit Charter https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Internal-Audit-Charter-2017.pdf</p>
Supplement to Recommendation 12.4			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>NOT APPLICABLE</p>		<p>Given the size, risk profile and nature of the Corporation's operations, the Company has no external technical support in risk management. At present, risk management is adequately performed by the Audit and Risk Committee through the Internal Audit Group.</p> <p>Reference:</p> <p>Internal Audit Charter https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Internal-Audit-Charter-2017.pdf</p>
Recommendation 12.5			
<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>COMPLIANT</p>	<p>The CAE is designated as the Chief Risk Officer (CRO) on a concurrent basis. The roles and responsibilities of the CRO is stated in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article IV – Audit, Risk Oversight and Compliance > Item 4 – Risk Oversight> Pages 30-31</p>	

		https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	<p>The CRO has adequate authority, stature, resources and support to fulfill his responsibilities from the Audit and Risk Committee and Management.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Internal Control > Page 6 https://www.ayalalandlogistics.com/wp-content/uploads/2019/02/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	<p>The Company's CEO, CAE and Compliance Officer attest in writing that a sound internal control and compliance system is in place and working effectively.</p> <p>Reference:</p> <p>Attestation on the Internal Control and Compliance System >Corporate Governance > Enterprise Wide Risk Management> Internal Control and Compliance System</p>	

		<p>Attestation https://www.ayalalandlogistics.com/wp-content/uploads/2019/05/Internal-Control-and-Compliance-System-Attestation-2018.pdf</p>	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	<p>Shareholders' rights are disclosed in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII – Shareholders' Rights and Protection of Minority Shareholder > Pages 36-38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	<p>The basic shareholders' rights are posted in the Corporation's website.</p> <p>The Corporation's Manual on Corporate Governance is also posted in the Corporation's website.</p>	

		<p>Reference:</p> <p>Shareholders' Rights https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Rights-of-the-Shareholders.pdf</p> <p>Manual on Corporate Governance > Article VII – Shareholders' Rights and Protection of Minority Shareholder > Pages 36-38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Supplement to Recommendation 13.1			
<p>1. Company's common share has one vote for one share.</p>	<p>COMPLIANT</p>	<p>Each common share is entitled to one vote.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article VII – Shareholders' Rights and Protection of Minority Shareholder > Item 1.1 – Voting Right > Page 36 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

		<p>Governance-May-2017_5-23-2017.pdf</p> <p>2. By-laws (amended as of 9 May 2019) >Article II-Stockholders' Meetings> Section 5-Proxies> Page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/05/SEC-PSE-Amendment-of-AOI-and-By-Laws_5.9.19.pdf</p>	
<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>COMPLIANT</p>	<p>Shareholders are treated equally or without discrimination. The Board, as far as practicable, gives minority shareholders the right to nominate candidates for the Board of Directors and propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII – Shareholders’ Rights and Protection of Minority Shareholder > Item 2 – Directors to Promote Shareholders’ Rights > Paragraph 2 > Page 38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-</p>	

		Governance-May-2017_5-23-2017.pdf	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	<p>The Corporation has a secure and effective voting system. The Corporation used manual and electronic poll voting during its annual stockholders' meeting in 2018.</p> <p>Reference:</p> <p>Minutes of Annual Stockholders' Meeting dated 12 April 2018 > Item 4- Procedures for Discussion and Voting >Page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sgd-1.pdf</p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	NON COMPLIANT		The Corporation has no supermajority or majority of the minority voting mechanism.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	<p>There was no call from the stockholders for a special meeting in 2018.</p> <p>The Board, as far as practicable, gives minority shareholders the right to nominate candidates for the Board of Directors and propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the</p>	

		<p>Corporation.</p> <p>The By-laws recognize the right of stockholders to call for a special meeting.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article VII – Shareholders’ Rights and Protection of Minority Shareholder > Item 2 – Directors to Promote Shareholders’ Rights > Paragraph 2 > Page 38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Amended By-laws* > Article II- Stockholders’ Meeting >Section 2 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf *SEC approved the latest amendment of the By-laws on May 9, 2019</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	See explanation and reference in Supplement to Recommendation 13.1 – Item 5 above.	
7. Company has a transparent and specific	COMPLIANT	The Board has not declared	

<p>dividend policy.</p>		<p>dividends for the last five (5) years. The last dividend declaration was in 1997.</p> <p>The Corporation follows the provisions of its By-laws and the rules and regulations on dividends implemented by the SEC.</p> <p>Reference:</p> <p>SEC Form 17-A (2018 Annual Report) > Part II > Item 5 C-Dividends >Page 12 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-A-CY-2018.pdf</p>	
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Optional: Recommendation 13.1

<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p>COMPLIANT</p>	<p>In 2018, SyCip Gorres Velayo & Co. was engaged to count/validate the votes cast at the ASM.</p> <p>Reference:</p> <p>Minutes of Annual Stockholders' Meeting dated 12 April 2018 > Item 4 – Procedures for Discussion and Voting> Paragraph 6 > Page 2 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sqd-1.pdf</p>	
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Recommendation 13.2

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.

COMPLIANT

For the annual stockholders' meeting last 12 April 2018, the Notice of Annual Shareholders' Meeting with the SEC 20-IS (information Statement) was sent to the stockholders starting 15 March 2018 or twenty-eight (28) days calendar days before the stockholders' meeting on 12 April 2018.

The notice of meeting and SEC Form 20-IS were also posted in the Corporation's website.

Reference:

1. **Notice of Annual Stockholders' Meeting set on 12 April 2018**
<https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPINoticeandAgendaofAnnualStockholdersMeeting020918-1.pdf>
2. **Minutes of Annual Stockholders' Meeting dated 12 April 2018**
> Item 2- Notice of Meeting > Page 2
<https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sgd->

		1.pdf	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	<p>Attached to the Notice of Annual Stockholders' Meeting is the Corporation's Definitive Information Statement (SEC 20-IS).</p> <p>Profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other companies (listed or not)) are stated in the Information Statement (SEC 20-IS).</p> <p>Reference:</p> <p>SEC Form 20-IS (Information Statement) for 2018 Annual Stockholders' Meeting (ASM) > Item 5-Directors and Executive Officers> Paragraph a) (i)> page 5; >Annex A> pages 14-16 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf</p>	
b. Auditors seeking appointment/re-appointment	COMPLIANT	Auditor seeking appointment is identified in the Proxy Form attached to the Notice of the Annual	

		<p>Stockholders' Meeting and Definitive Information Statement.</p> <p>Reference:</p> <p>SEC Form 20-IS (Information Statement) for 2018 Annual Stockholders' Meeting > Item 7 > page 9</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf</p>	
c. Proxy documents	COMPLIANT	<p>The proxy form is attached to the Notice of Annual Stockholders' Meeting which is attached to the Definitive Information Statement.</p> <p>Reference:</p> <p>SEC Form 20-IS (Information Statement) for 2018 ASM https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf</p>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	<p>The Explanation of the Agenda Items is attached to the Notice of Annual Stockholders' Meeting.</p> <p>Reference:</p>	

		<p>Notice of Annual Stockholders' Meeting set on 12 April 2018 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPINoticeandAgendaofAnnualStockholdersMeeting020918-1.pdf</p>	
Recommendation 13.3			
<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	COMPLIANT	<p>Matters taken up at the 2018 Annual Stockholders' Meeting were made publicly available through PSEedge and SEC 17-C (Current Report) on the same day of the meeting. The voting results were also posted in the Corporation's website.</p> <p>Reference:</p> <p>SEC Form 17-C (Current Report) https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-ASM-Voting-Results-1.pdf</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/Results-of-ASM-and-Organizational-meeting-of-the-Board-4.12.18-002.pdf</p>	
<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	COMPLIANT	<p>Minutes of the 2018 ASM was posted in the Corporation's website within five (5) calendar days from the date of the meeting.</p>	

		<p>Reference:</p> <p>Minutes of the Annual Stockholders' Meeting dated 12 April 2018</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sgd-1.pdf</p>	
Supplement to Recommendation 13.3			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>COMPLIANT</p>	<p>The representatives of the external auditor, SyCip Gorres Velayo & Co., were present during the annual stockholders' meeting of the Company. They are not expected to make a statement but may do so if they so desire.</p> <p>The external auditor attended the 2018 Annual Stockholders' Meeting.</p> <p>Reference:</p> <p>1. SEC Form 20-IS (Information Statement)</p> <p>> Item 7-Independent Public Accountants>Page 9</p> <p>https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-2018-Definitive-Information-Statement.pdf</p>	

		<p>2. Minutes of Annual Stockholders' Meeting dated 12 April 2018 > Item 8 > page 7 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/POPI-Minutes-ASM-4-12-2018-Final-sgd-1.pdf</p>	
Recommendation 13.4			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	COMPLIANT	<p>An alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner is made available to the stockholders.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > last paragraph > Page 38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	NON COMPLIANT		<p>Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. <u>However</u>, the alternative dispute resolution (ADR) procedure was not</p>

			<p>specified in the Manual. The stockholder may avail of existing ADR procedures as may be appropriate.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > last paragraph > Page 38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
Recommendation 13.5			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>COMPLIANT</p>	<p>Atty. Ma. Rhodora P. dela Cuesta is the appointed IRO.</p> <p>The contact details are as follows:</p> <p>Corporate Email - popi.corporate@primeorion.com.ph* *to change to new corporate email : corporate@ayalalandlogistics.com</p> <p>Email- delacuesta.dolly@primeorion.com.ph</p> <p>Telephone No. - 884-1106</p> <p>The roles and responsibilities of the IRO are stated in the Corporation's</p>	

		<p>Manual on Corporate Governance.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII – Disclosure and Transparency > Item 4.2 – Investor Relations Function > Page 35 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
2. IRO is present at every shareholder’s meeting.	COMPLIANT	The Investor Relations Officer was present during the 2018 Annual Stockholders’ Meeting.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	The Corporation does not have anti-takeover measures. The Board regularly reviews the performance of Management against the set goals.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	<p>As of 31 December 2018, the Corporation’s public float was 32.72%.</p> <p>The public float was above 30% at the end of each quarter in 2018.</p> <p>Reference:</p> <p>Public Ownership Report as of December 31, 2018</p>	

https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/PSE-BIR-Public-Ownership-Report_12.31.18.pdf

Optional: Principle 13

<p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p>	<p>COMPLIANT</p>	<p>The Board encourages active shareholder participation beyond the Annual Stockholders' Meeting by making the minutes of the stockholders' meeting available in the Corporation's website within five (5) business days from the end of the meeting.</p> <p>The Corporation has a corporate email through which the stockholders can post their questions or comments at any time.</p> <p>The Corporation has a Corporate Secretary, Compliance Officer and IRO who can assist the stockholders with their queries or concerns regarding the Corporation.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > 3rd paragraph > Page 38</p>	
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		https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>The Corporation adheres to a high level of moral standards and unquestionable dealing with all its suppliers, customers, employees, shareholders and other business partners to lay down the foundation for long-term beneficial relationships which allows the Corporation to grow its business while contributing to the advancement of the community and the society in which it operates.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-</p>	
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		Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>The Corporation, through the Board, established policies and procedures to promote fair treatment and protection of the stakeholders such as whistleblowing, insider trading, and conflict of interest which are posted in the Corporation's website.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>Corporate Policies https://www.ayalalandlogistics.com/corporate-governance/</p>	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	<p>The Corporation has a whistleblowing policy to allow stakeholders to communicate with the Corporation.</p> <p>The Board also established a suitable framework for whistleblowing that allows employees to freely</p>	

		<p>communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns.</p> <p>Stakeholders may reach the following personnel to voice their concerns and/or complaints for possible violation of their rights:</p> <p>Human Resources: Jhanna M. Kabigting* kabigting.jhanna@primeorion.com.ph +63 9178264354 *resigned effective 23 May 2019</p> <p>Investor Relations: Ma. Rhodora P. dela Cuesta delacuesta.dolly@primeorion.com.ph +63 9175929623</p> <p>Internal Audit: Alvin Angelo J. Anoos anoos.alvin@ayalamalls.com.ph +63 9178264281</p> <p>Reference:</p> <p>1. Whistleblowing Policy https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/whistle-</p>	
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		<p>blowing-policy.pdf</p> <p>2. Manual on Corporate Governance > Article III - Governance > > Item 7 - Business Conduct and Ethics > Second Paragraph > Page 22 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Supplement to Recommendation 14.3			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>An alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner is made available to the stockholders.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > last paragraph > Page 38 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	The Corporation did not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	COMPLIANT	The Corporation respects intellectual property rights and has not violated any intellectual property rights. There are no complaints filed against the Corporation pertaining to intellectual property rights.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	<p>The Corporation adheres to a high level of moral standards and unquestionable dealing with all its suppliers, <u>customers</u>, employees, shareholders and other business partners to lay down the foundation for long-term beneficial relationships which allows the Corporation to grow its business while contributing to the advancement of the community and the society in which it operates.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 https://www.ayalalandlogistics.co</p>	

		m/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	<p>The Corporation adheres to a high level of moral standards and unquestionable dealing with all its <u>suppliers</u>, customers, employees, shareholders and other business partners to lay down the foundation for long-term beneficial relationships which allows the Corporation to grow its business while contributing to the advancement of the community and the society in which it operates.</p> <p>Reference: Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the	COMPLIANT	The Board established policies, programs and procedures that encourage employees to actively	

<p>company's goals and in its governance.</p>		<p>participate in the realization of the Corporation's goals and in governance. The Board has a Whistleblowing Policy and has adopted an anti-corruption policy and program.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III - Governance > > Item 7 - Business Conduct and Ethics > Second Paragraph > Page 22 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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Supplement to Recommendation 15.1

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>COMPLIANT</p>	<p>The Board approved in 2015 the Terms and Conditions of P250-million Employees Stock Ownership Plan (ESOWN) which was to be issued in 2 tranches from 2015 to 2018.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) >Item 10 B-Option Outstanding > Page 30 https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/SEC-17-</p>	
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		A-CY-2018.pdf	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	<p>The Corporation seeks to provide services and programs designed to promote the well-being of employees such as health and safety, rest and recreation, economic security and family welfare.</p> <p>Programs for health, safety, and employee welfare are implemented to communicate and demonstrate a caring atmosphere in the work place.</p> <p>The Corporation maintains a medical and wellness program which provides for in-patient and out-patient benefits for the employees (through a Health Maintenance Organization provider).</p> <p>Reference:</p> <p>Health, Safety, and Welfare Policy https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/write-up-on-POPI-Health-Safety-and-Welfare-Programs.pdf</p>	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>Training efforts focus on the three core areas: 1) Personal Effectiveness; 2) Functional / Professional Skills; and 3) Leadership Skills.</p>	

		<p>The Corporation also sends its employees to public seminars to continuously equip them with the necessary technical or functional knowledge and expertise necessary for meeting the present and future demands for achieving the business objectives of the Corporation.</p> <p>In 2018, certain employees were asked to join trainings, workshops and seminars on topics such as:</p> <ol style="list-style-type: none"> 1. Powerful Business Presentation Workshop 2. Values Formation 3. Basic Occupational Safety and Health (BOSH) 4. Standard First Aid 5. Construction Occupational Safety and Health (COSH) 6. Fire prevention 7. Leasing module 8. Accounting for Non-Accountants 9. Business Writing 10. Budget Compliance 	
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Recommendation 15.2

<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>COMPLIANT</p>	<p>The Corporation has a Code of Business Conduct and Ethics.</p> <p>The Corporation promotes an environment that fosters and maintains a high level of self discipline among all employees. It recognizes that the ultimate</p>	
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		<p>responsibility for meeting prescribed standards of conduct and performance rests on each employee</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Code-of-Business-conduct-and-Ethics.pdf</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	<p>Copies of the Code of Business Conduct and Ethics are provided to the employees and also made available in the Corporation's website.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Code-of-Business-conduct-and-Ethics.pdf</p>	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	<p>Employees and officers are expected to exercise utmost discretion in accepting personal favor or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery</p>	

		<p>of any form.</p> <p>There was no reported incident of corrupt practice committed by employees or officers.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/Code-of-Business-conduct-and-Ethics.pdf</p>	
Recommendation 15.3			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>COMPLIANT</p>	<p>The Corporation has a whistleblowing policy to allow stakeholders to communicate with the Corporation. The Board also established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns</p> <p>Stakeholders may reach the following personnel to voice their concerns and/or complaints relating to violation of their rights:</p> <p>Human Resources: Jhanna M. Kabigting*</p>	

		<p>kabigting.jhanna@primeorion.com.ph +63 9178264354 *resigned effective 24 May 2019</p> <p>Investor Relations: Ma. Rhodora P. dela Cuesta delacuesta.dolly@primeorion.com.ph +63 9175929623</p> <p>Internal Audit: Alvin Angelo J. Anoos anoos.alvin@ayalamalls.com.ph +63 9178264281</p> <p>Reference:</p> <ol style="list-style-type: none"> Whistleblowing Policy https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/whistle-blowing-policy.pdf Manual on Corporate Governance > Article III - Governance > Item 7 - Business Conduct and Ethics > Second Paragraph > Page 22 https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 	
2. Board establishes a suitable framework for	COMPLIANT	See explanation and reference in	

whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.		<p>Recommendation 15.3 – Item 1.</p> <p>The Group Human Resources Dept. has informed employees about the Whistleblowing Policy. The Whistleblowing Policy is also posted in the Corporation’s website.</p>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	<p>See explanation and reference in Recommendation 15.3 – Item 1.</p> <p>There has been no reported incident pertaining to whistleblowing.</p> <p>Reference:</p> <p>Whistleblowing Policy https://www.ayalalandlogistics.com/wp-content/uploads/2018/07/whistle-blowing-policy.pdf</p>	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	<p>The Corporation and its subsidiaries undertake Corporate Social Responsibility projects such as feeding programs, medical donations of medical supplies, small appliances to Missionaries of Charity and Home of Joy near Tutuban mall, donation of chairs and tables for community centers around Tutuban,</p>	

		<p>community clean-up drives around Southpark mall in Alabang.</p> <p>Reference: >Corporate Social Responsibility https://www.ayalalandlogistics.com/wp-content/uploads/2019/04/Corporate-Social-Responsibility-POPI.pdf</p>	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development			
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	<p>The Corporation has adopted a three-pillar approach to sustainability, with 4 focus areas. These include growing our local economy through inclusive economic strategies; operating in a more eco-efficient manner; heightening our focus on pedestrian and transit connectivity; and improving the site resilience of our assets against disasters and other major risks.</p>	

Annex A

**PRIME ORION PHILIPPINES, INC.
BOARD OF DIRECTORS' SELF-ASSESSMENT**

This self-assessment form is designed to evaluate the performance of the Board of Directors and its individual members. It is intended to help the Board identify areas for attention and development. Please **check** the number that best corresponds to your assessment for each item.

- 1 - Strongly Agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly Disagree

Board Responsibilities

1. The Board demonstrates commitment to good corporate governance and oversees the Company's operation to ensure that the same is in accordance with the highest ethical standards and applicable laws, regulations and policies.	1	2	3	4	5
2. The Board manages group-wide risks and ensures that the Company has appropriate policies and procedures to effectively identify, monitor and mitigate these risks.					
3. The Board regularly monitors and approves the Company's financial statements including the income statement, balance sheet and cash flows. The Board ensures that financial statements that are filed with the regulatory bodies and released to the public represent an accurate, fair and true picture of the Company's financial position.					
4. The Board reviews and approves an annual capital and operating budget and effectively monitors performance against budget throughout the year and ensures corrective action if negative variances occur.					
5. The Board takes into account the interests of the minority shareholders along with the interests of all shareholder groups in every decision making process and all corporate undertakings.					

Board Processes

1. Board members are provided in a timely manner complete and relevant information and materials for each item in the agenda to be discussed in the meeting.	1	2	3	4	5
2. Board members regularly attend all Board and committee meetings and generally come adequately informed of the agenda and well-prepared on the issues to be discussed. Attendance at Board and committee meetings is 70% or more on a regular basis.					
3. Board and Committee agenda are realistic in terms of the scope of topics to be discussed given the time available and are effectively managed in accordance with the relative importance of each topic.					
4. Board meetings are conducted in a manner that ensures open and truthful communication, meaningful participation and timely resolution of issues. Each member of the Board exercises independent judgment in making a stand for a particular issue.					
5. Board committees are well organized and contribute to the effectiveness of the Board. Each committee renders valuable aid in accordance with their particular area of expertise.					

Individual Board Members

1. As a member of the Board, I understand the vision, mission, values and strategies of the Company and I am aware of the function and role that I need to play as Board member.	1	2	3	4	5
2. As a member of the Board, I am aware and I fully comprehend the by-laws and governing principles and policies of the Company and I keep myself updated on the latest standard and best practices in corporate governance.					
3. As a member of the Board, I consciously and deliberately avoid engaging in any transaction or situation where a potential conflict of interests with the Company exists and if such potential conflict appears, I immediately disclose the situation to the rest of the Board.					
4. As a member of the Board, I actively participate in discussions with independence and objectivity and an open mind for differing opinions of other members.					
5. I support the decisions of the Board reached after a full discussion of the topics even if I do not fully agree with the decision.					

Management Relationship

1. The Board and the President/CEO are clear on their respective roles and functions as well as the role of other members of management. There is a clear understanding of where the role of the Board ends and where that of the President/CEO and management begins.	1	2	3	4	5
2. The Board consistently challenges the President/CEO and management in order to understand and attend to the businesses better and to drive improvements in the Company's performance.					
3. The Board has established appropriate and clear threshold limit and boundaries for Board or committee involvement in major policies or decisions.					
4. The Board ensures that an appropriate system of incentives is in place which sets down guidelines on how to distinguish and reward performers from non-performers.					
5. The Board conducts a review of the President/CEO's performance and ensures that the performance objectives of the management is in consistent and in furtherance of the goals of the Company.					

Using the following levels of performance, please **encircle** the level that corresponds to your perception or evaluation of the Board's general performance for year 2018.

Excellent	Performance is clearly outstanding and superior- it far exceeds standards or expectations
Good	Performance generally meets or exceeds standards or expectations.
Satisfactory	Performance is adequate.
Needs Improvement	Performance failed to meet expectations.

Name : _____

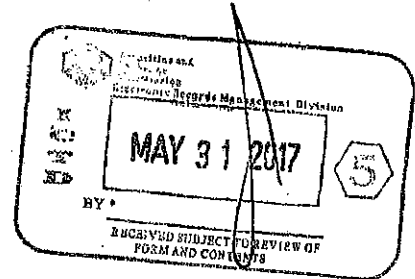
Signature : _____

Date : _____

Annex B

30 May 2017

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City



Attention : **ATTY. JUSTINA F. CALLANGAN**
Director
Corporate Governance and Finance Department

Re : **Prime Orion Philippines, Inc. (POPI)**
- Manual on Corporate Governance

Gentlemen:

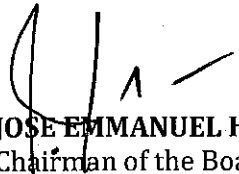
In compliance with Securities and Exchange Commission Memorandum Circular No. 19 Series of 2016, we submit herewith POPI's Manual on Corporate Governance.


Very truly yours,



JUNE VEE D. MONTECLARO-NAVARRO
Corporate Secretary


[sec letter] my docs-popl corporate governance

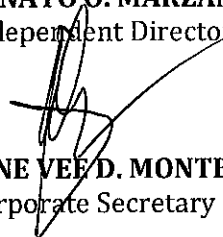
Signed on MAY 29 2019 at Makati City.

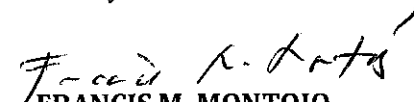

JOSE EMMANUEL H. JALANDONI
Chairman of the Board


MARIA ROWENA M. TOMELDAN
President/CEO


REX MA A. MENDOZA
Lead Independent Director


RENATO O. MARZAN
Independent Director


JUNE VEE D. MONTECLARO-NAVARRO
Corporate Secretary


FRANCIS M. MONTOJO
Compliance Officer

ACKNOWLEDGMENT

BEFORE ME, a notary public for and in the above jurisdiction, this MAY 29 2019, at Makati City, personally appeared the following:

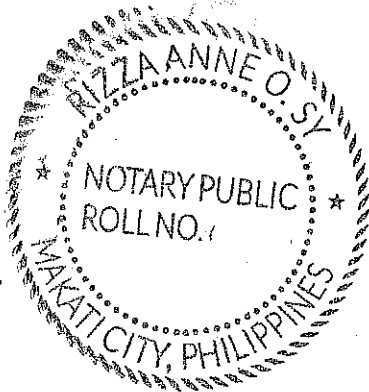
Name	Valid ID	Date/Place Issued
Jose Emmanuel H. Jalandoni		
Maria Rowena M. Tomeldan		
Rex Ma. A. Mendoza		
Renato O. Marzan		
June Vee D. Monteclaro-Navarro		
Francis M. Montojo		

known to me and to me known to be the same persons who signed this I-ACGR and acknowledged to me that the same is their free and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and at the place first abovementioned.

Doc. No. SD0;
Page No. 101;
Book No. 11;
Series of 2019.

Notarial DST pursuant to
Sec. 188 of the Tax Code
affixed on Notary Public's copy.



Rizza Anne O. Sy
RIZZA ANNE O. SY
Notary Public - Makati City
Appt. No. M-187 until December 31, 2020
Roll of Attorneys No.
Lifetime IBP No.
PTR No.
MCLE Compliance No. \\\
27th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines