



SEC FORM-ACGR (FOR PC/RI)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the fiscal year ended **31 December 2021**
2. SEC Registration Number **160968**
3. BIR Tax Identification Number **000-168-541**
4. Exact Name of the Issuer as specified in its charter **PEPSI-COLA PRODUCTS PHILIPPINES, INC.**
5. Province, Country or other jurisdiction of incorporation or organization **Philippines**
6. Address of Principal Office **26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City**
7. Postal Code **1773**
8. Issuer's telephone number, including area code **(632) 8887-3774**
9. Former name, former address, and former fiscal year, if changed since last report **Km. 29 National Road, Tunasan, Muntinlupa City**
10. Industry Classification Code (For SEC's use only)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

RECOMMENDATION	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
THE BOARD'S GOVERNANCE RESPONSIBILITIES			
Principle 1. ESTABLISHING A COMPETENT BOARD			
The company should be headed by a competent, working Board to foster the long-term success of the corporation, and to sustain its competitiveness and growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.			
Recommendation 1.1			
1	The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	<p>Please refer to the following documents:</p> <ul style="list-style-type: none"> • Definitive Information Statement for 2020 filed on 7 June 2021 ("<u>2021 DIS</u>"), Part B, Item 5, pages 10-13 • SEC Form 17-A for 2020 filed on 17 May 2021 via electronic mail ("<u>2021 Annual and Sustainability Report</u>"), Part III, Item 10, pages 17 to 22. <p>Please see the following documents for the qualification standards:</p> <ul style="list-style-type: none"> • The Corporation's 2020 Manual on Corporate Governance filed on 18 June 2020 ("<u>2020 Manual</u>"), Section 2.2.2.3.2, pages 17-22 • Charter of the Board of Directors, Section 3, pages 6-7 • Board Nomination and Election Policy attached to the Charter of the Nomination and Governance Committee, Section 2.1, page 11
2	The Board has an appropriate mix of competence and expertise.	COMPLIANT	
3	Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	
Recommendation 1.2			
1	The Board is headed by a competent and qualified Chairperson.	COMPLIANT	<p>The Chairman of the Board, Mr. Oscar S. Reyes, is competent, qualified, and a well-accomplished business executive with years of experience in directorship and corporate governance.</p> <p>Please refer to:</p>

			<ul style="list-style-type: none"> • 2021 Manual, Section 2.2.3, page 25 • The Corporation's Amended By-Laws ("<i>Amended By-Laws</i>"), Article IV, Section 2 • 2021 DIS, Part B, Item 5, page 12 • 2021 Annual and Sustainability Report, Part III, Item 10, page 20 • Charter of the Board of Directors, Section 3, page 6 • Amended 2021 General Information Sheet filed on 25 March 2022 and received by the SEC on 30 March 2022 ("<i>Amended 2021 GIS</i>") 	
Recommendation 1.3				
1	The company provides a policy on training of directors.	COMPLIANT	<p>There is a policy for the Board's training on Corporate Governance. Please refer to:</p> <ul style="list-style-type: none"> • 2020 Manual, Section 4.2, page 29 • Charter of the Board of Directors, Section 3, page 7 • Charter of the Nomination and Governance Committee, Section 3.1, pages 3-4 <p>The President and CEO attended the SEC- Philippine Stock Exchange Corporate Governance Forum on 19 November 2021, one director attended a four (4)-hour corporate governance seminar administered by Risks, Opportunities, Assessment and Management (ROAM), Inc. on 26 November 2021, while the rest of the Board members and key officers attended a four (4)-hour corporate governance seminar administered by ROAM on 14 December 2021.</p> <p>The Board and key officers have also separately attended corporate governance and other trainings.</p>	
2	The company has an orientation program for first-time directors.	COMPLIANT		
3	The company has relevant annual continuing training for all directors.	COMPLIANT		
Recommendation 1.4				
1	The Board has a policy on board diversity.	COMPLIANT	<p>Please refer to the 2020 Manual, Section 2.2.1.1, pages 2-3.</p> <p>There are currently seven (7) men and two (2) women on the Board. There is likewise a good mix of nationalities (Korean, Thai, Australian, American and Filipino) who are of varying ages, work experience, competencies, skills, expertise and knowledge that support Board diversity.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> • Amended 2021 GIS • 2021 DIS, Part B, Item 5, page 9 • 2021 Annual and Sustainability Report, Part III, Item 10, page 17 	
Recommendation 1.5				

1	The Board is assisted by a Corporate Secretary.	COMPLIANT	The Board is assisted by the Corporate Secretary, Atty. Kristine Ninotschka L. Evangelista, and she is neither a member of the Board nor the Compliance Officer. Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.6, pages 26-27 • Amended By-Laws, Article IV, Section 10 • 2021 DIS, Part B, Item 5, page 13 • 2021 Annual and Sustainability Report, Part III, Item 10, pages 21-22
2	The Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	
3	The Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	
4	The Corporate Secretary attends annual training/s on corporate governance.	COMPLIANT	

Recommendation 1.6

1	The Board is assisted by a Compliance Officer.	COMPLIANT	The Compliance Officer is Atty. Carina Lenore S. Bayon. She is also the Corporation's Chief Legal and Government Affairs Officer and Data Protection Officer, and is not a member of the Board. Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.1, pages 1-2 • 2021 DIS, Part B, Item 5, page 13 • 2021 Annual and Sustainability Report, Part III, Item 10, page 21 • Amended 2021 GIS
2	The Compliance Officer has a rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	
3	The Compliance Officer is not a member of the board.	COMPLIANT	
4	The Compliance Officer attends annual training/s on corporate governance.	COMPLIANT	

Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company's articles of incorporation and bylaws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders/members and other stakeholders.

Recommendation 2.1

1	The Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company, shareholders and stakeholders.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.2, page 3 • Charter of the Board of Directors, Section 2, pages 3-6 	
Recommendation 2.2				
1	The Board oversees the development and approval of the company's business objectives and strategy.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Sections 2.2.1.2 and 2.2.1.3, pages 3-6 • Charter of the Board of Directors, Section 2, pages 3-6 	
2	The Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		
Recommendation 2.3				
1	The Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.3, page 3 and Section 2.2.1.5, pages 7-8 • Charter of the Board of Directors, Section 2, page 4 • Charter of the Nomination and Governance Committee, Section 3.1(d), page 4 	
2	The Board adopts a policy for the retirement of directors and key officers.	COMPLIANT		
Recommendation 2.4				
1	The Board aligns the remuneration of key officers and board members with the long-term interests of the company.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.2.4, pages 23-25 • Charter of the Compensation and Remuneration Committee, Sections 3(a) and (b), page 3 • 2021 DIS, Part B, Item 6, pages 17-18 • 2021 Annual and Sustainability Report, Part III, Item 11, pages 22-23 	
2	The Board adopts a policy specifying the	COMPLIANT		

	relationship between remuneration and performance.			
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		
Recommendation 2.5				
1	The Board has a formal and transparent board nomination and election policy.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • Amended By-laws, Article III-A, Section 4 • 2020 Manual, Sections 2.2.2.3.1 and 2.2.2.3.2, pages 17-22 • 2021 DIS, Part B, Item 5, pages 14-16 • Board Nomination and Election Policy attached to the Charter of the Nomination and Governance Committee 	
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		
3	The Board nomination and election policy includes how the company accepted nominations from shareholders/members.	COMPLIANT		
4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	COMPLIANT		
5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement/removal of a director.	COMPLIANT		

6	The Board has a process for identifying the quality of directors/trustees that is aligned with the strategic direction of the company.	COMPLIANT		
Recommendation 2.6				
1	The Board has overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Sections 2.2.1.3, page 4 • Charter of the Audit Committee, Section 3.5, pages 7-8 • Note 23 on the Audited Financial Statements for the calendar year ended 31 December 2020 filed via electronic email on 17 May 2021 	
2	The RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
Recommendation 2.7				
1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) or his/her equivalent, and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Sections 2.2.1.3, pages 3-4; • Charter of the Board of Directors, Section 2, page 4 On the identity of the Management team, please refer to the following documents: <ul style="list-style-type: none"> • 2021 DIS, Part B, Item 5, pages 12-13 • 2021 Annual and Sustainability Report, Part III, Item 10, page 18 • Amended 2021 GIS 	

2	The Board is primarily responsible for assessing the performance of Management, led by the CEO or his/her equivalent and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Sections 2.2.1.3, pages 3-4; • Charter of the Board of Directors, Section 2, page 4 	
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Recommendation 2.8

1	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management's performance is on par with the standards set by the Board and Senior Management.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 1, page 1, and Section 2.2.1.3, pages 3-4 • Charter of the Board of Directors, Section 2, page 4 	
2	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel's performance is on par with the standards set by the Board and Senior Management.	COMPLIANT		

Recommendation 2.9

1	The Board ensures that an appropriate internal control system is in place.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.5, pages 7-8 • Charter of the Audit Committee, Introduction, page 1 	
2	The internal control system includes a mechanism for monitoring and managing potential/actual conflicts of interest of the board members/trustees, management and shareholders/members.	COMPLIANT		
3	The Board adopts an Internal Audit Charter.		Please refer to: <ul style="list-style-type: none"> • Charter of the Audit Committee, page 1 • 2020 Manual, Section 2.2.2.2 • Amended By-Laws, Article III, Section 10 	
Recommendation 2.10				
1	The Board ensures that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.5, pages 7-8 • Charter of the Audit Committee, Section 3.4, pages 6-7 • Management Report (Annex B of 2021 DIS), Part V, page 8 in connection with Part I, pages 1-3 • 2021 Annual and Sustainability Report, Part III, Item 6, page 16 in connection with Part I, Item 2(o), pages 16 	
2	The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.			

Recommendation 2.11			
1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.		<p>Please refer to the Charter of the Board of Directors available at https://www.pepsiphilippines.com/corporate-governance/board-committees-and-charter.</p> <p>The Board's roles, responsibilities and accountabilities are set out in the following documents:</p> <ul style="list-style-type: none"> • Amended By-Laws, Article III, Section 1 • 2020 Manual, Sections 2.2.1-2.2.1.4, pages 2-7 • Charter of the Board of Directors, Sections 2-3, pages 2-5.
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.		
3	The Board Charter is publicly available.		

Principle 3. ESTABLISHING BOARD COMMITTEES

The board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, compliance and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all the board committees should be contained in their respective board committee charters.

Recommendation 3.1

1	The Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.2, pages 9-25 • Charter of the Board of Directors, Section 8, page 13
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Recommendation 3.2

1	The Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> • 2020 Manual, Sections 2.2.2.2, pages 11-16 • Charter of the Audit Committee, Section 2, page 4, and Section 3, pages 4-8 <p>The appointment, reappointment, removal and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board, and ratified by the stockholders. Please refer to the 2020 Manual, Section 2.2.2.2.4, page 12, and the Charter of the Audit Committee, Section 3.3 (a), page 6.</p>
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	applicable laws and regulations.			
2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Sections 2.2.2.2, page 11-12 • Management Report (Annex B of 2021 DIS), Part VI, pages 9-10 • Charter of the Audit Committee, Section 5, pages 8-10 	
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Please refer to the 2021 DIS, Part B, Item 5, pages 10-12.	
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	COMPLIANT	Mr. Rafael M. Alunan III is the incumbent Chairman of the Audit Committee and is not the Chairman of the Board or any other committee. Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.2.2, pages 11-12 • Charter of the Audit Committee, Section 5, page 9 • Amended 2021 GIS 	
Recommendation 3.3				
1	The Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Sections 2.2.2.3.6-2.2.2.3.11, pages 22-23 • Charter of the Nomination and Governance Committee, Section 3.1, pages 3-4 	

	Remuneration Committee.			
2	The Corporate Governance Committee is composed of at least three (3) members, majority of whom, including the Chairperson, should be independent directors.	NON-COMPLIANT		<p>The Corporation only has two (2) independent directors.</p> <p>Under the 2020 Manual, the Nomination and Governance Committee is composed of only independent directors and non-executive directors. Please refer to the 2020 Manual, Section 2.2.2.3.</p>
Recommendation 3.4				
1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	NON-COMPLIANT		<p>The Audit Committee is responsible for risk oversight, and the Corporation has determined that there is no need to establish a separate BROC considering the Corporation's structure, size, risk profile, and nature of operations.</p>
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.			
3	At least one member of the BROC has relevant thorough knowledge			

	and experience on risk and risk management.			
Recommendation 3.5				
1	All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • Charter of the Audit Committee, Sections 2-8, pages 4-13 • Charter of the Nomination and Governance Committee, Section 2-9, pages 4-9 • Charter of the Compensation and Remuneration Committee, Sections 2-8, Section 3-8 	
2	The Committee Charters provide standards for evaluating the performance of a committee and its members.	COMPLIANT		
Principle 4. FOSTERING COMMITMENT				
To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.				
Recommendation 4.1				
1	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders/members in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • Amended By-Laws, Article III, Section 6 • 2020 Manual, 2.2.1.4, pages 6-7 • Charter of the Board of Directors, Section 4, page 9 The members of the Board are provided with copies of all the materials to be discussed during the meeting at least seven (7) days before the meeting in accordance with the Charter of the Board of Directors, Section 5, page 10.	

2	The Directors review meeting materials for all Board and Committee meetings.	COMPLIANT		
3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The minutes of the regular and special board meetings note the questions asked, and the clarifications and explanations made, during the Board and board committee meetings. Please refer to the Charter of the Board of Directors, Section 7, page 13.	
Recommendation 4.2				
1	Non-executive directors concurrently serve in not more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.4, page 7 • Charter of the Board of Directors, Section 3, page 7 • Amended 2021 GIS <p>The non-executive directors, namely, Mr. Jay Buckley, Mr. Parinya Kitjatanapan, Ms. Yuan Wang, Mr. Yongsang You, Mr. Yun Gie Park, Ms. Hyo Jin Song are currently not on the Board of Directors of other publicly-listed companies in the Philippines.</p>	
Recommendation 4.3				
1	The Directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>Please refer to the 2020 Manual, Section 2.2.1.4, page 6-7 and the Charter of the Board of Directors, Section 4, page 8.</p> <p>The independent directors are also required to issue a Certification of Independent Director to inform the Board of their directorships.</p>	
Principle 5. REINFORCING BOARD INDEPENDENCE				
The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.				
Recommendation 5.1				
1	The Board is composed of a majority of non-executive directors who	COMPLIANT	Of the nine (9) person Board of Directors, one (1) is an executive director, while eight (8) are non-executive directors, including two (2) independent directors.	

	possess the necessary qualifications.		Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.1, pages 2-3 • 2021 DIS, Part B, Item 5, pages 10-13 • 2021 Annual and Sustainability Report, Part III, Item 10, pages 18-20 • Amended 2021 GIS 	
Recommendation 5.2				
1	The Board has at least two (2) independent directors or such number as to constitute one-third (1/3) of the board, whichever is higher.	NON-COMPLIANT		Consistent with the Revised Corporation Code, the 2020 Manual, and the Charter of the Board of Directors, the Board, comprised of nine (9) directors, has two (2) Independent Directors (" <i>IDs</i> ") which constitute less than 1/3 of the board and, as of 25 March 2022, has seven (7) Non-Executive Directors (" <i>NEDs</i> "). The IDs and NEDs collectively assure objective and independent judgment on matters brought to the Board for decision, providing the necessary checks and balances.
Recommendation 5.3				
1	The independent directors possess all the qualifications and none of the disqualifications to hold the position.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.2.3.2, page 17-22 • Nomination and Election Policy attached to the Charter of the Nomination and Governance Committee, Section 2.1, page 11. 	
Recommendation 5.4				
1	The company perpetually bars an independent director from serving in such	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.6, pages 8-9 	

	capacity after the term limit of nine (9) years.		The Corporation retained its independent directors in the same capacity after nine (9) years for which the Board provided meritorious justification and secured the stockholders' approval and election of said directors at the 2021 Annual Stockholders' Meeting.	
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders'/members' approval during the annual regular meeting.	COMPLIANT		
Recommendation 5.5				
1	The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.	COMPLIANT	The Chairman of the Board is Mr. Oscar S. Reyes. The Chief Executive Officer (" <i>CEO</i> ") is Mr. Frederick D. Ong. Please refer to the Amended 2021 GIS.	
2	The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.	COMPLIANT	Please refer to the 2020 Manual, Section 2.2.3, page 25, and Section 2.2.5, pages 25-26. The Chairman and the CEO are not related to each other.	
Recommendation 5.6				
1	The Board designates a lead director among the independent directors if the Chairperson of the Board is not an independent director.	COMPLIANT	The Chairman of the Board is an Independent Director. With respect to the policy, please refer to the 2020 Manual, Section 2.2.3, page 25.	
Recommendation 5.7				
1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest,	COMPLIANT	The Directors are aware of the policy. Please refer to the 2020 Manual, Section 2.2.1.4, page 6, and the Charter of the Board of Directors, Section 4, page 9.	

	abstain from taking part in the deliberations for the same, and recuse from voting on the approval of transaction.			
Recommendation 5.8				
1	The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present.	COMPLIANT	<p>The Corporation has a policy which reflects this recommendation, found in the 2020 Manual, Section 2.2.1.4, page 7.</p> <p>All meetings, which tackle external and internal audit processes, compliance and risk oversight, come under the purview of the Audit Committee, The Chairman of the Audit Committee is an independent director.</p> <p>The Audit Committee holds meetings not less than once every quarter.</p>	
2	The meetings are chaired by the lead independent director, if applicable.	COMPLIANT		
Principle 6. ASSESSING BOARD PERFORMANCE				
The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.				
Recommendation 6.1				
1	The Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> • 2020 Manual, Section 7, pages 31-32 • Charter of the Nomination and Governance Committee, Section 8, page 9 • Charter of the Compensation and Remuneration Committee, Section 8, page 8 • Charter of the Audit Committee, Section 8, page 13 • 2021 DIS, Part B, Item 5, pages 16-17. 	
2	The Chairperson conducts an annual self-assessment of his performance.	COMPLIANT		
3	The individual members conduct a self-assessment of their performance.	COMPLIANT		
4	Each committee conducts a self-	COMPLIANT		

	assessment of its performance.			
Recommendation 6.2				
1	The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors/trustees and committees.	COMPLIANT	Please refer to the 2020 Manual, Section 7, pages 31-32.	
2	The system allows for a feedback mechanism from the shareholders/members.	COMPLIANT		
Principle 7. STRENGTHENING BOARD ETHICS				
The Board directors are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.				
Recommendation 7.1				
1	The Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.	COMPLIANT	<p>Please refer to the 2020 Manual, Section 2.2.1.3, page 5.</p> <p>The Code of Business Conduct and Ethics can be found on the Corporation's website, under "Corporate Governance" and "Code of Business Conduct and Ethics" at https://www.pepsiphilippines.com/corporate-governance/code-business-conduct-and-ethics.</p>	
2	The Code is properly disseminated to the members of Board.	COMPLIANT	Please refer to the 2020 Manual, Section 2.2.1.3, page 5.	
3	The Code is disclosed and made available to	COMPLIANT	The Code of Business Conduct and Ethics can be found on the Corporation's website, under "Corporate Governance" and "Code of Business Conduct and	

	the public through the company website.		Ethics” at https://www.pepsiphilippines.com/corporate-governance/code-business-conduct-and-ethics .	
Recommendation 7.2				
1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Directors, senior management and employees are required to comply with the Code of Business Conduct and Ethics. Please refer to the 2020 Manual, Section 2.2.1.3, page 5.	
DISCLOSURE AND TRANSPARENCY				
Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES				
The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.				
Recommendation 8.1				
1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company’s financial condition, results and business operations.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 5, pages 29-30 • Charter of the Board of Directors, Section 2, page 5 	
Recommendation 8.2				
1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company’s shares within five (5) business days.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.4, page 6 • Charter of the Board of Directors, Section 4, page 8 • Memorandum on Filing and Disclosure Guidelines for Directors, Officers and Principal Stockholders dated 18 January 2021 issued by the Corporate Secretary 	

2	The company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within five (5) business days.	COMPLIANT		
Recommendation 8.3				
1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	The 2020 Manual may be found at https://www.pepsiphilippines.com/corporate-governance/corporate-governance . The 2020 Manual was filed with the SEC on 18 June 2020.	
2	The company's MCG is submitted to the SEC.	COMPLIANT		
3	The company's MCG is posted on the company website.	COMPLIANT		
Recommendation 8.4				
1	The company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	COMPLIANT	The Integrated Annual Corporate Governance Reports (" <i>I-ACGR</i> ") may be found at https://www.pepsiphilippines.com/investor-relations-disclosures-category/sec-filings . The 2020 I-ACGR for the reporting year 2019, which is the last I-ACGR that the Corporation has filed with the SEC as a publicly-listed company, was filed on 30 July 2020.	
2	The company's ACGR is submitted to the SEC.	N/A		The Corporation was not required to file an I-ACGR in 2021 following its voluntary delisting from the official registry of the Philippine Stock Exchange which was made effective on 18 December 2020. The Corporation filed a Compliance Officer's

			Certification (SEC Form-CG 2020) in accordance with SEC MC 36-2020.
3	The company's ACGR is posted on the company website.	COMPLIANT	

Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> Charter of the Audit Committee, Section 3.3, page 6 2020 Manual, Section 2.2.2.2.4, page 12 	
2	The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and the shareholders/members.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> Charter of the Audit Committee, Section 3.3, page 6 2020 Manual, Section 2.2.2.2.4, page 12 	
3	For the removal of external auditor, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> Charter of the Audit Committee, Section 3.3, page 6 2020 Manual, Section 2.2.2.2.4, page 12 	

Recommendation 9.2

1	The Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	Please refer to the Charter of the Audit Committee, Section 3, pages 4-8.	
2	The Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT		
Recommendation 9.3				
1	The company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflict of interest cases.	COMPLIANT	The external auditor performed the following non-audit services for the Corporation in 2021: tax accounting, compliance, advice, planning and other tax services. Please refer to: <ul style="list-style-type: none"> • 2021 DIS, Part B, Item 7, page 18 • 2021 Annual and Sustainability Report, Part II, Item 8, page 16 	

2	The Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.2.2.11, page 13 • Charter of the Audit Committee, Section 3.3, page 6 	
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Principle 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.

Recommendation 10.1

1	The Board has a clear and focused strategy on the disclosure of non-financial information.	COMPLIANT	Please refer to the 2020 Manual, Section 2.2.1.3, page 5.	
2	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Sustainability Report posted in the Corporation's website at https://www.pepsiphilippines.com/sites/default/files/pepsi_072420_3MB.pdf. • 2020 Manual, Section 2.2.1.3, page 5. 	

Principle 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1	The company has a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.	COMPLIANT	Please refer to the "Investor Relations and Disclosures" page on the Corporation's website at https://www.pepsiphilippines.com/investor-relations-disclosures .
INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORKS			
Principle 12. STRENGTHENING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS			
To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management system.			
Recommendation 12.1			
1	The company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2020 Manual, Section 2.2.1.5, pages 7-8, and Section 2.2.2.2, page 11 • Charter of the Audit Committee, Section 3.2, pages 5-6 • Audited Financial Statements for the calendar year ended 31 December 2020 filed via electronic email on 17 May 2021, Statement of Management's Responsibility for Financial Statements
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.		Please refer to: <ul style="list-style-type: none"> • Management Report (Annex B of 2021 DIS), Part V, page 8 in connection with Part I, pages 1-3 • 2020 Manual, Section 2.2.1.5, pages 7-8 • Charter of the Audit Committee, Section 3.4, pages 6-7 • 2021 Annual and Sustainability Report, Part III, Item 6, page 16 in connection with Part I, Item 2(o), pages 16
Recommendation 12.2			
1	The company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value	COMPLIANT	The internal audit function is undertaken in house by the Internal Controls and Audit team headed by Mr. Dominador T. Torres III, the Corporation's AVP for Internal Auditor.

	and improve the company's operations.			
CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS				
Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS				
The company should treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.				
Recommendation 13.1				
1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Please refer to the 2020 Manual, Section 6, pages 30-31.	
Recommendation 13.2				
1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.	COMPLIANT	The Notice and Agenda for the Annual Stockholders' Meeting held on 29 June 2021 (" <u>2021 ASM</u> ") was published on newspapers of general circulation on 25 May 2021 and 26 May 2021. The Notice of the meeting were made accessible to the stockholders beginning 08 June 2021 at the Corporation's website.	In its meeting on 9 December 2021, the Board approved an amendment to its Amended By-Laws to reflect the twenty-one (21)-day notice period for stockholders' meetings set out in the SEC MC No. 3-2020. The amendment will be presented for approval of the stockholders in the 2022 annual stockholders' meeting.
Recommendation 13.3				
1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Member	COMPLIANT	The relevant SEC Form 17-C reflecting the results of the 2021 ASM was filed with the SEC via email on 02 July 2021.	

	s' Meeting publicly available the next working day.			
2	The minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company website within five (5) business days from the date of the meeting.	COMPLIANT	<p>The Corporation caused the Minutes of the 2021 ASM to be posted on the Corporation's website within five (5) business days from the date of the meeting.</p> <p>The voting results for the agenda items can be found in the Minutes of the 2021 ASM. The stockholders were given an opportunity to ask questions on the different agenda matters, and to bring up other matters not included in the agenda.</p> <p>The Minutes of the 2021 ASM may be found at https://bit.ly/3le6V2V.</p>	
Recommendation 13.4				
1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	The Policy to formulate an alternative dispute mechanism is stated in Section 2.2.1.3 of the 2020 Manual.	
Recommendation 13.5				
1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	COMPLIANT	<p>The Chief Financial Officer serves as the Investor Relations Officer ("<i>IRO</i>"). Below are the details of his office:</p> <ul style="list-style-type: none"> • Address: 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City • Telephone Number: (02) 8887-3774 • Fax Number: (02) 8850-7982 	
2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	COMPLIANT	Mr. Vishal Malik, the current IRO, was present at the 2021 ASM.	

DUTIES TO STAKEHOLDERS**Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS**

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • 2021 Annual and Sustainability Report, pages 11-14 • Corporation's website at https://www.pepsiphilippines.com/who-we-are. • Corporation's website on "Other Policies" at https://www.pepsiphilippines.com/corporate-governance/other-policies. 	
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Recommendation 14.2

1	The Board establishes clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> • Corporation's website on "Whistleblowing Policy" at https://www.pepsiphilippines.com/corporate-governance/company-policies. 	
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Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the company's objectives and good corporate governance goals.

Recommendation 15.1

1	The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	The following policies of the Corporation may be found at https://www.pepsiphilippines.com/corporate-governance/other-policies : <ul style="list-style-type: none"> • HIV-AIDS Workplace Policy & Program • Alcohol-Free Workplace Policy • Sexual Harassment Policy and Procedure • Drug-Free Workplace Policy • Smoke-Free Workplace Policy • Workplace Policy on Hepatitis B • Tuberculosis (TB) Prevention and Control Policy • Breastfeeding Workplace Policy • Guidelines on SARS Prevention and Control at the Workplace • Anti-bribery and Anti-Corruption Policy 	
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			<ul style="list-style-type: none"> • Safety and Health Measures to Prevent and Control Heat Stress at the Workplace • Guidelines on Prolonged Standing and Sitting at the Workplace 	
Recommendation 15.2				
1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> • Corporation’s website on “Whistleblowing Policy” at https://www.pepsiphilippines.com/corporate-governance/company-policies. • Corporation’s website on “Anti-Bribery and Anti-Corruption Policy” at https://www.pepsiphilippines.com/sites/default/files/OSH-EADM-HO-G-1110Anti-briberyandAnti-CorruptionPolicy.pdf • Code of Business Conduct and Ethics at https://www.pepsiphilippines.com/corporate-governance/code-business-conduct-and-ethics • Code of Conduct at https://www.pepsiphilippines.com/sites/default/files/COCBooklet.pdf 	
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company’s culture.	COMPLIANT	<p>The policies are disseminated to the Board, senior Management and employees, and likewise disclosed and made available to the public through the Corporation’s website and through trainings. Please refer to the 2020 Manual, Section 2.2.1.3, page 5.</p> <p>The Corporation’s Policies may be found at https://www.pepsiphilippines.com/corporate-governance/company-policies and the Other Policies may be found at https://www.pepsiphilippines.com/corporate-governance/other-policies.</p>	
Recommendation 15.3				
1	The Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> • Corporation’s website on “Whistleblowing Policy” at https://www.pepsiphilippines.com/corporate-governance/company-policies • Code of Business Conduct at https://www.pepsiphilippines.com/corporate-governance/code-business-conduct-and-ethics 	

2	The Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	The policy is designed to ensure that employees can raise their concerns about wrongdoing or malpractice within the Corporation without fear of victimization, subsequent discrimination, disadvantage or dismissal.
3	The Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Please refer to Corporation's website on "Whistleblowing Policy" at https://www.pepsiphilippines.com/corporate-governance/company-policies .

Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The company should be socially responsible in all its dealings with the communities in which it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

1	The company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	Please refer to the "Other Policies" page of the Corporation's website at https://www.pepsiphilippines.com/corporate-governance/other-policies and the 2020 Sustainability Report https://www.pepsiphilippines.com/sites/default/files/pepsi_072420_3MB.pdf .
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Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report for 2021 is signed on behalf of the Company by the undersigned, thereunto duly authorized, in the City of Makati on MAY 19 2022.

SIGNATURES



OSCAR S. REYES
Chairman of the Board / Independent Director



FREDERICK D. ONG
Chief Executive Officer



RAFAEL M. ALUNAN III
Independent Director



CARINA LENORE S. BAYON
Compliance Officer



KRISTINE NINO TSCHKAL EVANGELISTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 19 2022, affiant(s) exhibiting to me their proof of identity as follows:

NAME	ID No,	DATE OF ISSUE	PLACE OF ISSUE
OSCAR S. REYES	Passport No. P5302920A	11 December 2017	DFA NCR East
FREDERICK D. ONG	Passport No. P1281411B	30 March 2019	PE Kuala Lumpur
RAFAEL M. ALUNAN III	Passport No. P7060946B	Expiry date: 28 June 2031	DFA Manila
CARINA LENORE S. BAYON	Driver's License No. N03-86-026443	Expiry date: 14 October 2022	Land Transportation Office
KRISTINE NINOTSCHKA L. EVANGELISTA	Passport No. P5177855A	29 November 2017	DFA Cagayan De Oro

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Page No. 106;
Book No. II;
Series of 2022.

CECILLE DIANE D.J. MANGASER
Notary Public for Makati City
Appointment No. M-32 until December 31, 2022
Roll of Attorney No. 75470
PTR No. 8857427; 1/6/2022; Makati City
TBP No. 174469; 1/4/2022; Makati Chapter
30th Floor 88 Corporate Center
Sedeño corner Valero Streets
Salcedo Village, Makati City 1227