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Pepsi-Cola Products Philippines, Inc.

**THE CHARTER OF THE
NOMINATION AND
GOVERNANCE COMMITTEE**

of the Board of Directors



CHARTER OF THE NOMINATION AND GOVERNANCE COMMITTEE

INTRODUCTION

The Nomination and Governance Committee

The Board of Directors of the Pepsi-Cola Products Philippines, Inc. constituted the Nomination and Governance Committee pursuant to Article III, Section 10 of the By-Laws and Manual on Corporate Governance, to assist the Board with (a) corporate governance responsibilities, and (b) the determination of the nomination process for the election or appointment of directors and officers.

The Nomination and Governance Committee Charter

The Nomination and Governance Committee, with the approval of the Board of Directors, promulgates this Charter stating its objectives, duties and functions, membership and organization, reporting process, resources, and other relevant information, as well as the standards for its performance evaluation, pursuant to, and in compliance with the Securities and Exchange Commission Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies, and the Corporate Governance Manual.

1 DEFINITION OF TERMS

The following capitalized terms shall have the meaning ascribed to them below:

Articles of Incorporation	refers to the Articles of Incorporation of the Company, as may be amended from time to time.
Annual <i>Stockholders'</i> Meeting	refers to the annual stockholders' meeting of the Company held in accordance with the By-laws.
Board	refers to the Board of Directors of the Company.
By-Laws	refers to the By-Laws of the Company, as may be amended from time to time.
CG Code	refers to the Securities and Exchange Commission Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies, as may be amended from time to time.
CG Manual	refers to the Company's Manual on Corporate Governance, as may be amended from time to time.



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Charter	refers to this Charter of the Nomination and Governance Committee, as may be amended from time to time.
Committee	refers to the Nomination and Governance Committee.
Committees	refers to the Board committees constituted by the Board, as authorized by Article III, Section 10 of the By-Laws.
Committee Chairman	refers to the Chairman of the Nomination and Governance Committee.
Company	refers to Pepsi-Cola Products Philippines, Inc.
Compliance Officer	refers to the Compliance Officer of the Company.
Corporate Governance	<p>refers to the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.</p> <p>Corporate Governance is a system of direction, feedback, and control using regulations, performance standards and ethical guidelines to hold the Board and senior Management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of the stakeholders.</p>
Corporation Code	refers to Republic Act No. 11232, or the Revised Corporation Code of the Philippines.
Director	refers to a member of the Board of Directors of the Company.
Executive Director	refers to a Director who has executive responsibility of day-to-day operations of a part or the whole of the organization.
Human Resources Department	refers to the Human Resources Department of the Company.
Independent Director	refers to a Director who is independent of Management and the controlling shareholder, is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director; and maintains all of

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the qualifications of Independent Directors set out in the CG Manual.

Management	refers to a group of executives given the authority by the Board to implement the policies it has laid down in the conduct of the business of the Company.
Non-Executive Director	refers to a Director who has no executive responsibility of day-to-day operations of a part or the whole of the organization. A Non-Executive Director is distinct from an Independent Director.
Officer	refers to an Officer of the Company as enumerated in Article IV of the Amended By-Laws, or elected or appointed by the Board of Directors.
Securities Regulation Code	or “ <u>SRC</u> ”, refers to Republic Act No. 8799, or the Securities Regulation Code.
Senior Vice President for Human Resources	or “ <u>SVP-HR</u> ”, refers to the Senior Vice President for Human Resources of the Company.
Stockholder	refers to individuals or entities who own shares of stock in the Company.

2 OBJECTIVES

The Committee shall primarily assist the Board in (a) the performance of its Corporate Governance responsibilities, and (b) the determination of the nomination and election process for the Company’s Directors and Officers.

Nomination Responsibilities

The Committee shall assist the Board in the nomination and election process for the Company’s Directors and shall have the special duty of defining the general profile of Directors that the Company may need, and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board.

Corporate Governance Responsibilities

The Committee shall assist the Board in fulfilling its Corporate Governance responsibilities and enhance the Board’s oversight capability over the Company’s compliance with and proper observance of Corporate Governance principles, practices, and responsibilities.

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3 DUTIES AND FUNCTIONS

Corporate Governance

In the exercise of its responsibility of ensuring compliance with and proper observance of Corporate Governance principles and practices, the Committee, with the assistance of the Compliance Officer, has the following duties and functions:

- (a) Oversee the implementation of the Corporate Governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
- (b) Oversee the periodic performance evaluation of the Board and its Committees as well as Management, and conducts an annual self-evaluation of its performance;
- (c) Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- (d) Recommend continuing education/training programs for Directors, assignment of tasks/projects to the Committees, and succession plan for the Directors and Officers;
- (e) Recommend Corporate Governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance; and
- (f) Propose and plan relevant trainings for the Directors, as well as for the induction of new Directors.

Nomination and Election

In the exercise of its responsibility of overseeing the nomination and election process of Directors and Officers, and in close consultation with the Chairman of the Board, the Committee has the following duties and functions:

- (a) Establish and adopt a formal and transparent Board nomination and election policy, aligned with the strategic direction of the Company, that shall include how the Committee accepts nominations from stockholders and assesses the qualifications of the nominated candidates, which policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, and replacement of Directors.
- (b) Pre-screen and shortlist all candidates nominated to become Directors, in accordance with the qualifications and disqualifications provided for in the Articles of Incorporation, By-Laws, CG Manual, applicable laws, regulations, and resolutions, and rules passed by and adopted by it, the Stockholders, the Board; and disqualify nominees who, in the

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Committee's judgment, represent an adverse interest to or in direct or indirect conflict with those of the Company.

- (c) Advise the Board and the Stockholders, as applicable, whether the Directors continue to be qualified or are disqualified from continuing as members of the Board.
- (d) Define the roles, duties, and responsibilities of the Chief Executive Officer and other members of senior Management by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good Corporate Governance at all times.
- (e) Request the assistance of the SVP-HR and Human Resources Department in carrying out its duties.

4 RESOURCES AND AUTHORITY

The Committee shall have the resources and authorities appropriate to discharge its responsibilities including the authority to engage and obtain external advice, counsel, or consultancy services as it deems appropriate without need for Board approval.

The Committee Chairman and/or any of its members may meet separately with Management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any officer, executive, or employee of the Company or the Company's outside counsel or third party consultants to attend a meeting of the Committee or to meet with any members or consultants of the Committee.

5 COMMITTEE MEMBERSHIP AND ORGANIZATION

Composition

The Committee shall be composed of three (3) members, at least one (1) of whom shall be an Independent Director.

The Committee Chairman

The Committee Chairman shall be an Independent Director.

The Committee Chairman shall preside over all meetings of the Committee and convene meetings as and when he considers appropriate.

Term

The Board shall appoint the members of the Committee at its organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.



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Appointment

The Committee Chairman and the members of the Committee are appointed by the majority vote of the Directors at the organizational meeting of the Board.

Vacancies

Any vacancy in the Committee for any cause, may be filled by the Board in a regular or special meeting. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

Removal

The Committee Chairman and the members of the Committee may be removed from the Committee only by a majority of the Board.

Qualifications

The Committee Chairman and the members of the Committee shall possess all of the qualifications and have none of the disqualifications for membership in the Board as provided for in the By-Laws, CG Manual, the charters of the Board Committees, the Corporation Code, the Securities Regulation Code, and other relevant laws. Moreover, the Committee member, who is an Independent Director, must meet the qualifications of Independent Directors set out in the CG Manual.

All members of the Committee shall have an adequate working knowledge of the Company's Articles, By-Laws, CG Manual, the CG Code, and the Company's business and industry in which it operates.

The members of the Committee shall attend seminars on Corporate Governance and such other trainings as are appropriate conducted by duly recognized private or government entities to keep their skills and expertise current and relevant.

Independent Directors

An Independent Director shall be free from any relationships that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

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6 MEETINGS

The Committee shall hold meetings at such times and places as it considers appropriate, provided that one (1) meeting shall be held after the close of the nomination period for the election of Directors and prior to the finalization of the Company's information statement.

Meetings of the Committee shall be convened by the Committee Chairman as and when he considers appropriate, or upon the request of a majority of the members of the Committee.

Presiding Officer

The Committee Chairman shall preside over all meetings.

Agenda

The agenda for the meetings shall be prepared by the Corporate Secretary in coordination with the Committee Chairman and such other Officers relevant to the performance of the Committee's functions.

The meeting agenda shall be prepared for every meeting and provided to the Committee members, along with the briefing materials, seven (7) days before the scheduled Committee meeting.

Notice

A Committee meeting shall be convened upon notice thereof made in the most convenient manner not less than seven (7) days before such meeting specifying the date, time, place, and agenda of the meeting.

Notices of meetings, and any other forms of notification to be sent to the Committee shall be initiated by the Corporate Secretary. Replies to notices shall also be sent to the Corporate Secretary. Each member shall give to the Corporate Secretary an office address and email address for the service of notices of meetings of the Committee.

Notices of meetings of the Committee shall be deemed to be duly served upon a member if it is given to him personally, or delivered to him by mail or email as appropriate, in accordance with the immediately preceding paragraph.

Waiver of Notice

Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the members present in the meeting. A member may consent to short notice and may waive notice of any meeting of the Committee and any such waiver may apply retrospectively.

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Manner of Attendance

The members of the Committee shall be authorized to attend the Committee meetings by any of the following means of communication: teleconferencing, videoconferencing, web conferencing and other remote or electronic means. The requirement of presence is met if members of the Committee are able to communicate simultaneously.

Quorum

At any meeting of the Committee, quorum shall consist of all of the members of the Committee. A meeting shall not proceed in the absence of a quorum.

Voting

All resolutions of the Committee shall require the consensus or unanimous vote of the members of the Committee.

If a consensus or unanimous vote cannot be achieved, the unresolved issue or matter for the decision by the Committee shall be elevated to the Board for consideration and approval which shall decide the same by majority vote, unless it is one of those corporate acts requiring the vote of 80% of the members of the Board.

Minutes

Minutes of Committee meetings shall be prepared by the Corporate Secretary, and signed by the Committee Chairman and the members of the Committee present during the meeting.

Contents

The Committee Minutes shall contain a record of the following:

- (a) Date, place and time of the meeting;
- (b) Presence and absence of the members of the Committee and other participants;
- (c) Name and signature of the Committee Chairman, Corporate Secretary and the members of the Committee present;
- (d) Wording of resolutions passed, indicating the outcome of the votes and objections put to record of any member of the Committee;
- (e) Summary of the main points of the discussions;
- (f) Statements for the record made by a member of the Committee; and
- (g) Requests for information and summary of the respective replies.

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Records

The Committee shall cause records to be kept for the following:

- (a) All agenda and other documents sent to the members/advisors; and
- (b) Minutes of proceedings and meetings of the Committee.

Any such records shall be opened for inspection by any member, or by any advisor with the approval of the Committee Chairman, upon reasonable prior notice during usual office hours of the Company.

Approval

The minutes shall be circulated to the members of the Committee within seven (7) days after the meeting and submitted for approval at the next Committee meeting.

7 REPORTING PROCESS

Matters for Board Approval

The Committee Chairman, or in his absence, any other member of the Committee, shall report to the Board following each meeting significant matters discussed and acted upon to keep the Board apprised on the results of the Committee's activities. Further, the minutes of the Committee meetings shall be presented for ratification by the Board following each meeting.

Matters approved by the Committee for endorsement to the Board must be presented for approval of the Board by the Committee Chairman, or in his absence, Committee member, who shall apprise the Board during the meeting of any relevant points of discussion and decisions reached by the Committee, in its endorsement.

8 PERFORMANCE EVALUATION

The Committee shall, in coordination with the Compliance Officer, conduct an assessment of its performance at least annually to ensure that the Committee continues to fulfill its responsibilities in accordance with best practice, the CG Code and other relevant regulatory requirements.

9 FINAL PROVISIONS

Effectivity

This Charter was adopted by the Board on 11 December 2019, and revised by the Board on 24 March 2022, and is immediately effective until amended, altered or varied.



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Review and Amendment

This Charter shall be reviewed by the Committee as and when deemed appropriate, but no less than once every two (2) years. The Committee shall then endorse the same to the Board.

This Charter shall not be amended, altered, or varied unless such amendment, alteration, or variation shall have been approved by resolution of the Board.

Amendments	
Description	Date of Approval by the Board
2019 Nomination and Governance Committee Charter	11 December 2019
Revised the Nomination and Governance Committee Charter to reflect the change in the Nomination Period.	24 March 2022



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BOARD NOMINATION AND ELECTION POLICY **of Pepsi-Cola Products Philippines, Inc.**

This nomination and election policy (the “Policy”) sets forth the process and requirements for the submission and acceptance of nominations for individuals to be elected as a member of the Board of Directors (the “Board”) of Pepsi-Cola Products Philippines, Inc. (the “Company”), for the assessment of the nominated individuals by the Nomination and Governance Committee (“the Committee”), and for the endorsement of the shortlist of nominees by the Committee to the Board.

This Policy was drafted in accordance with the Nomination and Governance Committee Charter, as well as the Company’s Articles of Incorporation, By-Laws, Manual on Corporate Governance, and the Securities and Exchange Commission (“SEC”) Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies, as well as other relevant laws, rules, and regulations. This Policy was adopted by the Committee on 05 December 2019, approved by the Board on 11 December 2019, and revised by the Board on 24 March 2022.

1 SUBMISSION AND ACCEPTANCE OF NOMINATIONS

1.1. Nomination Period

The period within which the stockholders are permitted to nominate individuals as candidates for membership in the Board shall be called the “Nomination Period”.

The Nomination Period shall begin thirty (30) business days before the date of the Annual Stockholders’ Meeting and shall end twenty (20) business days before the date of the Annual Stockholders’ meeting. The Committee may admit additional nominations after the termination of the Nomination Period, if in the exercise of its discretion it deems it necessary.

1.2. Submission of Nominations

The stockholders shall submit their nominations by drafting a letter (the “Nomination Letter”) to the Committee containing the name of the individual. If more than one individual is to be nominated, all of the names may be included in the Nomination Letter. If the individual is being nominated as an Independent Director, this fact should be indicated in the letter. Otherwise, the individual will be considered as being nominated as a Director only.

The nominee must signify his or her acceptance of the nomination on the Nomination Letter, and such acceptance must be signified before the Nomination Letter is submitted to the Committee. In the event that a Nomination Letter is submitted to the Committee without the signified acceptance, the Committee may allow the subsequent acceptance of the nominee, as long as such acceptance is made within the Nomination Period.

If the stockholder is a corporation or other juridical entity, the Nomination Letter shall be accompanied by a Special Power of Attorney or similar authority, authorizing the signatory of the Nomination Letter to nominate the individual on behalf of the stockholder corporation.

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The Committee shall undertake to confirm the stockholdings of the stockholders to confirm that they have standing to nominate.

2 ASSESSMENT OF NOMINATED CANDIDATES

The Committee shall assess all individuals nominated as members of the Board according to the qualifications and disqualifications set forth below.

2.1. Qualifications

The individuals nominated for membership in the Board must meet the following qualifications:

- 2.1.1. Qualifications Applicable to All Directors**
- (a) Holder of at least one (1) share of stock of the Company;
 - (b) Possesses at least a college or equivalent academic degree;
 - (c) At least twenty-one (21) years old;
 - (d) Has been proven to possess integrity and probity;
 - (e) Is assiduous;
 - (f) Has a practical understanding of the business of the Company; and
 - (g) Has previous business experience, and must be a member in good standing of, a relevant industry, business or professional organization.

- 2.1.2. Additional Qualifications Applicable to Independent Directors**
- Apart from his or her fees and shareholdings, the nominee must be independent of Management and the controlling stockholders, is not or has not been a senior Officer or employee of the Company (unless there has been a change in the controlling ownership of the Company), and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his or her exercise of independent judgment in carrying out his or her responsibilities as a Director of the Company.

2.2. Disqualifications

The individuals nominated for membership in the Board must not have any of the following disqualifications:

- 2.2.1. Grounds for Permanent Disqualification Applicable to All Directors**
- (a) Conviction by final judgment or order by a component judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code ("SRC"), (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor

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broker, or (iii) arises out of his or her fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of these entities;

- (b) Being permanently enjoined by a final judgment or order of the SEC, the Bangko Sentral ng Pilipinas (“BSP”), or any court or administrative body of competent jurisdiction, from:
 - (i) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker, (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company, (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities;
- (c) Becoming (a) subject of an order of the SEC, the BSP, or any court or administrative body denying, revoking, or suspending any registration, license or permit issued to him or her under the Revised Corporation Code (“RCC”), the SRC, or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or the BSP, or (ii) restrained to engage in any activity involving securities or banking, or (iii) subject of an effective order of a self-regulatory organization suspending or expelling him or her from membership, participation, or association as a member or participant of the organization;
- (d) Conviction by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts;
- (e) Being subject of a final judgment or order of the SEC, the BSP, or a court of competent administrative body to have willfully violated or willfully aided, abetted, counseled, induced, or procured the violation of any provision of the RCC, the SRC, or any other law, rule, regulation, or order of the SEC or BSP;
- (f) Being judicially declared as insolvent;
- (g) Being found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts,

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violations, or misconduct similar to any of the acts, violations, or misconduct listed in the foregoing paragraphs; and

- (h) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the RCC, committed within five (5) years prior to the date of his election or appointment.

2.2.2. Grounds for Temporary Disqualification Applicable to All Directors

Any of the following shall be a ground for the temporary disqualification of a director:

- (a) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations, and this disqualification shall be in effect for as long as his or her refusal persists;
- (b) Absence in more than sixty percent (60%) of all meetings, both regular and special, of the Board during his or her incumbency, or during any twelve (12) month period during said incumbency, unless such absence is justified because of illness, death in the immediate family, or serious accident, which disqualification shall apply for purposes of the succeeding election;
- (c) Dismissal or termination as director of any publicly-listed company, public company, registered issuer of securities, or holder of a secondary license from the SEC, for cause, which disqualification shall be in effect until he or she has cleared himself or herself of any involvement in the cause that gave rise to his or her dismissal or termination; and
- (d) If any of the judgments or orders mentioned in the Grounds for Permanent Disqualification has not yet become final.

2.2.3. Additional Grounds for Temporary Disqualification Applicable to Independent Directors

Any of the following shall be a ground for the temporary disqualification of an Independent Director:

- (a) If the individual's beneficial equity ownership in the Company or its subsidiaries, associates, affiliates, or related companies exceeds two percent (2%) of its subscribed capital stock, which disqualification shall be lifted if the limit is later complied with;
- (b) If the individual was earlier elected as an Independent Director of the Company, but subsequently becomes an Officer or employee of the Company;

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- (c) If the individual was an Executive Director, Officer, or employee of the Company, its substantial stockholder, subsidiaries, associates, affiliates, or related companies, within the last three (3) years immediately preceding the date of his or her election as an Independent Director, which disqualification shall be lifted upon the lapse of the three (3) year period;
- (d) If the individual is a relative of a Director, Officer, or substantial stockholder of the Company or any of its related companies, or of any of its substantial stockholders;
- (e) If the individual is acting as a nominee or representative of any Director of the Company, or any of its related companies;
- (f) If the individual is a securities broker-dealer of listed companies and registered issuers of securities;
- (g) If the individual is retained, either in his or her personal capacity or through a firm, as a professional adviser, auditor, consultant, agent, or counsel of the Company, any of its related companies or substantial stockholders, or is not independent of Management and not free from any business or other relationship within the three (3) years immediately preceding the date of his or her election;
- (h) If the individual engages or has engaged, whether by himself or herself or with other persons, or through a firm of which he or she is a partner, director, or substantial stockholder, in any transaction with the Company or any of its related companies or substantial stockholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his or her independent judgment;
- (i) If the individual is affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial stockholders; and
- (j) If the individual is employed as an executive officer of another company where any of the Company's executives serve as directors.

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2.3. Guidelines in the Determination of the Number of Allowable Directorships for the Members of the Board

In assessing the qualification of the nominees, and in ensuring that the Directors elected continue to be qualified to carry out the responsibilities imposed on the Directors of the Company, the Committee shall consider the following guidelines in the determination of the number of allowable directorships for the Directors:

- (a) The nature of the business of the corporations of which he or she is a director;
- (b) The age of the Director;
- (c) The number of directorships or active memberships and officerships in other corporations or organizations; and
- (d) Possible conflict of interest.

The optimum number shall be related to the capacity of a Director to perform his or her duties diligently.

The Executive Directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to Independent Directors who serve as full-time executives in other companies. In any case, the capacity of Directors to serve the Company with diligence shall not be compromised.

3 ENDORSEMENT OF THE SHORTLIST OF NOMINEES

The Committee shall draft and approve a shortlist of nominees that contain the names of the individuals who have all the qualifications and none of the disqualifications for election as Directors, and shall certify to their qualification for election as members of the Board of the Company. This list shall constitute the “Final List of Candidates”, and shall be accompanied by a Summary of Information on the nominees.

The Final List of Candidates shall be endorsed by the Committee to the stockholders for their consideration, during the Annual Stockholders’ Meeting.

4 ASSESSMENT OF NOMINATED CANDIDATES

The Committee shall regularly assess the effectiveness of the processes and procedures, with a view to revising this Policy to address changes in corporate strategy or in laws, rules, and regulations issued by the SEC, BSP, and other relevant government authorities.