

SAN MIGUEL PURE FOODS COMPANY INC.

BOARD RISK OVERSIGHT COMMITTEE CHARTER

This Board Risk Oversight Committee Charter (“this Charter”) sets out the role, authority, duties and responsibilities of the Board Risk Oversight 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 be responsible for the oversight of the Company’s enterprise risk management system to ensure its functionality and effectiveness. Enterprise risk management is integral to an effective corporate governance process and the achievement of a corporation’s value creation objectives. The Committee thus has the responsibility of assisting the Board in ensuring that there is an effective and integrated risk management process in place in the organization. With an integrated approach, the Board and top management will be in a confident position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities. 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, the majority of whom should be Independent Directors (as defined in the CG Manual), including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee.

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. At least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management. 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. 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 Develops 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;

4.2 Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Committee conducts regular discussions on the Company'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;

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

4.4 Advises the Board on its risk appetite levels and risk tolerance limits;

4.5 Reviews at least annually the Company'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 Company;

4.6 Assesses 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 Company and its stakeholders;

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

4.8 Reports to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;

4.9 Acts within such powers, duties and authority granted upon it by the Board.

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.