SECURITIES AND EXCHANGE COMMISSION
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COVER SHEET

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FRANCIS JOSEPH A. CRUZ	8841-5100
Contact Person	Company Telephone Number

1	2	3	1	MANUAL ON CORPORATE GOVERNANCE (AS AMENDED)			Month	Day
Month		Day		FORM TYPE			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.			Amended Articles Number/Section	

	Total Amount of Borrowings	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number										LCU
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November 4, 2026

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters
7907 Makati Avenue, Brgy. Bel Air
Makati City, Metro Manila 1209

Attention: Ms. Rachel Esther J. Gumtang-Remalante
Office of the Director
Corporate Governance and Finance Department

Re: Amended Manual on Corporate Governance

Gentlemen:

Further to our disclosure in our SEC Form 17-C dated November 4, 2026, please find the attached Amended Manual on Corporate Governance of Ginebra San Miguel Inc. Amendments made are underlined for easy reference.

GINEBRA SAN MIGUEL INC.

By:

Francis Joseph A. Cruz
Assistant Corporate Secretary

Ginebra San Miguel Inc.
MANUAL ON CORPORATE GOVERNANCE
(As amended)

The Board of Directors**,** Management, Officers and employees of **Ginebra San Miguel Inc.** (the "Corporation") hereby commit themselves to the principles and best practices contained in this Manual on Corporate Governance ("CG Manual"), and acknowledge that the same shall guide the attainment of their corporate goals.

1 OBJECTIVE

This CG Manual shall institutionalize the principles, policies, programs and procedures of good corporate governance in the entire organization.

The Board of Directors (which may also be referred to as the "Board'), Management, Officers, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization as soon as possible.

2 COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To ensure adherence to corporate principles and best practices, the Board of Directors shall appoint a Compliance Officer who shall hold the position of a Vice President or its equivalent. He is primarily liable to the Corporation and its shareholders. He should not be a member of the Board of Directors and should annually attend a training on corporate governance. He shall have direct reporting responsibilities to the Chairman of the Board.

2.1.2. He shall perform, among others, the following duties:

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

b. Monitors, reviews, evaluates and ensures the compliance by the Corporation, its Officers and Directors with the CG Manual, relevant laws, rules and regulations and all governance issuances of regulatory agencies;

c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;

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

e. Appears before the Securities and Exchange Commission ("SEC") when summoned in relation to compliance with the Code of Corporate Governance for Publicly-Listed Companies ("Code");

f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;

g. Identifies, monitors and controls possible areas of compliance issues and works towards the resolution of the same;

h. Ensures the attendance of Board members and key Officers to relevant trainings;

I. Monitors compliance with the provisions and requirements of this CG Manual and the rules and regulations of the regulatory agencies;

j. Determines violation/s of the CG Manual and recommends penalty for violation thereof for further review and approval of the Board;

k. Attests on the extent of the Corporation's compliance with this CG Manual and the Code explaining the reason/s of the latter's deviation from the same, in each case where necessary or required by applicable laws, rules and regulations; and

l. Performs such other duties and responsibilities as may be provided by the SEC.

2.1.3. The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to the Compliance Officer.

2.2. Plan of Compliance

2.2.1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors.

The fiduciary roles, responsibilities and accountabilities of the Board of Directors as provided under the law, the Corporation's Articles of Incorporation and By-laws, and other legal pronouncements and guidelines shall be clearly made known to all Directors as well as to shareholders and other stakeholders.

The Corporation shall be headed by a competent, working 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 best interests of its shareholders and other stakeholders.

The members of the Board of Directors shall not be less than five (5) but not more than fifteen (15), and shall be elected in accordance with the Corporation's By-laws and applicable laws.

The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

The membership of the Board of Directors may be a combination of executive and non-executive Directors which shall include Independent Directors. The non-executive Directors, who should comprise the majority of the Board of Directors, shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

2.2.1.1. General Responsibility

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, corporate objectives, and the long-term best interest of the Corporation, its shareholders and other stakeholders.

The Board is responsible for formulating the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance in order to sustain the Corporation's long-term viability and strength.

The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

To show full commitment to the Corporation, a Director should devote the time and attention necessary to properly and effectively perform his duties and responsibilities, including sufficient time to be familiar with the Corporation's business.

A Director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Corporation. He should exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

Members of the Board shall act on a fully-informed basis, in good faith, with due diligence and care and are duty-bound to apply high ethical standards, taking into account the best interest of the Corporation, its shareholders and other stakeholders.

2.2.1.2. Specific Duties and Functions

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall:

- Implement a process of selection to ensure a mix of competent Directors and Officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;

- Appoint competent, professional, honest and highly-motivated Management Officers and adopt an effective succession planning program for key Officers and Management to ensure growth and a continued increase in the shareholder's value, including a policy on retirement age of key Officers, and to promote dynamism in the Corporation;

- Align the remuneration of key Officers and Management with the long-term interest of the Corporation. In doing so, it shall formulate, adopt and implement a policy on specifying the relationship between remuneration and performance.

- Provide sound strategic policies and guidelines on major capital expenditures and other programs to sustain the Corporation's long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies;

- Ensure that the Corporation complies with all relevant laws, regulations and best business practices;

- Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations, and formulate clear policies on corporate disclosures and procedures that will ensure comprehensive, accurate, reliable, timely and effective communication to the Corporation's shareholders and other stakeholders, as well as agencies regulating the Corporation, in a manner that gives a fair and complete picture of the Corporation's financial condition, results and business operations;

- Establish and maintain an effective investor relations program that will keep the Corporation's shareholders and stakeholders informed of important developments in the Corporation. If feasible, the Corporation's Chief Finance Officer shall exercise oversight responsibility over this program;

- Adopt a system of internal checks and balances, and to review regularly the effectiveness thereof;

- Adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The said Code should be properly disseminated to the Board, Senior Management and

employees. It should also be disclosed and made available to the public through the Corporation's website;

- Ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies;

- Identify key risk areas and key performance indicators and monitor these factors with due diligence;

- Properly discharge Board functions by meeting regularly or at such times and frequency as may be needed. Independent views during Board meetings shall be given due consideration. All such meetings shall be duly minuted;

- Formulate, adopt and implement policies and procedures that would ensure the integrity and transparency of related party transactions ("RPTs") between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, Officers and Directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board, and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality, which policies and procedures should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions, encompassing all entities within the group and taking into account their size, structure, risk profile and complexity of operations;

- Formulate, adopt and implement a policy on Board diversity;

- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-laws and in existing laws, rules and regulations;

- Encourage the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Corporation and its shareholders or third parties, including regulatory agencies;

- Constitute an Audit and Risk Oversight Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities; and

- Appoint a Compliance Officer as provided in Section 2.1 of this CG Manual. In the absence of an appointment by the Board, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

2.2.1.3. Internal Controls and Enterprise Risk Management

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Corporation shall have an adequate and effective internal control system and

an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.

The Board shall have the following oversight responsibilities for ensuring the presence of appropriate, adequate, strong and effective internal control mechanisms:

- Establish organizational and operational controls commensurate with, among others, the nature and complexity of the business of the Corporation and its culture, volume, size and complexity of transactions; degree of risks involved, degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance;

- Ensure that an independent audit mechanism is in place to monitor the adequacy and effectiveness of the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts;

- Select and appoint a Chief Executive Officer who possesses the ability, integrity and expertise essential for the position, and define, with the assistance of the Corporate Governance Committee, the duties and responsibilities of the Chief Executive Officer who is ultimately responsible for the Corporation's organizational and operational controls;

- Evaluate proposed Senior Management appointments;

- Select and appoint qualified and competent Management Officers;

- Review the Corporation's human resources policies, conflict of interest situations, compensation program for employees, and Management succession plan.

- Establish a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders;

- Approve the Internal Audit Charter; and

- Establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

2.2.1.3.1. Enterprise Risk Management

The Board shall oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess and manage key business risks, which will guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The Corporation shall consider

establishing a separate ERM function to identify, assess and monitor key risk exposures, corresponding to its size, risk profile and complexity of operations.

2.2.1.3.1.1. The ERM function involves the following activities, among others:

a. Defining a risk management strategy;

b. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance factors and the achievement of the organization's strategic objectives;

c. Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters;

d. Establishing a risk register with clearly defined, prioritized and residual risks;

e. Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy;

f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board's Audit and Risk Oversight Committee; and

g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

2.2.1.3.1.2. In managing the Corporation's ERM system, the Corporation shall consider having a Chief Risk Officer ("CRO"), who will be the ultimate champion of ERM and have adequate authority, stature, resources and support to fulfill his responsibilities. The CRO shall have the following functions, among others:

a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board's Audit and Risk Oversight Committee;

c. Collaborates with the President in updating and making recommendations to the Board's Audit and Risk Oversight Committee;

d. Suggests ERM policies and related guidance, as may be needed; and

e. Provides insights on the following:

- Risk management processes are performing as intended;
- Risk measures reported are continuously reviewed by risk owners for effectiveness; and
- Established risk policies and procedures are being complied with.

2.2.1.4. Duties and Responsibilities of a Director

A Director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Corporation and to ensure that personal interest does not conflict with the interests of the Corporation. A Director with a material interest in any transaction affecting the Corporation should abstain from taking part in the deliberations for the same;

- To devote time and attention necessary to properly and effectively discharge his duties and responsibilities;

- To act judiciously;

- To exercise objective and independent judgment on all corporate affairs;

- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies, and keep abreast of industry developments and business trends;

- To observe confidentiality of all non-public information which he may acquire or learn by reason of his position as a Director;

- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment; and

- To attend a seminar or program on corporate governance at least once a year, which shall be conducted by training providers duly accredited by the SEC.

2.2.1.5. Qualification and Disqualification of Directors

The Board of Directors shall be composed of members from diverse backgrounds to ensure that optimal decision-making is achieved. In addition to the qualifications for membership in the Board of Directors provided for in the Corporation Code, the Securities Regulation Code and other relevant laws, the members of the Board of Directors shall have the following qualifications:

<u>Qualifications</u>

- He shall hold at least five thousand (5,000) shares of stock of the Corporation;

- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He shall be at least twenty-one (21) years old;
- He shall have proven to possess integrity and probity; and
- He shall be assiduous.

Disqualifications

Any of the following shall be a ground for permanent disqualification of a Director of the Corporation:

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in both (a) and (b) of this paragraph, or willfully violating the laws that govern securities and banking activities.

  The disqualification shall also apply if: (a) such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the SEC or BSP; (b) such person or has otherwise been restrained from engaging in any activity involving securities and banking; or (c) such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- Any person convicted by final judgment or order of a competent judicial or administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts or transgressions;

- Any person who has been adjudged by final judgment or order of the SEC or a competent court or other administrative body to have willfully violated, or willfully

aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;

- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;

- Any person judicially declared to be insolvent;

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

- Other grounds as the SEC may provide.

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

- Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;
- Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- If the beneficial equity ownership of an Independent Director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- If any of the judgments or orders cited in the grounds for the permanent disqualification of Directors has not yet become final; and
- If any person earlier elected as Independent Director of the Corporation becomes an Officer, employee or consultant of the Corporation.

A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an Officer, employee or consultant of the Corporation, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of three (3) years from the termination of his officership, employment or consultancy with the Corporation.

2.2.1.6. Independent Directors

The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.

An Independent Director is a person who, apart from his fees and shareholdings, has no business or relationship with the Corporation, which could, or could reasonably be perceived to, materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a Director. The Board should ensure that its Independent Directors possess all the qualifications and none of the disqualifications of an Independent Director to hold the position at the time of his election and/or re-election as an Independent Director. Each nominee for Independent Director shall submit a certification to this effect, in such form and substance as may be required by the SEC, before his election.

The Corporation shall have at least two (2) Independent Directors. This, notwithstanding, it shall endeavor to have at least three (3) Independent Directors or such number as to constitute at least one-third of the members of the Board, whichever is higher.

2.2.1.6.1. Qualifications of an Independent Director

a. Is not, or has not been a Senior Officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;

b. Is not, and has not been in the three (3) years immediately preceding the election, a Director of the Corporation; a Director, Officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a Director, Officer, employee of the Corporation's substantial shareholders and its related companies;

c. Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Director/Officer or Member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;

d. Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;

e. Is not a relative of a Director, Officer, or substantial shareholder of the Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

f. Is not acting as a nominee or representative of any Director of the Corporation or any of its related companies;

g. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the stock exchange ("Exchange"), an associated person or salesman, and an authorized clerk of the broker or dealer;

h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;

i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, Director or substantial shareholder, in any transaction with the Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

j. Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and

k. Is not employed as an executive officer of another company where any of the Corporation's executives serve as directors.

2.2.1.6.2. The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years. Upon reaching this limit, an Independent Director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent Director.

2.2.1.7. Board meetings and Quorum Requirements

The Directors should attend and actively participate in all meetings of the Board, Board Committees ("Committees"), and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the Director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

Independent Directors should always attend Board meetings. Absence of Independent Directors in Board meetings shall not affect the quorum requirement, unless otherwise provided in the By-laws of the Corporation and applicable laws, rules and regulations. However, the Board may, to promote transparency, require the presence of at least one (1) Independent Director in all its meetings.

The non-executive Directors should have separate periodic meetings with the External Auditor and head of the Internal Audit, compliance and risk functions, without any executive Directors present

to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the Lead Independent Director as defined in Section 2.2.3.

A report, advice or certification on the directors' attendance in Board meetings shall be submitted by the Corporation to the SEC as may be necessary or required by applicable laws, rules or regulations.

2.2.1.8. Adequate and Timely Information

Management shall provide the Board with complete, adequate and timely information about the matters to be taken up during their meetings.

Upon reasonable request, the Directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Corporation, which expense must be reasonable.

The members of the Board shall be given independent access to Management and the Corporate Secretary.

2.2.1.9. Policy on Multiple Board Seats

A director shall exercise due discretion in accepting and holding directorships other than in the Corporation, provided that, in holding such other directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a director of the Corporation is not compromised.

The non-executive Directors of the Board should concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation.

A Director should notify the Board where he is an incumbent director before accepting a directorship in another company.

2.2.2. Board Committees

The Board shall set up Committees to the extent possible to support the effective and optimal performance of the Board's functions, roles, and responsibilities particularly with respect to audit, risk management, RPTs, **sustainability** and other key corporate governance concerns, such as nomination and remuneration.

All established Committees shall have Committee Charters ("Charters") stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees and be fully disclosed on the Corporation's website.

Each Committee shall report regularly to the Board of Directors.

2.2.2.1. Corporate Governance Committee

The Board shall establish a Corporate Governance Committee that will be tasked to assist the Board in the performance of its corporate governance responsibilities. It shall be composed of at least three (3) directors, at least two (2) of whom should be Independent Directors, including the Chairman.

2.2.2.1.1. Duties and responsibilities:

- Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments;

- Oversee the periodic performance evaluation of the Board and Committees, as well as executive management, and conduct an annual self-evaluation of its performance;

- Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

- Recommend continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession plan for the Board members and Senior Officers, and remuneration packages for corporate and individual performance;

- Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;

- Propose and plan relevant trainings for the members of the Board;

- Determine the nomination and election process for the Corporation's Directors and define the general profile of Board members that the Corporation may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;

- Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications as provided in this CG Manual.

2.2.2.1.2. In consultation with the appropriate executive or Management committee/s and with the supervision of the Board of Directors, the Corporate Governance Committee shall re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and

future expansionary prospects within the realm of good corporate governance at all times.

2.2.2.1.3. The Corporate Governance Committee shall consider the following guidelines in the determination of the number of directorships which a member of the Board may hold in accordance with the policy on holding multiple Board seats under this CG Manual:

- The nature of the business of the corporations which he is a Director;
- Age of the Director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

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

2.2.2.1.4. In accordance with the guidelines set by the Corporate Governance Committee on the number of directorships which a member of the Board may hold pursuant to the policy on multiple board seats under this CG Manual, the Chief Executive Officer and other executive Directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

2.2.2.2. Executive Compensation Committee

2.2.2.2.1. The Executive Compensation Committee shall be composed of at least three (3) Directors, one of whom shall be an Independent Director.

2.2.2.2.2. Duties and Responsibilities

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate Officers and Directors, and provide oversight over remuneration of Senior Management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment;

- Designate amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Officers who are needed to run the Corporation successfully;

- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming Officers, which among others, compel all Officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;

- Disallow any Director to decide his or her own remuneration;

- Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Directors and senior executive Officers for the previous fiscal year and the ensuing year;

- Review (if any) of the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; and

- In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

2.2.2.3. Audit, Risk Oversight and Sustainability Committee

2.2.2.3.1. The Board shall establish an Audit, Risk Oversight **and Sustainability** Committee to enhance its oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations; to be responsible for the oversight of the Corporation's ERM system to ensure its functionality and effectiveness; to undertake the review of the Corporation's RPTs; and such other functions as the Board may designate, as well as those as may be provided by SEC. Thus, the Audit and Risk Oversight Committee shall perform functions related not only to audit, but also functions pertaining to risk oversight and RPTs.

In addition to the foregoing, pursuant to the mandate of the Securities and Exchange Commission through SEC Memorandum Circular No. 4, Series of 2019, on Sustainability Reporting Guidelines for Publicly Listed Companies, the Committee will likewise perform the following functions: (a) assist the Board in performing its duties to determine the policies, directions, and strategies of the Corporation towards achieving sustainable development; (b) fulfill its oversight responsibilities in relation to the implementation of such policies, directions, and strategies; (c) assess and manage non-financial performance across Environment, Social, and Governance aspects of the Corporation and (d) enable the Corporation to measure and monitor its contributions towards achieving universal targets of sustainability in accord with the United Nations Sustainable Development Goals (SDGs).

The Committee shall be composed of at least three (3) appropriately qualified non-executive Directors, two of whom should be independent. The members of the committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit and Risk Oversight Committee shall be an Independent Director and should not be the Chairman of the Board or of any other Committees.

2.2.2.3.2. Duties and Responsibilities

Audit Functions:

The Audit and Risk Oversight Committee is responsible for overseeing the Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. In relation to this, the Audit and Risk Oversight Committee has the following duties and responsibilities, among others:

- **Recommend the approval of the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan, as well as oversee the implementation of the Internal Audit Charter.**

- Enhance the oversight capability of the Board over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

- Assist the Board in the performance of its oversight responsibility for financial reports and financial reporting process, internal control system, audit process and in monitoring and facilitating compliance with both the internal financial management handbook and pertinent accounting standards, legal and regulatory requirements;

- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;

- Prior to the commencement of the audit, discuss and review all audit plans, scope and audit resources/expenses, and ensure proper coordination if more than one (1) audit firm is involved;

- Formulate, adopt and implement a robust process for approving and recommending the appointment, reappointment, removal, and fees of the External Auditor. The appointment, reappointment, and removal of the External Auditor shall be recommended by the Audit and Risk Oversight Committee and approved by the Board of Directors and ratified by the shareholders.

- Be responsible for assessing the integrity and independence of the External Auditor and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements, as well as be responsible for reviewing and monitoring the External Auditor's suitability and effectiveness on an annual basis;

- Perform oversight functions with respect to the Internal and External Auditor of the Corporation, ensuring the independence of one from the other, freedom from interference from outside parties, and their unrestricted access to such records, properties and personnel of the Corporation necessary to enable them to perform their respective audit functions, and review the reports submitted by them;

- Evaluate and determine any non-audit work performed by External Auditor, including the fees therefor, and be 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 and independence;

- Establish and identify the reporting line of the Internal Auditor;

- **Oversee the Internal Audit Group, and recommend the appointment and/or grounds for approval of an Internal Audit Group Head. The Committee shall also approve the terms and conditions for outsourcing internal audit services;**

- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;

- Review all interim and annual financial statements before submission to the Board, with particular focus on the following:

    - changes in accounting policies and practices;
    - major judgmental areas;
    - significant adjustments resulting from audit;
    - going concern assumptions;
    - compliance with accounting standards; and
    - compliance with tax, legal and regulatory requirements;

- Ensure that the accounting and auditing processes, practices and methods of the Corporation comply with Philippine and internationally-accepted standards;

- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization; and

- Supervise Management in the formulation of rules and procedures on financial reporting and internal controls in accordance with the following, and such other guidelines as may be determined by the Board:

    a. The extent of Management's responsibility in the preparation of financial statements of the Corporation and the delineation of the responsibilities pertaining to the External Auditor must be clearly set out.

b. The system of internal control should be effective in ensuring the integrity of financial reports and maintaining protection of the assets of the Corporation for the benefit of all stockholders and other stakeholders.
c. The scope of the Internal Audit examinations based on approved audit plans should include, at the minimum, evaluation of adequacy and effectiveness of controls on governance, operations, information systems, protection of assets and compliance with contracts, laws, rules and regulations.
d. There should be consistent compliance with SEC's financial reporting requirements.

Risk Oversight Functions:

The Audit and Risk Oversight Committee shall have the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place to guide the Board in arriving at well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities. In relation to this, the Audit and Risk Oversight Committee shall have the following duties and responsibilities, among others:

a. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

b. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Audit and Risk Oversight Committee conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;

c. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Audit and Risk Oversight Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

d. Advise the Board on its risk appetite levels and risk tolerance limits;

e. Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;

f. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those

risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;

g. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

h. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further actions or plans, as necessary.

Functions Relating to RPTs

Among others, the following are likewise the functions of the Audit and Risk Oversight Committee in relation to RPTS:

- Evaluate on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

- Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties 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 the transactions. In evaluating RPTs, the Audit and Risk Oversight Committee takes into account, among others, the following:

    - The related party's relationship to the Corporation and interest in the transaction;
    - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
    - The benefits to the Corporation of the proposed RPT;
    - The availability of other sources of comparable products or services; and
    - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;

- Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are

inconsistent with such policies, and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties;

- Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;

- Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

Functions Relating to Sustainability:

- **The Corporation aligns with San Miguel Corporation's (SMC) overarching sustainability targets, which shall be the basis for the Committee's oversight responsibilities, are as follows:**
  - **(1) Establish a circular economy approach by 2040**
  - **(2) Net zero by 2050**
  - **(3) At least 15 million people uplifted by 2030**
  - **(4) A fully sustainable and ethical supply chain by 2040**

- **Provide guidance to effectively manage sustainability risks and critical sustainability issues;**

- **Encourage sustainability through progressive and innovative leadership;**

- **Review the sustainability strategies and performance at the Board level, and recommend any necessary adjustments to improve performance;**

- **Oversee the monitoring, reporting, and verification of the Sustainability Key Performance Indicators (KPI)s of the Corporation and their implementation through the Corporation's targets;**

- **Review the effectiveness of the Corporation's policies, strategies, and initiatives in progressing towards the achievement of its sustainability targets;**

- **Provide oversight and input to Management to ensure that the Corporation's targets, policies, and strategies pertaining to sustainability are aligned with, promote, and advance the Corporation's and SMC's vision and purpose;**

- **Advise on the Corporation's Sustainability Report prior to reporting to the Board, including: (a) Assessment of issues material to its stakeholders and the initiatives undertaken to address said material issues; (b) Compliance with the Corporation's and**

SMC's sustainability policies; and (c) Changes in sustainability policies, strategies and initiatives, and their implementation;

- **Review issues relating to sustainability arising from independent audits and assurance reports, ratings agencies and any matters highlighted by the external parties;**

- **Consider and recommend to the Board positioning on relevant emerging sustainability issues;**

- **Provide the Board with assurance of the quality and technical content of the sustainability information used by the Board;**

- **Oversee the stakeholder dialogue process and its outcomes that address social and environmental matters involving the Corporation – in particular, matters that may affect the Group's reputation. This shall include key concerns/allegations that are raised by stakeholders, evolving public sentiments, and government regulations.**

2.2.3. The Chairman, the Chief Executive Officer and the Lead Independent Director

The roles of the Chairman and the Chief Executive Officer are unified in the case of the Corporation. The proper checks and balances are laid down to ensure that the Board of Directors obtains the benefit of independent views and perspectives.

The Chairman has the following roles and responsibilities:

- Ensures that the meetings of the Board are held in accordance with the By-laws of the Corporation or as the Chairman may deem necessary;

- Supervises the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of Management and the Directors, and makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

- Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;

- Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;

- Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

- Assures the availability of proper orientation for first-time Directors and continuing training opportunities for all Directors;

- Makes sure that performance of the Board is evaluated at least one a year and discussed/followed up on; and

- Maintains qualitative and timely lines of communication and information between the Board and Management.

As Chief Executive Officer, he is responsible for the general supervision, administration and management of the business of the Corporation. He has the following roles and responsibilities, among others:

a. Determines the Corporation's strategic direction and formulate and implement 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 organization or stakeholder change in relation to the same;

c. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;

d. Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;

e. Directs, evaluates and guides the work of the key Officers of the Corporation;

f. Manages the Corporation's resources prudently and ensures a proper balance of the same;

g. Provides the Board with timely information and interfaces between the Board and the employees;

h. Builds the corporate culture and motivates the employees of the Corporation; and

i. Serves as the link between internal operations and external stakeholders.

The Chairman and Chief Executive Officer shall exercise such other powers and perform such other duties and functions as the Board of Directors may assign.

To ensure that the Independent Directors shall be free to express and advocate independent views and perspectives, and that abuse of power and authority and potential conflict of interest are avoided, the Board of Directors shall additionally designate a Lead Director from the Independent Directors (the "Lead Independent Director"), which Lead Director shall have sufficient authority to lead the Board in cases where Management has clear conflicts of interest.

The Lead Independent Director shall have, among others, the following functions:

- Serves as an intermediary between the Chairman and the other Directors when necessary;

- Convenes and chairs meetings of the non-executive Directors; and

- Contributes to the performance evaluation of the Chairman, as may be required.

The Lead Independent Director shall perform such other responsibilities as the Board of Directors may assign to him.

2.2.4. The Corporate Secretary

2.2.4.1. The Corporate Secretary is an Officer of the Corporation and is primarily responsible to the Corporation and its shareholders. Perfection in performance and no surprises are expected of him. Likewise, his loyalty to the mission, vision and specific business objectives of the Corporation come with his duties.

2.2.4.2. The Corporate Secretary shall be a Filipino citizen, a resident of the Philippines and should not be a member of the Board of Directors.

2.2.4.3. Considering his varied functions and duties, he must possess appropriate administrative and interpersonal skills, and if he is not at the same time the general counsel or chief legal officer, then he must have the legal skills of a general counsel or chief legal officer. He must also have some financial and accounting skills.

2.2.4.4. Duties and Responsibilities

The Corporate Secretary is primarily responsible to the Corporation and its shareholders and has, among others, the following duties and responsibilities:

a. Assists the Board and the Committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and the annual board calendar, and assisting the chairpersons of the Board and the Committees to set agendas for those meetings;

b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and the Committees, as well as other official records of the Corporation;

c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Corporation, and advises the Board and the Chairman on all relevant issues as they arise;

d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and Management, the Board and the Committees, and the Board and its stakeholders, including shareholders;

e. Advises on the establishment of Committees and their terms of reference;

f. Informs members of the Board, in accordance with the By-laws, of the agenda of their meetings at least five (5) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;

h. Performs required administrative functions;

i. Oversees the drafting of the By-laws and ensures that they conform with regulatory requirements;

j. Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;

k. Assists the Board in making business judgments in good faith and in the performance of its responsibilities and obligations;

l. Ensures that Board procedures, rules and regulations are strictly followed by the members;

m. Submits to the SEC, such reports, advice or certifications as to the attendance of the directors in Board meetings, as may be necessary or required by applicable laws, rules and regulations;

n. If he is also the Compliance Officer, performs all the duties and responsibilities of the said office as provided in this CG Manual; and

p. Performs such other duties and responsibilities as may be provided by the SEC.

2.2.5. External Auditor

The Corporation shall 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.

2.2.5.1. An External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation, undertake an independent audit of the Corporation and provide objective assurance on the manner by which the financial statements shall be prepared and presented to the shareholders. The External Auditor, which shall be duly accredited by the SEC, shall be selected and appointed by the shareholders upon recommendation of the Board, after consultations with the Audit and Risk Oversight Committee.

2.2.5.2. The reason/s for the resignation, dismissal or cessation from service of an External Auditor and the date thereof shall be reported in the Corporation's annual and current reports. The said report shall include a discussion of any disagreement with said former External Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which the External Auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the report shall be given by the Corporation to the External Auditor prior to its submission.

2.2.5.3. The External Auditor of the Corporation shall not at the same time provide the services of an Internal Auditor to the Corporation. If non-audit work is given to the External Auditor, the Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor or pose a threat to its independence.

2.2.5.4. The Corporation's External Auditor or the signing partner of the auditing firm shall comply with the provisions on long association of personnel (including partner rotation) as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the Board of Accountancy and the Professional Regulatory Commission, as such other standards as may be adopted by the SEC.

2.2.5.5. If an External Auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement or any report filed with SEC or any regulatory body during its engagement is incorrect or incomplete, it shall present its views in said reports.

2.2.6. Internal Audit Group

2.2.6.1. The Corporation shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Corporation's operations. This shall be performed by an Internal Audit Group, headed by a qualified Chief Audit Executive or Internal Audit Group Head, in the case of the Corporation, appointed by the Board. The Internal Audit Group shall provide the Board, Management and shareholders with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with. The Internal Audit Group shall be guided by the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors and shall perform the following functions, among others:

a. Provide an independent risk-based assurance service to the Board, Audit and Risk Oversight Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;

b. Perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;

c. Perform consulting and advisory services related to governance and control as appropriate for the organization;

d. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

e. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation;

f. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

g. Evaluate specific operations at the request of the Board or Management, as appropriate; and

h. Monitor and evaluate governance processes.

2.2.6.2. The Internal Audit Group Head shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. The Internal Audit Group Head, in order to achieve the necessary independence to fulfill his/her responsibilities, directly reports functionally to the Audit and Risk Oversight Committee and administratively to the President. The following are the responsibilities of the Internal Audit Group Head, among others:

a. Periodically reviews the Internal Audit Charter and presents it to Senior Management and the Audit and Risk Oversight Committee for approval;

b. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;

c. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit and Risk Oversight Committee for review and approval;

d. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;

e. Reports periodically to the Audit and Risk Oversight Committee on the internal audit activity's performance relative to its plan; and

f. Presents findings and recommendations to the Audit and Risk Oversight Committee and gives advice to Senior Management and the Board on how to improve internal processes.

2.2.6.3. The minimum internal control mechanisms for Management's operational responsibility shall center on the Chief Executive Officer, being ultimately accountable for the Corporation's organizational and procedural controls.

2.2.6.4. The Internal Audit Group should submit to the Audit and Risk Oversight Committee and Management an annual report on the Internal Audit Group's activities, responsibilities and performance, relative to the audit plans and strategies approved by the Audit and Risk Oversight Committee. The annual report shall include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Audit Group should certify that it conducts its activities in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors; otherwise, the External Auditor shall disclose to the Board and Management the reasons for its non-compliance.

3 COMPREHENSIVE AND COST- EFFICIENT ACCESS TO RELEVANT INFORMATION

3.1. The Corporation shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, which is crucial for informed decision-making by investors, stakeholders and other interested users.

3.2. The Corporation shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

3.3. This CG Manual shall be available for inspection by any shareholder of the Corporation at reasonable hours on business days.

3.4. All Directors, group, office and department heads are tasked to ensure the thorough dissemination of this CG Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

3.5. An adequate number of printed copies of this CG Manual must be reproduced under the supervision of the Human Resources Department, with a minimum of at least one (1) hard copy of the CG Manual per group, office or department.

4 DISCLOSURE AND TRANSPARENCY OF CORPORATION'S CORPORATE GOVERNANCE POLICIES

4.1. The Corporation shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations 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, results and business operations.

4.2. The reports or disclosures required under this CG Manual shall be prepared and submitted to the SEC by the responsible Committee or Officer through the Corporation's Compliance Officer.

4.3. All material information about the Corporation, i.e., anything that could potentially affect share price or its viability or the interest of its stockholders and other stakeholders, shall be fully, fairly, accurately, and timely disclosed to the public. Such information shall include earnings results, acquisition or disposal of significant assets, Board changes, RPTs, shareholdings of Directors and changes to ownership. In evaluating the fairness of the transaction price in a proposed acquisition or disposal of assets, an independent party may be appointed by the Board of the offeree company.

4.4. All Directors and Officers shall disclose to the Corporation any dealings in the Corporation's shares within three (3) business days.

4.5. All relevant and material information on individual Board members and key executives shall be disclosed, to allow the shareholders to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

4.6. The Corporation shall 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 Annual Corporate Governance Report. The Corporation shall also disclose the remuneration as may be required by law, including termination and retirement provisions.

4.7. The Corporation shall disclose to the regulators and the public through the Corporation's website and required disclosures, any change, resignation or removal of any Director, member of the Senior Management, Internal Audit Head and External Auditor, and the reasons therefor.

4.8. The Corporation shall disclose the nature of non-audit services performed by its External Auditor in the Annual Report, to deal with the potential conflict of interest.

4.9. The Corporation should ensure that the material and reportable non-financial and sustainability issues are disclosed. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of its business, which underpin sustainability. The Corporation shall endeavor to adopt a globally recognized standard or framework in reporting sustainability and non-financial issues.

4.10. Other information that shall always be disclosed includes remuneration (including stock options) of all Directors and Senior Management, corporate strategy, and off-balance sheet transactions.

4.11. The Corporation shall disclose its policies governing RPTs as may be required by the SEC. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report.

4.12. All disclosed information shall be released via the approved Exchange procedure for Corporation announcements as well as through the annual report.

4.13. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders.

5 SHAREHOLDERS AND OTHER STAKEHOLDERS

The Corporation shall treat all shareholders and other stakeholders fairly and equitably, and also recognizes, protect and facilitate the exercise of their rights, which rights, among others, are set forth in this CG Manual.

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors.

5.1. INVESTORS' RIGHTS AND PROTECTION

5.1.1. Commitment to Respect Rights of Investors/Minority Interests

The Board is committed to respect the rights of the shareholders and minority interests.

The Corporation shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall have a designated Investor Relations Officer, whose email address and telephone number shall be published in the Corporation's Annual Report. The designated Investor Relations Officer should be present at every shareholders' meeting.

5.1.2. Voting Right

5.1.2.1. Shareholders shall have the right to nominate, elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code.

5.1.2.2. Cumulative voting shall be used in the election of Directors.

5.1.2.3. A Director shall not be removed without cause if it will deny minority shareholders representation in the Board.

5.1.2.4. The Board shall be transparent and fair in the conduct of the regular and special shareholders' meetings of the Corporation. The shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws of the Corporation, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the shareholders' favor.

5.1.3. Pre-emptive Right

All shareholders shall have pre-emptive rights, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

5.1.4. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

5.1.5. Right to Information

5.1.5.1. The shareholders of the Corporation shall be provided, upon request, with periodic reports which disclose relevant personal and professional information about the Directors and Officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among Directors and key Officers, and the aggregate compensation of Directors and Officers.

5.1.5.2. The Corporation shall endeavor to provide the shareholders with the notices of regular and special shareholders' meetings, at least twenty-eight (28) days before the meetings. Such notices shall contain sufficient and relevant information, such as the date, location, meeting agenda and its rationale and explanation, and details of issues to be deliberated on and approved or ratified at the meetings.

5.1.5.3. The Corporation shall make the result of the votes taken during the most recent regular or special shareholders' meeting publicly available the next working day.

5.1.5.4. The minutes of the regular and special shareholders' meeting shall be available on the Corporation's website within five (5) business days from the end of the meeting. The minutes of meeting shall include the following matters: (a) A description of the voting and the vote tabulation procedures used; (b) the opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received; (c) the matters discussed and the resolutions reached; (d) a record of the voting results for each agenda item; (e) a list of the Directors, Officers and shareholders who attended the meeting; and (f) dissenting opinion on any agenda item that is considered significant in the discussion process.

5.1.5.5 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

5.1.5.6. The minority shareholders shall have access to any and all information relating to matters for which the Management is accountable for and to those relating to matters for which the Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meetings, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

5.1.5.7. Accurate and timely information shall be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

5.1.6. Right to Dividends

5.1.6.1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.

5.1.6.2. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

5.1.7. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

- In case of merger or consolidation.

5.1.8. Alternative Dispute Resolution for Intra-Corporate Disputes

The Corporation encourages the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Corporation and its shareholders or third parties, including regulatory agencies.

The Board shall make available to the shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

The Office of the Corporate Secretary addresses concerns of stockholders and potential disputes between the Corporation and stockholders.

5.1.9. Promotion of Shareholders' Rights

It shall be the duty of the Board to adopt a transparent framework and process that allow stakeholders to communicate with the Corporation and to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

5.2. Duties to Stakeholders

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.

5.2.1. The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability. Stakeholders in corporate governance include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the Corporation operates in, society, the government, regulators, competitors, external auditors, among others.

5.2.2. The Corporation's Code of Ethics shall establish clear policies and programs to provide a mechanism for the fair treatment of stakeholders and better protection of their rights.

5.2.3. The Corporation shall maintain open and easy communication with its stakeholders, through stakeholder engagement touchpoints in the Corporation, such as the IRO, Office of the Corporate Secretary, customer care, and corporate communications group.

5.2.4. The Corporation shall develop and maintain mechanisms for active employee participation to create a symbiotic environment, and encourage involvement in corporate governance processes and in the realization of the Corporation's goals.

5.2.5. The Corporation shall establish policies and programs for employees covering, among others, the following: (a) health, safety and welfare; (b) training and development;

and (c) reward/compensation for employees, to encourage employees to perform better and motivate them to take a more dynamic role in the Corporation.

5.2.6. The Corporation does not tolerate corrupt practices, as expressed in its Code of Ethics and various anti-corruption policies and programs, which are disseminated to employees across the organization to embed them in the Corporation's culture.

5.2.7. The Corporation shall establish and maintain a whistleblowing policy that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to a unit tasked to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

5.2.8. The Corporation shall be socially responsible in all its dealings with the communities where 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.

5.2.9. The Corporation shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates.

6 ASSESSMENT AND TRAINING

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.

6.1. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and Committees. Every three (3) years, the assessment may be supported by an external facilitator.

6.2. The Board's self-assessment system shall provide, at the minimum, criteria and process to determine the performance of the Board, the individual Directors and the Committees and should allow for a feedback mechanism from the shareholders.

6.3. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this CG Manual. Any violation thereof shall subject the responsible Officer or employee to the penalty provided under Part 7 of this CG Manual.

6.4. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

6.5. The Board of Directors and key Officers of the Corporation shall attend a continuing training on corporate governance as may be required by the SEC, which shall include courses on the developments in the business and regulatory environments, including emerging risks relevant to the Corporation. First-time Directors shall attend an orientation program, to ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships. The orientation program covers SEC-mandated topics on corporate governance and an introduction to the Corporation's business, Articles of Incorporation, and Code of Ethics.

6.6. This CG Manual shall be subject to quarterly review unless otherwise amended by the Board.

6.7. All business processes and practices being performed within any group, office or department or business unit of the Corporation that are not consistent with any portion of this CG Manual shall be revoked unless upgraded to be compliant with this CG Manual.

7 PENALTIES FOR NON-COMPLIANCE WITH THE CG MANUAL

7.1. To strictly observe and implement the provisions of this CG Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's Directors, Officers, staff, subsidiaries and affiliates and their respective Directors, Officers and staff in case of violation of any of the provision of this CG Manual:

- In case of first violation, the subject person shall be reprimanded.

- Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to Directors.

- For third violation, the maximum penalty of removal from office shall be imposed. With regard to Directors, the provision of Section 28 of the Corporation Code shall be observed.

7.2. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

This CG Manual, which contains the Corporation's corporate governance policies, programs and procedures, including amendments thereto, shall be submitted to the regulators and posted on the Corporation's website.

Adopted by the Unanimous Vote of the Board of Directors on August 6, 2002 and amended on March 30, 2010, May 8, 2014, July 17, 2014, May 25, 2017 and November 4, 2026.

Certified correct:

RAMON S. ANG
President and Acting Chairman

VIRGILIO S. JACINTO
Compliance Officer and Corporate Secretary