



CHARTER OF THE BOARD OF DIRECTORS

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 LOGISTICS HOLDINGS CORP. BOARD CHARTER	INITIAL ISSUE DATE DECEMBER 15, 2017
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CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors ("Board") of AyalaLand Logistics Holdings Corp. (the "Corporation") hereby adopts this Charter.

Section 1. Scope

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their authority under the Revised Corporation Code and the applicable laws and the By-Laws of the Corporation (the "By-Laws"), the Directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment. It shall be the Board's responsibility to promote and adhere to the principles and best practices of corporate governance and to foster the long-term success of the Corporation and secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary duty and in the best interest of the Corporation, its employees, shareholders and other stakeholders and for the protection of the environment.

Section 2. Membership

2.1 Composition

The Board shall be composed of nine (9) members (each a "member" or "Director"), more than 50% of whom shall be non-executive and/or independent Directors. Independent Directors may serve for a period of not more than nine (9) years, without prejudice to being elected as a non-independent director of the Corporation or an independent director in other companies of the business conglomerate, where applicable.

The Board has to be composed as a group that possesses the necessary knowledge, skills and experience to properly perform its duties.

The Board shall regularly review its composition, taking into account the evolving requirements of the Corporation, and best practices in corporate governance.

The Board shall encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment in the formulating sound corporate strategies and policies. In the selection of candidates for the Board, the objectives set by itself for its composition and the required knowledge, abilities and experience needed to successfully manage the Corporation are to be seriously considered,

Careful attention must be given to ensure that there is independence, diversity in background, gender and other relevant factors. The Corporation shall strive that its Board shall be composed of at least two (2) female directors.

The Board shall have at least three (3) independent Directors or such number as to constitute one-third (1/3) of the members of the Board, whichever is higher.

Each Independent director shall hold no interest and relationship with the Corporation that may hinder his independence from the Corporation or management or interfere with his exercise of independent judgment in carrying out the responsibilities of a director. An independent director shall submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, management or controlling shareholder at the time of his election and/or re-election as a director. Moreover, for purposes of compliance with the legal requirement on independent Directors –

- a. Officers, executives, and employees of the Corporation may be elected as Directors but cannot and shall not be characterized as independent Directors.
- b. If a Director elected or appointed as an Independent Director subsequently becomes an officer or employee of the Corporation, the Corporation should forthwith cease to consider him as an Independent Director;
- c. If the beneficial security ownership of an independent director in the Corporation or its related companies exceeds two percent (2%), the Corporation shall forthwith cease to consider him as an independent Director until the beneficial security ownership of the director is reduced to two percent (2%) or lower:
- d. Independent directors are not entitled to receive options, performance shares, and bonuses except according to a resolution approved by stockholders owning at least a majority of the outstanding capital stock.
- e. A director (other than as an independent director), officer, an employee of the Corporation or its subsidiaries, associates, affiliates, or related companies for at least three (3) years immediately preceding the election cannot be an independent director:
- f. A person who was retained as a professional adviser, auditor, consultant, agent or counsel of the Corporation, or any of its related companies or substantial shareholder, or is otherwise independent of management and free from any business or other relationship within the three (3) years immediately preceding the date of his election cannot be an independent director.
- g. A relative of a director, officer, or substantial stockholder of the Corporation or any of its related companies or substantial stockholders of its related companies cannot be an independent director. For this purpose, relatives are the spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister.

Related companies refer to (a) the Corporation's holding/parent company, (b) its subsidiaries, and (c) subsidiaries of its holding/parent company.

The Corporation shall, as appropriate, provide each independent director with technical support staff to assist him in performing his duties. An independent director may, when necessary, also request and receive support from executives, employees, or outside professionals such as auditors, advisers, and counsel to perform his duties. The Corporation shall cover the reasonable expenses of providing such support.

2.2 Policy on Multiple Board Seats

The Corporation shall ensure that adequate time and attention is given to the fulfilment of each Director's duties. Independent and non-executive Directors are encouraged to hold no more than five (5) board seats or directorships in publicly-listed companies, and executive directors to hold no more than two (2) board seats in listed companies outside the Corporation's group.

Directors shall notify the Chairman and the Corporate Governance Committee before accepting directorship in another company.

2.3 Election of Directors

The directors shall be elected by a majority of the Corporation's outstanding capital stock at their annual meeting. They shall hold office for one (1) year and until their successors are elected and qualified following the By-Laws of the Corporation.

Under the Revised Corporation Code, any shareholder, including minority shareholders, shall have the right to nominate candidates to the Board. The list of nominees, together with their respective written

consent, shall be filed and submitted to the Nomination, Personnel and Compensation Committee through the office of the Corporate Secretary. The submission must be within thirty (30) business days before the date set for the annual meeting of stockholders wherein they will be elected.

For the election of directors, it is necessary for one-half plus one of the outstanding shares of stock to be present or represented.

No person shall be elected nor be competent to hold the office as a director unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.

The election of Directors shall be by ballot and each stockholder may vote such number of shares he owns for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute his votes on the same principle among as many candidates as he may see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The Committee of Inspectors of Proxies and Ballots appointed by the Board shall supervise the election of directors. No candidate for director may be a member of this Committee.

2.4 Vacancy

Any vacancy due to expiration of term shall be filled no later than the day of such expiration at the annual stockholders' meeting. For any vacancy arising from removal by stockholders, the election shall be held on the same meeting if so stated in the agenda and notice of meeting. In all other cases, the vacancy may be filled by at least a majority vote of the remaining directors, if still constituting a quorum, otherwise, the vacancy shall be filled in a special stockholders' meeting called for that purpose, in no instance later than forty-five (45) days from the time the vacancy occurred. The director so elected shall be referred to as replacement director and act as member of the Board only for the unexpired term of his predecessor.

However, when the remaining directors cannot constitute a quorum and emergency action is required to prevent grave, substantial or irreparable loss or damage to the Corporation, the vacancy may be temporarily filled from among the officers of the Corporation by the unanimous vote of the remaining directors. The designated director's actions shall be limited to any necessary emergency action and his term shall cease within a reasonable time from the termination of the emergency or upon the election of the replacement director, whichever comes first.

2.5 Compensation

Each Director shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services as Director. In no case shall the total yearly compensation of Directors exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

The Nomination, Personnel and Compensation Committee of the Board of Directors shall have the responsibility of recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope. No director shall be involved in deciding his own remuneration during his incumbent term.

2.6 Training of Directors

All new directors of the Corporation shall undergo an orientation program and all directors shall attend a relevant annual continuing training program to promote effective board performance and continuing

qualification of the directors in carrying-out their duties and responsibilities.

Section 3. Board Independence and Conflict of Interest

It is the responsibility of each director to promote the best interest of the Corporation. Therefore, in making decisions, the directors should only pursue the interest of the Corporation, and must not consider their own. Each director shall disclose any conflict of interest annually. A director with any conflict of interest determined to be permanent in nature shall be disqualified from the Board.

Each director is required to abstain from participating in the discussion of, and from voting on, any matter where he is in conflict of interest at any point during the course of his service.

In line with the Insider Trading Policy of the Corporation, each director is required to notify the Board within three (3) business days from dealing in the Corporation's shares of stock.

No person shall qualify or be eligible for nomination or election to the Board if he is engaged in any business which competes with or is antagonistic to that of the Corporation according to the Corporation's By-Laws.

At least twice a year, the non-executive Directors must meet without the presence of the executive Directors.

Directors shall keep confidential all the information contained in the confidential reports or discussions for a period of at least two (2) years unless otherwise disclosed to the public. They shall also ensure that all persons who access the same information on their behalf shall likewise comply with this rule.

Section 4. Powers, Duties and Responsibilities

The Board shall have the following duties, powers and attributes, in addition to those assigned to it by the Revised Corporation Code or other applicable law and the By-Laws which are not set forth herein:

- a. Determine the period, manner and conditions under which the Corporation shall engage in the kinds of business comprised in the Second Article of the Articles of Incorporation;
- b. Review the vision and mission statement of Corporation every year;
- c. Determine the manner of investing capital, subject to the provisions of the Articles of Incorporation and By-Laws;
- d. Make rules for the internal regulation of the Corporation;
- e. Designate one (1) or more committees which may exercise any of the powers of the Board in the management of the business and affairs of the Corporation;
- f. Determine the creation of branches, agencies, office departments of any class, under conditions it may deem convenient;
- g. Decide as to the safekeeping of the funds of the Corporation, open accounts (i.e., current, fixed deposit or savings accounts) with any bank authorized to operate in the Philippines or abroad;
- h. Fix the annual percentage to be written off on all capital expenditures of the Corporation such as buildings, furniture and fixtures, among others, and determine the distribution of profits and dividends;
- i. Submit the Balance Sheet, Income Statement and Annual Report on the condition of the Corporation annually at the general meeting of stockholders;

- j. Call special meetings;
- k. Authorize any other person[§ it may deem fit to purchase, sell or mortgage the real or personal properties of the Corporation;
- l. Authorize any other person it may deem fit to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the Corporation and when the bonds have been cancelled;
- m. Determine the time and manner of issuance of unissued stocks of the Corporation;
- n. Determine the manner and conditions under which employees of the Corporation shall be granted pensions, retirement gratuity or life insurance protection;
- o. Institute, maintain, defend, compromise or drop any litigation in which the Corporation or officers may be interested in as plaintiff or defendant in connection with the business of the Corporation and grant extension of time for the payment or settlement of any indebtedness in favor of the Corporation;
- p. Settle any doubts that may arise relative to the interpretation of the Corporation's By-laws and supply any omissions, reporting thereon to the shareholders' general meeting for such action as it may see fit to take;
- q. Conduct an annual assessment of the performance of the Board, its individual members, its committees, the President and Chief Executive Officer, and its other key officials, adopt a clear procedure and criteria to be used for the performance assessment, and engage an external consultant to facilitate Board assessment at least once every three (3) years;
- r. Ensure that all directors, executives and employees adhere to the Corporation's Code of Ethics;
- s. Approve the financial statements of the Corporation based on the report by the Audit Committee, and with the assistance of independent directors, the annual plans of the Corporation, as well as the corresponding investments and personnel movements; and
- t. Approve individual transactions or projects.

The Corporation's Management Committee shall inform the Board regularly, promptly and comprehensively about the issues concerning the Corporation's strategy, risk management and compliance. The Management Committee shall periodically update the Board of the implementation of the Corporation's strategy and explain the variances from the approved plans and targets.

The Board shall be guided by the Corporation's mission and vision in the fulfillment of its functions.

4.1 The Chairman of the Board

The Chairman of the Board, shall be separate from the Chief Executive Officer ("CEO") to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The Corporation shall disclose the relationship between the Chairman and the CEO, if any, in its annual report to the Commission.

The Chairman of the Board shall, when present, preside at all meetings of the Board and stockholders and shall render advice and counsel to the President. He shall -

- a. schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Corporation's operations;

- b. prepare the meeting agenda in consultation with the CEO;
- c. exercise control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- d. assist in ensuring compliance with the Corporation's guidelines on corporate governance.

The Chairman shall have such other responsibilities as the Board of Directors may impose upon him.

The Chairman of the Board shall ensure that the directors can freely express their opinions about any matter being discussed.

4.2 The Vice-Chairman of the Board

The Board may, at its discretion and under the By-Laws, elect a Vice Chairman of the Board from among its members. In the absence of the Chairman of the Board, the Vice-Chairman shall preside at the meetings of the Board.

4.3 The Corporate Secretary

It shall be the duty of the Corporate Secretary, who must be a citizen and a resident of the Philippines, to prepare and keep the minutes of all meetings of the Board and stockholders and attend to the correspondence and files of the Corporation, to sign, jointly with the President, all stock certificates, keep and fix the corporate seal, record all transfers of stock and cancellations and keep all stock certificates transferred, likewise, keep a list in alphabetical order of all stockholders of the Corporation and of their residences and the shares owned by each, and to perform all other duties which may be assigned to him by the Board of Directors.

He/she is an officer of the Corporation and his/her loyalty to the mission, vision and specific business objectives of the Corporation must come with his/her duties. Considering his or her varied functions and responsibilities, he or she must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer. He must also have some financial and accounting knowledge.

The Corporate Secretary shall have the following functions:

- a. Serve as an adviser to the directors on their responsibilities and obligations;
- b. Keep the minutes of meetings of the stockholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;
- c. Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;
- d. Have charge of the stock certificate book and such other books and papers as the Board may direct;
- e. Attend to the giving and serving of notices of Board and shareholder meetings;
- f. Be fully informed and be part of the scheduling process of other activities of the Board;
- g. Prepare an annual schedule of Board meetings and the regular agendas of meetings, and put the Board on notice of such agenda at every meeting;
- h. Oversee the adequate flow of information to the Board prior to meetings;

- i. Ensure fulfillment of disclosure requirements to the Securities and Exchange Commission and the Philippine Stock Exchange.

The Corporate Secretary shall have such other responsibilities as the Board may impose upon him. The Board shall have separate and independent access to the Corporate Secretary.

4.4 Board Committees

The Board may create such committees (each a "Board Committee") as it may deem necessary to support it in the performance of its functions under the By-Laws and to aid in good governance.

The Board may delegate part of its rights and responsibilities to any of its committees. The committees shall be composed of Board members specifically chosen for their particular background and areas of expertise that will allow them to perform the functions assigned to their Committee. The specific committee charters duly approved by the Board define the rights and responsibilities of each Board Committee.

The Board shall adopt for each Board committee a charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties and responsibilities of the Board Committee and the rules governing the exercise of those powers or performance of the duties and responsibilities.

The Board shall constitute an Executive Committee, an Audit Committee, a Corporate Governance Committee, a Risk Management, Related Party Transactions Review and Sustainability Committee, and a Nomination, Personnel and Compensation Committee.

Section 5. Resolutions and Actions

5.1 Meetings, Quorum and Actions

- a. The Board shall designate the days when it shall meet, but it shall meet at least six (6) times each calendar year at a time and place determined by its Chairman, with special meetings to occur when deemed necessary by the Chairman or by the President or called by at least three (3) directors. The Board shall meet in person, or through remote communication such as teleconferencing or videoconferencing or other alternative modes of communication allowed by the SEC.
- b. Two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum.
- c. Directors are encouraged to attend all Board meetings, either in person, through remote communication, such as teleconferencing or videoconferencing or other alternative modes of communication allowed by the SEC. A minimum attendance of 75% in all Board meetings during his incumbency, shall be required for a director to be eligible for re-election except when the absence of a director is due to illness, death in the immediate family, serious accident or performs civic obligations.
- d. The Board meetings shall be announced at least two (2) weeks in advance. Notice of meetings may be given through any customary means of communication such as by e-mail, in writing, by mobile or virtual communication or telephone. The notice shall specify the time and place of the meeting and include a detailed agenda. As a rule, to the extent possible, Board materials are to be distributed to all directors, at least five (5) business days prior to each Board meeting.
- e. Board meetings shall be chaired by the Chairman of the Board, or in his absence, by the Vice Chairman or a member chosen by the other members present.
- f. In any Board meeting, decisions may be made on matters not included on distributed

meeting agenda only if there are no objections posed by any member of the Board.

- g. To properly perform its function, the Board may engage the services of auditors, legal advisers, as well as internal and external consultants, if it deems necessary. The Chairman of the Board may allow such resource persons to attend Board meetings.
- h. The charter of the Board, number of Board meetings and attendance of members at Board meetings shall be disclosed in the Corporation's annual report.

5.2 Minutes

Minutes of Board meetings shall be taken and recorded by the office of the Corporate Secretary. Minutes shall be signed by the chairman of the meeting and by the secretary of the meeting.

Section 6. Miscellaneous

6.1. Access to Information

The Board shall have free and full access to all relevant information, data, records, properties and personnel of the Corporation.

6.2. Technical Assistance

The Corporate Secretary, the management and all personnel of the Corporation shall provide assistance and support to the Board, as needed.

The Board may also invite such members of management and other resource persons to its meetings and may secure independent expert and/or professional advice as it may deem desirable or appropriate.

All resources necessary for the Board to perform its duties and functions shall be provided by the Corporation, at its expense.

6.3. Records/Confidentiality

The Corporate Secretary shall keep and have custody of the records of the Board. Except for information that are required to be disclosed pursuant to law or regulations issued by competent government authorities, the records of the Board shall be kept confidential.

6.4. Annual Review

The Board shall review and re-assess the adequacy of its Charter annually and submit proposed changes to the Board for approval.

6.5 Self-Evaluation

The Board shall conduct a yearly self-evaluation of its performance.

6.6. Effectivity

This Charter or amendments thereto shall take effect when approved by the Board and shall apply prospectively.