

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

MS. FRANCIS M. MONTOJO

(Contact Person)

8884-1106

(Company Telephone Number)

SEC Form
Revised RPT Policy

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(Form Type)

1	2
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Month Day
(Fiscal Year)

3	1
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Month Day
(Annual Meeting)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

July 21, 2020

SECURITIES AND EXCHANGE COMMISSION

PICC Complex, Roxas Boulevard, Pasay City

Attention: **Atty. Rachel Esther J. Gumtang-Remalante**
Director, Corporate Governance and Finance Department

PHILIPPINE STOCK EXCHANGE, INC.

6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Re : **AyalaLand Logistics Holdings Corp. (ALLHC)**
- Updated Related Party Transactions Policy

Gentlemen:

We submit herewith ALLHC's Related Party Transactions (RPT) Policy (updated as of 18 December 2019).

The changes in the RPT Policy are as follows:

1. The Related Party Transactions Review Committee (RPT Committee) was designated as the committee in charge to oversee and review propriety of related party transactions and required disclosures, instead of the Audit and Risk Committee. All references to the Audit and Risk Committee were changed to the RPT Committee in Sections 4.2, 4.3, 6.1 and 7 of the RPT Policy.
2. In Section 5 (a), the Compensation and Remuneration Committee was renamed "Personnel and Compensation Committee".
3. In Section 8, the link to the whistleblowing policy was updated.
4. Inclusion of Section 10.4 which prohibits grant of loans or credit, directly or indirectly, to any officer or director of the company.

Thank you.

Very truly yours,


FRANCIS M. MONTOJO
Compliance Officer

RELATED PARTY TRANSACTIONS (RPT) POLICY

Document Information

Date Created	13 February 2017
Date/s Amended	14 October 2019
Latest Version	approved 18 December 2019

1. INTRODUCTION

This policy aims to define related party relationships and transactions, and set out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors (Board) or Shareholders to ensure that related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the Securities and Exchange Commission on Material Related Party Transactions.

2. STATEMENT OF POLICY AND COVERAGE

This Policy requires that all related party transactions between AyalaLand Logistics Holdings Corp. (the "Corporation"), its subsidiaries, affiliates, and other related parties (as defined on item 3), are conducted on an arm's length basis, at normal prices, and will inure to the best interest of the Corporation, its subsidiaries or affiliates and not prejudice the minority shareholders and the government.

To ensure that this Policy is practiced in strict compliance, an assessment is undertaken of related party transactions as they happen. In accordance with the Charter of the Board of Directors¹, the Related Party Transactions Review Committee ("RPT Committee") is constituted as the committee responsible to oversee and review the propriety of RPTs and their required reporting disclosures.

This Policy covers both (i) Material Related Party Transactions or Material RPTs and (ii) other Related Party Transactions. It is understood that when a provision herein makes specific reference to Material RPTs, such provision will only apply to Material RPTs.

3. DEFINITIONS

Abusive Material RPT – refer to Material RPTs that are not entered at arm's length and unduly favor a related party.

Affiliate - refers to an entity linked directly or indirectly to the Corporation through any one or a combination of the following:

- i. Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust or other similar contracts by a company of at least 10% or more of the outstanding voting stock of the publicly listed company or vice-versa;
- ii. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
- iii. Common stockholders owning at least 10% of the outstanding capital stock of

¹ Charter of the Board of Directors, Section 4.6.

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- iv. the Corporation; or
Management contract or any arrangement granting power to the Corporation to direct or cause the direction of management and policies of the entity or vice-versa.

Associate – An entity over which the Corporation holds 20% or more of the voting power, directly or indirectly, or which the Corporation has Significant Influence.

Control – A person or an entity controls another entity (the “controlled entity”) if and only if the former has all of the following:

- i. Power over the controlled entity;
- ii. Exposure or rights, to variable returns from its involvement with the controlled entity;
- iii. The ability to use its power over the controlled person to affect the amount of the controlled entity’s returns.

Material Related Party Transaction or Material RPT - Any RPT, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Corporation’s total consolidated assets based on its latest audited financial statements.

Related Parties – cover the following:

1. The Corporation’s directors; officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law;
2. Any other person who has control, joint control or significant influence over the Corporation or who is an officer of the Corporation’s parent company and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law; and
3. Any entity that meets any of the following condition:
 - i. The entity and the covered entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or associate or joint venture of a member of a group of which the other entity is a member).

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- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the covered entity or an entity related to the covered entity. If the covered entity is itself such a plan, the sponsoring employers are also related to the covered entity.
- vi. The entity is controlled or jointly controlled by a person identified in (i) and (ii).
- vii. A person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which is a part, provides key management personnel service to the covered entity or to the parent of the covered entity.

Related Party Transaction or RPT - a transfer of resources, services or obligations between the Corporation and a Related Party, regardless of whether a price is charged.

Related Party Registry – A record of the organizational and structural composition, including any change thereon, of the Corporation and its related parties, which record shall be in the custody of the Compliance Officer.

Significant Influence - the power to participate in the financial and operating policy decisions of an entity, without the power to control those policies. Significant influence may be gained by share ownership, statute or agreement.

Subsidiary – a corporation more than fifty percent (50%) of the voting stock of which is owned or controlled, directly or indirectly, through one or more intermediaries, by another corporation, which thereby becomes its parent corporation.

Substantial Shareholder - any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

4. IDENTIFICATION AND REVIEW OF RELATED PARTY TRANSACTIONS

- 4.1 The list of persons and companies that are related parties of the Corporation are set forth in the Related Party Registry. The Related Party Registry shall be reviewed and updated quarterly by the Office of the Chief Finance Officer in coordination with the Office of the Corporate Secretary to capture organizational and structural changes in the Corporation and its related

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parties.

- 4.2 Before commencement of any RPT, Management shall report to the RPT Committee each new or proposed RPT for review and approval. The report should cover the following:
- a. The terms, business purpose, benefits and other details of the RPT;
 - b. The nature of the relationship of the party or parties involved in the transaction in relation to the Corporation;
 - c. The description of the transaction, including the affected periods to be disclosed in the financial statements, including the amounts, and such other information necessary for better understanding of the effect of the proposed transaction in the financial statements, which may include the amounts due to or from related parties to the transaction, if any, and the terms and manner of settlement.
- 4.3 The RPT Committee shall review all the information reported by Management and shall consider all of the relevant facts and circumstances available, including but not limited to the following:
- a. The terms of the transaction, which should be fair and to the best interest of the Corporation, and no less favorable than those generally available to non-related parties under the same or similar circumstances;
 - b. The aggregate value of the RPT;
 - c. Extent of the Related Party's interest in the transaction;
 - d. Whether the RPT would present an improper conflict of interests or special risks or contingencies for the Corporation, or the Related Party taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the nature of any proposed relationship;
 - e. Any other relevant information regarding the transaction.

5. RELATED PARTY TRANSACTIONS DELEGATED TO MANAGEMENT

The RPTs listed below, which are by nature, normal transactions in the ordinary course of business, and are covered by separate board approvals, and will not prejudice third parties including the government, shall not require review and approval of the RPT Committee. The review of these transactions is delegated to management provided these transactions do not breach the materiality threshold for a Material RPT:

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- a. Compensation and employment of executive officers and directors approved by the Personnel and Compensation Committee.²
- b. Transactions like loans, advances and other benefits with similar terms available to all employees generally.
- c. Banking, finance or insurance-related services and transactions with a related party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business.
- d. Any transaction with a related party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- e. Any transaction with a related party involving management fees, system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as construction, construction management, procurement, engineering, property management, technical services, and other services in the ordinary course of doing business.
- f. Share transactions such as dividends, repurchase, and rights offerings available to all shareholders on a pro-rata ownership basis.
- g. Infusion of capital between wholly-owned subsidiaries of an ultimate common parent company or between wholly-owned subsidiary and its parent.

² The Board approved the change of name from Compensation and Remuneration Committee on December 18, 2019

6. IDENTIFICATION AND REVIEW OF MATERIAL RPTs

- 6.1 **Coverage** - The RPT Committee shall approve all Material RPTs before their commencement. Material RPTs shall be identified taking into account the Related Party Registry. Transactions amounting to ten percent (10%) or more of the total consolidated assets of the Corporation that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in this Policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the same to the requirements of the Material RPT hereunder.

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- 6.2 **Guidelines in ensuring arm's length terms in Material RPTS** - The Corporation shall ensure that in all Material RPTs, no preferential treatment shall be given to Related Parties that are not extended to non-related parties under similar circumstances and that the transactions are engaged into, at terms that promote the best interest of the Corporation and its Shareholders. The transactions should not be more favorable than similar transactions with non-related parties. Moreover, the Corporation shall commit to exercise due diligence in ensuring that the Corporation does not adopt tax base erosion and profit shifting schemes in carrying out material RPTs in compliance with applicable Bureau of Internal Revenue transfer pricing regulations. To ensure that transactions are at arm's length terms and to promote the best interest of the Corporation, its shareholders and the government, the Corporation may adhere to the Organization for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines or any other price discovery mechanism that the RPT Committee and the Board may deem appropriate. Management shall provide the aggregate value of the Material RPT, extent of the Related Party's interest in the transaction and whether the Material RPT would present an improper conflict of interest or special risks or contingencies to the Corporation, or the Related Party taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the nature of any proposed relationship, and any other relevant information regarding the transaction.

Before the execution of a Material RPT, the Board of the Corporation shall appoint an external independent party to evaluate the fairness of the terms of the material RPTs. An external independent party may include, but is not limited to, auditing/accounting firms and third-party consultants and appraisers.

The RPT Committee may also require Management to (i) secure the services of an external expert, (ii) open the transaction to a bidding process, or (iii) publish the available property for sale, among others, as a mechanism for price discovery to ensure that the transactions are engaged into at terms that promote the best interest of the Corporation and its shareholders.

7. APPROVAL OF RPTS AND MATERIAL RPTS

Management shall present to the RPT Committee all relevant terms of the RPTs and Material RPTs including those items stated in Section 4.2. The RPT Committee shall consider all relevant facts and circumstances including those items stated in Section 4.3.

All RPTs and Material RPTs shall be reviewed by the RPT Committee and approved

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by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the same. In case that the majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. For aggregate RPTs within a twelve (12)-month period, the same Board approval would be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

All directors, substantial shareholders and officers with personal interest in a RPT/Material RPT shall fully and timely disclose all material facts, including their respective interests in the RPT/Material RPT as well as direct or indirect financial interests in any transaction or matter affecting the Corporation, and abstain from the discussion, approval and management of such transaction or matter affecting the Corporation. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

8. WHISTLE BLOWING MECHANISMS

All stakeholders are encouraged to communicate confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPT. Reporting and investigation of abusive RPTs shall be handled following the Corporation's Whistleblowing Policy.

AyalaLand Logistics Holdings Corp.'s WhistleBlowing Policy is available in its website through the link:

<https://www.ayalalandlogistics.com/wp-content/uploads/2020/03/Whistleblowing-Policy-revised-2019.pdf>

9. REMEDIES FOR ABUSIVE RPTS

Responsible persons found to be in willful violation of this Policy shall be subject to the corresponding procedures and penalties under the Corporation's Code of Conduct and Ethics and relevant laws and regulations, as may be applicable; provided that any penalty to be imposed herein shall be subject to consultations with the RPT Committee. The penalty may include any applicable restitution of actual losses suffered by the Corporation directly arising from violation of policies relating to Abusive Material RPTs.

10. CONFLICTS OF INTEREST AND DISCLOSURE REQUIREMENTS FOR DIRECTORS, OFFICERS AND EMPLOYEES

The Management shall report, identify, and manage all potential or actual conflicts of interests relating to RPTs and Material RPTs.

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- 10.1 All directors and employees of the Corporation and its subsidiaries are required to promptly disclose any business and family-related transactions to the Corporation to ensure potential conflicts of interest are surfaced and brought to the attention of Management.
- 10.2 All employees of the Corporation are also required to complete the mandatory form on “Business Interest/Related Party Disclosure” in the month of January of each year. This is duly noted by the employee’s strategic business unit or group head, and submitted to the Human Resource Group which collates them in file and monitors compliance thereof.³
- 10.3. Independent directors are required to submit to the Corporate Secretary a letter of confirmation stating that they hold no interest in companies affiliated with the Corporation and the Management or controlling shareholders of the Corporation at the time of their election or appointment and/or re-election as independent directors in accordance with the terms of the Corporation’s Manual on Corporate Governance.
- 10.4 The Corporation shall not, directly or indirectly, including through any subsidiary, extend or maintain credit, in the form of a loan to or for any officer or director of the Corporation.⁴

11. DISCLOSURE OF RELATED PARTY TRANSACTIONS & MATERIAL RPTs

This Policy will be published in the Corporation’s website at <https://www.ayalalandlogistics.com>. The Corporation shall disclose Material RPTs in accordance with the rules of the Securities and Exchange Commission. RPTs approved by the Board (other than a Material RPT) shall be disclosed as part of the items approved during the Board meeting and shall be indicated in the relevant financial reports of the Corporation as required under International Accounting Standard 24 on Related Party Disclosures and other applicable disclosure requirements.

12. SELF-ASSESSMENT AND REVIEW OF THE POLICY

The Internal Audit of the Corporation shall conduct a periodic review of the effectiveness of its system and internal controls governing Material RPTs to assess consistency with the Board approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the RPT Committee.

The Corporation’s Compliance Officer shall ensure that the Corporation complies

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with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He shall aid in the review of the Corporation's transactions and identify any potential RPT that would require review by the RPT Committee and the Board. He shall ensure that this Policy is kept updated and is properly implemented throughout the Corporation.

The RPT Committee shall periodically review this Policy and may recommend amendments to this Policy as it deems appropriate.

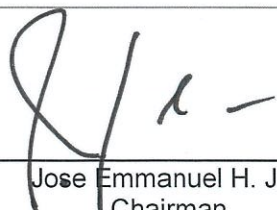
⁴ Approved by the Board on December 18, 2019

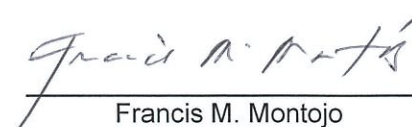
13. POST VERIFICATION OF RELATED PARTY TRANSACTIONS

The Internal Audit in coordination with Ayala Group Legal shall perform a periodic post verification of RPTs to ensure that the terms and conditions recommended by the RPT Committee and approved by the Board of Directors are properly and correctly implemented.

14. EFFECTIVITY OF THE POLICY

This Policy, approved by the Board of Directors on 18 December 2019, shall be effective immediately.


Jose Emmanuel H. Jalandoni
Chairman


Francis M. Montojo
Compliance Officer

CERTIFICATION

I, **FRANCIS M. MONTOJO**, Compliance Officer of **AyalaLand Logistics Holdings Corp.**, with SEC Registration No. 163671, with principal office at 3rd Floor Glorietta 5, Ayala Center, Makati City, on oath state:

- 1) That on behalf of AyalaLand Logistics Holdings Corp., I have caused this Revised Related Party Transactions Policy to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, AyalaLand Logistics Holdings Corp., will comply with the requirements set forth in the SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which require pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 20 day of July 2020.



FRANCIS M. MONTOJO
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of JUL 20 2020 at Makati City, affiant exhibited as competent evidence of her identity Passport No. P3957008A issued on 8-8-2017 at DFA Iloilo.

Doc. No. 124;
Page No. 26;
Book No. xxx41;
Series of 2020.

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




ROBERTO T. ONGSIAKO
Notary Public - Makati City
Appt. No. M-155 until December 31, 2020
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 - RSM Chapter
PTR No. 8116886MG - 01/02/2020 - Makati City
MCLE Compliance No. VI -0005160 - 12/08/2017
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