DEL MONTE PHILIPPINES, INC.

MANUAL ON CORPORATE GOVERNANCE

January 2018

TABLE OF CONTENTS

1. OBJECTIVE AND COMMITMENTS

Del Monte Philippines, Inc. (the "**Corporation**"), together with its Board of Directors ("**Board**"), Management, employees and shareholders, is committed to the highest standards of corporate governance as it supports the principles of openness, integrity and accountability upheld by the Securities and Exchange Commission (the "**SEC**") and The Philippine Stock Exchange, Inc. (the "**PSE**").

This Corporate Governance Manual (the "**Manual**") contains the framework of principles, guidelines, policies and terms of references that govern the performance by the Board and Management of their responsibilities in a manner that serve both corporate objectives and the long-term interests of the Corporation's shareholders and other stakeholders. While the Board and Management have committed to use their best endeavours to align the Corporation's governance framework with the recommendations of the SEC's Code of Corporate Governance for Publicly Listed Companies ("**SEC CG Code**"), this Manual likewise adopts the principles set out in the Singapore Code of Corporate Governance to which the Corporation's parent, listed in the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), is subject.

2. BOARD GOVERNANGCE

2.1 A Competent and Effective Board – The Corporation should be headed by a competent and effective Board to foster the long-term success of the Corporation and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term interests of its shareholders and other stakeholders.

Guidelines:

2.1.1 The Board shall comprise directors with collective working knowledge, experience and expertise that are relevant to the Corporation's industry. The Board shall ensure that it has an appropriate mix of competence and expertise, and that its members continue to be qualified for their positions individually and collectively to enable the Board to fulfill its responsibilities.

2.1.2 The Board shall be headed by a competent and qualified Chairperson.

2.1.3 All directors are required to undergo annual continuing training to promote effective Board performance and continuing improvement in carrying out their duties and responsibilities.

2.1.4 First-time directors in the Corporation shall attend an orientation program to ensure that they are appropriately apprised of their duties and responsibilities. The orientation program shall include, at the minimum, corporate governance topics, including this Manual, and an introduction to the Corporation's business, constitutive documents and Code of Business Conduct and Ethics (the "**Code of Conduct**").

2.1.5 The Board has adopted and shall continue to implement its policy on Board diversity.

2.1.6 The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the Corporation's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees.

2.2 Board's Roles and Responsibilities – The fiduciary roles, responsibilities and accountabilities of the Board should be clearly made known to all directors as well as to shareholders and other stakeholders.

***Guidelines*:**

2.2.1 The directors should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders.

2.2.2 The Board shall perform the following duties:

(a) Provide entrepreneurial leadership, approve strategic objectives, review and guide corporate strategy, major plans of action, and ensure that the necessary financial and human resources are in place for the Corporation to meet its objectives;
(b) Establish a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Corporation's assets;
(c) Identify key stakeholder groups and recognize that the Corporation's relationships and interactions with them affect their well-being, as well as the Corporation's;
(d) Set the Corporation's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met; and
(e) Consider sustainability issues as part of the planning and formulation of the Corporation's strategic objectives.

2.2.3 The Board shall establish board committees, as appropriate and necessary, that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

2.2.4 The Board shall establish a Nominating and Governance Committee ("**NGC**"), an Audit and Risk Committee ("**ARC**"), and a Remuneration and Share Option Committee ("**RSOC**"). The authorities and duties of the board committees are discussed in detail below and shall also be provided in the respective terms of reference of these board committees.

The Board may decide to delegate the authority to make decisions to any board committee but without abdicating its responsibility. Any such delegation should be disclosed.

2.2.4 The Board should meet regularly and as warranted by particular circumstances as deemed appropriate by the Board members. The Corporation's amended By-laws allow for video/teleconference meetings which may be required to be held under certain circumstances. The number of meetings of the Board and board committees held during the year, as well as the attendance of every Board member and committee member at these meetings, should be disclosed in the Corporation's Annual Report.

2.2.5 The Corporation shall prepare a document with guidelines setting forth: (a) the matters reserved for the Board's decision; and (b) clear directions to Management on matters that must be approved by the Board. The type of material transactions that require Board approval under these guidelines must be disclosed in the Corporation's Annual Report.

2.2.6 The Board shall be primarily responsible for approving the selection and assessing the performance of Management led by the Chief Executive Officer ("**CEO**"), and control functions led by their respective heads, Chief Financial Officer/Chief Risk Officer, and the Chief Compliance Officer.

2.2.7 The Board shall establish an effective performance management framework that will ensure that Management, including the CEO, is at par with the standards approved by the Board.

2.2.8 To avoid duplication and considering fully well the comprehensive accountabilities of the Board, in lieu of a separate Board Charter, this Manual shall serve as a guide to the directors in the performance of their functions, and shall be publicly available and posted on the Corporation's website.

2.3 Strong and Independent Element on the Board – There should be a strong and independent element on the Board which is able to exercise objective judgment on corporate affairs independently, in particular from Management. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

Guidelines:

2.3.1 The Board should comprise a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective and independent judgment on corporate affairs, and to allow proper checks and balances.

2.3.2 There should be a strong and independent element on the Board with independent directors making up at least one-third of the Board.

2.3.3 The independent directors should make up at least half of the Board, where:

(a) The Chairman of the Board and the CEO (or equivalent) is the same person;
(b) The Chairman and CEO are immediate family members;
(c) The Chairman is part of the management team; or
(d) The Chairman is not an independent director.

2.3.4 The Corporation should appoint an independent director to be the lead independent director where:

(a) The Chairman and the CEO is the same person;
(b) The Chairman and the CEO are immediate family members;
(c) The Chairman is part of the management team; or
(d) The Chairman is not an independent director.

2.3.5 The lead independent director should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer (or equivalent) has failed to resolve such concerns or is deemed inappropriate.

2.3.6 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors. The lead independent director should provide feedback to the Chairman after such meetings.

2.3.7 An independent director is one who has no relationship with the Corporation, its related companies, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the Corporation's best interests. The Board should identify in the Corporation's Annual Report each director it considers to be independent. The Board should determine, taking into account the views of the NGC, whether the director is independent in character and judgment, and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. Directors should disclose to the Board any such relationship as and when it arises. The Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination.

2.3.8 The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

2.3.9 To facilitate a more effective check on Management, non-executive directors are encouraged to meet regularly without the presence of Management.

2.3.10 Non-executive directors should:

(a) Constructively challenge and help develop proposals on strategy; and
(b) Review the performance of Management in meeting agreed objectives and monitor the reporting of performance.

2.4 Clear and Dedicated Leadership of the Board (as distinguished from that of Management) – There should be clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Corporation's business.

Guidelines:

2.4.1 To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making, the Chairman and the CEO shall be separate persons.

2.4.2 To clearly delineate the responsibilities of the Chairman as leader of the Board from those of the CEO as leader of Management, the following sets out the division of responsibilities between the Chairman and the CEO:

The Chairman has the following roles and responsibilities, among others:

(a) Leads the Board to ensure its effectiveness on all aspects of its role;
(b) Sets the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic matters;
(c) Promotes a culture of openness and constructive debate within the Board, and leveraging on the skills and expertise of directors;
(d) Ensures that the directors receive complete, adequate and timely information;
(e) Ensures that the Board sufficiently challenges and inquires on reports of Management;

(f) Ensures effective communication with shareholders;
(g) Encourages constructive relations within the Board, and between the Board and Management;
(h) Makes sure the performance of the Board is evaluated at least once a year and discussed, and followed up on;
(i) Facilitates the effective contribution of non-executive directors; and
(j) Promotes high standards of corporate governance.

The CEO has the following roles and responsibilities, among others:

(a) As the leader of Management, determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
(b) Communicates and implements the Corporation's vision, mission, values and overall strategy, and promotes any organisation change in relation to the same;
(c) Oversees the operations of the Corporation, and manages the human and financial resources in accordance with the strategic plan;
(d) Ensures that he has a working knowledge of the Corporation's industry and market, and keeps up to date with developments in both;
(e) Directs, evaluates and guides the work of the Corporation's senior management;
(f) Provides the Board with timely information and interfaces between the Board and Management;
(g) Builds the corporate culture and motivates the Companies' employees; and
(h) Serves as the link between the Corporation and its stakeholders.

2.5 Due Appointment and Re-Appointment of Directors – There should be a proper formal and transparent process for the appointment and re-appointment of directors to the Board.

Guidelines:

2.5.1 The Board is responsible for ensuring and adopting an effective succession planning program for directors, key officers and Management to ensure growth and continued increase in the shareholders' value.

2.5.2 The Board shall establish the NGC with written terms of reference which clearly set out its authority and duties, to make recommendations to the Board on all board appointments.

2.5.3 The NGC should comprise at least three (3) directors, the majority of whom, including the NGC Chairman, should be independent. The lead independent director, if any, should be a member of the NGC. The Board should disclose in the Corporation's Annual Report the names of the members of the NGC and the key terms of reference of the NGC, explaining its role and the authority delegated to it by the Board.

2.5.4 The NGC should make recommendations to the Board on relevant matters relating to:

(a) The review of board succession plans for directors, in particular, the Chairman and the CEO;
(b) The development of a process for evaluation of the performance of the Board, its board committees and directors;
(c) The review of training and professional development programs for the Board; and
(d) The appointment and re-appointment of directors (including alternate directors, if applicable).

2.5.5 The NGC shall also consider matters of corporate governance. It shall ensure and monitor the Corporation's compliance with, and proper observance of, this Manual and other applicable codes of corporate governance principles and practices. The NGC shall likewise conduct, at least annually, a review of this Manual.

2.5.6 Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g., attendance, preparedness, participation and candor) including, if applicable, as an independent director. All directors shall be required to submit themselves for re-nomination and re-appointment at regular intervals, and at least once every three years.

2.5.7 The NGC shall determine annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guideline 2.3.7 of this Manual and any other salient factors. If the NGC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NGC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.

2.5.8 When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of the Corporation. The NGC shall decide if a director is able to and has been adequately carrying out its duties as a director of the Corporation, taking into consideration the director's number of listed company board representations and other principal commitments. Guidelines should be adopted addressing the competing time commitments that are faced when directors serve on multiple boards.

2.5.9 To address competing time commitments when directors serve on multiple boards, the Board had set a maximum limit of four (4) directorships and/or chairmanships that executive directors may hold concurrently for listed companies, and a maximum limit of five (5) directorships and/or chairmanship in listed companies for independent and non-executive directors .

2.5.10 A description of the process for the selection (including search and nomination), appointment and re-appointment of directors to the Board should be disclosed in the Corporation's Annual Report.

2.5.11 Key information regarding directors, such as academic and professional qualifications, shareholding in the Corporation and its related companies, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three (3) years in other listed companies, and other principal commitments, should be disclosed in the Corporation's Annual Report. In addition, the Corporation's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NGC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include:

(a) Any relationships, including immediate family relationships between the candidate and the directors, or the Corporation;

(b) A separate list of all current directorships in other listed companies; and
(c) Details of other principal commitments.

2.5.12 The Corporation adopts the qualification standards and the grounds for permanent and temporary disqualification of directors as prescribed by the SEC CG Code.

2.6 Assessing and Driving Board Performance – There should be an appropriate and formal annual assessment of the effectiveness of (a) the Board as a whole; (b) its board committees; and (c) the contribution by each director to the effectiveness of the Board.

Guidelines:

2.6.1 Every Board should implement a process to be carried out by the NGC for assessing the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by the Chairman and each individual director to the Board's effectiveness. The Board should state in the Corporation's Annual Report how the assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been engaged, the Board should disclose in the Annual Report whether such facilitator has any other connection with the Corporation or any of its directors. This assessment process should be disclosed in the Corporation's Annual Report.

2.6.2 The NGC should decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which should allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.

2.7 Board Access to Information – In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines:

2.7.1 Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by Management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfill his duties properly. Hence, the Board should have separate and independent access to Management. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.

2.7.2 Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

Management shall endeavour to provide Board papers to the Board at least five (5) business days before the date of meeting.

2.7.3 The Board shall ensure that it is assisted in its functions by the Corporate Secretary, who should not be a member of the Board and should regularly attend training on corporate governance.

Directors should have separate and independent access to the Corporate Secretary. The role of the Corporate Secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed, and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Corporate Secretary's responsibilities include ensuring good information flows within the Board and its board committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The Corporate Secretary should attend all board meetings.

2.7.4 The appointment and the removal of the Corporate Secretary should be a matter for the Board as a whole.

2.7.5 The Board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the Corporation's expense.

2.7.6 Management should provide the Board with management accounts and such explanation and information on a monthly basis, and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Corporation's performance, position and prospects.

2.8 Fostering Commitment of the Directors – 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.

Guidelines:

2.8.1 The directors should prepare for, attend and actively participate in all meetings of the Board, board committees and shareholders, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent them from doing so.

2.8.2 A director should notify the Board before accepting a directorship in another listed company or any of its principal subsidiaries.

2.8.3 A director with material interest in any transaction affecting the Corporation is barred from participating in any deliberation of or voting on such transaction or matter.

2.9 Strengthening Board Ethics – The directors are duty-bound to apply high ethical standards in the performance of their duties in the Board while taking into account the interests of the Corporation's stakeholders.

Guidelines:

2.9.1 The Board had adopted the Code of Conduct and Business Ethics (the "**Code of Conduct**") which sets forth standards for professional and ethical behaviour, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings.

2.9.2 The Code of Conduct should be properly disseminated to the Board, Management and employees. It should also be disclosed and made available to the public through the Corporation's website.

2.9.3 The Board should also set the tone and make a stand against corrupt practices through the adoption and implementation of an anti-corruption policy and program in the Code of Conduct.

2.9.4 The Board should ensure the proper and efficient implementation, continuous review and monitoring of compliance with the Code of Conduct and internal policies.

3. ACCOUNTABILITY AND AUDIT

3.1 Accountability and Audit – The Board should present a fair and understandable assessment of the Corporation's performance, position and prospects.

Guidelines:

3.1.1 The Board's responsibility to provide a balanced and understandable assessment of the Corporation's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).

3.1.2 The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.

3.2 Audit and Risk Committee – The Board shall establish the ARC with written terms of reference which clearly set out its authority and duties.

Guidelines:

3.2.1 The ARC should comprise at least three (3) directors, the majority of whom, including the ARC Chairman, should be independent. All members of the ARC should be non-executive directors. The Board should disclose in the Corporation's Annual Report the names of the members of the ARC and the key terms of reference of the ARC, explaining its role and the authority delegated to it by the Board.

3.2.2 The Board should ensure that the members of the ARC are appropriately qualified to discharge their responsibilities. At least two (2) members, including the ARC Chairman, should have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.

3.2.3 The ARC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management, and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

3.2.4 The duties of the ARC should include:

(a) Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Corporation and any announcements relating to the Corporation's financial performance;

(b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Corporation's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

(c) Reviewing the effectiveness of the Corporation's internal audit function;

(d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and

(e) Making recommendations to the Board on proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

3.2.5 The ARC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management, at least annually.

3.2.6 The ARC should review the independence of the external auditors annually and should state: (a) the aggregate amount of fees paid to the external auditors for that financial year; and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the Corporation's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the Corporation, the ARC should keep the nature and extent of such services under review, seeking to maintain objectivity.

3.2.7 The ARC should review the policy and arrangements by which staff of the Corporation and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The ARC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the Corporation's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate.

3.2.8 The ARC should review all material Interested Person Transactions (“**IPT**”) (as defined in the SGX-ST rules to which the Corporation’s parent company is subject) and perform the following functions, among other functions:

(a) Evaluates on an ongoing basis existing relations between the Corporation and Interested Persons to ensure that Interested Persons are continuously identified and monitored;

(b) Evaluates all material IPTs to ensure that these are not undertaken on more favorable economic terms to such IPTs than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of, or in connection with, any IPTs;

(c) Ensures that appropriate disclosure is made and information is provided to appropriate regulators concerning the Corporation's IPT exposure and policies on conflicts of interest or potential conflict of interest;

(d) Reports to the Board on a regular basis the status and aggregate exposures of each Interested Person, as well as the total amount of exposure to Interested Persons;

(e) Ensures that IPTs, including write-off of exposure, are subject to a periodic independent review or audit process; and

(f) Oversees the implementation of the Company's system for identifying, monitoring, measuring, controlling and reporting IPTs, including a periodic review of IPT policies and procedures.

3.2.9 The Board should disclose a summary of all the ARC's activities, as well as measures taken by the ARC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements, in the Company's Annual Report.

3.3 Internal Audit – The Corporation should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines:

3.3.1 The Internal Audit is responsible for reviewing the risk management, internal control and governance processes to determine whether these are adequately and effectively implemented.

3.3.2 The Internal Auditor's primary line of reporting should be to the ARC Chairman, although the Internal Auditor would also report administratively to the CEO. The ARC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced. The Internal Auditor should have unfettered access to all the Corporation's documents, records, properties and personnel, including access to the ARC.

3.3.3 The ARC should ensure that the internal audit function is adequately resourced and has appropriate standing within the Corporation. For the avoidance of doubt, the internal audit function can be in-house, outsourced to a reputable accounting/auditing firm or corporation, or performed by a major shareholder, holding company or controlling enterprise with an internal audit staff.

3.3.4 The internal audit function should be staffed with persons with the relevant qualifications and experience.

3.3.5 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies.

3.3.6 The ARC should, at least annually, review the adequacy and effectiveness of the internal audit function.

3.4 External Audit – The Corporation 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.

***Guidelines*:**

3.4.1 The appointment, re-appointment and removal of the Corporation's external auditors, as well as their remuneration and terms of engagement, should be subject to the review and recommendation of the ARC, approved by the Board and ratified by shareholders at a general meeting, and should also be governed by applicable laws and regulations.

3.4.2 As stated above, the ARC shall be responsible for assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor their independence and objectivity, as well as the effectiveness of the audit process, taking into consideration relevant regulatory requirements and applicable laws.

3.4.3 The Corporation should disclose the nature of non-audit services performed by its external auditor in the Corporation's Annual Report to deal with the potential conflict of interest.

4. RISK MANAGEMENT, INTERNAL CONTROLS AND COMPLIANGCE

4.1 Risk Management, Internal Controls and Compliance – The Board is responsible for the oversight of management of risks. The Board should ensure that Management maintains a sound system of risk management and effective internal controls to safeguard shareholders' interests and the Corporation's assets and reputation, and should determine the nature and extent of all risks identified to be necessary or incidental to achieving the Corporation's strategic objectives.

Guidelines:

4.1.1 The Board should ensure that a sound enterprise risk management framework is in place in the Corporation to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying risk exposure in the Corporation's business units, business lines and at enterprise level, as well as the effectiveness of Management's risk management strategies and measures.

The Chief Financial Officer, who shall act as the Chief Risk Officer, shall lead in implementing the Corporation's risk management system and shall report to the Board on identified risks and measures being taken by Management to address or mitigate these.

4.1.2 The Board should determine the Corporation's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.

4.1.3 The Board should, at least annually, review the adequacy and effectiveness of the Corporation's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.

4.1.4 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the Corporation's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the Corporation's internal control and risk management systems. The Board should also comment in the Corporation's Annual Report on whether it has received assurance from the CEO and the Chief Financial Officer:

(a) That the financial records have been properly maintained and the financial statements give a true and fair view of the Corporation's operations and finances; and

(b) Regarding the effectiveness of the Corporation's risk management and internal control systems.

4.1.5 The Board may, in its discretion, establish a separate board risk committee; merge the risk oversight function with the duties of the ARC; or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Corporation's risk management framework and policies.

4.1.6 The Board shall ensure that it is assisted in its functions by the Chief Compliance Officer, who should not be a member of the Board of Directors and should regularly attend training on corporate governance. The Chief Compliance Officer shall be vested with adequate stature authority to enable him or her to effectively perform his or her responsibilities. The Chief Compliance Officer shall have the following duties and responsibilities:

(a) Ensures proper onboarding of new directors (i.e., orientation on the Corporation’s business, Articles of Incorporation and By-laws, among others);

(b) Monitors, reviews, evaluates and ensures compliance by the Corporation, its directors and officers with relevant laws, rules and regulations and codes of corporate governance, which tasks include identification and monitoring of actions steps to address compliance issues;

(c) Reports to the Board any violation of laws and regulations, and recommends the appropriate steps to be taken;

(d) Ensures the integrity and accuracy of all documentary submissions to regulators;

(e) Appears before regulatory agencies as necessary;

(f) Collaborates with appropriate departments, units and affiliates of the Corporation to properly address compliance issues; and

(g) Performs other duties and responsibilities as may be provided by laws and regulations.

5. REMUNERATION

5.1 Remuneration Matters – There should be a formal and transparent procedure for developing policy on remuneration for directors and executives. No director should be involved in deciding any matter relating to his or her remuneration.

Guidelines:

5.1.1 The Board shall establish the RSOC with written terms of reference which clearly set out its authority and duties.

5.1.2 The RSOC should comprise at least three (3) directors, the majority of whom, including the RSOC Chairman, should be independent. All of the members of the RSOC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the Corporation's Annual Report the names of the members of the RSOC and the key terms of reference of the RSOC, explaining its role and the authority delegated to it by the Board.

5.1.3 The RSOC should review and recommend to the Board a general framework of remuneration for the Board and senior management. The RSOC should also review and recommend to the Board the specific remuneration packages for each director, as well as for the senior management. The RSOC's recommendations should be submitted for endorsement by the entire Board. The RSOC should cover all aspects of remuneration, including, but not limited to, director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

5.1.4 If necessary, the RSOC should seek expert advice inside and/or outside the Corporation on the remuneration of all directors. The RSOC should ensure that existing relationships, if any, between the Corporation and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Corporation should also disclose the names and firms of the remuneration consultants in its Annual Report, and include a statement on whether the remuneration consultants have any such relationships with the Corporation.

5.1.5 The RSOC should review the Corporation's obligations arising in the event of termination of the executive directors' and senior management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RSOC should aim to be fair and avoid rewarding poor performance.

5.2 Alignment of Remuneration with Corporation's Long-Term Interests – The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Corporation, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Corporation; and (b) key executives to successfully manage the Corporation. However, the Corporation should avoid paying more than is necessary for these purposes.

Guidelines:

5.2.1 A significant and appropriate proportion of executive directors' and senior management's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Corporation. It should take account of the risk policies of the Corporation, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive directors' and senior management's performance.

5.2.2 Long-term incentive schemes are generally encouraged for executive directors and senior management. The RSOC should review whether executive directors and senior management should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and senior management should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

5.2.3 The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors should not be overcompensated to the extent that their independence may be compromised. The RSOC should also consider implementing schemes to encourage non-executive directors to hold shares in the Corporation so as to better align the interests of such non-executive directors with the interests of shareholders.

5.2.4 The Corporation will consider the use of contractual provisions to allow the Corporation to reclaim incentive components of remuneration from executive directors and senior management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Corporation.

5.3 Disclosure of Remuneration - The Corporation should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Corporation's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and senior management, and performance.

Guidelines:

5.3.1 The Corporation should disclose each year the remuneration of directors, the CEO and at least the top four (4) senior management (who are not also directors or the CEO) of the Corporation as set out in 5.3.3.

5.3.2 To the extent practicable, there should be a breakdown (in percentage) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

5.3.3 The Corporation shall disclose in aggregate the total remuneration paid to the Corporation’s senior management.

5.3.4 The Corporation’s Annual Report should disclose the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds PhP2,000,000.00 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in appropriate incremental bands. The Corporation need only show the applicable bands.

5.3.5 The Corporation’s Annual Report should also contain details of employee share schemes, if any, to enable their shareholders to assess the benefits and potential cost to the Corporation. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted, as well as outstanding, whether the exercise price was the market price or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.

6. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

6.1 Fair and Equitable Treatment of Shareholders – The Corporation should treat all its shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders’ rights.

Guidelines:

6.1.1 The Corporation should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the Corporation or its business which would be likely to materially affect the price or value of the Corporation's shares.

6.1.2 The Corporation should ensure that shareholders have the opportunity to participate effectively in, and vote at, general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.

6.1.3 The results of the votes taken during an annual general meeting or general meeting of shareholders should be disclosed and made available to the public on the same day. The results of the meeting should likewise be uploaded on the Corporation’s website within five (5) days from the date of such meeting.

6.2 Engagement and Communication with Shareholders – The Corporation should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines:

6.2.1 The Corporation shall have a dedicated Investor Relations team who shall regularly engage and communicate with the investing community, and whose contact details shall be made available on the Corporation’s website. The Chief Corporate Officer of the Corporation shall also act as the Investor Relations Officer.

The Investor Relations Officer shall attend every shareholders’ meeting and ensure that the following mechanisms are effectively implemented:

(a) Various investor relations and communication modes shall be employed by the Corporation not just to provide information but also to gather feedback and address any questions or concerns. Any and all insights gathered shall be taken and, where appropriate, acted upon.

(b) To strengthen its relationships with the investing community, the Corporation shall conduct one-on-one meetings, hold joint briefings or conference calls, and participate in annual conferences and forums organized by stock brokerage firms and investing companies.

6.2.2 The Corporation shall adopt an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, the Corporation should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.

6.2.3 The Corporation should disclose information on a timely basis through the PSE Electronic Disclosure Generation Technology (EDGE) portals, and other information channels, including a well-maintained and updated corporate website.

6.2.4 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.

6.2.5 The Board should state in the Corporation's Annual Report the steps it has taken to solicit and understand the views of the shareholders, e.g. through analyst briefings, investor roadshows or Investors' Day briefings.

6.2.6 The Corporation should maintain its policy on payment of dividends and communicate this policy to its shareholders. Where dividends are not paid, the Corporation should disclose the reason/s for non-payment.

6.3 Conduct of Shareholder Meetings – The Corporation should encourage active shareholder participation at general meetings of shareholders and allow shareholders ample opportunity to communicate their views on matters affecting the Corporation.

Guidelines:

6.3.1 Shareholders should have the opportunity to participate effectively in, and to vote at, general meetings of shareholders.

6.3.2 A shareholder may appoint a proxy to attend and vote on his/her behalf on any matter at a general meeting of shareholders, subject to the Corporation’s By-laws.

6.3.3 There should be separate resolutions at general meetings on each substantially separate issue. The Corporation should avoid "bundling" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

6.3.4 All directors are encouraged to attend the meetings of the Corporation’s shareholders. In particular, the Chairman of the Board and the respective Chairman of the ARC, NGC and RSOC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit, and the preparation and content of the auditors' report.

6.3.5 The Corporation should cause minutes to be prepared of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request and available for download from the Corporation's website.

6.3.6 The Corporation should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The Corporation may utilize electronic polling as may be practicable.

7. OTHER STAKEHOLDERS

7.1 Respect for Other Stakeholders' including Employees' Rights under Applicable Laws – The rights of the Corporation's stakeholders, including employees, under applicable laws should be respected. Where stakeholders' rights are at stake, they should have the opportunity to obtain prompt and effective redress.

Guidelines:

7.1.1 The Board should identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.

7.1.2 The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of the Corporation's stakeholders.

7.1.3 The Board should develop and adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and obtain redress for the violation of their rights.

7.2 Social Responsibility in Communities – The Corporation should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve the environment and stakeholders in a positive and progressive manner.

Guideline:

7.2.1 The Corporation recognises the interdependence between business and society, and shall promote mutually beneficial relationships that allow the Corporation to grow its business while contributing to the advancement of communities where it operates.

7.3 Encouraging Employees' Participation – A mechanism for employee participation should be developed to create a symbiotic environment, realize the Corporation's goals and participate in its corporate governance processes.

Guidelines:

7.3.1 The Board should establish policies, programs and procedures on: (a) health, safety and welfare; (b) training and development; and (3) reward/compensation for employees that would encourage the employees to actively participate in the realization of the Corporation's goals.

7.3.2 The Board has adopted a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation, and to have direct access to an independent member of the Board, or a unit created to handle whistleblowing concerns. The Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

8. DISCLOSURE AND TRANSPARENGCY

8.1 Corporate Disclosure Policies and Procedures – The Corporation shall establish disclosure policies and procedures that are practical and in accordance with best practices for publicly listed companies.

Guidelines:

8.1.1 The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of the Corporation's financial condition and results.

8.1.2 All directors and key executive officers of the Corporation shall disclose and report to the Board any dealings in the Corporation's shares within two (2) business days from the date of transaction.

8.1.3 The Board should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.

8.1.4 As stated above, the Corporation should provide a clear disclosure of its policies and procedures for setting Board and executive remuneration, as well as the level and mix of the same in the Corporation's Annual Report and Integrated-Annual Corporate Governance Report.

8.1.5 The Corporation should disclose its policies governing IPTs and other unusual or infrequently occurring material transactions.

8.1.6 The Corporation shall make a full, fair, accurate and timely disclosure to the public of any event that has a material impact on the Corporation and its business, including, but not limited to, the acquisition or disposal of significant assets which could adversely affect the viability of the Corporation or the interest of its shareholders and other stakeholders.

8.2 Disclosure of Material Non-Financial and Sustainability Issues – The Corporation should ensure that material and reportable non-financial and sustainability issues are disclosed.

Guideline:

8.2.1 The Corporation shall duly consider adopting the sustainability reporting principles and requirements.

8.3 Maintenance of Comprehensive and Cost-Effective Communication Channels – The Corporation should maintain comprehensive, practical and cost-effective communication channels for disseminating material information.

Guideline:

8.3.1 The Corporation shall maintain a comprehensive and cost-effective communication channel/s for disseminating relevant information, recognizing the necessity of such channel/s in ensuring informed decision-making by investors and other stakeholders.

9. REVIEW, UPDATE AND AMENDMENT OF MANUAL

9.1. The provisions of this Manual and its implementation shall be subject to periodic review, unless otherwise stated by the Board.

9.2. The review and amendment of this Manual shall take into account changes within the Corporation, as well as in regulatory requirements and other external conditions affecting the Corporation's business and operations.

Signed:

(Original signed)
JOSELITO D. CAMPOS, JR.
Chairman of the Board

(Original signed)
ANTONIO E. S. UNGSON
Chief Compliance Officer