




**SAN MIGUEL**  
FOOD AND BEVERAGE, INC.

# **Policy on Conflict of Interest**



**SAN MIGUEL**  
**FOODS**

 <b>SAN MIGUEL FOODS</b>	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		2 / 10	1
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section	Issue No.	Revision No.
	<b>CODE OF BUSINESS CONDUCT AND ETHICS</b>	1	2
	Sub-section		
	<b>CONFLICT OF INTEREST</b>	Effectivity Date: June 1, 2018	Next Review Date: May 2021

## I. PURPOSE

The purpose of this Policy on Conflict of Interest is to provide guidance for covered persons to avoid situations which may likely result to an actual or potential Conflict of Interest. Consistent with the Code of Business Conduct and Ethics to be observed by the employees and business partners alike of San Miguel Food and Beverage, Inc., formerly San Miguel Pure Foods Company Inc. (the "Company"), and its food subsidiaries (the Company and its food subsidiaries hereinafter collectively referred to as "San Miguel Foods"), this Policy underscores the duty of employees to act in the best interest of San Miguel Foods and avoid any action which may involve, or may appear to involve, a Conflict of Interest with San Miguel Foods .




## II. SCOPE

This Policy shall apply to all regular, probationary, and temporary personnel (i.e. project employees, employees hired for a fixed period, executives on contract, and consultants) of San Miguel Foods, hereafter referred to as "Employees".


## III. DEFINITION OF TERMS

In addition to capitalized terms defined elsewhere in this Policy, the following terms shall have the meanings ascribed to them below:

1. "Conflict of Interest" refers to a situation that has the potential to undermine the impartiality of an Employee because of the possibility of a clash between his/her personal interest and that of his/her employer or any San Miguel Foods company, where such personal interest may unduly influence the Employee's business judgments, decisions, or actions. For purposes of this Policy, a Conflict of Interest may be either (a) actual - a real and existing conflict is present; (b) potential - a possibility for a conflict




Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D.T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------




	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		3 / 10	1
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section	Issue No.	Revision No.
	<b>CODE OF BUSINESS CONDUCT AND ETHICS</b>	1	2
	Sub-section	Effectivity Date:	
	<b>CONFLICT OF INTEREST</b>	June 1, 2018	
		Next Review Date:	
		May 2021	

may arise; or (c) perceived - a situation that may appear to be a conflict, even if this is not the case.

2. "Business or Financial Interest" is (a) the ownership of 5% or more of the outstanding capital stock or equity in an Outside Organization; or (b) the right to receive compensation or payment of other benefits from any Outside Organization in any form (including, but not limited to honoraria, bonus, salary, commission, consulting fees, royalties, rent, or the right to repayment of principal or interest of a loan).
3. "Close Personal Friend" refers to any person with whom an Employee has a meaningful or significant personal or business relationship outside of his/her work for any San Miguel Foods company, including co-Employees, customers and business partners with whom the Employee may have developed a close relationship in the course of employment with any San Miguel Foods company.
4. "Close Relative" refers to any one of the following: the Employee's (a) spouse and/or Domestic Partner; (b) parents (biological or adoptive) and parents-in-law and/or their Domestic Partners; (c) children (biological, adopted or stepchildren) and their spouses and/or Domestic Partners; (d) siblings and their spouses and/or Domestic Partners; (e) uncles, aunts, nieces, nephews and first cousins and their respective spouses and/or Domestic Partners.
5. "Confidential Information" refers to all information not generally available to the public relating to the Company, San Miguel Foods, its subsidiaries and affiliates, including their past, existing or future businesses, operations, plans, projects, financial information or performance results, whether verbal or written, in tangible or intangible form, and whenever and however disclosed to the Employee.
6. "Disclosure" is the mandatory duty of the Employee to report, through the means provided under this Policy, the existence, nature, and all relevant facts of a Conflict of Interest to his/her immediate superior.
7. "Domestic Partner" refers to a common law spouse or a person who is in a relationship with an individual (opposite sex or same gender) who lives together or shares a domestic life together with such individual, without the benefit of marriage.
8. "Outside Organization" refers to individuals or entities, whether private or public, with business transactions with San Miguel Foods, such as but not limited to business

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D.T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------



 <b>SAN MIGUEL FOODS</b>	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		4 / 10	1
		Issue No.	Revision No.
		1	2
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section <b>CODE OF BUSINESS CONDUCT AND ETHICS</b>	Effectivity Date: June 1, 2018	
	Sub-section <b>CONFLICT OF INTEREST</b>	Next Review Date: May 2021	

partners (e.g. suppliers, service contractors, distributors), competitors, government agencies/institutions, non-government organizations, etc.


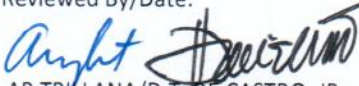

9. "Resolution" is the process of addressing the Conflict of Interest by eliminating or managing the risk(s) associated with the disclosed Conflict of Interest.


#### IV. GUIDING PRINCIPLES

1. Each Employee should not be influenced by personal, family, financial or other considerations in making business judgments, decisions, or actions involving San Miguel Foods. There is a Conflict of Interest if the Employee is in a situation where his/her exclusive commitment to the best interest of San Miguel Foods is or may be compromised.
2. Employees have the duty to act in the best interest of San Miguel Foods. In the event that the personal interests of an Employee may conflict with the interests of San Miguel Foods, proper Disclosure by the Employee should be made to his/her immediate superior and a review by higher management should resolve the conflict.

There is Conflict of Interest in any of the following cases:

- i. An Employee or his/her Close Relative or Close Personal Friend has any Business or Financial Interest in the business of any Outside Organization which might benefit from:
  - The Employee's knowledge of San Miguel Foods' Confidential Information, activities or future plans; and
  - Decisions or actions made by the Employee in the performance of his/her responsibilities.
- ii. An Employee's interest in an Outside Organization takes a significant amount of his/her time or attention, such that it adversely affects the performance of his/her duties and responsibilities to San Miguel Foods.
- iii. An Employee's Close Relative or Close Personal Friend is employed in an Outside Organization as a result of which the Employee can be beholden or indebted to the latter and which may in turn influence his/her decision or action involving the Outside Organization.

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D.T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------



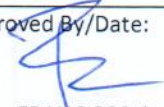
	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		5 / 10	1
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section	Issue No.	Revision No.
	<b>CODE OF BUSINESS CONDUCT AND ETHICS</b>	1	2
	Sub-section	Effectivity Date: June 1, 2018	
	<b>CONFLICT OF INTEREST</b>	Next Review Date: May 2021	

In the presence of any of the foregoing, the Employee has the mandatory duty to disclose such information to his/her immediate superior. The superior, in turn, shall review and resolve the conflict situation based on guidelines issued by San Miguel Foods and in consultation with the latter's higher authorities.


Willful concealment of a Conflict of Interest shall be punishable by Discharge/Dismissal from employment in accordance with the rules and regulations of the concerned San Miguel Foods company in which the Employee is employed.

#### DISCLOSURE PROCEDURE

1. Accomplishment and submission of Full Business Interest Disclosure (FBID) Form
  - 1.1. Within thirty (30) days from the date of promulgation of this Policy, all Employees, including officers and managers, shall accomplish and submit to their immediate superior the FBID Form in the template attached hereto as Annex "A". Newly appointed officers shall re-accomplish and submit the FBID Form within thirty (30) days after their appointment.
  - 1.2. If an actual, potential or perceived Conflict of Interest arises at any time after submission of the initial FBID Form, the Employee concerned shall report it immediately to his/her immediate superior by submitting an Amended FBID Form within thirty (30) days from such time that the Conflict of Interest arises. The Employee concerned shall indicate the new or additional Conflict of Interest situation in the Amended FBID Form.
  - 1.3. Each Employee shall take up with his/her immediate superior the FBID Form he/she last submitted, during the annual performance appraisal of such Employee.
  - 1.4 Any Employee who refuses to submit the FBID Form or the Amended FBID Form shall be considered in violation of this Policy and shall be meted the appropriate penalty under the rules and regulations of the concerned San Miguel Foods company in which the Employee is employed.
  - 1.5 The duplicate copy of the FBID Form and any Amended FBID Form shall be submitted to the Human Resources Manager of the Employee and will be noted in his/her 201 file.

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D.T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------



 <b>SAN MIGUEL FOODS</b>	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		6 / 10	1
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section	Issue No.	Revision No.
	<b>CODE OF BUSINESS CONDUCT AND ETHICS</b>	1	2
	Sub-section		
	<b>CONFLICT OF INTEREST</b>	Effectivity Date: June 1, 2018	Next Review Date: May 2021


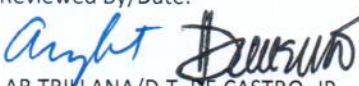
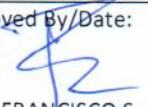
#### DISCLOSURE PROCEDURE (cont.)


#### 2. Discussions with Immediate Superior

- 2.1. Where an accomplished FBID Form discloses any actual or potential Conflict of Interest situation, the immediate superior shall discuss such matter with the Employee concerned. The Disclosure should be treated with confidentiality.
- 2.2. The immediate superior should evaluate the Conflict of Interest situation disclosed by the Employee taking into consideration the risks to the business interest and reputation of San Miguel Foods.
- 2.3. The immediate superior may seek guidance, if necessary, from the Division Offices of San Miguel Foods, particularly, the Office of the General Counsel (OGC) and/or Division Human Resources (Division HR) to come up with an informed decision or action plan.
- 2.4. The immediate superior shall render a recommendation to his/her next level superior on the proposed action to resolve the matter.

#### 3. Review by Next Level Superior

- 3.1. The immediate superior shall submit his/her recommendation to his/her next level superior for review and/or approval.

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D.T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------




 <b>SAN MIGUEL FOODS</b>	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		7 / 10	1
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section	Issue No.	Revision No.
	<b>CODE OF BUSINESS CONDUCT AND ETHICS</b>	1	2
	Sub-section	Effectivity Date: June 1, 2018	
	<b>CONFLICT OF INTEREST</b>	Next Review Date: May 2021	


#### RESOLUTION OF DISCLOSED CONFLICT OF INTEREST

In resolving a Conflict of Interest situation, the facts should be considered carefully. Management and the Employee concerned shall both exhaust reasonable efforts to eliminate the conflict.

After the review of an actual, potential or perceived Conflict of Interest, and upon consultation with the OGC and/or Division HR, the concerned San Miguel Foods company may take one or a combination of the following actions:

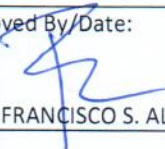
1. Decide that the conflict is not significant in terms of financial or business impact to the company and allow the Employee concerned, with adequate safeguards, to continue his/her interest or involvement in the Outside Organization.
2. Require the Employee to terminate, or refrain from acquiring, a Business or Financial Interest in the Outside Organization which might benefit from the knowledge, decisions and actions of the Employee in the execution of his/her duties and responsibilities to San Miguel Foods.
3. Where the Conflict of Interest exists in relation to a Close Relative or Close Personal Friend of an Employee, require the Employee concerned to exert all reasonable efforts to eliminate the conflict.
4. Where the Conflict of Interest cannot be eliminated, modify the duties and responsibilities of the Employee to minimize the Conflict of Interest. This may entail moving the Employee to another position, if such is possible.
5. Separate the Employee from San Miguel Foods as a last resort if, despite all reasonable efforts, the conflict situation is not eliminated or managed in such manner as would protect the best interests of San Miguel Foods.
6. Such other actions as may be necessary and proper under the circumstances.

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D. T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------

	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		8 / 10	1
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section	Issue No.	Revision No.
	<b>CODE OF BUSINESS CONDUCT AND ETHICS</b> Sub-section <b>CONFLICT OF INTEREST</b>	1	2
		Effectivity Date: June 1, 2018	
		Next Review Date: May 2021	




#### IMPLEMENTATION OF CORRECTIVE ACTION


1. The recommendation or position of San Miguel Foods with respect to a Conflict of Interest situation will be communicated to the Employee by his/her immediate superior.
2. A copy of the accomplished FBID Form with the above recommendation will be included in the 201 file of the Employee concerned.
3. The immediate superior shall be responsible in ensuring the implementation of any appropriate corrective action.

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D.T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------



## Annex A - Amended FBID Form

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D.T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------

	<b>DIVISION HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL</b>	Page Number	Policy No.
		10 / 10	1
<b>SAN MIGUEL FOOD AND BEVERAGE, INC. Food Subsidiaries</b>	Section <b>CODE OF BUSINESS CONDUCT AND ETHICS</b>  Sub-section <b>CONFLICT OF INTEREST</b>	Issue No.	Revision No.
		1	2
		Effectivity Date: June 1, 2018	
		Next Review Date: May 2021	

**Close Personal Friend\*\*\***  
 \*\*\* Close Personal Friend refers to any person with whom you have a meaningful or significant personal or business relationship outside of work for SMF, including co-Employees, customers and business partners with whom you may have developed a close relationship in the course of employment with SMF.

Name	Relationship to Employee	Outside Organization	Nature of Business	Potential Conflict

By supplying the information required by this Form and signing the same, you hereby affirm that you have been informed of the Company's Personal Data Privacy Policy and thus consent to the collection, use, storage, sharing, and other processing of such information disclosed (collectively "Use") by SMF and any third party it authorizes, including its subsidiaries and affiliates, and their respective officers, employees, agents, representatives and personnel, for all purposes relating and/or consequent to your employment, such as but not limited to the enforcement of SMF's rules and policies, including the Policy on Conflict of Interest. You further represent that you have obtained the required consent from the individuals whose personal information you have disclosed hereunder. You hereby release and hold harmless SMF, its subsidiaries and affiliates, and their respective officers, directors, employees and agents, from any liability whatsoever, including but not limited to, liability under the Data Privacy Act of 2012, for the Use of such information disclosed for the foregoing purposes, and any liability in connection with or arising from any activity that may occur or result therefrom.

\_\_\_\_\_  
 Employee's Signature / Date

**B. RESOLUTION OF CONFLICT OF INTEREST**

1. Recommendation of Immediate Superior:

2. Action of Next Level Superior:

\_\_\_\_\_  
 \* Signature of Immediate Superior / Date




\_\_\_\_\_  
 \* Signature of Next Level Superior / Date

\* Signatories:

Officer or Employee	Immediate Superior	Next Level Superior
MMIPs and Below	As followed in the performance appraisal	As followed in the performance appraisal
<b>Officers</b>		
Division	Division Head	Division President
Subsidiary/Business Unit	General Manager	Division President

Any information contained herein will be considered confidential and will be used only for the purpose specified in the Policy on Conflict of Interest.

PAGE 2 of 2

Prepared By/Date:  DB MALLARI	Reviewed By/Date:  AB TRILLANA/D. T. DE CASTRO, JR.	Approved By/Date:  FRANCISCO S. ALEJO III
------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------