



# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**SEC Registration No.:** 0000160968

**Company Name:** PEPSI-COLA PRODUCTS PHILIPPINES, INC.

**Industry Classification:** D15541

**Company Type:** Stock Corporation

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## SEC FORM-ACGR (FOR PC/RI)

### ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the fiscal year ended 31 December 2023
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 1781
8. Issuer's telephone number, including area code **(632) 8888-73774**
9. Former name, former address, and former fiscal year, if changed since last report
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
<b>THE BOARD'S GOVERNANCE RESPONSIBILITIES</b>			
<b>Principle 1. ESTABLISHING A COMPETENT BOARD</b>			
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.			
<b>Recommendation 1.1</b>			
1 The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Please refer to the following documents: <ul style="list-style-type: none"> <li>Definitive Information Statement filed on 22 May 2023 ("<u>2023 DIS</u>"), Part B, Item 5, pages 9 to 16</li> <li>SEC Form 17-A for the calendar year ended 31 December 2022 filed on 02 May 2023 ("<u>2023 Annual Report</u>"), Part III, Item 10, pages 17 to 20.</li> </ul>	
2 The Board has an appropriate mix of competence and expertise.	COMPLIANT	Please see the following documents for the qualification standards: <ul style="list-style-type: none"> <li>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 to 22</li> <li>Charter of the Board of Directors, Section 3, pages 6 to 7</li> <li>Board Nomination and Election Policy attached to the Charter of the Nomination and Governance Committee, Section 2.1, page 11</li> </ul>	
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		
<b>Recommendation 1.2</b>			
1 The Board is headed by a competent and qualified Chairperson.	COMPLIANT	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>Please refer to:</p> <ul style="list-style-type: none"><li>• 2020 Manual, Section 2.2.3, page 25</li><li>• The Corporation's Amended By-Laws ("<u>Amended By-Laws</u>"), Article IV, Section 2</li><li>• 2023 DIS, Part B, Item 5, page 11</li><li>• 2023 Annual Report, Part III, Item 10, page 20.</li><li>• Charter of the Board of Directors, Section 3, page 6</li><li>• Amended 2023 General Information Sheet filed on 23 February 2024 and received by the SEC on 23 February 2024 ("<u>Amended 2023 GIS</u>")</li></ul>	
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"><li>• 2020 Manual, Section 4.2, page 29</li><li>• Charter of the Board of Directors, Section 3, page 7</li><li>• Charter of the Nomination and Governance Committee, Section 3.1, pages 3-4</li></ul> <p>The Board members and key officers attended the online seminar entitled "The Next Level in ESG &amp; Sustainability: Going Beyond Compliance &amp; Reporting" and/or "Year-End Tax Updates and Compliance" conducted by the Center for Global Best Practices on 05 December 2023 and 15 December 2023, respectively.</p> <p>Mr. Reyes attended the 2023 Annual Corporate Governance Enhancement Session administered for PXP Energy Corporation on 09 November 2023. The Vice-Chairman, Mr. Rafael M. Alunan III, attended the online course entitled "Risk Management in the Post-COVID Age" administered for APC Group, Inc. by the Institute of Corporate Directors on 13 December 2023.</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, page 2-3.</p> <p>The Board composition reflects a good mix of nationalities (Korean, Thai, Australian, Indian, Burmese, and Filipino), gender, ages, work experience, competencies, skills, expertise, and knowledge that support Board diversity.</p> <p>Please refer to:</p> <ul style="list-style-type: none"><li>• Amended 2023 GIS</li></ul>	

			<ul style="list-style-type: none"> <li>• 2023 DIS, Part B, Item 5, page 9</li> <li>• 2023 Annual Report, Part III, Item 10, page 17.</li> </ul>	
<b>Recommendation 1.5</b>				
1	The Board is assisted by a Corporate Secretary.	COMPLIANT	<p>The Board is assisted by the Corporate Secretary, Atty. Kristine Ninotschka L. Evangelista, who is neither a member of the Board nor the Compliance Officer.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>• 2020 Manual, Section 2.2.6, pages 26 to 27</li> <li>• Amended By-Laws, Article IV, Section 16</li> <li>• 2023 DIS, Part B, Item 5, page 12</li> <li>• 2023 Annual Report, Part III, Item 10, page 18</li> <li>• Amended 2023 GIS</li> </ul>	
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	The Corporate Secretary and Assistant Corporate Secretary attended the online seminar entitled "The Next Level in ESG & Sustainability: Going Beyond Compliance and Reporting" conducted by the Center for Global Best Practices on 05 December 2023.	
<b>Recommendation 1.6</b>				
1	The Board is assisted by a Compliance Officer.	COMPLIANT	<p>The Compliance Officer is Atty. Carina Lenore S. Bayon. She is also the Chief Environmental, Social, and Governance ("<u>ESG</u>") Officer, Extended Producer's Responsibility Act ("<u>EPR</u>") Compliance Officer and Data Protection Officer, Chief Audit Executive. Atty. Bayon was elected and served as a member of the Board briefly from 23 August 2023 to 31 October 2023.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>• Amended By-Laws, Article IV, Section 13</li> <li>• 2020 Manual, Section 2.1, pages 1 to 2</li> <li>• 2023 DIS, Part B, Item 5, page 12</li> <li>• 2023 Annual Report, Part III, Item 10, page 18.</li> <li>• Amended 2023 GIS</li> </ul>	
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	The Compliance Officer attended the online seminar entitled "The Next Level in ESG & Sustainability: Going Beyond Compliance & Reporting" conducted by the Center for Global Best Practices on 05 December 2023.	
<b>Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD</b>				

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"> <li>• 2020 Manual, Section 2.2.1.2, page 3</li> <li>• Charter of the Board of Directors, Section 2, pages 3 to 6</li> </ul>	
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#### 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"> <li>• Amended By-Laws, Article III, Section 1</li> <li>• 2020 Manual, Section 2.2.1.2 and 2.2.1.3, pages 3 to 6</li> <li>• Charter of the Board of Directors, Section 2, pages 3 to 6</li> </ul>	
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"> <li>• 2020 Manual, Section 2.2.1.3, page 3, and Section 2.2.1.5, page 8.</li> <li>• Charter of the Board of Directors, Section 2, page 4</li> <li>• Charter of the Nomination and Governance Committee, Section 3.1(d), page 4</li> </ul>	
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-	COMPLIANT	Please refer to: <ul style="list-style-type: none"> <li>• Amended By-Laws, Article III, Section 11, and Article IV, Section 14</li> </ul>	
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	term interests of the company.		<ul style="list-style-type: none"><li>• 2020 Manual, Section 2.2.2.3, page 16, Section 2.2.2.3.9, page 23; and Section 2.2.2.4, pages 23 to 25</li><li>• Charter of the Compensation and Remuneration Committee, Section 2, page 3, and Sections 3(a) and (b), page 3</li><li>• 2023 DIS, Part B, Item 6, pages 16 to 17</li><li>• 2023 Annual Report, Part III, Item 11, page 22</li></ul>	
2	The Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
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	<p>Please refer to:</p> <ul style="list-style-type: none"><li>• Amended By-Laws, Article III, Section 10.3, and Article III-A, Section 4</li><li>• 2020 Manual, Sections 2.2.2.3.1 and 2.2.2.3.2, pages 17 to 22</li><li>• 2023 DIS, Part B, Item 5, pages 13 to 15</li><li>• Board Nomination and Election Policy attached to the Charter of the Nomination and Governance Committee</li></ul>	
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	COMPLIANT		

	Board's processes in the nomination, election or replacement/removal of a director.			
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"><li>Amended By-Laws, Article III, Section 10.2</li><li>2020 Manual, Section 2.2.1.3, page 4 and Sections 2.2.2.2.20 to 2.2.2.2.25, pages 14 to 16</li><li>Charter of the Audit Committee, Section 2, page 4 and Section 3.5, pages 7 to 8</li><li>Note 23 on the Audited Financial Statements for the calendar year ended 31 December 2022 filed on 02 May 2023 ("<u>2022 AFS</u>"), pages 41 to 43</li></ul>	
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	COMPLIANT	Please refer to: <ul style="list-style-type: none"><li>2020 Manual, Section 2.2.1.3, pages 3 to 4</li><li>Charter of the Board of Directors, Section 2, page 4</li></ul> <p>On the identity of the Management team, please refer to the following documents:</p> <ul style="list-style-type: none"><li>2023 DIS, Part B, Item 5, pages 11 to 12</li><li>2023 Annual Report, Part III, Item 10, pages 20 to 21</li><li>Amended 2023 GIS</li></ul>	



	Chief Audit Executive, as may be applicable).			
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	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• Amended By-Laws, Article III, Section 10.3</li> <li>• 2020 Manual, Section 2.2.1.2, page 3, Section 2.2.1.3, pages 3 to 6, Section 2.2.2.3.7, page 22, and Sections 7.1 to 7.2, page 31</li> <li>• Charter of the Board of Directors, Section 2, page 4</li> </ul>	
<b>Recommendation 2.8</b>				
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	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• Amended By-Laws, Article III, Section 10.3</li> <li>• 2020 Manual, Section 1, page 1, Section 2.2.1.2, page 3, Section 2.2.1.3, pages 3 to 6, Section 2.2.2.3.7, page 22, and Sections 7.1 to 7.2, page 31</li> <li>• Charter of the Board of Directors, Section 2, page 4</li> </ul>	
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"><li>Amended By-Laws, Article III, Section 10.2</li><li>2020 Manual, Section 2.2.1.5, pages 7 to 8, Section 2.2.2.2, page 11, Section 2.2.2.2.1, page 12, Section 2.2.2.2.10, page 13, and Section 2.2.9, pages 28 to 29</li><li>Charter of the Audit Committee, Introduction, page 1, Section 2, page 4, and Sections 3.1 to 3.2, pages 4 to 6</li></ul>	
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.	COMPLIANT	Please refer to: <ul style="list-style-type: none"><li>Charter of the Audit Committee, Section 3.2, page 5</li><li>2020 Manual, Section 2.2.1.5, pages 7 to 8</li></ul>	
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"><li>Amended By-Laws, Article III, Section 10.2</li><li>2020 Manual, Section 2.2.1.5, pages 7 to 8, Section 2.2.2.2.12 to 2.2.2.2.19, pages 13 to 14, and Section 2.2.7, page 27</li><li>Charter of the Audit Committee, Section 2, page 4, and Section 3.4, pages 6 to 7</li><li>Management Report (Annex B of 2023 DIS), Part V in connection with Part I</li><li>2023 Annual Report, Part III, Item 6, page 16 in connection with Part I, Item 1, par. 2(o), pages 9 to 10</li></ul>	
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.	COMPLIANT		
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.	COMPLIANT	<p>Please refer to the Charter of the Board of Directors available at <a href="https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/PCPPI%20-%20Board%20Charter%20(2019).pdf">https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/PCPPI%20-%20Board%20Charter%20(2019).pdf</a>.</p> <p>The Board's roles, responsibilities and accountabilities are set out in the following documents:</p> <ul style="list-style-type: none"> <li>• Amended By Laws, Article III, Section 1</li> <li>• 2020 Manual, Sections 2.2.1 to 2.2.1.6, pages 2 to 9</li> <li>• Charter of the Board of Directors, Section, pages 3 to 6 and Section 4, pages 8 to 9.</li> </ul>	
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.	COMPLIANT		
3	The Board Charter is publicly available.	COMPLIANT		

### 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"> <li>• Amended By-Laws, Article III, Section 10</li> <li>• 2020 Manual, Sections 2.2.2, pages 9 to 25</li> <li>• Charter of the Board of Directors, Section 8, page 13.</li> </ul>	
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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"> <li>• Amended By-Laws, Article III, Section 10.2</li> <li>• 2020 Manual, Section 2.2.2.2, pages 11 to 16</li> <li>• Charter of the Audit Committee, Section 2, page 4, and Section 3, pages 4 to 8</li> </ul>	
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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.	NON-COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>Amended By-Laws, Article III, Section 10.2</li> <li>2020 Manual, Section 2.2.2.2, pages 11 to 12</li> <li>Management Report (Annex B of 2023 DIS), Part VI</li> <li>Charter of the Audit Committee, Section 5, pages 8 to 10</li> </ul>	<p>Consistent with the Revised Corporation Code, the Board, comprised of nine (9) directors, has two (2) independent directors which constitute at least twenty percent (20%) of the Board.</p> <p>The Audit Committee is composed of four (4) members, two (2) of whom are independent directors, including the Chairman.</p>
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>Amended By-Laws, Article III, Section 10.2</li> <li>2023 DIS, Part B, Item 5, pages 10 to 11.</li> </ul>	
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	COMPLIANT	<p>Mr. Alunan, the incumbent Chairman of the Audit Committee, is not the Chairman of the Board or any other committee. Please refer to:</p> <ul style="list-style-type: none"> <li>Amended By-Laws, Article III, Section 10.2</li> <li>2020 Manual, Section 2.2.2.2, pages 11 to 12</li> <li>Charter of the Audit Committee, Section 5, page 9</li> <li>Amended 2023 GIS</li> </ul>	
<b>Recommendation 3.3</b>				
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	<p>In addition to the Audit Committee, the Corporation has two other Board Committees, which are the Nomination and Governance Committee and the Compensation and Remuneration Committee.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Amended By-Laws, Article III, Section 10, 10.3 and 10.4.</li> <li>2020 Manual, Sections 2.2.2.3.6 to 2.2.2.3.11, pages 22 to 23; and Section 2.2.2.4, pages 23 to 24</li> <li>Charter of the Nomination and Governance Committee, Section 3.1, pages 3 to 4</li> <li>Charter of the Compensation and Remuneration Committee</li> </ul>	

	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>Please refer to:</p> <ul style="list-style-type: none"> <li>Amended By-Laws, Article III, Section 10, 10.3 and 10.4.</li> <li>2020 Manual, Sections 2.2.2.3.6 to 2.2.2.3.11, pages 22 to 23; and Section 2.2.2.4, pages 23 to 24</li> <li>Charter of the Nomination and Governance Committee, Section 3.1, pages 3 to 4</li> </ul>	<p>Consistent with the Revised Corporation Code, the Board, comprised of nine (9) directors, has two (2) independent directors which constitute at least twenty percent (20%) of the Board.</p> <p>The Nomination and Governance Committee is composed of three (3) members, at least one of whom shall be independent, including the Chairman.</p> <p>The Compensation and Remuneration Committee is composed of four (4) members, at least two (2) of whom shall be independent directors, including the Chairman.</p>
<b>Recommendation 3.4</b>				
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>Please refer to:</p> <ul style="list-style-type: none"> <li>Amended By-Laws, Article III, Section 10.2</li> <li>2020 Manual, Section 2.2.1.5, pages 7 to 8</li> <li>Charter of the Audit Committee, Section 3.4, pages 6 to 7</li> </ul>	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.
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.			
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#### 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"> <li>• 2020 Manual, Sections 2.2.2.2, 2.2.2.3 and 2.2.2.4, pages 11, 16 and 23</li> <li>• Charter of the Audit Committee, Sections 2 to 8, pages 4 to 13</li> <li>• Charter of the Nomination and Governance Committee, Section 2 to 9, pages 4 to 9</li> <li>• Charter of the Compensation and Remuneration Committee, Sections 2 to 8, pages 3 to 8</li> </ul>	
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"> <li>• Amended By-Laws, Article III, Section 6</li> <li>• 2020 Manual, Section 2.2.1.4, pages 6 to 7</li> <li>• Charter of the Board of Directors, Section 4, page 9</li> </ul>	
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2	The Directors review meeting materials for all Board and Committee meetings.	COMPLIANT	Under Section 5, page 10, of the Charter of the Board of Directors, the members of the Board must be provided with copies of all the materials to be discussed during the meeting at least seven (7) days before the meeting.	
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, pages 12 to 13	
<b>Recommendation 4.2</b>				
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"> <li>• 2020 Manual, Section 2.2.1.4, pages 6 to 7</li> <li>• Charter of the Board of Directors, Section 3, page 7</li> <li>• Amended 2023 GIS</li> </ul> <p>The non-executive directors, namely, Mr. Yang Soo Lee, Mr. Yun Gie Park, Ms. Hyo Jin Song, Mr. Parinya Kitjatanapan, and Mr. Vishal Malik are currently not on the Board of Directors of other publicly-listed companies in the Philippines.</p> <p>The independent directors, Mr. Reyes, is concurrently a director of two (2) publicly-listed companies; and Mr. Alunan is concurrently a director of one (1) publicly-listed company.</p>	
<b>Recommendation 4.3</b>				
1	The Directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• 2020 Manual, Section 2.2.1.4, pages 6 to 7</li> <li>• Charter of the Board of Directors, Section 4, pages 8 to 9.</li> </ul> <p>The independent directors are also required to issue a Certification of Independent Director to inform the Board of their directorships.</p>	
<b>Principle 5. REINFORCING BOARD INDEPENDENCE</b>				
The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.				
<b>Recommendation 5.1</b>				
1	The Board is composed of a majority of non-executive directors who	COMPLIANT	Of the nine (9)-person Board of Directors, two (2) are executive directors. The rest of the Board is composed of five (5) non-executive directors, and two (2) independent directors.	

	possess the necessary qualifications.		Please refer to: <ul style="list-style-type: none"> <li>• 2020 Manual, Section 2.2.1.1, pages 2 to 3</li> <li>• 2023 DIS, Part B, Item 5, pages 10 to 11</li> <li>• 2023 Annual Report, Part III, Item 10, pages 18 to 20</li> <li>• Amended 2023 GIS</li> </ul>	
<b>Recommendation 5.2</b>				
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	Please refer to: <ul style="list-style-type: none"> <li>• Amended By-Laws, Article III-A, Section 1</li> <li>• 2020 Manual, Section 2.2.1.6, pages 8 and 9</li> <li>• Charter of the Board of Directors, Section 3, page 6</li> </ul>	<p>Consistent with the Revised Corporation Code, the Board, comprised of nine (9) directors, has two (2) independent directors which constitute at least twenty percent (20%) of the Board.</p> <p>The two (2) independent directors, together with the five (5) non-executive directors, collectively assure objective and independent judgment on matters brought to the Board for decision, providing the necessary checks and balances.</p>
<b>Recommendation 5.3</b>				
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"> <li>• 2020 Manual, Section 2.2.2.3.2, pages 17 to 22</li> <li>• Nomination and Election Policy attached to the Charter of the Nomination and Governance Committee, Section 2.1, page 11</li> </ul>	
<b>Recommendation 5.4</b>				
1	The company perpetually bars an independent director from serving in such capacity after the term limit of nine (9) years.	COMPLIANT	Please refer to: <ul style="list-style-type: none"> <li>• 2020 Manual, Section 2.2.1.6, pages 8 to 9</li> </ul> <p>The Corporation retained its independent directors who have served in the same capacity past the nine (9)-year limit, and for which, in accordance with SEC Memorandum Circular No. 4, Series of 2017, the Board provided meritorious justification and secured the stockholders' approval and election of said directors at the 2023 Annual Stockholders' Meeting held on 15 June 2023 ("<u>2023 ASM</u>").</p>	
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious	COMPLIANT		



	justification and seeks shareholders'/members' approval during the annual regular meeting.			
<b>Recommendation 5.5</b>				
1	The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.	COMPLIANT	The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. The Chairman of the Board is Mr. Reyes. The Chief Executive Officer (" <u>CEO</u> ") is Mr. Phyo Phyu Noe.  Please refer to the Amended 2023 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 to 26.  The Chairman and the CEO are not related to each other.	
<b>Recommendation 5.6</b>				
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.	
<b>Recommendation 5.7</b>				
1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest, abstain from taking part in the deliberations for the same, and recuse from voting on the approval of transaction.	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.	
<b>Recommendation 5.8</b>				

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>	
2	The meetings are chaired by the lead independent director, if applicable.	COMPLIANT	The Audit Committee holds meetings not less than once every quarter, please refer to the Charter of the Audit Committee, Section 6, page 10.	

#### 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"> <li>2020 Manual, Section 7, pages 31 to 32</li> <li>Charter of the Nomination and Governance Committee, Section 8, page 9</li> <li>Charter of the Compensation and Remuneration Committee, Section 8, page 8</li> <li>Charter of the Audit Committee, Section 8, page 13</li> <li>2023 DIS, Part B, Item 5, pages 15 to 16.</li> </ul>	
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-assessment of its performance.	COMPLIANT		

##### Recommendation 6.2

1	The Board has in place a system that provides, at the minimum, criteria	COMPLIANT	Please refer to the 2020 Manual, Section 7, pages 31-32.	
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	and process to determine the performance of the Board, individual directors/trustees and committees.			
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 in Pepsi-Cola Products Philippines Inc." at <a href="https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/Code%20of%20Business%20Conduct%20and%20Ethics.pdf">https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/Code%20of%20Business%20Conduct%20and%20Ethics.pdf</a>.</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 the public through the company website.	COMPLIANT	<p>The Code of Business Conduct and Ethics can be found on the Corporation's website, under "Corporate Governance in Pepsi-Cola Products Philippines Inc." at <a href="https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/Code%20of%20Business%20Conduct%20and%20Ethics.pdf">https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/Code%20of%20Business%20Conduct%20and%20Ethics.pdf</a>.</p>	

#### 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	<p>Directors, senior management and employees are required to comply with the Code of Business Conduct and Ethics.</p> <p>Please refer to the 2020 Manual, Section 2.2.1.3, page 5.</p>	
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## 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	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• 2020 Manual, Section 5, pages 29 to 30</li> <li>• Charter of the Board of Directors, Section 2, page 5</li> </ul>	
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#### 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	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• 2020 Manual, Section 2.2.1.4, page 6</li> <li>• Charter of the Board of Directors, Section 4, page 8</li> <li>• Memorandum on Filing and Disclosure Guidelines for Directors, Officers and Principal Stockholders dated 18 January 2021 issued by the Corporate Secretary</li> </ul>	
2	The company has a policy requiring all officers to disclose/report to the	COMPLIANT		

	company any dealings in the company's shares within five (5) business days.			
Recommendation 8.3				
1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Please refer to the 2020 Manual which may be found at: <a href="https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/PCPPI%20-%202020%20Manual%20on%20Corporate%20Governance.pdf">https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2022/july/cms/PCPPI%20-%202020%20Manual%20on%20Corporate%20Governance.pdf</a> .  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 2022 Annual Corporate Governance Reports (" <u>ACGR</u> ") for the reporting year 2022, was filed on 06 June 2023.  The 2022 ACGR may be found on the Investor Relations page of the Corporation's website, available at: <a href="https://pepsiphilippines.com/investor-relations-disclosures/secfillings">https://pepsiphilippines.com/investor-relations-disclosures/secfillings</a> and <a href="https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2023/august/cms/0810202308273864d49f7ae3f85.pdf">https://sgp1.digitaloceanspaces.com/pcppicms/pcppicms/2023/august/cms/0810202308273864d49f7ae3f85.pdf</a>	
2	The company's ACGR is submitted to the SEC.	COMPLIANT		
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"> <li>• Charter of the Audit Committee, Section 3.3, page 6</li> <li>• 2020 Manual, Section 2.2.2.2.4, page 12</li> </ul>	
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"> <li>• Charter of the Audit Committee, Section 3.3, page 6</li> <li>• 2020 Manual, Section 2.2.2.2.4, page 12</li> </ul>	
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"> <li>• Charter of the Audit Committee, Section 3.3, page 6</li> <li>• 2020 Manual, Section 2.2.2.2.4, page 12</li> </ul>	

#### Recommendation 9.2

1	The Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence</li> </ul>	COMPLIANT	Please refer to the Charter of the Audit Committee, Section 3, pages 4 to 8.	
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	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.		
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	Please refer to: <ul style="list-style-type: none"> <li>• 2023 DIS, Part B, Item 7, pages 17 to 18</li> <li>• 2023 Annual Report, Part III, Item 8, pages 16 to 17</li> </ul>	
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"> <li>• 2020 Manual, Section 2.2.2.2.11 page 13</li> <li>• Charter of the Audit Committee, Section 3.3, page 6</li> </ul>	

#### 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, 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"> <li>• 2020 Manual, Section 2.2.1.3, page 5.</li> </ul>	

#### 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 page of the Corporation's website at <a href="https://pepsiphilippines.com/investor-relations-disclosures/">https://pepsiphilippines.com/investor-relations-disclosures/</a> .	
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#### 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	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• 2020 Manual, Section 2.2.1.5, pages 7 to 8, and Section 2.2.2.2, page 11</li> <li>• Charter of the Audit Committee, Section 3.2, pages 5 to 6</li> <li>• 2022 AFS, Statement of Management's Responsibility for Financial Statements</li> </ul>	
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• Management Report (Annex B of 2023 DIS), Part V in connection with Part I</li> <li>• 2020 Manual, Section 2.2.1.5, pages 7 to 8</li> <li>• Charter of the Audit Committee, Section 3.4, pages 6 to 7</li> <li>• 2023 Annual Report, Part III, Item 6, page 16 in connection with Part I, Item 1, par. 2(o), pages 9 to 10</li> </ul>	

**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 and improve the company's operations.	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 Head – Internal Controls and Audit.	
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**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	COMPLIANT	Please refer to the 2020 Manual, Section 6, pages 30 to 31.	
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	the Manual on Corporate Governance.			
<b>Recommendation 13.2</b>				
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	<p>Please refer to the Amended By-Laws, Article II, Section 3.</p> <p>The Notice and Agenda for the 2023 ASM held on 15 June 2023 was published on newspapers of general circulation on 11 May 2023 and 12 May 2023. The Notice of the meeting was made accessible to the stockholders beginning 24 May 2023 at the Corporation's website.</p>	
<b>Recommendation 13.3</b>				
1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	COMPLIANT	The relevant SEC Form 17-C reporting the results of the 2023 ASM was filed with the SEC via email on 16 June 2023, or a day after the 2023 ASM was held.	
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 2023 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 2023 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 2023 ASM may be found at <a href="https://pepsiphillippines.com/investor-relations-disclosures/minutesofstockholdersmeetings?minutesofstockholdersmeetings=2">https://pepsiphillippines.com/investor-relations-disclosures/minutesofstockholdersmeetings?minutesofstockholdersmeetings=2</a>.</p>	
<b>Recommendation 13.4</b>				

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.		The Policy to formulate an alternative dispute mechanism is stated in Section 2.2.1.3 of the 2020 Manual.	
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#### 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, Mr. Elmer Joseph Yanga, serves as the Investor Relations Officer ("<i>IRO</i>"). Below are the details of his office:</p> <ul style="list-style-type: none"> <li>• Address: 26th Floor, Filinvest Axis Tower Two Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City</li> <li>• Telephone Number: (02) 8887-3774</li> <li>• Fax Number: (02) 8850-7982</li> </ul>	
2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	COMPLIANT	Mr. Yanga was present at the 2023 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	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• 2023 Annual Report, pages 11 to 14</li> <li>• Corporation's website at <a href="https://pepsiphilippines.com/about">https://pepsiphilippines.com/about</a></li> </ul> <p>The Corporation respects and upholds its stakeholders' rights and interests as exemplified by the following efforts as reported in its website articles, among others:</p> <ul style="list-style-type: none"> <li>- "Pepsi-Cola Products Philippines, Inc. reaffirms commitment to responsible water stewardship" available at <a href="https://pepsiphilippines.com/media/news/view/121">https://pepsiphilippines.com/media/news/view/121</a></li> </ul>	
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			<ul style="list-style-type: none"> <li>- "Sustainable practices begin at home, says PCCPI" available at <a href="https://pepsiphillippines.com/media/news/view/122">https://pepsiphillippines.com/media/news/view/122</a></li> <li>- "PCPPI adopts, commits to rehabilitate Magdaong River" available at <a href="https://pepsiphillippines.com/media/news/view/126">https://pepsiphillippines.com/media/news/view/126</a></li> <li>- "'Responsible environmental stewardship' guides PCPPI in resource consumption" available at <a href="https://pepsiphillippines.com/media/news/view/130">https://pepsiphillippines.com/media/news/view/130</a></li> <li>- "CPPI, GMA Kapuso Foundation Promote Better Eye Health" available at <a href="https://pepsiphillippines.com/media/news/view/133">https://pepsiphillippines.com/media/news/view/133</a></li> <li>- "Resilience through preparation: PCPPI reinforces disaster preparedness capabilities to build stronger Filipino communities" available at <a href="https://pepsiphillippines.com/media/news/view/136">https://pepsiphillippines.com/media/news/view/136</a></li> <li>- "Make green choices when spreading Holiday cheer with sustainable gift-giving tips" available at <a href="https://pepsiphillippines.com/media/news/view/137">https://pepsiphillippines.com/media/news/view/137</a></li> </ul>	
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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	<p>The Corporation has in place its "Code of Business Conduct and Ethics" and "Code of Conduct". It also implements the following policies:</p> <ul style="list-style-type: none"> <li>- Whistleblowing Policy</li> <li>- Anti-Bribery and Anti-Corruption Policy</li> </ul>	
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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	<p>The Corporation implements the following policies:</p> <ul style="list-style-type: none"> <li>• HIV-AIDS Workplace Policy &amp; Program</li> <li>• Alcohol-Free Workplace Policy</li> <li>• Sexual Harassment Policy and Procedure</li> <li>• Drug-Free Workplace Policy</li> <li>• Smoke-Free Workplace Policy</li> <li>• Workplace Policy on Hepatitis B</li> <li>• Tuberculosis (TB) Prevention and Control Policy</li> <li>• Breastfeeding Workplace Policy</li> </ul>	
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			<ul style="list-style-type: none"> <li>• Guidelines on SARS Prevention and Control at the Workplace</li> <li>• Anti-bribery and Anti-Corruption Policy</li> <li>• Safety and Health Measures to Prevent and Control Heat Stress at the Workplace</li> <li>• Guidelines on Prolonged Standing and Sitting at the Workplace</li> </ul>	
<b>Recommendation 15.2</b>				
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>The Corporation has in place its "Code of Business Conduct and Ethics" and "Code of Conduct". It also implements the following policies:</p> <ul style="list-style-type: none"> <li>- Whistleblowing Policy</li> <li>- Anti-Bribery and Anti-Corruption Policy</li> </ul>	
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	The policies are disseminated to the Board, Senior Management and employees, and likewise disclosed.	
<b>Recommendation 15.3</b>				
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	The Corporation has in place its "Code of Business Conduct and Ethics" and "Code of Conduct". It also implements a Whistleblowing Policy.	

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.		
3	The Board supervises and ensures the enforcement of the whistleblowing framework.		

#### 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	<p>The Corporation has several commitments beneficial to the community and the environment. This is exemplified by the following efforts as reported in its website articles, among others:</p> <ul style="list-style-type: none"> <li>- "Pepsi-Cola Products Philippines, Inc. reaffirms commitment to responsible water stewardship" available at <a href="https://pepsiphilippines.com/media/news/view/121">https://pepsiphilippines.com/media/news/view/121</a></li> <li>- "PCPPI adopts, commits to rehabilitate Magdaong River" available at <a href="https://pepsiphilippines.com/media/news/view/126">https://pepsiphilippines.com/media/news/view/126</a></li> <li>- "'Responsible environmental stewardship' guides PCPPI in resource consumption" available at <a href="https://pepsiphilippines.com/media/news/view/130">https://pepsiphilippines.com/media/news/view/130</a></li> <li>- "CPPI, GMA Kapuso Foundation Promote Better Eye Health" available at <a href="https://pepsiphilippines.com/media/news/view/133">https://pepsiphilippines.com/media/news/view/133</a></li> </ul>	
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Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report for 2023 is signed on behalf of the Company by the undersigned, thereunto duly authorized, in the City of Makati on 30 APR 2024.

#### SIGNATURES



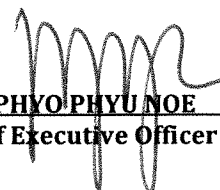
**OSCAR S. REYES**

**Chairman of the Board / Independent Director**



**RAFAEL M. ALUNAN III**

**Independent Director**



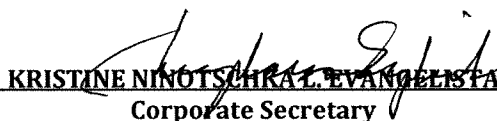
**PHYOPHYU NOE**

**Chief Executive Officer**



**CARINA LENORE S. BAYON**

**Compliance Officer**



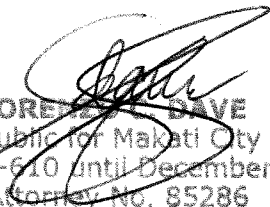
**KRISTINE NINOTCHKA L. EVANGELISTA**

**Corporate Secretary**

**SUBSCRIBED AND SWORN** to before me this 30 APR, 2024, 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. P0615079C	21 June 2022	Manila
PHYO PHYU NOE	Passport No. MH697303	15 July 2023	Moha, Yangon
RAFAEL M. ALUNAN III	Passport No. P7060946B	29 June 2021	DFA Manila
CARINA LENORE S. BAYON	Driver's License No. N03-86-026443	Expiry date: 14 October 2032	Land Transportation Office
KRISTINE NINOTSCHKA L. EVANGELISTA	Passport No. P1132602C	30 July 2022	DFA NCR Central

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Page No. 93;  
Book No. 1;  
Series of 2024.

  
**JOSE LORENTE DAVE**  
Notary Public for Makati City  
Appointment No. M-610 until December 31, 2024  
Roll of Attorney No. 85286  
PTR No. 10077887; 1/5/2024; Makati City  
IBP No. 301598; 1/3/2024; Quezon City Chapter  
30<sup>th</sup> Floor 88 Corporate Center  
Sedeño corner Valero Streets  
Salcedo Village, Makati City 1227