

# **SAN MIGUEL PURE FOODS COMPANY INC.**

## **CORPORATE GOVERNANCE COMMITTEE CHARTER**

This Corporate Governance Committee Charter (“this Charter”) sets out the role, authority, duties and responsibilities of the Corporate Governance Committee (the “Committee”) of San Miguel Pure Foods Company Inc. (the “Company”), and the procedures which guide the conduct of its functions.

### **1. PURPOSE**

Pursuant to the Company’s By-laws and Manual on Corporate Governance (the “CG Manual”), the Board of Directors of the Company (the “Board”) constituted the Committee, to assist the Board in the performance of its corporate governance responsibilities. The Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. The Committee also has the overall responsibility for the evaluation and review of the Company’s compensation plans, policies, and programs for executive officers, the adoption of policies that govern the Company’s compensation and benefits programs, the oversight of plans for executive officers’ development and succession, and the fulfilment of its responsibilities as set forth in this Charter. Further, the Committee shall aid the Board in the screening and shortlisting of all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications as provided in the CG Manual. The Committee is accountable to the Board for its performance.

### **2. MEMBERSHIP AND QUALIFICATIONS**

2.1 Composition. The Committee shall have a minimum of three (3) voting members of the Board, all of whom should be Independent Directors (as defined in the CG Manual), including the Chairman.

2.2 Qualification. Each member of the Committee shall have the qualifications and none of the disqualifications of a director, as set out in the CG Manual. The Chairman and the members of the Committee are appointed by the Board.

2.3 Appointment. The Chairman and the director-members of the Committee shall be appointed by a majority vote of members of the Board constituting a quorum either during the Organizational Board Meeting of the Company or, if there is a vacancy, during any meeting of the Board constituting a quorum. Membership shall be reviewed every year after election of the Board by the Company’s stockholders at their annual meeting, or earlier if the Board deems necessary.

2.4 Removal. The Chairman of the Committee or any of its director-members may be removed from office only by the Board.

### **3. STRUCTURE AND OPERATIONS**

3.1 Meetings. The Committee shall meet at such times and places as it considers appropriate, but no less than two (2) times a year, one of which shall be held to initiate the conduct of the annual self-assessment of the performance of the Board as a body, its individual directors, its different Board Committees and management, including the President of the Company, and the other meeting to be held prior to the finalization of the Company's proxy or information statement in connection with any meeting of the stockholders in which directors of the Company are to be elected. The Chairman of the Committee, any Committee member, or the Corporate Secretary of the Company may call a meeting of the Committee.

3.2 Quorum. Attendance of at least two (2) Committee members shall constitute a quorum for the Committee to transact business. The Committee shall act only on the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum.

3.3 Chairman. The Chairman of the Committee shall preside in all meetings of the Committee. In the absence of the Committee Chairman, the Committee members present shall elect one of their members as Chairman of the meeting.

3.4 Secretary of the Meeting. The Company's Corporate Secretary shall be the secretary of the Committee.

3.5 Notice of the Meeting. A notice of each meeting confirming the date, time, venue, and agenda shall be sent to each member of the Committee at least two (2) working days prior to the date of the meeting. The notice will include the agenda items and materials to be taken up during the meeting.

3.6 Record of Meetings. Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Draft minutes shall be sent to the Committee members for their comment. Notices, minutes, agenda and supporting papers will be made available to any director upon request to the Corporate Secretary.

3.7 Other Attendees. As necessary, the Committee may invite members of management, and organization staff to attend the Committee meeting and provide pertinent information or data. At the discretion of the Committee, separate meetings with any member of the Company's management may be held, whenever it is deemed appropriate by the Committee for the exercise of its functions.

3.8 Access to Resources. The Committee shall have full access to management, personnel and records for the purpose of performance of its duties and responsibilities hereunder. The Committee may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. The Committee shall be provided with sufficient resources by the Company to discharge its duties.

#### **4. DUTIES AND RESPONSIBILITIES**

The Committee has the following duties and responsibilities, among others:

4.1 In respect of ensuring good corporate governance throughout the organization:

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

4.1.2 Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

4.1.3 Ensures 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;

4.1.4 Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

4.1.5 Proposes and plans relevant seminars for the members of the Board;

4.1.6 Reviews and approves the Annual Corporate Governance Report and other submissions or filings of the Company, as may be required by applicable laws or regulations.

4.2 In respect of the remuneration of corporate officers and directors:

4.2.1 Make recommendations to the Board on the Company's policy and structure for remuneration of directors and senior management, and on the establishment of a formal and transparent procedure for developing policy on such remuneration that is aligned with the long-term interests of the Company;

4.2.2 Provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture and strategy, as well as the business environment in which it operates;

4.2.3 Ensure that the Company (i) has coherent remuneration policies and practices which are observed and which enable it to attract and retain executives and directors who will create value for shareholders and support the Company; and (ii) fairly and responsibly rewards executives, taking into consideration the performance of the Company, the performance of such executives and the general pay environment;

4.2.4 Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation that

- may be paid, directly or indirectly, to its directors and senior executive officers for the previous fiscal year and the ensuing year;
- 4.2.5 Ensure that no director is involved in deciding his own remuneration.
- 4.3 In respect of the business interest disclosures and conflict of interest:
- 4.3.1 Ensure that the Full Business Interest Disclosure is part of the pre-employment requirements for all incoming officers, which among others, compel all officers to declare all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- 4.3.2 Review the Company's policy on conflict of interest;
- 4.3.3 Review the existing, or cause the development of a 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.
- 4.4 In respect of career advancement:
- 4.4.1 Review and recommend to the Board all promotions and appointments of officers of the Company;
- 4.4.2 Review Company policies on promotion and career advancement directives and compliance of personnel concerned.
- 4.5 In respect of succession planning:
- 4.5.1 Ensure the adoption of an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in shareholder value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company;
- 4.5.2 Implement a process to appoint competent, professional, honest and highly motivated management officers aligned with the strategic direction of the organization and who can add value to the Company.
- 4.6. In respect of Board nomination and election:
- 4.6.1 Determine the nomination and election process for the Company's directors and has the special duty of defining the general profile of Board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- 4.6.2 Screen and shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications as provided in

the By-laws of the Company, the CG Manual, applicable laws, rules and regulations;

4.6.3 Identify and recommend qualified individuals for nomination and election as additional directors or to fill Board vacancies as and when they arise. The election of such additional or replacement directors shall be done in accordance with applicable laws and regulations;

4.6.4 Ensure that the Company shall have the required number of Independent Directors with the qualifications and none of the disqualifications as provided in applicable laws, regulations and listing rules;

4.6.5 Make recommendations to the Board from time to time, as to changes which the Committee believes desirable to the size of the Board, including the establishment of guidelines in the number of directorships which a member of the Board may hold in accordance with the policy on holding multiple board seats under the CG Manual.

4.7 Others. The Committee shall perform other duties and activities that the Committee or the Board considers appropriate in the context of this Charter.

## **5. REPORTING PROCESS**

5.1 The Chairman of the Committee, or in his absence, the member elected by the members present in a meeting, shall report to the Board on the decisions and recommendations made by the Committee following each meeting.

5.2 The Committee shall prepare an annual report of its activities to the Board, which may be included in the Company's annual report.

## **6. PERFORMANCE EVALUATION**

6.1 The Committee shall assess its effectiveness periodically, with a view to ensuring that its performance accords with best practice. Such assessment must compare its performance with the requirements of this Charter, which shall be the basis of its formulation of objectives and plans to improve its performance, including any recommendations for amendments to this Charter for approval by the Board.

6.2 This Charter shall be reviewed annually, updated as required, and shall be made available to any interested party upon written request to the Corporate Secretary.

## **7. AMENDMENT**

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