



BOARD RISK OVERSIGHT COMMITTEE CHARTER

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In line with best corporate governance practices and to ensure effective management of strategic, operational, financial and compliance-related risks, the Board of Directors of AyalaLand Logistics Holdings Corp. (the “Corporation”) created the Board Risk Oversight Committee (the “Committee”) to support it in the performance of its oversight functions of the Corporation’s risk management activities through continuous input, evaluation and feedback on the effectiveness of the Corporation’s risk management process.


1. Membership

The Committee shall be composed of three (3) members, majority of whom shall be independent directors including the Chairman. The Chairman of the Committee cannot be the chairman of the Board or of any other committee. Each member must possess an adequate understanding of the management, assessment and mitigation of risks faced by the Corporation and at least one member must have the relevant experience and knowledge in risk and risk management.

2. Authority, Roles and Responsibilities of the Committee

The Committee shall have the following authority, roles and responsibilities:

- a) Develop a formal enterprise risk management plan which contains the following information: (1) registry of risks, (2) well-defined risk management goals, objectives and oversight, (3) uniform processes of assessing risks and developing strategies to manage prioritized risks, (4) designing and implementing risk management strategies, and (5) continuing assessments to improve risk strategies, processes and measures.
- b) Review the adequacy of the Corporation’s risk management framework, ensure that an overall set of risk management policies and procedures exist for the Corporation, and oversee its implementation through the Risk Management Unit;
- c) Evaluate the risk management plan and strategies to ensure its continued relevance, comprehensiveness and effectiveness, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- d) Advise the Board on its risk appetite and risk tolerance limits and review these limits at least annually, based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
- e) Advise the Board on the Company’s prioritized and residual risk exposures based on regular risk management reports, review the results of the annual risk assessment done by the Chief Risk Officer (CRO), including the risks identified, their impact or potential impact on the Corporation and its subsidiaries and how they are addressing and managing these risks;
- f) Assess the probability of the occurrence of each identified risk and estimate the possible significant impact to the Corporation and its subsidiaries;

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- g) Provide oversight over Management's activities, managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans, with the assistance of the internal auditors. This includes ensuring that the Corporation maintains a framework for fraud prevention and detection (i.e. Whistleblower Program) and plans for business continuity (i.e. Business Continuity Plan);
- h) Meet periodically with Management to discuss the Committee's observations and evaluation on its risk management activities; and
- i) Report to the Board, as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

This policy notwithstanding, Management shall remain primarily responsible for the development, implementation and reporting of the risk management framework, process and strategies intended to address the identified risks.

3. Meetings and Schedule of Activities

The Committee shall meet at least twice a year, or more frequently as needed. All meetings shall be presided by the Committee Chairman and attended by all committee members, whether in person or via teleconference or videoconference. The presence of the majority of the members shall be necessary to constitute a quorum for the transaction of business.


Separate executive sessions may be conducted by the Committee with the CRO, Chief Finance Officer (CFO), Chief Audit Executive (CAE), other members of the Management team and/or external auditors to foster open communication and discuss any matter that the Committee believes as needed to be discussed in private.

Aside from regular meetings, the Committee shall also agree on an annual calendar, which will lay down the schedule of activities for the year. This shall provide a systematic guide for the discharge of the Committee's responsibilities. Accordingly, the CRO shall ensure that the schedule is followed as planned.

4. Reporting Procedure

The Committee Chairman shall submit and present a report to the Board, containing updates on all actions taken by the Committee at the Board meeting following the Committee meeting.

The Committee Chairman will also submit and present an annual Risk Oversight Committee report to the Board during its first meeting following the immediate calendar year. The annual report shall include a summary of the Committee's activities during the year, an over-all assessment of its performance and recommendations for improvement.

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5. Functional and Secretariat Support

The Risk Management Unit shall support the Committee in the performance of its functions, specifically:

- a) Risk Management Unit shall provide all the secretariat support to the Committee.
- b) The CRO and CAE shall attend all the Committee meetings.
- c) The Risk Management Unit shall keep all minutes of the meetings, recorded and prepared by the designated Secretary to the meeting and make these available for inspection by any member of the Committee or the Board, as and when requested.

6. Performance Evaluation

The Committee shall review its performance annually with respect to the fulfilment of its functions and responsibilities as mandated in this Charter. The Board of Directors shall conduct an independent annual assessment of the Committee's performance.

7. Annual Charter Review

This Charter shall be reviewed annually by the Committee to ensure its continuing adequacy and consistency with the Board's objectives and responsibilities. Any proposed changes shall be approved by the Board.

Date Approved: December 18, 2019