



**THE PHILIPPINE STOCK
EXCHANGE, INC.**

**Corporate Governance Guidelines
for
Listed Companies
Disclosure Template**

	COMPLY	EXPLAIN
Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1. Have a clearly defined vision, mission and core values.	√	<ul style="list-style-type: none"> ▪ Company website (www.pepsiphilippines.com) - "Our Company" page > "Our Mission, Vision and Values" tag
1.2. Have a well-developed business strategy.	√	<ul style="list-style-type: none"> ▪ SEC Form 17-A for 2015 filed on 11 April 2016, item 1(2)(c), (e), (f), (g) and (i), pages 3-6; ▪ Management Report (Annex A of Definitive Information Statement for 2015 filed on 4 May 2016), part I, page 2 on "Customers/Distribution Methods of the Products" and "Principal Suppliers"
1.3. Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	√	<ul style="list-style-type: none"> ▪ SEC Form 17-A for 2015 filed on 11 April 2016, item 1(2)(c), (e), (f), (g) and (i), pages 3-6; ▪ Management Report (Annex A of Definitive Information Statement for 2015 filed on 4 May 2016), part I, page 2 on "Customers/Distribution Methods of the Products" and "Principal Suppliers"
1.4. Have its board continually engaged in discussions of strategic business issues.	√	<ul style="list-style-type: none"> ▪ Management Report (Annex A of Definitive Information Statement for 2015 filed on 4 May 2016), part VI, page 11 on "Executive Committee" and paragraph 7, page 12 ▪ Revised Manual on Corporate Governance filed on 31 July 2014, Clause 2.2.1.2 and 2.2.1.3, pages 2-3 ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part A(1)(b), pages 7-8 on "Board Responsibilities"
Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1. Have a board composed of directors of proven competence and integrity.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 5, pages 9-11 on "Background Information and Business Experience" ▪ SEC Form 17-A for 2015 filed on 11 April 2016, item 10, pages 18-20 on "Background Information and Business Experience - Directors"
2.2. Be led by a chairman who shall ensure that the board functions in an effective and	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report

collegial manner.		<p>for 2015 filed on 11 January 2016, Part A(2)(b), pages 10-11 on “Roles, Accountabilities and Deliverables”</p> <ul style="list-style-type: none"> Revised Manual on Corporate Governance filed on 31 July 2014, Clause 2.2.3, page 13 on “The Chairman of the Board”
2.3. Have at least three (3) of thirty percent (30%) of its directors as independent directors.		<ul style="list-style-type: none"> The Corporation has 2 independent directors. The Corporation observes the minimum required number of independent directors based on SEC Memorandum Circular No. 6, Series of 2009 which is 2 directors or 20% of its Board size, whichever is lesser, but in no case less than 2.
2.4. Have in place written manuals, guidelines and issuances that outline procedures and processes.	√	<ul style="list-style-type: none"> Revised Manual on Corporate Governance filed on 31 July 2014
2.5. Have Audit, Risk, Governance and Nomination & Election Committees of the board.		<ul style="list-style-type: none"> The Corporation has an Audit Committee which carries out risk management and governance functions, a Compensation and Remuneration Committee, and a Nomination Committee which assists in the process of election of directors.
2.6. Have its Chairman and CEO positions held separately by individuals who are not related to each other.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part A(2)(a), page 10 on “Chairman and CEO” SEC Form 17-A for 2015 filed on 11 April 2016, item 10, page 21 on “Significant Employees and Family Relationships” Definitive Information Statement for 2015 filed on 4 May 2016, item 5, paragraph 5, page 12
2.7. Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	√	<ul style="list-style-type: none"> Definitive Information Statement for 2015 filed on 4 May 2016, item 4, paragraph 2, page 4
2.8. Have in place a formal board and director development program.		<ul style="list-style-type: none"> All directors are made aware of their obligations, duties and responsibilities under the general Corporation Code of the Philippines, the Philippine Securities Regulation Code, the Articles of Incorporation, By-laws, and Corporate Governance Manual of the Corporation, and relevant regulations of the Philippine Stock Exchange,

		among others. The directors are encouraged to update themselves continually on evolving trends, standards and best practices on corporate governance by regular attendance at seminars. The Corporation is committed to provide the appropriate support for such initiatives.
2.9. Have a corporate secretary.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 5, page 9 on “Executive Officers” ▪ SEC Form 17-A for 2015 filed on 11 April 2016, item 10, page 18 on “Executive Officers”
2.10. Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors’ ability to vote independently.		<ul style="list-style-type: none"> ▪ All directors are aware of their obligation to exercise independent business judgment on issues affecting the Corporation.
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1. Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	√	<ul style="list-style-type: none"> ▪ Revised Manual on Corporate Governance filed on 31 July 2014, Clause 2.2.8, page 15 on “Internal Auditor” ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part G(2), page 47 on “Internal Audit”
3.2. Have a comprehensive enterprise-wide compliance program that is annually reviewed.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part G(1)(d), page 47 ▪ Management Report (Annex A of Definitive Information Statement for 2015 filed on 4 May 2016), part VI, paragraphs 6 and 8, page 12
3.3. Institutionalize quality service programs for the internal audit function.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part G(2)(f), pages 48-49 on “Audit Control Policies and Procedures”
3.4. Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part H, pages 50-53 on “Role of Stakeholders”
3.5. Have the 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.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part F(3)(c), page 46 on “Committee”

Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1. Have its board oversee the company's risk management function.	√	<ul style="list-style-type: none"> ▪ Revised Manual on Corporate Governance filed on 31 July 2014, Clause 2.2.2.2.3, page 7 on "Audit Committee" ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part F(3)(c), page 46 on "Control System Set Up – Committee"
4.2. Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part F(2), page 49 on "Control System Set Up – Committee"
4.3. Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part G(1)(a), page 46 on "Internal Control System"
4.4. Have a unit at the management level, headed by a Risk Management Officer (RMO).	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part F(2), page 49 on "Control System Set Up – Committee"
4.5. Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part F(2), pages 44-45 on "Risk Policy" and Part F(3)(a) and (b), pages 45-46 on "Control System Set Up" ▪ SEC Form 17-A for 2015 filed on 11 April 2016, item 1(2)(o), pages 8-9 on "Major Risks" and item 6, pages 13-15 on "Results of Operations" ▪ Management Report (Annex A of Definitive Information Statement for 2015 filed on 4 May 2016), part V, pages 5-7 on "Results of Operations"
4.6. Seek external technical support in risk management when such competence is not available internally.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part C(6), page 32 on "External Advice" ▪ Revised Manual on Corporate Governance filed on 31 July 2014, Clause 2.2.7, pages 14-15 on "External Auditor"
Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION		
5.1. Have the board Audit Committee approve all non-audit services conducted by the	√	<ul style="list-style-type: none"> ▪ Revised Manual on Corporate Governance filed on

external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.		<p>31 July 2014, Clause 2.2.2.2.10, page 8 on "Audit Committee"</p> <ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part E(2)(b), pages 41-42 on "Audit Committee's responsibility relative to the external auditor"
5.2. Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	√	<ul style="list-style-type: none"> ▪ Revised Manual on Corporate Governance filed on 31 July 2014, Clause 2.2.7, page 14 on "External Auditor"
5.3. Ensure that the external auditor has adequate quality control procedures.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part E(2)(b), pages 41-42 on "Audit Committee's responsibility relative to the external auditor"
5.4. Disclose relevant information on the external auditors.	√	<ul style="list-style-type: none"> ▪ Annual Audited Financial Statements for the calendar years ended 31 December 2015 and 31 December 2014 filed on 11 April 2016, "Report of Independent Auditors"
5.5. Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.		<ul style="list-style-type: none"> ▪ The appointment of the Corporation's external auditor is recommended by the Corporation's Audit Committee, and their appointment is endorsed by the Board and brought to the shareholders for approval each year at the Corporation's annual shareholders' meeting based on their meeting the necessary qualification criteria including independence.
5.6. Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.		<ul style="list-style-type: none"> ▪ From time to time, the external audit team is requested to attend meetings of the Audit Committee, to make presentations and reply to inquiries on matters relating to the Company's financial statements. The Audit Committee members are free to inquire from or discuss with the external audit team whenever there is a need to clarify issues arising from the audit.
5.7. Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	√	<ul style="list-style-type: none"> ▪ Annual Audited Financial Statements for the calendar years ended 31 December 2015 and 31 December 2014 filed on 11 April 2016, "Statement of Management's Responsibility for the Financial

		Statements”
5.8. Have a policy of rotating the lead audit partner every five years.	√	<ul style="list-style-type: none"> ▪ Revised Manual on Corporate Governance filed on 31 July 2014, Clause 2.2.7.3, page 15 on “External Auditor” ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part G(2)(g), page 49 on “Mechanisms and Safeguards”
Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP		
6.1. Adopt the principle of “one share, one vote.”	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 4, paragraph 1, page 4
6.2. Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 4, paragraph 2, page 4
6.3. Have an effective, secure and efficient voting system.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 19, page 18 on “Voting Procedures”
6.4. Have effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 4, paragraph 2, page 4 on “cumulative voting”
6.5. Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part J(1)(d)(3), page 56 on “Stockholders’ Participation”
6.6. Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part F(2)(c), paragraph 2, page 45 on “Minority Shareholders”
6.7. Ensure that all relevant questions during the AGM are answered.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part J(1)(d)(4), page 56 on “Stockholders’ Participation”
6.8. Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part J(2)(a), page 61 on “Treatment of Minority Stockholders”
6.9. Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part A(4), page 14 on “Independence”

		<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(4), pages 26-27 on "Related Party Transactions"
6.10. Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	√	<ul style="list-style-type: none"> Definitive Information Statement for 2015 filed on 4 May 2016, item 4, page 4 on "Security Ownership of Record and Beneficial Owners of at least Five Percent (5%) of the Corporation's Securities as of 31 March 2016"
6.11. Have a communications strategy to promote effective communication with shareholders.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part I(4), page 54 on "Medium of Communication"
6.12. Have at least thirty percent (30%) public float to increase liquidity in the market.	√	<ul style="list-style-type: none"> Public Ownership Report as of 31 March 2016 filed on 8 April 2016
6.13. Have a transparent dividend policy.	√	<ul style="list-style-type: none"> Management Report (Annex A of Definitive Information Statement for 2015 filed on 4 May 2016), part II, page 5 on "Dividend Policy" SEC Form 17-A for 2015 filed on 11 April 2016, item 5, page 13 on "Dividend Policy"
Guideline No. 7:		
ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME		
7.1. Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	√	<ul style="list-style-type: none"> Revised Manual on Corporate Governance filed on 31 July 2014, Clause 5, page 16 on "Reportorial or Disclosure System of Corporation's Corporate Governance Policies"
7.2. Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(5)(c), page 28 on "Family, Commercial and Contractual Relations" Definitive Information Statement for 2015 filed on 4 May 2016, item 4, page 8 on "Certain Relationships and Related Transactions" SEC Form 17-A for 2015 filed on 11 April 2016, item 13, page 25 on "Certain Relationships and Related Transactions" Annual Audited Financial Statements for the calendar years ended 31 December 2015 and 31 December 2014 filed on 11 April 2016, Note 22 on

		“Related Party Transactions”
7.3. Disclose its director and executive compensation policy.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 6, page 14 ▪ SEC Form 17-A for 2015 filed on 11 April 2016, item 11, page 22 ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, part D(2), page 33 on “Remuneration Policy and Structure for Directors”
7.4. Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company’s other companies if it belongs to a corporate group.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 4, page 4 on “Security Ownership of Record and Beneficial Owners of at least Five Percent (5%) of the Corporation’s Securities as of 31 March 2016” ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, part I(1), page 53 on “Ownership Structure”
7.5. Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.	√	<ul style="list-style-type: none"> ▪ Definitive Information Statement for 2015 filed on 4 May 2016, item 11, pages 15-16 on “Financial and Other Information” ▪ SEC Form 17-A for 2015 filed on 11 April 2016 ▪ Annual Audited Financial Statements for the calendar years ended 31 December 2015 and 31 December 2014 filed on 11 April 2016, Note 22 on “Related Party Transactions” ▪ SEC Form 17-Q for quarterly period ended 31 March 2016 filed on 2 May 2016 ▪ Company website (www.pepsiphilippines.com) - “Investor Relations” page
7.6. Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	√	<ul style="list-style-type: none"> ▪ Management Report (Annex A of Definitive Information Statement for 2015 filed on 4 May 2016), paragraph 8, page 12 ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016
7.7. Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	√	<ul style="list-style-type: none"> ▪ Company website (www.pepsiphilippines.com) - “Investor Relations” page ▪ Definitive Information Statement for 2015 filed on

		4 May 2016, item 15, page 16 on “Action with Respect to Reports” and item 18, page 17 on “Other Proposed Actions”
7.8. Disclose the trading of the corporation’s shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company’s purchase of its shares from the market (e.g share buy-back program).	√	<ul style="list-style-type: none"> ▪ Company website (www.pepsiphilippines.com) - “Investor Relations” page > “SEC Reports” <ul style="list-style-type: none"> ○ Various SEC Forms 23-A and 23-B
7.9. Disclose in its annual report the principal risks to minority shareholders 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.	√	<ul style="list-style-type: none"> ▪ SEC Form 17-A for 2015 filed on 11 April 2016, item 1(2)(o), pages 8-9 on “Major Risks” and item 6, pages 13-15 on “Results of Operations”
Guideline No. 8:		
RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS		
8.1. Establish and disclose a clear policy statement that articulates the company’s recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well as the community, environment and other key stakeholder groups.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, part H, pages 50-52 on “Role of Stakeholders”
8.2. Have in place a workplace development program.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, part A(6), pages 22-25 on “Orientation and Education Program” and part H(3)(c), page 52 on “Company’s Training and Development Programmes for its Employees” ▪ Company website (www.pepsiphilippines.com) - “Our Company” page > “Pepsi University” tag
8.3. Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	√	<ul style="list-style-type: none"> ▪ Annual Audited Financial Statements for the calendar years ended 31 December 2015 and 31 December 2014 filed on 11 April 2016, part 2, page 11 on “Employee Benefits” and Note 13 on “Defined Benefit Plan”
8.4. Have in place a community involvement program.	√	<ul style="list-style-type: none"> ▪ Company website (www.pepsiphilippines.com) - “Social Responsibility” page ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, part L, pages 62-63 on “Corporate Social Responsibility Initiatives”
8.5. Have in place an environment-related program.	√	<ul style="list-style-type: none"> ▪ Company website (www.pepsiphilippines.com) - “Social Responsibility” page ▪ Consolidated Annual Corporate Governance Report

		for 2015 filed on 11 January 2016, part L, pages 62-63 on "Corporate Social Responsibility Initiatives"
8.6. Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, part K, pages 61-62 on "Investor Relations Program"
Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING		
9.1 Develop and disclose a policy governing the company's transactions with related parties.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(4)(a), page 26 on "Related Party Transactions"
9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize 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 RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(4), pages 26-27 on "Related Party Transactions"
9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.		<ul style="list-style-type: none"> There is no voting system established to specifically deal with approval of specific types of related party transactions (RPTs). The Corporation enters into RPTs on an arm's length basis, and in the interest of transparency, consistently reports its RPTs in the Corporation's annual audited financial statements, annual reports, and information statements. Significant RPTs are reviewed by the Board through the Audit Committee which includes the two (2) independent directors.
9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(4), pages 26-27 on "Related Party Transactions"
9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	√	<ul style="list-style-type: none"> SEC Form 17-A for 2015 filed on 11 April 2016, item 13, page 25 on "Certain Relationships and Related Transactions" Annual Audited Financial Statements for the calendar years ended 31 December 2015 and 31 December 2014 filed on 11 April 2016, Note 22 on "Related Party Transactions"
9.6 Have a clear policy in dealing with material non-public information by company insiders.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report

		for 2015 filed on 11 January 2016, Part B(1), page 25 on “Code of Business Conduct & Ethics”
9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	√	<ul style="list-style-type: none"> Revised Manual on Corporate Governance filed on 31 July 2014, Clause 5, page 16 on “Reportorial or Disclosure System of Corporation’s Corporate Governance Policies”
Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT		
10.1. Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(1), page 25 on “Code of Business Conduct & Ethics”
10.2. Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(3), page 26 on “compliance with the code of ethics or conduct”
10.3. Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well as present the specific steps being taken to finally comply with the applicable law, rule or regulation.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(1), page 25 on “Code of Business Conduct & Ethics” SEC Form 17-A for 2015 filed on 11 April 2016, item I(2)(j), page 7 on “Government approvals of principal products” and item I(2)(k), page 7 on “Effect of existing or probable governmental regulations on the business”
10.4. Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(1), page 25 on “Code of Business Conduct & Ethics” Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(3), page 26 on “compliance with the code of ethics or conduct” Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part N, page 63 on “Internal Breaches and Sanctions”
10.5. Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	√	<ul style="list-style-type: none"> Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(3), page 26 on “compliance with the code of ethics or conduct”

10.6. Respect intellectual property rights.	√	<ul style="list-style-type: none"> ▪ Consolidated Annual Corporate Governance Report for 2015 filed on 11 January 2016, Part B(1), page 25 on “Code of Business Conduct & Ethics”
10.7. Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.		<ul style="list-style-type: none"> ▪ The Corporation has an efficient albeit informal method of resolving differences of opinion between and among shareholders and stakeholders that follows corporate protocols and considers and respects shareholder and stakeholder differences and preferences.

This is to certify that the undersigned have reviewed the contents of this document and to the best of our knowledge and belief, the information contained and set forth in this document is true, complete and correct.

Done this 30th day of March 2017 in Makati City.


OSCAR S. REYES
Chairman/Independent Director


YONGSANG YOU
Chief Executive Officer