

RELATED PARTY TRANSACTIONS POLICY

I. GENERAL POLICY STATEMENT

Chelsea Logistics and Infrastructure Holdings Corp. (referred to as CHELSEA or the Company) ensures the fairness and transparency of related party transactions between and among the Company and its parent company, subsidiaries, associates, affiliates, joint ventures or entities that are controlled, jointly controlled or significantly influenced or managed by a person who is a related party; Directors, officers, substantial shareholders and their spouses and relatives within the fourth degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant control over the Company.

The terms of any transaction involving related parties must be done at arm's length, with the best interest of the Company and its shareholders in mind.

This shall be referred to as the Related Party Transactions (RPT) Policy of the Company.

II. PURPOSE

This Related Party Transactions Policy sets out to achieve the following:

- To formulate and implement policies and procedures that would ensure the integrity and transparency of Related Party Transactions;
- To set out the general requirements, responsibilities, and the specific policies, procedures and disclosures to be followed as Related Party Transactions occur;
- To ensure that every Related Party Transaction is conducted in a manner that will protect the Company and its stakeholders from conflict of interest which may arise between the Company and its Related Parties;
- To ensure that every Related Party Transaction is at arm's length, with terms that are fair and inure to the best interest of the Company, its stakeholders, subsidiaries and affiliates;
- To ensure proper periodic review, evaluation, approval, ratification, disclosure and implementation of transactions between the Company and any of its Related Party/ies as required in compliance with legal and regulatory requirements; and
- To ensure whistle-blowing mechanisms and remedies for abusive Related Party Transactions are in place.

III. COVERAGE

This Related Party Transactions Policy applies to the Company, its subsidiaries and affiliates, and all related parties of CHELSEA, as defined herein.

IV. DEFINITION OF TERMS

CHELSEA is an encompassing term that is used throughout the Policy to describe all member companies under the Chelsea Logistics and Infrastructure Holdings Corp. Group.

Affiliate refers to an entity linked directly or indirectly to CHELSEA through any of the following:

- a. Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a party of at least ten percent (10%) or more of the outstanding voting stock of CHELSEA, or vice versa;
- b. Interlocking directorship or officership, except in cases involving Independent Directors;
- c. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of

CHELSEA and the entity;

- d. Management contract or any arrangement granting power to CHELSEA to direct or cause the direction of management and policies of an entity, or vice versa.

Associate refers to an entity over which CHELSEA holds twenty percent (20%) or more of the voting power, directly or indirectly, or over which CHELSEA has significant influence.

At Arm's Length is a term referring to transactions in an open and unrestricted market and between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.

Board of Directors refers to the Company's Board of Directors.

Control represents the characteristic of a person or entity which includes: (a) power over CHELSEA; (b) exposure or rights, to variable returns from its involvement with CHELSEA; and, (c) the ability to use its power over CHELSEA to affect the amount of CHELSEA's returns.

Independent Director refers to any of the Company's Independent Directors.

Material Related Party Transactions pertain to any related party transaction/s, either individually, or in aggregate value over a twelve (12)-month period with the same related party, amounting to more than Php 1,000,000,000.

Materiality Threshold pertain to ten percent (10%) of the Company's total assets based on its latest audited financial statements. As a parent Company, CHELSEA's total assets pertain to its total consolidated assets.

Related Interests refers to:

- a. Any person related to a party within the fourth civil degree of consanguinity or affinity, whether legitimate, illegitimate or common law;
- b. Any corporation, partnership, trust or other entity which a party controls, whether directly or indirectly.

Related Parties are as follows:

- a. CHELSEA's parent company, subsidiaries, fellow subsidiaries, as well as associates, affiliates and any entity (including their subsidiaries, affiliates and special purpose entities) that is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party;
- b. CHELSEA Directors, Officers, Managers and Key Management Personnel and their spouses or relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, having authority and responsibility for planning, directing and controlling the activities of the Company or its Subsidiary or its Parent, directly or indirectly; including companies they have control or joint control or significant influence;
- c. All substantial shareholders and their spouses or relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, who are directly or indirectly the beneficial owners of more than ten percent (10%) of any class of its equity security.
- d. Post-employment benefit plan, and sponsoring employers of such a plan, of either CHELSEA or an entity that is a related party of CHELSEA.

Related Party Transactions Evaluation Panel is composed of three (3) members of the Company's Senior Management Team tasked to review and evaluate Related Party Transactions even those below the threshold amount.

Related Party Registry pertains to the record of the organizational and structural composition, including any change thereon, of the Company and its related parties.

Related Party Transaction (RPT) is a transfer of resources, services or obligations between CHELSEA, and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with Related Parties, but also outstanding transactions entered in to with an unrelated party that subsequently becomes a Related Party. Examples of RPTs are:

- Loans between and among CHELSEA Companies
- Loans to Directors or officers
- Sale or purchase of goods and services
- Sale, purchase or lease of property and/or assets
- Provision or receipt of services or leases
- Assumption of financial/operating obligations
- Subscription for debt or equity issuances
- Establishment of joint venture entities
- Settlement of liabilities on behalf of CHELSEA or its subsidiary or by CHELSEA or its subsidiary on behalf of a related party
- Compensation, benefits (monetary /non-monetary), post-employment benefits, termination benefits and share-based payment of current employees.

Related Party Transactions Committee (RPT Committee) is the Board Committee tasked to review and evaluate Material Related Party Transactions, composed of at least three (3) non-executive Directors, two (2) of whom, including the Chairperson, shall be Independent Directors.

Significant Influence refers to the power to participate in the financial and operating policy decisions of CHELSEA, but has no control or joint control over those policies.

Significant Related Party Transaction pertains to a transaction (whether contract, venture or agreement) among Related Parties with a total contractual value of at least Php5,000,000 and up to Php1,000,000,000; regardless of how the payment terms of the contract is structured.

V. RESPONSIBILITIES

A. Board of Directors

The Board of Directors shall have the overall responsibility in ensuring that the transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the Company's shareholders and other stakeholders. Towards this end, the Board of Directors shall carry out the following duties and responsibilities:

- To institutionalize an over-arching policy on management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted at an arm's length basis, and that no shareholder or stakeholder is unduly disadvantaged;
- To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes (such as changes in price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirements) in the terms and conditions of material RPTs in accordance with this Policy;

- To establish an effective audit, risk and compliance system to (a) determine, identify, and monitor related parties and material RPTs; (b) continuously review and evaluate existing relationships between and among businesses and counterparties; and, (c) identify, measure, monitor and control risks arising from material RPTs.

The system shall be able to define the related parties' extent of relationship with the Company; assess situations in which a non-related party (with whom the Company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the Company to a particular related party. The said system will facilitate the submission of accurate reports to the regulators/supervisors. The system as well as the over-arching policies shall be subject to periodic assessment by the Internal Audit Head and Compliance Officer and shall be updated regularly for their sound implementation. The over-arching policy and the system shall be made available to the Securities and Exchange Commission (SEC) and audit functions for review. Any change in the policy and procedure shall be approved by the majority of the Board of Directors and approved by majority of the shareholders constituting a quorum.

- To oversee the integrity, independence and effectiveness of the policies and procedures for whistle-blowing. The Board should ensure that senior Management addresses legitimate issues on material RPTs that are raised. The Board should take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

B. SENIOR MANAGEMENT

The Company's Senior Management Team shall implement appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with the Company's policy and SEC's regulations.

VI. POLICIES

A. General Principles

1. The Company shall at all times comply with the requirements of the Corporation Code, the Company's Articles of Incorporation and ByLaws, regulations and circulars of the SEC, and other related laws, rules and regulations, in approving RPTs.
2. The Management and the Board of Directors shall regularly update the Related Party Registry with the persons and companies that are considered related parties of CHELSEA.
3. The RPT Committee shall ensure that all transactions with, or for the benefit of, any Related Party are on terms and conditions that are arm's length and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval as provided in this RPT Policy.
4. All Significant and Material RPTs shall be subject for review and endorsement by the Independent Directors who are members of the RPT Committee.
5. The Compliance Officer/Internal Audit shall advise and provide assistance to the Group Controller / Chief Financial Officer (CFO) in ensuring that Significant and Material RPTs across the CHELSEA Group are reviewed and approved in accordance with this Policy.
6. The Group Controller / CFO shall ensure that all Significant and Material RPTs are reported to the

Audit Committee to ensure full and timely disclosures in the quarterly and annual reports of the Company to the SEC, the Philippine Stock Exchange (PSE) and other regulatory bodies, and in the Company's Financial Statements in compliance with relevant accounting standards.

7. If an actual or potential conflict of interest arises on the part of a Director or Corporate Officer, he is mandated to fully and immediately disclose the same and should not participate in the decision-making process relating to the RPT. Any member of the Board of Directors who has an interest in the transaction under discussion shall not participate in the discussions and shall abstain from voting on the approval of the transaction.

B. RPT Thresholds

The Board of Directors together with the Related Party Transactions Committee and CHELSEA Related Party Transactions Evaluation Panel shall determine and provide pre-approved RPTs and thresholds subject for their review and approval.

Below is the threshold summary of RPTs:

| Nature of RPT | Transaction Value Per Contract | Approving Authority |
|---|------------------------------------|--|
| Below RPT Threshold | Below Php5,000,000.00 | Subject to review by the RPT Evaluation Panel |
| Significant RPT | Php5,000,000 to Php100,000,000 | Requires review and approval by the RPT Evaluation Panel and the RPT Committee |
| | Php100,000,000 to Php1,000,000,000 | Requires review and approval by the RPT Evaluation Panel and the RPT Committee |
| Material RPT | Above P1,000,000,000 | Requires review and approval by the RPT Evaluation Panel, the RPT Committee and the Board of Directors |
| RPT involving Directors or Corporate Officers | Regardless of amount | Requires the review of the RPT Committee and approval of the Board of Directors. |

In the review and approval of the Material RPTs, the Committee shall consider the following factors:

1. whether the transaction is at arm's length;
2. the benefits to the Company of entering into the transaction;
3. the extent of the Related Party's interest;
4. aggregate value of the Material RPT;
5. whether the terms of the Material RPT are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
6. whether the Material RPT would impair independence if the Related Party is a Director, an immediate family member of a Director or an entity in which a Director is a shareholder or of which a Director is a senior executive officer.

CHELSEA shall require Directors and key management personnel to abstain and/or inhibit themselves from participating in discussions on a particular agenda when they are conflicted.

C. Material Related Party Transactions

1. Coverage of Material RPT

This Policy shall cover all transactions meeting the materiality threshold.

Transactions amounting to ten percent (10%) or more of the total assets 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 the 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 material RPT to the requirements of this Material RPT Rules.

2. Identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with material RPTs

The Policy shall cover the identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with the material RPTs. Directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the Material RPT and abstain from the discussion, approval and management of such transaction or matter affecting CHELSEA. 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.

3. Guidelines in ensuring arm's length terms.

The Company shall ensure that no preferential treatment shall be given to related parties that are not extended to non-related parties under similar circumstances.

Before the execution of Material RPT, the Board of Directors shall appoint an external independent party to evaluate the fairness of the terms of the Material RPTs. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.

The Company shall adopt an effective price discovery mechanism to ensure that the terms of the transactions will promote the best interest of the CHELSEA and its shareholders.

4. Approval of Material RPTs.

All individual Material RPTs shall be approved 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 Material RPT. In case that a 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 RPT transactions within a twelve (12)-month period that breaches the materiality threshold of Php1,000,000,000, the same Board approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussion and voting on the same. 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.

5. Self-assessment and periodic review of the Policy.

The Internal Audit shall conduct a periodic review of the effectiveness of CHELSEA's 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 Audit Committee.

The Company's Compliance Officer shall ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He shall aid in the review of the Company's transactions and identify any Material RPT that would require review by the Board. He shall ensure that the Company's Material RPT policy is kept updated and is properly implemented throughout the Company.

6. Disclosure requirement of Material RPTs

The members of the Board, substantial shareholders and officers shall fully disclose to the Board of Directors all material facts related to Material RPTs as well as direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company. Such disclosure shall be made at the Board meeting where the Material RPT will be presented for approval and before the completion or execution of the Material RPT.

D. Review and Approval of Significant and Material Related Party Transaction

1. General

The Related Party Transactions Evaluation Panel shall review, evaluate and approve Related Party Transactions with total contractual value of Php 5,000,000 up to Php100,000,000. In its review of these RPTs, the Committee shall consider whether the terms of the RPTs are at arms' length and fair to the Company.

RPTs exceeding a total contractual value of Php 1,000,000,000 shall be reviewed by the RPT Committee and Audit Committee and approved by the Board of Directors. Management should promptly report to the Audit Committee/Board on the terms, business purpose, benefits and other details of each new, existing or proposed RPT for review and approval.

RPTs exceeding the threshold shall be approved by the Board before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board. In any case where the Board determines not to ratify a RPT that has been commenced without approval, the Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

2. Review by Audit Committee

The Audit Committee shall assist the Board in its review of these RPTs exceeding the threshold. The Audit Committee shall consider whether the terms of the RPTs are at arms' length and fair to the Company.

To review a RPT, the Audit Committee should be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to CHELSEA and to the Related Party, and any other relevant matters. In determining whether to approve or ratify a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:

- materiality
- purpose and timing of the transactions
- benefits to the Company of entering into the transaction;
- extent of the Related Party's interest;
- Conflict of interest, actual or apparent, of the Related Party participating in the transaction.
- availability of other sources of comparable products or services;
- aggregate value of the RPT
- whether the terms of the RPT are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party
- whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any
- whether the RPT would impair independence if the Related Party is a director, an immediate family member of a director or an entity in which a Director is a shareholder or of which a Director is a senior executive officer,
- whether CHELSEA was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company
- whether the RPT would present an improper conflict of interest for any Director, or management taking into account the size of the transaction
- Any other relevant information regarding the transaction

E. Whistle-Blowing Mechanisms

The Company has an existing whistle-blowing mechanism consistent with the corporate values and Code of Conduct set by the Board of Directors. The Company's Policy encourages employees and other stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable transactions that would include RPT. The current whistle-blowing Policy includes guidance on how and by whom legitimate material concerns should be reported, investigated and addressed by an objective independent internal body.

F. Abusive Material Related Party Transactions

Abusive Material RPTs refer to Material RPTs that are not entered into at arm's length and unduly favor a Related Party.

The Company shall adopt measures that would cut losses and allow recovery of losses or opportunity costs incurred by the Company arising out of or in connection with abusive Material RPTs. Whenever applicable, the Company shall discontinue a Related Party Transaction if found abusive and demand restitution of losses or opportunity costs it incurred from such Related Party Transaction.

An officer of the Company who has been found remiss in his duty of handling related party transactions in accordance with the Policy shall be subject to the provisions of the Company's Code of Conduct particularly Section 32 of Article VIII thereof.

An interested Director of CHELSEA shall be disqualified from being a Director or officer of any other corporation on the basis of a final judgment rendered by a court of competent jurisdiction against the interested Director or officer for abusive Material RPTs. The disqualification shall be for a period of at least one (1) year or more, as determined by the SEC.

VII. DISCLOSURE

Material Related Party Transactions are required to be disclosed and reported in the Company's filings with the SEC and the Philippine Stock Exchange and shall be disclosed in accordance with laws, rules, regulations, Philippine Financial Reporting Standards.

VIII. POLICY REVIEW AND IMPLEMENTATION

This Policy shall be reviewed by the Compliance Officer as and when any changes are to be incorporated in the Policy due to changes in regulation and/ or amendments to existing laws. The Compliance Officer shall also ensure the proper implementation of the Policy across CHELSEA's subsidiaries and affiliates.

CHELSEA Management is responsible for the administration, interpretation, and application of this Policy. The Policy will be reviewed annually and revised as needed.

Implementing guidelines and procedures in support of this Policy may be prepared and approved by CHELSEA Management.

IX. APPROVAL

This Policy shall be approved by the Board upon recommendation of CHELSEA Management and the Audit Committee.

25 October 2019.