

CR00304-2015

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM ACGR**

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year
Dec 31, 2014
2. Exact Name of Registrant as Specified in its Charter
SAN MIGUEL PURE FOODS COMPANY INC.
3. Address of principal office
23rd Floor The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City,
Metro Manila
Postal Code
1605
4. SEC Identification Number
11840
5. Industry Classification Code (SEC Use Only)
6. BIR Tax Identification No.
000-100-341-000
7. Issuer's telephone number, including area code
(02) 702-5000
8. Former name or former address, if changed from the last report
N/A

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



**San Miguel Pure Foods Company, Inc.
PF**

**PSE Disclosure Form ACGR-1 - Annual Corporate Governance Report
Reference: Revised Code of Corporate Governance of the
Securities and Exchange Commission**

Description of the Disclosure

Updated Annual

Corporate Governance Report (ACGR) to reflect consolidated changes in the Company's ACGR for the fiscal year ended December 31, 2014. The ACGR contains updates to align with the Company's Current Reports (SEC Form 17-C) and other letters to the SEC submitted in 2014, in accordance with SEC Memorandum Circular No. 1, Series of 2014. All updates throughout the ACGR are highlighted and explained via footnotes therein, each time updates are made to the ACGR. The updated ACGR is posted in the Company's website in compliance with the said SEC Memorandum Circular.

Filed on behalf by:

Name	Alexandra Trillana
Designation	AVP & Corporate Secretary



101092015001607



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Buen Jose Mose - COS
Receiving Branch : SEC Head Office
Receipt Date and Time : January 09, 2015 04:43:17 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000011840
Company Name SAN MIGUEL PURE FOODS COMPANY INC.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 101092015001607
Document Type LETTER/MISC
Document Code LTR
Period Covered January 08, 2015
No. of Days Late 0
Department CED/CFD/CRMD/MRD/NTD
Remarks CONSOLIDATED CHANGES IN THE ACGR

OFFICE COPY

COVER SHEET

1 1 8 4 0

S. E. C. Registration Number

S A N M I G U E L

P U R E F O O D S

C O M P A N Y I N C .

(Company's Full Name)

23 r d F i r . J M T B l d g . A D B

A v e . P a s i g C i t y

(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 702-5450

Company Telephone Number

CONSOLIDATED CHANGES IN THE ACGR FOR 2014

Month

Day

S E C - F O R M

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECRETARY'S CERTIFICATE

I, **ALEXANDRA BENGSON TRILLANA**, of legal age, married, Filipino, with office address at the 22nd Floor of The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City, Metro Manila, Philippines, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am Corporate Secretary of **SAN MIGUEL PURE FOODS COMPANY INC.** (the "Corporation" or "Company"), a corporation duly organized and registered in accordance with the laws of the Republic of the Philippines, with principal address at the 23rd Floor of The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City, Metro Manila, Philippines.

2. As Corporate Secretary, I have under my supervision and control the Minutes Book wherein are recorded all the minutes of the meetings of the Board of Directors of the Corporation (the "Board").

3. At the Special Meeting of the Board held on **February 4, 2014**, at which meeting a quorum was present and acting throughout for the valid transaction of business, the Board unanimously passed and approved the following resolutions:

Resolution No. 2014-02-04-01

"RESOLVED, that a cash dividend of P20.00 per preferred share be paid on March 3, 2014 to all preferred stockholders of record as of February 19, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company.

RESOLVED, FINALLY, that the stock and transfer books of the Company be closed from February 20 to 26, 2014."

xxx

Resolution No. 2014-02-04-02

"RESOLVED, that a cash dividend of P1.20 per common share be paid on March 3, 2014 to all common stockholders of record as of February 19, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company.

RESOLVED, FINALLY, that the stock and transfer books of the Company be closed from February 20 to 26, 2014."

4. At the Regular Meeting of the Board held on **March 26, 2014**, at which meeting a quorum was present and acting throughout for the valid transaction of business, the following were taken up and approved by the Board, as reflected in the minutes of the said meeting:

"The draft of the Consolidated Financial Statements of SMPFC as at and for the year ended December 31, 2013 was also presented to the Audit Committee for its consideration.

The Committee endorsed for approval of the Board the 2013 Consolidated Financial Statements of the Company, as presented, and in case there are material adjustments, for the same to be raised to the Audit Committee for approval. The Committee also endorsed for approval of the Board, the further amendments to the Company's Manual on Corporate Governance as presented by the Compliance Officer.

Upon motion duly made and seconded, the Board adopted the following resolution:

Resolution No. 2014-03-26-01

"RESOLVED, as it is hereby resolved, that the Board of Directors approve the 2013 Consolidated Audited Financial Statements of the Company, as presented."

xxx

Director Carmelo Santiago, Chairman of the Nominations and Hearing Committee, reported that the Committee met earlier in the afternoon to deliberate on the qualifications of the

nominees for election as directors for the Annual Stockholders' Meeting of the Company to be held on May 9, 2014. The following have been nominated for election as directors:

1. Eduardo M. Cojuangco, Jr.
2. Ramon S. Ang
3. Francisco S. Alejo III
4. Menardo R. Jimenez
5. Mario C. Garcia
6. Carmelo L. Santiago
7. Angelina S. Gutierrez
8. Silvestre H. Bello III
9. Edgardo P. Cruz

As required by the Securities and Exchange Commission (SEC), the Committee also certifies that, when elected, the following shall be independent directors of the Company:

Carmelo L. Santiago
 Angelina S. Gutierrez
 Silvestre H. Bello III
 Edgardo P. Cruz

The Committee thus endorsed for approval by the Board the nominations of the nine (9) nominees to the Board of Directors of the Company.

On motion duly made and seconded, the Board approved the nominations as directors of the Company during the 2014 Annual Stockholders' Meeting, as presented.

xxx

Resolution No. 2014-03-26-02

"RESOLVED, that a cash dividend of P48.00 per common share be paid on May 12, 2014 to all common stockholders of record as of April 11, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company;

RESOLVED, FINALLY, that the stock transfer books of the Company be closed from April 12, 2014 to May 9, 2014."

xxx

In view of recent SEC Memorandum Circulars issued, particularly on the changes in reportorial requirements and deadlines taking into account the Annual Corporate Governance Report now required to be prepared by covered corporations, and the program on corporate governance that directors and key officers should attend on an annual basis, there is a need to further update the Company's Manual accordingly.

The proposed amendments are as follows:

Section Reference	Old Provision	New Provision
Section 2.1.2 enumerating the duties of the Compliance Officer	<u>Issue a certification every January 30th of the year</u> on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same	<u>Attest</u> on the extent of the Corporation's compliance with this Manual <u>and the SEC code of corporate governance</u> , explaining the reason/s of the latter's deviation from the same, in each case <u>where necessary or required by applicable laws, rules and regulations</u>
Section 2.2.1.4 enumerating the duties and responsibilities of a Director	<u>To attend a seminar on corporate governance which shall be conducted by a duly recognized private or government</u>	<u>To attend, in the same manner as all key officers of the Corporation, a seminar or program on corporate governance at</u>

	<u>institute</u>	<u>least once a year, which seminar or program shall be conducted by a training provider duly accredited by the SEC</u>
Section 2.2.1.7 discussing Board meetings and quorum requirements	A <u>sworn certification on the directors' attendance in Board meetings</u> shall be submitted by the Corporation to the SEC <u>on or before January 30 of the following year</u>	A <u>report, advice or certification on the directors' attendance in Board meetings</u> shall be submitted by the Corporation to the SEC <u>within the period prescribed under applicable laws, rules or regulations</u>
Section 2.2.4.4 enumerating the duties and responsibilities of the Corporate Secretary	Submit to the SEC, <u>on or before January 30th of the following year</u> through SEC Form 17-C or in a separate filing, a <u>sworn certification as to the attendance of the directors in Board meetings</u>	Submit to the SEC, <u>such reports, advice or certifications as to the attendance of the directors in Board meetings, as may be required by applicable laws, rules and regulations</u>

On motion duly made and seconded, the Board approved the further amendments to the Company's Manual on Corporate Governance, as presented.

xxx

Atty. Trillana informed the Board that the 2014 Annual Stockholders' Meeting of the Company will be held on May 9, 2014, which is the second Friday of May, in accordance with the Company's By-laws. The meeting will be held at the Executive Dining Room, 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City. In this connection:

- (i) The record date for stockholders entitled to vote will be on April 11, 2014;
- (ii) The closing of the stock transfer books will be from April 12 to May 9, 2014;
- (iii) The deadline for submission of proxies will be on April 24, 2014; and
- (iv) The validation of proxies will be on May 2, 2014.

The Agenda of the Meeting will be as follows:

1. Certification of Notice and Quorum
2. Approval of the Minutes of the Annual Stockholders' Meeting held on May 10, 2013
3. Presentation of the Annual Report
4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
5. Amendment to the Company's Articles of Incorporation, particularly –
 - (a) Article Third on principal office address
 - (b) Article Eighth on redemption of shares of stock
 - (c) Article Eleventh on further amendments to Articles of Incorporation
6. Amendment to the Company's By-laws, particularly –
 - (a) Article I on period of closing of Stock Transfer Book for annual stockholder meetings
 - (b) Article II on the two-thirds vote requirement for certain Board decisions
7. Appointment of External Auditors
8. Election of the Board of Directors
9. Other Matters
10. Adjournment

On motion duly made and seconded, the Board approved the foregoing, as presented."

5. At the Regular Meeting of the Board held on May 7, 2014, at which meeting a quorum was present and acting throughout for the valid transaction of business, the Board unanimously passed and approved the following resolution:

Resolution No. 2014-05-07-01

“RESOLVED, that a cash dividend of P20.00 per preferred share be paid on June 3, 2014 to all preferred stockholders of record as of May 22, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company.

RESOLVED, FINALLY, that the stock and transfer books of the Company be closed from May 23 to 27, 2014.”

6. At the Annual Stockholders' Meeting of the Corporation held on May 9, 2014, at which meeting a quorum was present and acting throughout for the valid transaction of business, the following persons (among others) were present or in attendance, and the following matters were taken up or approved by the stockholders, as the case may be, as reflected in the minutes of the said meeting:

“DIRECTORS PRESENT:

MR. RAMON S. ANG – Vice Chairman
 MR. FRANCISCO S. ALEJO III – President
 MR. MENARDO R. JIMENEZ
 (also Chairman of Executive Compensation Committee)
 MR. CARMELO L. SANTIAGO
 (also Chairman of Audit Committee and
 Nomination and Hearing Committee)
 MR. MARIO C. GARCIA
 MS. ANGELINA S. GUTIERREZ
 MR. EDGARDO P. CRUZ

APOLOGIES:

MR. EDUARDO M. COJUANGCO, JR. – Chairman
 MR. SILVESTRE H. BELLO III

IN ATTENDANCE:

MR. FERDINAND K. CONSTANTINO
 MS. ZENAIDA M. POSTRADO
 MS. MA. SOLEDAD E. OLIVES
 ATTY. ALEXANDRA B. TRILLANA
 ATTY. MA. CELESTE L. RAMOS

xxx

The Chairman called on the President of the Company, Mr. Francisco S. Alejo III, to present the Annual Report for 2013 to the stockholders. xxx An open forum followed the report, wherein the stockholders were given the opportunity to ask questions or raise issues.

The following questions were asked and answered, among others:

(a) With so many facilities throughout the country, does the Company have environmental programs in place?

To this, Mr. Ang replied in the affirmative. He assured that the Company is conscious of the impact of its businesses to the environment. Accordingly, all of the Company's operations are within the bounds of environmental laws and regulations.

(b) The San Mig Coffee Mixers professional basketball team of the Company is again in the Commissioner's Cup finals of the PBA (Philippine Basketball Association). What is the effect on the Company of the back-to-back championships of the team?

In response, Mr. Ang said that the impressive performance of the Company's PBA team reflects favorably on the San Mig Coffee brand name. Further, Mr. Alejo said that the double-

digit growth of the Company's coffee business is somewhat attributable to the success of its basketball team.

(c) In view of the P8 billion cash dividend to common shareholders recently declared by the Company, does San Miguel Corporation intend to sell SMPFC and instead focus on its infrastructure projects?

Mr. Ang replied that considering the dividend just declared, SMPFC is all the more a good company to keep.

(d) Will there be another big dividend payout from the Company?

To this, Mr. Ang responded that the Company will consider declaring cash dividends depending on its performance, including its retained earnings."

xxx

The stockholders proceeded to consider the nomination for the position of external auditors of the Company. The Chairman of the Audit Committee, Director Carmelo L. Santiago informed the assembly that after evaluation, the Audit Committee recommends the appointment of the accounting firm R.G. Manabat & Co., as the external auditors of the Company for fiscal year 2014.

Upon motion duly made and seconded by separate stockholders, and there being no objection, the following resolution was approved and adopted by stockholders of the Company owning more than 2/3 of its outstanding capital stock:

Resolution No. 2014-05-09-09

"RESOLVED, that San Miguel Pure Foods Company Inc. appoint the accounting firm of R.G. Manabat & Co., as its external auditors for fiscal year 2014."

xxx

A stockholder moved that the balloting be dispensed with and all the nine (9) nominees be unanimously elected as Directors of the Company. The motion was duly seconded by another stockholder. There being no objection, the following resolution was approved and adopted by stockholders of the Company owning more than 2/3 of its outstanding capital stock:

Resolution No. 2014-05-09-10

"RESOLVED, that the following are declared Directors of San Miguel Pure Foods Company Inc. for fiscal year 2014:

Mr. Eduardo M. Cojuangco, Jr.
 Mr. Ramon S. Ang
 Mr. Francisco S. Alejo III
 Mr. Menardo R. Jimenez
 Mr. Mario C. Garcia
 Mr. Carmelo L. Santiago
 Justice Angelina S. Gutierrez
 Mr. Silvestre H. Bello III
 Justice Edgardo P. Cruz."

7. At the Organizational Meeting of the Board held on **May 9, 2014**, at which meeting a quorum was present and acting throughout for the valid transaction of business, the following were taken up and approved by the Board, as reflected in the minutes of the said meeting:

"On motion duly made and seconded, the following were elected to the positions opposite their respective names:

Eduardo M. Cojuangco, Jr.	-	Chairman
Ramon S. Ang	-	Vice Chairman
Francisco S. Alejo III	-	President
Zenaida M. Postrado	-	Treasurer and Chief Finance Officer
Ma. Soledad E. Olives	-	Compliance Officer

Alexandra B. Trillana - Corporate Secretary
 Ma. Celeste L. Ramos - Assistant Corporate Secretary

On motion duly made and seconded, the Board approved, confirmed and ratified the appointment of the by-laws officers of the Corporation.

xxx

On motion duly made and seconded, the following were appointed as members of the following Committees:

Executive Committee

Eduardo M. Cojuangco, Jr. – Chairman
 Ramon S. Ang
 Francisco S. Alejo III
 Angelina S. Gutierrez

Audit Committee

Carmelo L. Santiago – Chairman
 Menardo R. Jimenez
 Angelina S. Gutierrez
 Edgardo P. Cruz
 Ferdinand K. Constantino – Non Director Member

Executive Compensation Committee

Menardo R. Jimenez – Chairman
 Carmelo L. Santiago
 Ramon S. Ang
 Ferdinand K. Constantino – Non Director Member

Nomination and Hearing Committee

Carmelo L. Santiago – Chairman
 Francisco S. Alejo III
 Menardo R. Jimenez
 Ma. Cristina M. Menorca – Ex Officio Member”

8. At the Special Meeting of the Board held on **June 25, 2014**, at which meeting a quorum was present and acting throughout for the valid transaction of business, the following were taken up and approved by the Board, as reflected in the minutes of the said meeting:

“The Chairman of the Audit Committee, Independent Director Carmelo L. Santiago, informed the Board that the Audit Committee met earlier that morning to discuss several Memorandum Circulars issued by the Securities and Exchange Commission (SEC) since the Audit Committee meeting on March 26, 2014. One of such Memorandum Circulars, particularly SEC Memorandum Circular No. 9, series of 2014, requires all covered corporations including the Company, to amend their respective Manuals on Corporate Governance in accordance with the Revised Code of Corporate Governance issued by the SEC in 2009, and last amended by the Commission during its meeting on May 6, 2014.

The deadline for filing with the SEC of such amended Manuals on Corporate Governance is July 31, 2014. A copy of the Company's Manual with the proposed amendments incorporated, was sent to the directors a few days in advance of the Board meeting.

The amendments emphasize the following:

- The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of certain duties and responsibilities; and
- The material information disclosure obligation of the Company to its stockholders and such other stakeholders.

The Audit Committee endorses the said amendments for the approval of the Board, with the significant amended provisions, as follows:

Section Reference	Provision, as Amended
Part 1 (Objective)	This Manual shall institutionalize the principles of good corporate governance in the entire organization. <u>Corporate governance is understood by the Corporation to mean the framework of rules, systems and processes in the company that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</u>
Section 2.2.1.2 (Specific Duties and Functions of the Board of Directors)	To ensure a high standard of best practice for the Corporation, <u>its stockholders and other stakeholders</u> , the Board shall: <u>Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication and maintaining relations with such stakeholders and agencies regulating the Corporation;</u>
Section 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 during their meetings and information that would enable the Board to comply with its responsibilities to the stockholders <u>and other stakeholders of the Corporation.</u>
Section 2.2.2.3.2 (Duties and Responsibilities of the Audit Committee)	The system of internal control should be effective in ensuring the integrity of financial reports and maintaining protection of the assets of the Corporation <u>for the benefit of all stockholders and other stakeholders.</u>
Section 2.2.4.4 (Duties and Responsibilities of the Corporate Secretary)	Work fairly and objectively with the Board, Management, shareholders <u>and other stakeholders;</u>
Part 4 (Reportorial or Disclosure System of Corporation's Corporate Governance Policies)	All material information <u>about the Corporation</u> , i.e., anything that could potentially affect share price <u>or its viability or the interest of its stockholders and other stakeholders</u> , shall be publicly <u>and timely</u> disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors and changes to ownership. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information <u>through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.</u>

On motion duly made and seconded, the Board approved the amendments to the Company's Manual on Corporate Governance."

9. At the Regular Meeting of the Board held on **August 8, 2014**, at which meeting a quorum was present and acting throughout for the valid transaction of business, the following were taken up and approved by the Board, as reflected in the minutes of the said meeting:

"The (Audit) Committee also reminded the Board of the requirement of the SEC, as reflected in the Company's Manual of Corporate Governance, for the Board to attend a seminar or program on corporate governance at least once a year. The seminar should be conducted by a training provider duly accredited by the Commission. In line with this, the Company organized the required seminar to be conducted by an SEC-accredited training provider on September 26, 2014. The Board was requested to mark this date on their calendars. The Company shall subsequently inform Board of the necessary details.

The Board noted the Audit Committee report as presented. Moreover, upon the endorsement of the Committee, the Board approved the report on the first semester 2014 performance of the Company for filing with the SEC and PSE, the external auditors' 2014 audit plan for the Company, and the Consolidated Changes in the Annual Corporate Governance Report of the Company for 2013 posted in the Company's website.

xxx

Resolution No. 2014-08-08-01

"RESOLVED, that a cash dividend of P20.00 per preferred share be paid on September 3, 2014 to all preferred stockholders of record as of August 26, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company.

RESOLVED, FINALLY, that the stock and transfer book of the Company be closed from August 27 to 30, 2014."

xxx

Resolution No. 2014-08-08-02

"RESOLVED, that a cash dividend of P1.20 per common share be paid on September 3, 2014 to all common stockholders of record as of August 26, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company.

RESOLVED, FINALLY, that the stock and transfer book of the Company be closed from August 27 to 30, 2014."

10. At the Regular Meeting of the Board held on **November 5, 2014**, at which meeting a quorum was present and acting throughout for the valid transaction of business, the following were taken up and approved by the Board, as reflected in the minutes of the said meeting:

"The Chairman of the meeting informed the Board that retired Justice Angelina S. Gutierrez tendered her resignation as Independent Director of the Company effective October 8, 2014, by virtue of a letter received by the Company on October 16, 2014. Justice Gutierrez served as Independent Director since May 10, 2013 and was a member of the Company's Audit Committee and Executive Committee. It was noted that Justice Gutierrez was appointed as member of the Judicial and Bar Council on October 8, 2014.

On motion made and duly seconded, the Board accepted the resignation of Justice Gutierrez and expressed appreciation for all her valuable contributions to the Board and the Company.

xxx

Director Menardo R. Jimenez, Chairman of the Executive Compensation Committee, reported that the Committee met earlier in the afternoon to consider Management's recommendation to confirm the appointment of Mr. Rodolfo M. Abaya to Vice President and Division Human Resources Manager.

The Committee endorsed for approval by the Board the said recommendation of Management.

On motion duly made and seconded, the Board confirmed the appointment of Mr. Abaya, as presented.

xxx

Resolution No. 2014-11-05-02

"RESOLVED, that a cash dividend of P20.00 per preferred share be paid on December 3, 2014 to all preferred stockholders of record as of November 19, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company.

RESOLVED, FINALLY, that the stock and transfer book of the Company be closed from November 20 to 26, 2014."

xxx

Resolution No. 2014-11-05-03

"RESOLVED, that a cash dividend of P1.20 per common share be paid on December 3, 2014 to all outstanding common stockholders of record as of November 19, 2014, and such amounts as may be necessary therefor be appropriated out of the unappropriated retained earnings of the Company.

RESOLVED, FINALLY, that the stock and transfer book of the Company be closed from November 20 to 26, 2014."

11. This Secretary's Certificate is issued in compliance with SEC Memorandum Circular No. 12, Series of 2014, to support the Consolidated Changes in the Annual Corporate Governance Report of the Company for 2014 attached hereto as Annex "A".

IN WITNESS WHEREOF, I have hereunto signed these presents on JAN 08 2015 at MANDALUYONG CITY


ALEXANDRA BENGSON TRILLANA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JAN 08 2015, affiant exhibiting to me her Passport No. EC0224777 issued on February 6, 2014 at Manila.

Doc. No. 473
Page No. 96
Book No. 711
Series of 2015.


RICARDO P. BERNABE III
Commission No. 0416-14
Notary Public for Mandaluyong City
Until Dec. 31, 2015
SMC, 40 San Miguel Ave., Mandaluyong City
2253811 Roll No. 61400 1-7-2015
PTR No. ~~4046002~~ 04/09/14; Mandaluyong City
IBP Lifetime Member No. 011669; 03/08/10; RSM

SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year Ended: **December 31, 2012**^{1 2}
2. Exact Name of Registrant as Specified in its Charter: **San Miguel Pure Foods Company, Inc.**
3. **The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City 1605**
Address of principal office Postal Code
4. SEC Identification Number: **11840**
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: **000-100-341-000**
7. **(632) 702-5000**
Issuer's Telephone number, including area code
8. **Registrant has not changed address since its last report to this Honorable Commission**
Former name or former address, if changed from the last report

¹ With updates for the year ended December 31, 2013.

² With updates on Directors' Attendance in 2014 Board Meetings, per advisement letter filed with the SEC on January 5, 2015.

TABLE OF CONTENTS

A. BOARD MATTERS.....	4
1) BOARD OF DIRECTORS	
(a) Composition of the Board.....	4
(b) Directorship in Other Companies.....	7
(c) Shareholding in the Company.....	9
2) CHAIRMAN AND CEO.....	10
3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	11
4) CHANGES IN THE BOARD OF DIRECTORS.....	15
5) ORIENTATION AND EDUCATION PROGRAM.....	29
B. CODE OF BUSINESS CONDUCT & ETHICS.....	33
1) POLICIES.....	33
2) DISSEMINATION OF CODE.....	39
3) COMPLIANCE WITH CODE.....	40
4) RELATED PARTY TRANSACTIONS.....	40
(a) Policies and Procedures.....	40
(b) Conflict of Interest.....	42
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	43
6) ALTERNATIVE DISPUTE RESOLUTION.....	44
C. BOARD MEETINGS & ATTENDANCE.....	45
1) SCHEDULE OF MEETINGS.....	45
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	45
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	45
4) ACCESS TO INFORMATION.....	46
5) EXTERNAL ADVICE.....	48
6) CHANGES IN EXISTING POLICIES.....	48
D. REMUNERATION MATTERS.....	50
1) REMUNERATION PROCESS.....	50
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	51
3) AGGREGATE REMUNERATION	52
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	52
5) REMUNERATION OF MANAGEMENT.....	53
E. BOARD COMMITTEES.....	53
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	53
2) COMMITTEE MEMBERS.....	57
3) CHANGES IN COMMITTEE MEMBERS.....	60
4) WORK DONE AND ISSUES ADDRESSED.....	60
5) COMMITTEE PROGRAM.....	61
F. RISK MANAGEMENT SYSTEM.....	62
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	62
2) RISK POLICY.....	63
3) CONTROL SYSTEM.....	66
G. INTERNAL AUDIT AND CONTROL.....	70
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	70
2) INTERNAL AUDIT	

(a) Role, Scope and Internal Audit Function.....	72
(b) Appointment/Removal of Internal Auditor.....	74
(c) Reporting Relationship with the Audit Committee.....	74
(d) Resignation, Re-assignment and Reasons.....	75
(e) Progress against Plans, Issues, Findings and Examination Trends.....	75
(f) Audit Control Policies and Procedures.....	75
(g) Mechanisms and Safeguards.....	76
H. ROLE OF STAKEHOLDERS-----	77
I. DISCLOSURE AND TRANSPARENCY-----	89
J. RIGHTS OF STOCKHOLDERS-----	92
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS-----	92
2) TREATMENT OF MINORITY STOCKHOLDERS-----	102
K. INVESTORS RELATIONS PROGRAM-----	103
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES-----	105
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL-----	106
N. INTERNAL BREACHES AND SANCTIONS-----	107

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Nine (9)
---------------------------------------------------	----------

Actual number of Directors for the year	Nine (9)
-----------------------------------------	----------

(a) Composition of the Board

Complete the table with information on the Board of Directors:³

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ⁴	Elected when (Annual /Special Meeting)	No. of years served as director
Eduardo M. Cojuangco Jr.	NED	SMC ⁵	SMC	May 22, 2001	May 9, 2014	Annual Meeting	13
Ramon S. Ang	NED	SMC	SMC	May 13, 2001	May 9, 2014	Annual Meeting	13
Francisco S. Alejo III	ED	SMC	SMC	May 22, 2001	May 9, 2014	Annual Meeting	13
Edgardo P. Cruz	ID	N/A ⁶	Ramon S. Ang – no relation	Nov. 7, 2013	May 9, 2014 (Less than 1 year as ID)	Annual Meeting	Less than 1 year
Carmelo L. Santiago	ID	N/A	Ramon S. Ang – no relation	Aug. 12, 2010	May 9, 2014 (Less than 4 years as ID)	Annual Meeting	Less than 4 years
Menardo R. Jimenez	NED	SMC	SMC	April 25, 2002	May 9, 2014	Annual Meeting	12
Mario C. Garcia	NED	SMC	SMC	Nov. 4, 2009	May 9, 2014	Annual Meeting	5
Silvestre H. Bello III	ID	N/A	Ramon S. Ang – no relation	May 10, 2013	May 9, 2014 (1 year as ID)	Annual Meeting	1
Angelina S. Gutierrez	ID	N/A	Ramon S. Ang – no relation	May 10, 2013	May 9, 2014 (1 year as ID)	Annual Meeting	1 ⁷

³ With updates highlighted in accordance with the results of the Annual Stockholders' Meeting of the Company on May 9, 2014 and SEC Form 17-C filed with the SEC on May 12, 2014, per advisement letter filed with the SEC on May 14, 2014.

⁴ Reckoned from the election immediately following January 2, 2012.

⁵ SMC – San Miguel Corporation

⁶ N/A – Not applicable

⁷ As reported in SEC Form 17-C filed with the SEC on October 17, 2014, Ms. Gutierrez resigned as Independent Director of the Company effective October 8, 2014.

				2013			
--	--	--	--	------	--	--	--

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors of San Miguel Pure Foods Company, Inc. (SMPFC or the “Company”) approved and adopted a Manual on Corporate Governance for the Company (the “Manual”). The Manual was amended by the Board on August 12, 2011 in compliance with the Revised Code of Corporate Governance issued by the **Securities and Exchange Commission (SEC)** under its Memorandum Circular No. 6, Series of 2009. **The Manual was again amended by the Board on March 26, 2014 to conform to recent SEC Memorandum Circulars issued, particularly SEC Memorandum Circular No. 1, series of 2014, SEC Memorandum Circular No. 20, series of 2013, and SEC Memorandum Circular No. 5, series of 2013.⁸ Upon approval by the Commission of amendments to the Revised Code of Corporate Governance by virtue of SEC Memorandum Circular No. 9, series of 2014, the Board approved further amendments to the Company’s Manual during its meeting on June 25, 2014.⁹** The Company recognizes that good governance helps the business to deliver strategy, generate and sustain shareholder value and safeguard shareholders’ rights and interests. Thus, the Board of Directors, management and employees commit themselves to the corporate governance principles and best practices contained in the Manual, and acknowledge that the same shall guide the attainment of their corporate goals.

As a necessary component of what constitutes sound strategic business management, every effort necessary to create awareness of the Manual within the organization is undertaken. To ensure adherence to the Manual, the Board of Directors has appointed a Compliance Officer, who has direct reporting responsibilities to the Chairman of the Board.

The Board is primarily responsible for promoting the Company’s long-term growth and success and determining its mission, strategy and objectives. The Board exercises oversight responsibilities on the business and affairs of the Company, reviews and approves the Company’s financial statements, and ensures the presence of adequate and effective internal control mechanisms in the Company to manage business risk.

Minority shareholders are granted the right to propose the holding of shareholder meetings 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 practices.

Each common share in the name of the shareholder entitles such shareholder to one vote that may be exercised in person or by proxy at the shareholder meetings. Common shareholders, even minority shareholders, have the right to nominate, elect, remove, and replace directors, as well as vote on certain corporate acts. However, a director shall not be removed without cause if it will deny minority shareholders representation in the Board.

Both preferred and common shareholders have the right to vote on matters involving certain corporate acts in accordance with the Corporation Code: amendment of articles of incorporation (including the increase in the authorized capital stock of the Company); adoption and amendment of by-laws; sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property; incurring, creating or increasing bonded indebtedness; increase or

⁸ Update per SEC Form 17-C filed with the SEC on March 27, 2014.

⁹ Update per SEC Form 17-C filed with the SEC on June 25, 2014.

decrease of capital stock; merger or consolidation with another corporation; investment of corporate funds in another corporation or business; and dissolution.

For the further protection of the rights of minority shareholders, any stockholder dissenting from and voting against the following corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action: amendment to the Company's articles of incorporation and by-laws that has the effect of changing and restricting the rights of any shareholder or class of shares or authorizing preferences in any respect superior to those of outstanding shares of any class; sale, lease, mortgage or other disposition of all or substantially all of the corporation's assets; merger or consolidation; investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and extension or shortening of term of corporate existence. The stockholders' right of appraisal may be exercised for a period within 30 days from the date on which the vote on the corporate action was taken.

SMPFC exercises transparency when dealing with shareholders, customers, employees, creditors, suppliers and other trade partners. SMPFC ensures that these transactions adhere to fair business practices in order to establish long-term and mutually beneficial relationships. In this connection, the Company has adopted a Code of Ethics for observance by employees and business partners, and policies on Conflict of Interest, Whistleblowing, and Solicitation and Acceptance of Gifts, among others.

In addition, activities are regularly conducted to address the needs and interests of the Company's shareholders and other stakeholders, including its employees, customers, suppliers/contractors, creditors/**financiers, government** and the communities in which the Company belongs.¹⁰

Pursuant to the Manual, all material information on the Company, **i.e., anything that could potentially affect share price or its viability or the interest of its stockholders and other stakeholders,** such as its financial performance and position, acquisition or disposal of substantial assets, Board changes, related party transactions, shareholdings of directors and changes to ownership, are publicly **and timely** disclosed. **Further thereto, the Board shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.**

Accurate, timely, and complete updates of relevant events concerning SMPFC and its business units are also available through the Company's corporate website (www.sanmiguelpurefoods.com). Among these regular updates are the businesses, products and service offerings of the Company, financial performance, business opportunities, corporate vision, mission and objectives. The website also provides downloadable copies of the Company's Articles of Incorporation, By-laws, Manual, Board Committee Charters, Annual Reports, Notice and Information Statements for Annual Shareholders' Meetings, and other relevant governance policies, rules and regulations.¹¹

The Company also continues to review and strengthen its policies and procedures, giving due consideration to areas that, for the best interests of the Company and its stockholders, need further improvement.

(c) How often does the Board review and approve the vision and mission?

The Board reviews on a periodic basis the corporate mission and vision of the Company, as the

¹⁰ Update per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

¹¹ With updates highlighted per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

need arises or upon the recommendation of management. **The Board last reviewed and approved the vision and mission of the Company on August 8, 2013.**¹²

(d) Directorship in Other Companies

(i) Directorship in the Company's Group¹³

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Eduardo M. Cojuangco Jr.	San Miguel Corporation	ED, also Chairman
Ramon S. Ang	San Miguel Corporation	ED
	San Miguel Foods, Inc.	NED, also Chairman
	San Miguel Mills, Inc.	NED, also Chairman
	Magnolia, Inc.	NED, also Chairman
	The Purefoods-Hormel Company, Inc.	NED, also Chairman
	San Miguel Super Coffeemix Co., Inc.	NED, also Chairman
	Manila Electric Company	NED ¹⁴
Francisco S. Alejo III	San Miguel Foods, Inc.	NED
	San Miguel Mills, Inc.	NED
	The Purefoods-Hormel Company, Inc.	NED
	Magnolia, Inc.	NED ¹⁵
	San Miguel Super Coffeemix Co., Inc.	NED ¹⁶
	Sugarland Corporation	NED ¹⁷ , also Chairman
	Golden Food & Dairy Creamery Corporation	NED ¹⁸ , also Chairman
	Realsnacks Mfg. Corp.	ED, also Chairman
	San Miguel Hormel (VN) Co., Ltd.	NED, also Chairman
	Golden Bay Grain Terminal Corporation	NED, also Chairman
	Golden Avenue Corp.	NED, also Chairman
	San Miguel Pure Foods International Limited	NED, also Chairman
	San Miguel Pure Foods Investment (BVI) Ltd.	NED
Menardo R. Jimenez	San Miguel Corporation	NED
	Magnolia, Inc.	NED

¹² Update to expound on response, per advisement letter filed with the SEC on January 30, 2014.

¹³ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

¹⁴ Update highlighted per advisement letter filed with the SEC on April 3, 2014.

¹⁵ As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

¹⁶ As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

¹⁷ As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

¹⁸ As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Eduardo M. Cojuangco, Jr.	Ginebra San Miguel, Inc.	NED, also Chairman
	Petron Corporation	NED
Ramon S. Ang	San Miguel Properties, Inc.	ED, also Chairman ¹⁹
	Petron Corporation	ED, also Chairman
	Cyber Bay Corporation	ED, also Chairman ²⁰
	San Miguel Brewery Inc.	NED, also Chairman ²¹
	Liberty Telecoms Holdings Inc.	NED, also Chairman
	Ginebra San Miguel, Inc.	NED
	PAL Holdings, Inc.	NED, also Chairman ²²
	Philweb Corporation	NED ²³
	San Miguel Brewery Hong Kong Limited	NED, also Chairman
	Petron Malaysia Refining & Marketing Berhad	ED, also Chairman
Alphaland Corporation	ID ²⁴	
Cancio C. Garcia	San Miguel Properties, Inc.	ID ²⁵
Carmelo L. Santiago	San Miguel Properties, Inc.	ID ²⁶
	Liberty Telecoms Holdings Inc.	ID
	San Miguel Brewery Hong Kong Limited	ID
Mario C. Garcia	San Miguel Properties, Inc.	NED ²⁷
Angelina S. Gutierrez	Ginebra San Miguel, Inc.	ID ^{28, 29}

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Eduardo M. Cojuangco, Jr.	San Miguel Corporation	ED, Chairman and Chief Executive Officer
Ramon S. Ang	San Miguel Corporation	ED, Vice Chairman, President

¹⁹ Update for the year ended December 31, 2013.

²⁰ Update for the year ended December 31, 2013.

²¹ Update for the year ended December 31, 2013.

²² Update highlighted per advisement letter filed with the SEC on October 24, 2014.

²³ Update highlighted per advisement letter filed with the SEC on March 13, 2014.

²⁴ Update highlighted per advisement letter filed with the SEC on March 13, 2014.

²⁵ Update for the year ended December 31, 2013.

²⁶ Update for the year ended December 31, 2013.

²⁷ Update for the year ended December 31, 2013.

²⁸ As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

²⁹ As reported in SEC Form 17-C filed with the SEC on October 17, 2014, Ms. Gutierrez resigned as Independent Director of the Company effective October 8, 2014.

		and Chief Operating Officer
Menardo R. Jimenez	San Miguel Corporation	NED

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

No. The Company has not set a limit on the number of board seats in other companies that an individual director may hold simultaneously. **The Company observes the requirements of SEC Memorandum Circular No. 9, Series of 2011, which provides that there shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates where an Independent Director can be elected to only five companies of the conglomerate.**³⁰

According to the Company's Manual, a director shall exercise due discretion in accepting and holding directorships in other corporations provided that on 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 Company is not compromised.

The Nomination and Hearing 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 the Manual:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	(1) nature of business of the relevant corporations; (2) age of director; (3) number of directorships/active management in other corporations or entities; (4) possible conflict of interest.	Low indicative limit on membership in other corporate boards.
Non-Executive Director	Same as the guidelines for ED above.	Same as the indicative limit for ED above.
CEO	Same as the guidelines for ED above.	Same as the indicative limit for ED above.

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company.³¹

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Eduardo M. Cojuangco Jr.	1 common share	5,500 preferred shares / PCD Nominee Corp.	0%
Ramon S. Ang	1 common share	N/A	0%
Francisco S. Alejo III	43,001 common	N/A	0%

³⁰ Update to expound on response, per advisement letter filed with the SEC on January 30, 2014.

³¹ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

	shares; 10,000 preferred shares		
Edgardo P. Cruz	1 common share	N/A	0%
Carmelo L. Santiago	1 common share	N/A	0%
Menardo R. Jimenez	1 common share	N/A	0%
Mario C. Garcia	1 common share	N/A	0%
Silvestre H. Bello III	1 common share	N/A	0%
Angelina S. Gutierrez	1 common share	N/A	0% ³²
TOTAL	43,009 common shares; 10,000 preferred shares	5,500 preferred shares	0%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes No

Identify the Chair and CEO:

Chairman of the Board	Eduardo M. Cojuangco, Jr.
CEO/President	Francisco S. Alejo III

- (b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Presides at Board and shareholder meetings; Exercises such other powers as may be conferred upon him by the Board; Maintains effective lines of communication and flow of information between the Board and management	In the absence of the Chairman, presides at all meetings of the Board and shareholders; Exercises general supervision and management of the business affairs and properties of the Company; Performs such other duties as the Board may designate from time to time
Accountabilities	Accountable to all shareholders of the Company; Ensures that Board and Shareholder meetings are held in accordance with By-laws; Assists in ensuring compliance with corporate governance guidelines	Accountable to the Board of Directors in achieving the goals and targets set by the Company; Sees to it that all orders and resolutions of the Board are carried into effect; Ensures that the administrative and operational policies of the Company are implemented
Deliverables	Supervises the preparation of the Agenda of meetings of Board of Directors and Board Committees in coordination with Corporate Secretary; Executes Annual Reports (SEC Form 17-A) and other relevant reportorial	Oversees the preparation of budgets and financial statements of the Company; Presents management reports to the Board and shareholders, and such other statements as may be deemed

³² As reported in SEC Form 17-C filed with the SEC on October 17, 2014, Ms. Gutierrez resigned as Independent Director of the Company effective October 8, 2014.

	<p>requirements with the regulatory authorities (i.e., Statement of Management’s Responsibility over Audited Financial Statements, Manual, Annual Corporate Governance Report, statements on initial or changes to beneficial ownership in the Company [SEC Forms 23-A and 23-B]); Renders Chairman’s Report on results of the Company’s operations during Annual Shareholders’ Meetings; Informs all stockholders in attendance at Annual Shareholders’ Meetings of the mandatory requirement of electing Independent Directors</p>	<p>necessary from time to time; Executes Annual Reports (SEC Form 17-A) and other relevant reportorial requirements with the regulatory authorities (i.e., Statement of Management’s Responsibility over Audited Financial Statements, Manual, Annual Corporate Governance Report, statements on initial or changes to beneficial ownership in the Company [SEC Forms 23-A and 23-B]); Signs, executes and delivers such contracts and instruments in writing as may be authorized by the Board; Signs all certificates of stock in favor of shareholders of the Company</p>
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board has oversight responsibilities in the selection and appointment of the President who shall possess the ability, integrity and expertise necessary for the position. The duties and responsibilities of the President are defined by the Board, through the Nomination and Hearing Committee. The Board likewise evaluates the proposed senior management appointments of the Company and approves the promotion or appointment of qualified and competent management officers, which functions are exercised through the Executive Compensation Committee.

The Board of Directors has constituted an Executive Compensation Committee composed of at least three members of the Board, at least one of whom shall be an Independent Director, to aid the Board in ensuring adherence by the Company to the best practices of good corporate governance. Specifically, the Executive Committee 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 benefit programs, the oversight of plans for executive officers’ development and succession.

In this connection, the Company implements a management development program, which identifies, evaluates, trains and prepares high potential employees to succeed in key management positions in the Company and its subsidiaries.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. The Board consists of nine members who are proven to possess integrity and probity in addition to the other qualifications of a director specified in the Manual. A process of selection to ensure a mix of competent directors is implemented. 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 shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. The broad range of skills, expertise and experience of the directors in the fields of business, finance, accounting and law ensures comprehensive evaluation of, and sound judgment on, matters relevant to the Company’s businesses and related interests.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. SMPFC is a leading food company in the Philippines. It offers a broad range of high-quality food products and services to household, institutional and food service customers. The Company organizes its operations into several business segments, one of which is the agro-industrial cluster that comprises the feeds, poultry and fresh meats businesses. The Company's Chairman Mr. Eduardo M. Cojuangco, Jr., a non-executive director, attended the College of Agriculture of the University of the Philippines in Los Baños and was conferred the Degree of Doctor of Agri-Business *Honoris Causa* by the Tarlac College of Agriculture. One of the Company's Independent Directors Mr. Carmelo L. Santiago, also a non-executive director, is the founder and owner of several branches of Melo's Restaurant and the founder of Wagyu Restaurant, both specializing in meats.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Presents the Company's results of operations and financial performance to the Board; Serves as the link between management and the Board; Primarily responsible for promoting the Company's growth and long term success, and secure its sustained competitiveness in a manner consistent with his/her fiduciary duties. Since a director's office is one of trust and confidence, he/she shall exercise independent judgment and act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Company, its shareholders and other stakeholders.	Provides an independent check on management of the Company; Responsible for promoting the Company's growth and long term success, and secure its sustained competitiveness in a manner consistent with his/her fiduciary duties. Since a director's office is one of trust and confidence, he/she shall exercise independent judgment and act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Company, its shareholders and other stakeholders.	Expected to ensure that potential conflict of interest between management and the shareholders of the Company are avoided; Responsible for promoting the Company's growth and long term success, and secure its sustained competitiveness in a manner consistent with his/her fiduciary duties. Since a director's office is one of trust and confidence, he/she shall exercise independent judgment and act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Company, its shareholders and other stakeholders. Currently, the Company's Independent Directors have been appointed as Chairpersons of the Audit Committee and Nomination and Hearing Committee.
Accountabilities	Accountable to the shareholders of the Company; Responsible	Accountable to the shareholders of the Company; Exercises	Accountable to the shareholders of the Company; In reviewing

	<p>for execution of business strategies and plans; Exercises oversight responsibilities on the business and affairs of the Company, reviews and approves the Company's financial statements, and ensures the presence of adequate and effective internal control mechanisms in the Company to manage business risk. Directors consider that the Company's financial statements have been prepared in conformity with the Philippine Financial Reporting Standards and reflect amounts that are based on best estimates and reasonable, informed and prudent judgment of management and the Board with an appropriate consideration to materiality.</p>	<p>oversight responsibilities on the business and affairs of the Company, reviews and approves the Company's financial statements, and ensures the presence of adequate and effective internal control mechanisms in the Company to manage business risk. Directors consider that the Company's financial statements have been prepared in conformity with the Philippine Financial Reporting Standards and reflect amounts that are based on best estimates and reasonable, informed and prudent judgment of management and the Board with an appropriate consideration to materiality.</p>	<p>related party transactions of the Company, they are expected to ensure that such transactions are entered into at arms' length, in the ordinary course of business, at normal market rates; Exercises oversight responsibilities on the business and affairs of the Company, reviews and approves the Company's financial statements, and ensures the presence of adequate and effective internal control mechanisms in the Company to manage business risk. Directors consider that the Company's financial statements have been prepared in conformity with the Philippine Financial Reporting Standards and reflect amounts that are based on best estimates and reasonable, informed and prudent judgment of management and the Board with an appropriate consideration to materiality.</p>
<p>Deliverables</p>	<p>In addition to formulating policies and procedures to guide the Company's activities and monitor management's performance, the Board provides stockholders with a balanced and compensable assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports on matters that could adversely affect its business, as well as relevant reports to regulators that are</p>	<p>In addition to formulating policies and procedures to guide the Company's activities and monitor management's performance, the Board provides stockholders with a balanced and compensable assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports on matters that could adversely affect its business, as well as relevant reports to regulators that are</p>	<p>In addition to formulating policies and procedures to guide the Company's activities and monitor management's performance, the Board provides stockholders with a balanced and compensable assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports on matters that could adversely affect its business, as well as relevant reports to regulators that are</p>

	<p>required by law and implementing rules. In this connection, the directors discharge their functions by active participation during regular and special meetings and approving and signing minutes of such meetings, including directors' certificates, statements on initial or changes to beneficial ownership in the Company (SEC Forms 23-A and 23-B), and other necessary or appropriate statements.</p>	<p>required by law and implementing rules. In this connection, the directors discharge their functions by active participation during regular and special meetings and approving and signing minutes of such meetings, including directors' certificates, statements on initial or changes to beneficial ownership in the Company (SEC Forms 23-A and 23-B), and other necessary or appropriate statements.</p>	<p>required by law and implementing rules. In this connection, the directors discharge their functions by active participation during regular and special meetings and approving and signing minutes of such meetings, including directors' certificates, statements on initial or changes to beneficial ownership in the Company (SEC Forms 23-A and 23-B) SEC and other necessary or appropriate statements.</p> <p>Further, each Independent Director of the Company issues and submits to the Corporate Secretary for filing with the SEC, a certification confirming that he/she possesses all the qualifications and none of the disqualifications of an Independent Director at the time of his/her election and/or re-election.</p> <p>Moreover, one or more Independent Directors sign/s the template on Corporate Governance Guidelines of the PSE and the Annual Corporate Governance Report for submission to the SEC.</p>
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company defines an Independent Director in its By-laws as a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Accordingly, the Company's Manual provides that an Independent Director is a director who, apart from his/her fees and shareholdings, has no business or relationship with the Company, which could, or could reasonably be perceived to, materially interfere with the exercise of his/her independent judgment in carrying out his/her responsibilities as a director. Among others, Independent Directors have the power and authority to review related party transactions entered into by the Company at any time.

The Company has more than the required number of Independent Directors under SEC regulations. **The Independent Directors of the Company elected during the 2014 Annual Stockholders' Meeting, Mr. Carmelo Santiago, Mr. Silvestre Bello III, Justice Angelina Gutierrez³³ and Justice Edgardo Cruz,** have no business or other relationship with the Company that may interfere with the exercise of their judgment in carrying out their responsibilities as Independent Directors. They were **qualified for election** in accordance with the **Securities Regulation Code and** rules of the SEC.³⁴

Accordingly, an Independent Director may serve as such for five consecutive years only starting January 2, 2012, after which a "cooling off" period of two years shall be observed before he/she may be considered for re-election as Independent Director of the Company. Further, in business conglomerates such as the San Miguel Group of Companies of which SMPFC is a part, an Independent Director may be elected to only five corporations of the conglomerate. Pursuant to such rules, each Independent Director of the Company issues and submits to the Corporate Secretary for filing with the SEC, a certification confirming that he/she possesses all the qualifications and none of the disqualifications of an Independent Director at the time of his/her election and/or re-election. All the Independent Directors of the Company are independent of its management and substantial shareholders.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Yes. The Company complies with the SEC Memorandum Circular No. 9, Series of 2011. Under the said memorandum circular, an independent director may only serve as such for five consecutive years, shall be ineligible for re-election **for a "cooling off" period of** two years thereafter, following which he may again serve for another five **consecutive** years. After **serving as independent director for ten years,** he **or she** will be perpetually disqualified to be elected as an independent director of the Company.³⁵

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:^{36 37}

Name	Position	Date of Cessation	Reason
Cancio C. Garcia	ID	October 15, 2013	Death
Angelina S. Gutierrez	ID	October 8, 2014	Resignation

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

³³ As reported in SEC Form 17-C filed with the SEC on October 17, 2014, Ms. Gutierrez resigned as Independent Director of the Company effective October 8, 2014.

³⁴ With updates highlighted in accordance with the results of the Annual Stockholders' Meeting of the Company on May 9, 2014 and SEC Form 17-C filed with the SEC on May 12, 2014, per advisement letter filed with the SEC on May 14, 2014.

³⁵ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

³⁶ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

³⁷ With updates highlighted per SEC Form 17-C filed with the SEC on October 17, 2014.

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<p>The Board created a Nomination and Hearing Committee, which shall:</p> <p>(1) Screen and shortlist all candidates for director in accordance with the qualifications and disqualifications provided in the Company's By-laws and Manual, applicable laws, rules and regulations;</p> <p>(2) Identify and recommend qualified individuals for nomination and election as additional directors or to fill Board vacancies as they arise. The election of such additional or replacement directors shall be in accordance with applicable laws and regulations;</p> <p>(3) Make recommendations to the Board from time to time, as to changes on the size of the Board, including the establishment of guidelines in the number of Board seats that a director may hold.</p> <p>The Committee implements a selection process to ensure a mix of competent directors. The membership of the Board may be a combination of executive and non-executive directors (which shall include Independent Directors).</p> <p>The names and qualifications of the nominees to the nine-member Board of SMPFC are then included in the Definitive Information Statement distributed to shareholders prior to the Annual Shareholders' Meetings of the Company, during which time the members of the Board of Directors are elected by a plurality vote of the subscribed capital stock at the meeting for a term of one year and until the election and qualification</p>	<p>In addition to the qualifications for membership in the Board provided for in the Corporation Code, the Securities Regulation Code and other relevant laws, the members of the Board of Directors of the Company shall (1) hold at least one share of stock of the Company; (2) be a college graduate or have sufficient experience in managing the business to substitute for formal education; (3) be at least 21 years of age; (4) have been proven to possess integrity and probity; and (5) be assiduous.</p> <p>At least two directors shall be residents of the Philippines.</p> <p>The Board of Directors of the Company shall possess a broad range of skills, expertise and experience in the fields of business, finance, accounting and law, to ensure comprehensive evaluation of, and sound judgment on, matters relevant to the Company's businesses and related interests.</p>

	<p>of their successors.</p> <p>Thereafter, any vacancy in the Board of Directors caused by death, resignation, inability or disqualification to act, or otherwise, shall be filled by the unanimous vote of the remaining members of the Board, if constituting a quorum, by the election of a qualified person who shall hold office for the remainder of the term for which such vacancy applies, or until his successor shall have been duly elected and qualified.</p>	
(ii) Non-Executive Directors	<p>Same as the process for selection/appointment of ED above.</p>	<p>Same as the criteria for selection/appointment of ED above. In addition, NED shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.</p>
(iii) Independent Directors ³⁸	<p>Same as the process for selection/appointment of ED and NED above. In addition, the Nomination and Hearing Committee shall ensure that the Company shall have the required number of ID with the qualifications and none of the disqualifications provided in applicable laws, regulations and listing rules, including Rule 38 of the Securities Regulation Code and SEC Memorandum Circular No. 9, Series of 2011. Hence, among others, the Company shall have at least two ID or such number of ID that constitutes 20% of the directors of the nine-member Board of SMPFC.</p>	<p>Same as the criteria for selection/appointment of ED and NED above. In addition, ID shall have the qualifications and none of the disqualifications provided under the Manual, applicable laws, rules and regulations, including that in business conglomerates, a person can be elected as ID of only five companies of the conglomerate.</p> <p>ID shall have no business or relationship with the Company, which could materially interfere with the exercise of their independent judgment in carrying out their responsibilities as directors, including any person who:</p> <p>(1) is not a director or officer of the Group except when he/she is also an ID of that corporation; (2) does not own more than 2% of the shares of the Company or any Group member; (3) is not related to any director,</p>

³⁸ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

		<p>officer or the parent of the Company or any Group member; (4) is not a nominee or representative of any director or Group member; (5) has not been employed in any executive capacity by the Company or any Group member within the last two years; (6) is not retained as professional adviser by the Company or any Group member within the last two years; (7) has no transaction with the Company or any Group member other than those conducted at arm's length and are immaterial.</p>
b. Re-appointment		
(i) Executive Directors	<p>The Board created a Nomination and Hearing Committee, which shall:</p> <p>(1) Screen and shortlist all candidates for director in accordance with the qualifications and disqualifications provided in the Company's By-laws and Manual, applicable laws, rules and regulations;</p> <p>(2) Identify and recommend qualified individuals for nomination and election as additional directors or to fill Board vacancies as they arise. The election of such additional or replacement directors shall be in accordance with applicable laws and regulations;</p> <p>(3) Make recommendations to the Board from time to time, as to changes on the size of the Board, including the establishment of guidelines in the number of Board seats that a director may hold.</p> <p>The Committee implements a selection process to ensure a mix of competent directors. The membership of the Board may be a combination of executive and non-executive</p>	<p>In addition to the qualifications for membership in the Board provided for in the Corporation Code, the Securities Regulation Code and other relevant laws, the members of the Board of Directors of the Company shall (1) hold at least one share of stock of the Company; (2) be a college graduate or have sufficient experience in managing the business to substitute for formal education; (3) be at least 21 years of age; (4) have been proven to possess integrity and probity; and (5) be assiduous.</p> <p>At least two directors shall be residents of the Philippines.</p> <p>The Board of Directors of the Company shall possess a broad range of skills, expertise and experience in the fields of business, finance, accounting and law, to ensure comprehensive evaluation of, and sound judgment on, matters relevant to the Company's businesses and related interests.</p>

	<p>directors (which shall include Independent Directors).</p> <p>The names and qualifications of the nominees to the nine-member Board of SMPFC are then included in the Definitive Information Statement distributed to shareholders prior to the Annual Shareholders' Meetings of the Company, during which time the members of the Board of Directors are elected by a plurality vote of the subscribed capital stock at the meeting for a term of one year and until the election and qualification of their successors.</p> <p>Thereafter, any vacancy in the Board of Directors caused by death, resignation, inability or disqualification to act, or otherwise, shall be filled by the unanimous vote of the remaining members of the Board, if constituting a quorum, by the election of a qualified person who shall hold office for the remainder of the term for which such vacancy applies, or until his successor shall have been duly elected and qualified.</p>	
(ii) Non-Executive Directors	Same as the process for re-appointment of ED above.	Same as the criteria for re-appointment of ED above.
(iii) Independent Directors ³⁹	<p>Same as the process for re-appointment of ED and NED above. In addition, the Nomination and Hearing Committee shall ensure that the Company shall have the required number of ID with the qualifications and none of the disqualifications provided in applicable laws, regulations and listing rules, including Rule 38 of the Securities Regulation Code and SEC Memorandum Circular No. 9, Series of 2011. Hence, among others, the Company shall have at least two ID or such number of ID that constitutes 20% of the directors of the nine-member</p>	<p>Same as the criteria for re-appointment of ED and NED above. In addition, ID shall have the qualifications and none of the disqualifications provided under the Manual, applicable laws, rules and regulations, as well as observe the term limits and other guidelines in SEC Memorandum Circular No. 9, Series of 2011.</p> <p>ID shall have no business or relationship with the Company, which could materially interfere with the exercise of their independent judgment in carrying out</p>

³⁹ As updated to adjust response and expound thereon, per advisement letter filed with the SEC on January 30, 2014.

	Board of SMPFC.	<p>their responsibilities as directors, including any person who:</p> <p>(1) is not a director or officer of the Group except when he/she is also an ID of that corporation; (2) does not own more than 2% of the shares of the Company or any Group member; (3) is not related to any director, officer or the parent of the Company or any Group member; (4) is not a nominee or representative of any director or Group member; (5) has not been employed in any executive capacity by the Company or any Group member within the last two years; (6) is not retained as professional adviser by the Company or any Group member within the last two years; (7) has no transaction with the Company or any Group member other than those conducted at arm's length and are immaterial.</p>
c. Permanent Disqualification		
(i) Executive Directors	<p>As previously noted, the Nomination and Hearing Committee screens candidates for directorship to ensure that nominees have none of the disqualifications set out in the Manual, By-laws, and applicable laws and regulations.</p> <p>In this regard, the By-laws provide that in case at any time the stock transfer books of the Company show that a director has ceased to be a stockholder on record, his seat as a member of the Board shall ipso facto become vacant.</p>	<p>Any of the following shall be a ground for permanent disqualification:</p> <p>(1) Any person convicted by final judgment of certain crimes involving securities, his conduct as underwriter, broker, advisor or the like, or his fiduciary relationship with a bank or similar entity, or an offense involving moral turpitude or punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code committed within five years prior to his election;</p> <p>(2) Any person permanently enjoined from acting as an underwriter, broker, advisor or the like, or found to have willfully violated laws governing securities or banking;</p>

		<p>(3) Any person judicially declared to be insolvent;</p> <p>(4) A temporarily disqualified director who fails within 60 business days from such disqualification to take the appropriate action to remedy or correct the disqualification.</p>
(ii) Non-Executive Directors	Same as the process for permanent disqualification of ED above.	Same as the criteria for permanent disqualification of ED above.
(iii) Independent Directors ⁴⁰	Same as the process for permanent disqualification of ED and NED above.	<p>Same as the criteria for permanent disqualification of ED and NED above. Further, the Company observes SEC Memorandum Circular No. 9, series of 2011 on "Term Limits for Independent Directors". Accordingly, in business conglomerates such as the San Miguel Group of Companies, which includes SMPFC, an ID may be elected to only five corporations of the conglomerate.</p> <p>Moreover, an ID who has served as such in the Company or a corporation within the Company's conglomerate for a total of ten years shall be perpetually barred from serving as an ID of the Company or any corporation within its conglomerate.</p>
d. Temporary Disqualification		
(i) Executive Directors	<p>As previously noted, the Nomination and Hearing Committee screens candidates for directorship to ensure that nominees have none of the disqualifications set out in the Manual, By-laws, and applicable laws and regulations.</p> <p>In this regard, the By-laws provide that in case at any time the stock transfer books of the Company show that a director has ceased to be a stockholder on record, his seat as a member of the Board shall</p>	<p>Any of the following shall be a ground for temporary disqualification:</p> <p>(1) Refusal to fully disclose his business interests or comply with disclosure requirements of applicable law and regulations. This disqualification is effective for as long as his refusal persists;</p> <p>(2) Absence in more than 50% of all Board meetings during his incumbency or any 12-month period therein, unless the absence is due to illness,</p>

⁴⁰ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

	<p>ipso facto become vacant.</p> <p>A temporarily disqualified director shall, within 60 business days from the 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.</p>	<p>death in the immediate family or serious accident. This disqualification applies for the succeeding election;</p> <p>(3) Dismissal or termination for cause under SEC Memorandum Circular No. 6, series of 2009. This disqualification is effective until he has cleared himself of any involvement in the alleged irregularity;</p> <p>(4) If any of the judgments cited in the grounds for permanent disqualification has not yet been final.</p>
(ii) Non-Executive Directors	Same as the process for temporary disqualification of ED above.	Same as the criteria for temporary disqualification of ED above.
(iii) Independent Directors	Same as the process for temporary disqualification of ED and NED above.	<p>Same as the criteria for temporary disqualification of ED and NED above. Further:</p> <p>(1) While the beneficial equity ownership of an ID in the Company or its subsidiaries and affiliates exceeds 2% of its subscribed capital stock;</p> <p>(2) An ID becomes an officer, employee or consultant of the Company and two years from the termination of any such relationship;</p> <p>(3) An ID may serve as such for five consecutive years only starting January 2, 2012, after which a “cooling off” period of two years shall be observed.</p>
e. Removal		
(i) Executive Directors ⁴¹	<p>As previously noted, the Nomination and Hearing Committee screens candidates for directorship to ensure that nominees have none of the disqualifications set out in the Manual, By-laws, and applicable laws and regulations. The Committee may thus consider and recommend the removal of a</p>	<p>In the event of a third violation of the Manual, the maximum penalty of removal from office may be imposed against a director, in accordance with Section 28 of the Corporation Code.</p> <p>As noted above, any of the following shall be a ground for permanent</p>

⁴¹ As updated to adjust response and expound thereon, per advisement letter filed with the SEC on January 30, 2014.

	<p>director if he/she is no longer qualified to serve as such.</p> <p>Under Section 28 of the Corporation Code, any director may be removed from office by a vote of the stockholders representing 2/3 of the outstanding capital stock, at a regular or special meeting called for the purpose, and in either case, after previous notice to the stockholders of the intention to propose such removal at the meeting.</p> <p>Under the By-laws, in case at any time the stock transfer books of the Company show that a director has ceased to be a stockholder on record, his seat as a member of the Board shall ipso facto become vacant.</p> <p>Moreover, further to the right to elect directors, shareholders shall have the right to remove and replace directors as they deem necessary, also in accordance with the Corporation Code. However, a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p>	<p>disqualification of a director:</p> <p>(1) Any person convicted by final judgment of certain crimes involving securities, his conduct as underwriter, broker, advisor or the like, or his fiduciary relationship with a bank or similar entity, or an offense involving moral turpitude or punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code committed within five years prior to his election;</p> <p>(2) Any person permanently enjoined from acting as an underwriter, broker, advisor or the like, or found to have willfully violated laws governing securities or banking;</p> <p>(3) Any person judicially declared to be insolvent;</p> <p>(4) A temporarily disqualified director who fails within 60 business days from such disqualification to take the appropriate action to remedy or correct the disqualification.</p> <p>On the other hand, any of the following shall be a ground for temporary disqualification:</p> <p>(1) Refusal to fully disclose his business interests or comply with disclosure requirements of applicable law and regulations. This disqualification is effective for as long as his refusal persists;</p> <p>(2) Absence in more than 50% of all Board meetings during his incumbency or any 12-month period therein, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for the succeeding election;</p>
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

		<p>(3) Dismissal or termination for cause under SEC Memo Circular No. 6, s. 2009. This disqualification is effective until he has cleared himself;</p> <p>(4) If any of the judgments cited in the grounds for permanent disqualification has not yet been final.</p> <p>The Corporation Code also provides that removal may be without cause; Provided that removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled under law.</p>
(ii) Non-Executive Directors	Same as the process for removal of ED above.	Same as the criteria for removal of ED above.
(iii) Independent Directors ⁴²	Same as the process for removal of ED and NED above.	<p>Same as the criteria for removal of ED and NED above.</p> <p>Further, the Company observes SEC Memorandum Circular No. 9, series of 2011 on "Term Limits for Independent Directors". Accordingly, in business conglomerates such as the San Miguel Group of Companies, which includes SMPFC, an ID may be elected to only five corporations of the conglomerate.</p> <p>Moreover, an ID who has served as such in the Company or a corporation within the Company's conglomerate for a total of ten years shall be perpetually barred from serving as an ID of the Company or any corporation within its conglomerate.</p> <p>Furthermore, the following are grounds for removal on a temporary basis:</p> <p>(1) While the beneficial equity ownership of an ID in the Company or its subsidiaries</p>

⁴² As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

		<p>and affiliates exceeds 2% of its subscribed capital stock;</p> <p>(2) An ID becomes an officer, employee or consultant of the Company and two years from the termination of any such relationship;</p> <p>(3) An ID may serve as such for five consecutive years only starting January 2, 2012, after which a “cooling off” period of two years shall be observed.</p>
f. Re-instatement		
(i) Executive Directors	<p>The Board created a Nomination and Hearing Committee, which shall:</p> <p>(1) Screen and shortlist all candidates for director in accordance with the qualifications and disqualifications provided in the Company’s By-laws and Manual, applicable laws, rules and regulations;</p> <p>(2) Identify and recommend qualified individuals for nomination and election as additional directors or to fill Board vacancies as they arise. The election of such additional or replacement directors shall be in accordance with applicable laws and regulations;</p> <p>(3) Make recommendations to the Board from time to time, as to changes on the size of the Board, including the establishment of guidelines in the number of Board seats that a director may hold.</p> <p>The Committee implements a selection process to ensure a mix of competent directors. The membership of the Board may be a combination of executive and non-executive directors (which shall include Independent Directors).</p> <p>The names and qualifications</p>	<p>In addition to the qualifications for membership in the Board provided for in the Corporation Code, the Securities Regulation Code and other relevant laws, the members of the Board of Directors of the Company shall (1) hold at least one share of stock of the Company; (2) be a college graduate or have sufficient experience in managing the business to substitute for formal education; (3) be at least 21 years of age; (4) have been proven to possess integrity and probity; and (5) be assiduous.</p> <p>At least two directors shall be residents of the Philippines.</p> <p>The Board of Directors of the Company shall possess a broad range of skills, expertise and experience in the fields of business, finance, accounting and law, to ensure comprehensive evaluation of, and sound judgment on, matters relevant to the Company’s businesses and related interests.</p> <p>Moreover, in order for a temporarily disqualified director to be eligible for re-instatement, he shall, within 60 business days from such disqualification, take the appropriate action to remedy</p>

	<p>of the nominees to the nine-member Board of SMPFC are then included in the Definitive Information Statement distributed to shareholders prior to the Annual Shareholders' Meetings of the Company, during which time the members of the Board of Directors are elected by a plurality vote of the subscribed capital stock at the meeting for a term of one year and until the election and qualification of their successors.</p> <p>Thereafter, any vacancy in the Board of Directors caused by death, resignation, inability or disqualification to act, or otherwise, shall be filled by the unanimous vote of the remaining members of the Board, if constituting a quorum, by the election of a qualified person who shall hold office for the remainder of the term for which such vacancy applies, or until his successor shall have been duly elected and qualified.</p>	<p>or correct the disqualification.</p>
(ii) Non-Executive Directors	<p>Same as the process for reinstatement of ED above.</p>	<p>Same as the criteria for reinstatement of ED above. In addition, NED shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.</p>
(iii) Independent Directors ⁴³	<p>Same as the process for reinstatement of ED and NED above. In addition, the Nomination and Hearing Committee shall ensure that the Company shall have the required number of ID with the qualifications and none of the disqualifications provided in applicable laws, regulations and listing rules, including Rule 38 of the Securities Regulation Code and SEC Memorandum Circular No. 9, Series of 2011. Hence, among others, the Company shall have at least two ID or such number of ID</p>	<p>Same as the criteria for reinstatement of ED and NED above.</p> <p>In addition, ID shall have the qualifications and none of the disqualifications provided under the Manual, applicable laws, rules and regulations, as well as observe the term limits and other guidelines in SEC Memorandum Circular No. 9, Series of 2011.</p> <p>ID shall have no business or relationship with the</p>

⁴³ As updated to adjust response and expound thereon, per advisement letter filed with the SEC on January 30, 2014.

	<p>that constitutes 20% of the directors of the nine-member Board of SMPFC.</p>	<p>Company, which could materially interfere with the exercise of their independent judgment in carrying out their responsibilities as directors, including any person (even those temporarily disqualified to serve as ID) who:</p> <p>(1) is not a director or officer of the Group except when he/she is also an ID of that corporation; (2) does not own more than 2% of the shares of the Company or any Group member; (3) is not related to any director, officer or the parent of the Company or any Group member; (4) is not a nominee or representative of any director or Group member; (5) has not been employed in any executive capacity by the Company or any Group member within the last two years; (6) is not retained as professional adviser by the Company or any Group member within the last two years; (7) has no transaction with the Company or any Group member other than those conducted at arm's length and are immaterial.</p>
g. Suspension		
<p>(i) Executive Directors⁴⁴</p>	<p>As previously noted, the Nomination and Hearing Committee screens candidates for directorship to ensure that nominees have none of the disqualifications set out in the Manual, By-laws, and applicable laws and regulations. The Committee may thus consider and recommend the suspension of a director if he/she becomes temporarily disqualified to serve as such.</p> <p>Under the By-laws, in case at any time the stock transfer books of the Company show</p>	<p>Any of the following grounds for the temporary disqualification of a director, may also be a ground for his/her suspension:</p> <p>(1) Refusal to fully disclose his business interests or comply with disclosure requirements of applicable law and regulations. This disqualification is effective for as long as his refusal persists;</p> <p>(2) Absence in more than 50% of all Board meetings during his incumbency or any 12-month period therein, unless</p>

⁴⁴ As updated to adjust response and expound thereon, per advisement letter filed with the SEC on January 30, 2014.

	<p>that a director has ceased to be a stockholder on record, his seat as a member of the Board shall ipso facto become vacant.</p> <p>A temporarily disqualified director shall, within 60 business days from the 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.</p>	<p>the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for the succeeding election;</p> <p>(3) Dismissal or termination for cause under SEC Memorandum Circular No. 6, series of 2009. This disqualification is effective until he has cleared himself of any involvement in the alleged irregularity;</p> <p>(4) If any of the judgments cited in the grounds for permanent disqualification has not yet been final.</p>
(ii) Non-Executive Directors	Same as the process for suspension of ED above.	Same as the criteria for suspension of ED above.
(iii) Independent Directors	Same as the process for suspension of ED and NED above.	<p>Same as the criteria for suspension of ED and NED above. Further:</p> <p>(1) While the beneficial equity ownership of an ID in the Company or its subsidiaries and affiliates exceeds 2% of its subscribed capital stock;</p> <p>(2) An ID becomes an officer, employee or consultant of the Company and two years from the termination of any such relationship;</p> <p>(3) An ID may serve as such for five consecutive years only starting January 2, 2012, after which a “cooling off” period of two years shall be observed.</p>

Voting Result of the last Annual General Meeting⁴⁵

Name of Director	Votes Received
Eduardo M. Cojuangco Jr.	146,151,150
Ramon S. Ang	145,917,040
Francisco S. Alejo III	146,204,520
Menardo R. Jimenez	145,891,680
Mario C. Garcia	146,199,870
Carmelo L. Santiago	145,937,910

⁴⁵ With updates highlighted in accordance with the results of the Annual Stockholders’ Meeting of the Company on May 9, 2014, per advisement letter filed with the SEC on May 14, 2014.

Angelina S. Gutierrez	146,151,150
Silvestre H. Bello III	146,223,840
Edgardo P. Cruz	146,151,150

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

The Company's orientation program for new directors involves the briefing of such new directors on the corporate and organizational structures, business operations, historical performance and plans.

(b) State any in-house training and external courses attended by Directors and Senior Management⁴⁶ for the past three (3) years: ⁴⁷ ⁴⁸ ⁴⁹

- Seminar on Corporate Governance, December 2010, November 2011 and November 2012; arranged by the Office of the General Counsel and Corporate Secretary and conducted by the UP Institute for the Administration of Justice
- Management Development Program, August 2010 to November 2010; arranged by the San Miguel Pure Foods University School of Management (SMPFU) and conducted by John Clements Consultants, Inc. (JCCI) in partnership with Harvard Business Publishing
- Senior Leaders' Program Series on "Leadership Priorities in Asia" with Prof. Steve Dekrey of Harvard Business School (HBS), December 2010; arranged by JCCI
- Learning & Innovation: Building Capability for Sustainable Change, May 2011; arranged by JCCI and SMPFU
- Managing Growth Through Resilient Leadership & Customer Centricity with Prof. Ranjay Gulati of HBS, June 2011; arranged by JCCI and SMPFU
- Brand Equity, May 2011; arranged by Acumen Strategic Consulting, Inc. and SMPFU College of Precision Marketing
- **Demand Planning Seminar, January 2012; arranged by Procurement and Supply Institute of Asia, Inc. (PSIA)**
- **Senior Leaders' Program Series on "Creativity and Innovation in the Global Marketplace" with Prof. Roy Chua of HBS, January 2012; arranged by JCCI and SMPFU**
- **Demand Planning and Forecast Workshop, May 2012; arranged by Supply Chain Council**
- **2012 Bohol Working Session "Gearing up for Asian Governance", November 2012; arranged by Institute of Corporate Directors**
- **Annual Global Procurement & Supply Management Conference & Exhibit; December 2012; arranged by PSIA**
- See also continuing education programs listed below for **2013**
- **Seminar on Corporate Governance for Directors and Key Officers (including the head of the Internal Audit Group), September 2014; arranged by the Office of the General Counsel and Corporate Secretary and conducted by SGV & Co., an SEC-accredited training provider**
- **Seminar on Corporate Governance for Directors and Key Officers, November 2014; conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc., an SEC-accredited training provider**

⁴⁶ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

⁴⁷ With updates highlighted for the year ended December 31, 2013.

⁴⁸ Update per SEC Form 17-C filed with the SEC on September 29, 2014.

⁴⁹ Update per SEC Form 17-C filed with the SEC on November 7, 2014.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. ⁵⁰ ⁵¹ ⁵²

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Eduardo M. Cojuangco, Jr.	September 2014	Seminar on Corporate Governance	SGV & Co.
Ramon S. Ang	July 2012	Mandatory Accreditation Programme for Directors of Publicly Listed Companies	Bursatra Sdn. Bhd. in Kuala Lumpur, Malaysia
	September 2012	Directors Training: Role of Company Director and Regulatory Framework and Board Practices Overview of Risk Management	The Hong Kong Institute of Directors (HKID)
	October 2013	Corporate Governance, Conflicts of Interest and Board Evaluation Seminar	HKID
	November 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Menardo R. Jimenez	September 2014	Seminar on Corporate Governance	SGV & Co.
Mario C. Garcia	September 2014	Seminar on Corporate Governance	SGV & Co.
Carmelo L. Santiago	September 2012	Directors Training: Role of Company Director and Regulatory Framework and Board Practices Overview of Risk Management	HKID
	November 2013	Appropriate Boardroom Behaviour Seminar	HKID
	September 2014	Seminar on Corporate Governance	SGV & Co.
Edgardo P. Cruz	September 2014	Seminar on Corporate Governance	SGV & Co.
Silvestre H. Bello III	November 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Francisco S. Alejo III	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	February 2013	ASEAN Economic Community Forum	Pfizer
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	September 2014	Seminar on Corporate Governance	SGV & Co.

⁵⁰ With updates highlighted for the year ended December 31, 2013.

⁵¹ With updates highlighted per SEC Form 17-C filed with the SEC on September 29, 2014.

⁵² With updates highlighted per SEC Form 17-C filed with the SEC on November 7, 2014.

Zenaida M. Postrado	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	February 2013	ASEAN Economic Community Forum	Pfizer
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	September 2014	Seminar on Corporate Governance	SGV & Co.
Ma. Soledad E. Olives	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	February 2013	ASEAN Economic Community Forum	Pfizer
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	November 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Florentino C. Policarpio	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	January 2012	Demand Planning Seminar	Procurement and Supply Institute of Asia, Inc. (PSIA)
	May 2012	Demand Planning and Forecast Workshop	Supply Chain Council (SCC)
	May 2012	Supply Chain Operations Reference Model	Institute of Business Forecasting and Planning
	September 2012	Global Trends in Supply Chain Management: A Shift to Integrative Thinking	GS1 Philippines, Inc.
	November 2012	Taking Supply Chain to the Next Level: A Shift to Integrated Thinking	SCC
	December 2012	Annual Global Procurement & Supply Management Conference & Exhibit	PSIA
	February 2013	ASEAN Economic Community Forum	Pfizer
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	November 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Rita Imelda B. Palabyab	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	February 2013	ASEAN Economic Community Forum	Pfizer

	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	October 2013	Retail Store Management	Trueventus
	September 2014	Seminar on Corporate Governance	SGV & Co.
Raul B. Nazareno	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	February 2013	ASEAN Economic Community Forum	Pfizer
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	September 2014	Seminar on Corporate Governance	SGV & Co.
Oscar R. Sañez	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	February 2013	ASEAN Economic Community Forum	Pfizer
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	September 2014	Seminar on Corporate Governance	SGV & Co.
Eliezer O. Capacio ⁵³	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	September 2012	PMAP Annual Members Meeting	People Management Association of the Philippines (PMAP)
	February 2013	ASEAN Economic Community Forum	Pfizer
	September 2013	PMAP 50 th Annual Convention	PMAP
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
Jennifer T. Tan	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	February 2013	Seminar Regarding Flaxid	CSP International Commodities Corporation
	February 2013	ASEAN Economic Community Forum	Pfizer
	April 2013	ASA Sponsored: Soybean Crushing Facility Seminar	American Soybean Association
	July 2013	Code of Champs Seminar	Fr. Armand Robleza, SDB
	July 2013	Economic Briefing – ANZ Presentation	ANZ
	September 2014	Seminar on Corporate Governance	SGV & Co.

⁵³ As reported in SEC Form 17-C filed with the SEC on February 24, 2014, Mr. Capacio, Vice President and Division Human Resources Head of the Company, passed away on February 23, 2014.

Rodolfo M. Abaya	September 2014	Seminar on Corporate Governance	SGV & Co.
Alexandra B. Trillana	January 2012	Senior Leaders' Program on "Creativity and Innovation in the Global Marketplace"	JCCI with Prof. Roy Chua of HBS
	November 2012	Annual Listing and Disclosure Rules Seminar	Philippine Stock Exchange
	November 2012	2012 Bohol Working Session "Gearing Up for Asian Governance"	Institute of Corporate Directors (ICD)
	February 2013	Mandatory Continuing Legal Education (MCLE) Lecture Series	Asian Center for Legal Excellence, Inc.
	February 2013	ASEAN Economic Community Forum	Pfizer
	March 2013	ASEAN Corporate Governance Scorecard Information Briefing	ICD
	September 2013	Customer Centricity Workshop	JCCI with Ms. Roxanne Aquino
	November 2013	Mastering the ASEAN Corporate Governance Scorecard (12 th Annual Working Session)	ICD
	September 2014	Seminar on Corporate Governance	SGV & Co.

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>Directors have a duty to act in the best interest of the Company. In the event that the personal interests of a director may conflict with the interest of the Company, proper disclosure by the director is required to be made and a review by the appropriate authorities should resolve the conflict.</p> <p>Directors shall (1) not seek employment or be engaged in outside business activities when such</p>	<p>Senior management has a duty to act in the best interest of the Company. In the event that the personal interests of an officer or manager may conflict with the interest of the Company, proper disclosure by the officer or manager is required to be made and a review by the appropriate authorities should resolve the conflict.</p> <p>Senior management shall (1) not seek employment or be engaged in outside business activities when such employment or activities prevent them</p>	<p>Employees have a duty to act in the best interest of the Company. In the event that the personal interests of an employee may conflict with the interest of the Company, proper disclosure by the employee is required to be made and a review by the appropriate authorities should resolve the conflict.</p> <p>Employees shall (1) not seek employment or be engaged in outside business activities when such employment or activities prevent them from fully performing work, including overtime assignments for which they are employed; (2) not act as</p>

	<p>employment or activities prevent them from fully performing work as a director of the Company; (2) not act as members of Boards of Directors of companies with conflicts of interest or participate in competitive business activities; (3) not have any financial or other business relationships with suppliers, customers or competitors that might impair, or even appear to impair the independence of any judgment they may need to make in the best interest of SMPFC.</p>	<p>from fully performing work, including overtime assignments for which they are employed; (2) not act as members of Boards of Directors of companies with conflicts of interest or participate in competitive business activities; (3) not have any financial or other business relationships with suppliers, customers or competitors that might impair, or even appear to impair the independence of any judgment they may need to make in the best interest of SMPFC.</p>	<p>members of Boards of Directors of companies with conflicts of interest or participate in competitive business activities; (3) not have any financial or other business relationships with suppliers, customers or competitors that might impair, or even appear to impair the independence of any judgment they may need to make in the best interest of SMPFC.</p>
<p>(b) Conduct of Business and Fair Dealings</p>	<p>The Company is firmly committed to the promotion of a culture that fosters and maintains the core values of fairness, transparency, accountability and integrity in the conduct of its business and expects each of its directors to observe with zeal such core values in the performance of their duties, in their relationships with fellow directors and employees, and in all their dealings with shareholders, customers, suppliers, government and the general public.</p> <p>Thus, business is conducted consistent with fair and vigorous competition and in compliance with applicable laws.</p>	<p>The Company is firmly committed to the promotion of a culture that fosters and maintains the core values of fairness, transparency, accountability and integrity in the conduct of its business and expects each of its senior management to observe with zeal such core values in the performance of their duties, in their relationships with fellow employees and in all their dealings with directors, shareholders, customers, suppliers, government and the general public.</p> <p>Thus, business is conducted consistent with fair and vigorous competition and in compliance with applicable laws. Fair business practices, including accurate and truthful advertising, are employed.</p>	<p>The Company is firmly committed to the promotion of a culture that fosters and maintains the core values of fairness, transparency, accountability and integrity in the conduct of its business and expects each of its employees to observe with zeal such core values in the performance of their duties, in their relationships with fellow employees and in all their dealings with directors, shareholders, customers, suppliers, government and the general public.</p> <p>Thus, business is conducted consistent with fair and vigorous competition and in compliance with applicable laws. Fair business practices, including accurate and truthful advertising, are employed.</p>
<p>(c) Receipt of gifts from third parties</p>	<p>The solicitation of gifts in any form is prohibited. Guidelines</p>	<p>The solicitation of gifts in any form is prohibited. Guidelines are provided</p>	<p>The solicitation of gifts in any form is prohibited. Guidelines are provided on</p>

	<p>are provided on the acceptance of modest gifts, meals, entertainment and sponsored travel. Directors are required to (1) conduct business affairs with fairness, (2) avoid granting undue personal favors, (3) exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company, and (4) refuse gifts that might connote bribery in any way.</p>	<p>on the acceptance of modest gifts, meals, entertainment and sponsored travel. Senior management is required to (1) conduct business affairs with fairness, (2) avoid granting undue personal favors, (3) exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company, and (4) refuse gifts that might connote bribery in any way.</p>	<p>the acceptance of modest gifts, meals, entertainment and sponsored travel. Employees are required to (1) conduct business affairs with fairness, (2) avoid granting undue personal favors, (3) exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company, and (4) refuse gifts that might connote bribery in any way.</p>
(d) Compliance with Laws & Regulations	<p>Directors shall comply and respect all applicable laws, rules and regulations governing the Company's business, in all jurisdictions where such is conducted.</p>	<p>Senior management shall comply and respect all applicable laws, rules and regulations governing the Company's business, in all jurisdictions where such is conducted.</p> <p>The Company Rules and Regulations (CRR), which covers all employees, provides that administrative action may be taken against employees for violation of existing laws, rules and regulations issued by government authorities provided that the act is related to the performance of the employee's functions or is inimical to the business and interests of the Company.</p>	<p>Employees shall comply and respect all applicable laws, rules and regulations governing the Company's business, in all jurisdictions where such is conducted.</p> <p>The CRR, which covers all employees, provides that administrative action may be taken against employees for violation of existing laws, rules and regulations issued by government authorities provided that the act is related to the performance of the employee's functions or is inimical to the business and interests of the Company.</p>
(e) Respect for Trade Secrets/Use of Non-public Information	<p>Directors are required not to disclose to any person or entity, confidential and proprietary information of the Company and its subsidiaries (collectively, the "Food Group"), comprising of any and all technology, techniques, trade secrets, formulas and processes, research</p>	<p>Senior management is required not to disclose to any person or entity, confidential and proprietary information of the Food Group, comprising of any and all technology, techniques, trade secrets, formulas and processes, research and data, patterns, device, information and knowledge concerning the methods and</p>	<p>Employees handling sensitive information are required not to disclose to any person or entity, confidential and proprietary information of the Food Group, comprising of any and all technology, techniques, trade secrets, formulas and processes, research and data, patterns, device, information and knowledge concerning the methods and processes of</p>

	<p>and data, patterns, device, information and knowledge concerning the methods and processes of manufacture, pricing, promotions, marketing, sale or distribution of the products or services of the Food Group, including any such confidential and proprietary information owned by SMC or any of its subsidiaries and affiliates, that they become privy to during their term of office as director of the Company. Policies are in place to prevent information loss, misuse, theft, fraud, improper access, wrongful disclosure or alteration, including unauthorized communication and/or publication of information acquired from or on behalf of SMPFC.</p> <p>The Company has a Policy on Dealings in Securities to prevent people with access to inside information from gaining an unfair advantage over the investing public. Under the policy, directors shall not trade in the Company's shares during a certain "Blackout Period" (which is [i] 10 business days before and 5 business days after the deadlines for the Company to make a structured report or other disclosure of its financial results for any year, half year, quarter or any other interim</p>	<p>processes of manufacture, pricing, promotions, marketing, sale or distribution of the products or services of the Food Group, including any such confidential and proprietary information owned by SMC or any of its subsidiaries and affiliates, that they become privy to during their employment with the Food Group. Policies are in place to prevent information loss, misuse, theft, fraud, improper access, wrongful disclosure or alteration, including unauthorized communication and/or publication of information acquired from or on behalf of SMPFC.</p> <p>The Company has a Policy on Dealings in Securities to prevent people with access to inside information from gaining an unfair advantage over the investing public. Under the policy, senior management shall not trade in the Company's shares during a certain "Blackout Period" (which is [i] 10 business days before and 5 business days after the deadlines for the Company to make a structured report or other disclosure of its financial results for any year, half year, quarter or any other interim period; and [ii] 5 business days after any non-structured disclosure of any material information other than financial results) and at any time when they are in possession of material non-public information concerning the Company.</p>	<p>manufacture, pricing, promotions, marketing, sale or distribution of the products or services of the Food Group, including any such confidential and proprietary information owned by SMC or any of its subsidiaries and affiliates, that they become privy to during their employment with the Food Group. Policies are in place to prevent information loss, misuse, theft, fraud, improper access, wrongful disclosure or alteration, including unauthorized communication and/or publication of information acquired from or on behalf of SMPFC.</p> <p>The Company has a Policy on Dealings in Securities to prevent people with access to inside information from gaining an unfair advantage over the investing public. Under the policy, key employees with access to non-public information shall not trade in the Company's shares during a certain "Blackout Period" (which is [i] 10 business days before and 5 business days after the deadlines for the Company to make a structured report or other disclosure of its financial results for any year, half year, quarter or any other interim period; and [ii] 5 business days after any non-structured disclosure of any material information other than financial results) and at any time when they are in possession of material non-public information concerning the Company.</p>
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>period; and [ii] 5 business days after any non-structured disclosure of any material information other than financial results) and at any time when they are in possession of material non-public information concerning the Company.</p>		
(f) Use of Company Funds, Assets and Information	<p>Each director shall respect and preserve Company assets and resources by ensuring that they are used efficiently and solely for legitimate business purposes, as well as safeguard and maintain the confidentiality of knowledge or information on the Company's products, business strategies, processes and systems.</p>	<p>Senior management shall respect and preserve Company assets and resources by ensuring that they are used efficiently and solely for legitimate business purposes, as well as safeguard and maintain the confidentiality of knowledge or information on the Company's products, business strategies, processes and systems.</p> <p>The CRR of the Company further provides that administrative action may be taken against employees for acts involving the improper use or possession of company property and products (such as company funds, assets, time, personnel or other resources) or detrimental to the Company's image or interests. Any damage caused to the property of SMPFC, as well as negligence in the care and use of company property and equipment, and/or the unauthorized use of property, has a corresponding penalty ranging from suspension to termination from employment.</p>	<p>Each employee shall respect and preserve Company assets and resources by ensuring that they are used efficiently and solely for legitimate business purposes, as well as safeguard and maintain the confidentiality of knowledge or information on the Company's products, business strategies, processes and systems.</p> <p>The CRR of the Company further provides that administrative action may be taken against employees for acts involving the improper use or possession of company property and products (such as company funds, assets, time, personnel or other resources) or detrimental to the Company's image or interests. Any damage caused to the property of SMPFC, as well as negligence in the care and use of company property and equipment, and/or the unauthorized use of property, has a corresponding penalty ranging from suspension to termination from employment.</p>
(g) Employment & Labor Laws & Policies	<p>SMPFC supports and respects the internationally recognized human rights principles and</p>	<p>SMPFC supports and respects the internationally recognized human rights principles and practices and ensures</p>	<p>SMPFC supports and respects the internationally recognized human rights principles and practices and ensures that it is not</p>

	<p>practices and ensures that it is not complicit in human rights abuses. The Company has programs in place to ensure the right to freely chosen employment, a fair and humane working environment, the safety of workers, and compliance with applicable wage laws. Likewise, child labor is prohibited.</p>	<p>that it is not complicit in human rights abuses. The Company has programs in place to ensure the right to freely chosen employment, a fair and humane working environment, the safety of workers, and compliance with applicable wage laws. Likewise, child labor is prohibited.</p> <p>The CRR sets out the guiding principles of the Company on (1) violation of company rules, regulations and code of ethics; (2) violation of company policies, guidelines, internal control procedures and general procedures; (3) violation of existing laws, rules and regulations issued by government authorities (i.e., employment and labor laws); (4) acts committed within company premises or during company time; (5) acts, even when committed outside of company time and premises, which are connected to the performance of the employee's duties and responsibilities; (6) acts involving the use or possession of company property, products or detrimental to the company's image or interests; (7) acts having direct or indirect connection to the company's scope of business interests, processes or those forming part of the business cycle.</p>	<p>complicit in human rights abuses. The Company has programs in place to ensure the right to freely chosen employment, a fair and humane working environment, the safety of workers, and compliance with applicable wage laws. Likewise, child labor is prohibited.</p> <p>The CRR sets out the guiding principles of the Company on (1) violation of company rules, regulations and code of ethics; (2) violation of company policies, guidelines, internal control procedures and general procedures; (3) violation of existing laws, rules and regulations issued by government authorities (i.e., employment and labor laws); (4) acts committed within company premises or during company time; (5) acts, even when committed outside of company time and premises, which are connected to the performance of the employee's duties and responsibilities; (6) acts involving the use or possession of company property, products or detrimental to the company's image or interests; (7) acts having direct or indirect connection to the company's scope of business interests, processes or those forming part of the business cycle.</p>
(h) Disciplinary action	Should a director violate policies, rules and regulations of the Company, the provisions of the	Should an officer or manager violate policies, rules and regulations of the Company, disciplinary actions are imposed, as	Should an employee violate policies, rules and regulations of the Company, disciplinary actions are imposed, as much as

	Manual and Section 28 of the Corporation Code applies, including permanent or temporary disqualification, or removal or suspension from office.	much as possible, in progressively increasing weight. After he has been afforded due process or given the opportunity to be heard, depending on the history, circumstances and gravity of the situation, superiors take corrective action in the form of documented counseling, written warning, suspension or discharge. Restitution of damages to or loss of company property does not extinguish the employee's liability.	possible, in progressively increasing weight. After he has been afforded due process or given the opportunity to be heard, depending on the history, circumstances and gravity of the situation, superiors take corrective action in the form of documented counseling, written warning, suspension or discharge. Restitution of damages to or loss of company property does not extinguish the employee's liability.
(i) Whistle Blower	Directors and other interested parties are required to communicate concerns regarding the Company's and its subsidiaries' accounting, internal accounting controls, auditing or financial reporting matters to the Company's Audit Committee. Other matters shall be directed to the appropriate supervisors or officers in accordance with the conventional reporting channels of the Food Group.	Senior management and other interested parties are required to communicate concerns regarding the Company's and its subsidiaries' accounting, internal accounting controls, auditing or financial reporting matters to the Company's Audit Committee. Other matters shall be directed to the appropriate supervisors or officers in accordance with the conventional reporting channels of the Food Group.	Employees and other interested parties are required to communicate concerns regarding the Company's and its subsidiaries' accounting, internal accounting controls, auditing or financial reporting matters to the Company's Audit Committee. Other matters shall be directed to the appropriate supervisors or officers in accordance with the conventional reporting channels of the Food Group.
(j) Conflict Resolution	Further to the conflict resolution provisions in the relevant policies above mentioned, the Manual encourages use of alternative modes of dispute resolution that can amicably settle conflicts or differences involving the Company and its directors.	Further to the conflict resolution provisions in the relevant policies above mentioned, the Manual encourages use of alternative modes of dispute resolution that can amicably settle conflicts or differences involving the Company and its senior management.	Further to the conflict resolution provisions in the relevant policies above mentioned, the Manual encourages use of alternative modes of dispute resolution that can amicably settle conflicts or differences involving the Company and its employees.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes. Moreover, such Code of Conduct and Ethics is readily available for viewing at the Company's corporate website.

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Code of Conduct and Ethics is reviewed periodically as may be deemed necessary by the Company.

All employees are provided copies of the Code and are required to acknowledge receipt of the same, as well as commit to the fundamental standards of conduct and values set forth therein.⁵⁴ In the event an employee is alleged to have violated the Code of Ethics, management conducts an administrative investigation, wherein such employee is given the opportunity to present his side and defend himself. At the end of the investigation, employees found to have failed to comply with the standards and abide by the values set forth in the Code shall be subject to disciplinary action, including termination, as the Company may deem appropriate to the nature of the violation, without prejudice to the Company's right to avail of criminal and civil remedies under the law.

The Company does not tolerate any retaliation in any form against any employee who, in good faith, raises a concern or reports a possible legal or ethical violation under the Code.

- 4) Related Party Transactions

- (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	To ensure the integrity and transparency of related party transactions between SMPFC and its parent company, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.
(2) Joint Ventures	To ensure the integrity and transparency of related party transactions between the Company and its joint ventures, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.

⁵⁴ Update to expound on response, per advisement letter filed with the SEC on January 30, 2014.

(3) Subsidiaries	To ensure the integrity and transparency of related party transactions between and among the Company and its subsidiaries, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.
(4) Entities Under Common Control	To ensure the integrity and transparency of related party transactions between and among the Company and entities under common control with it, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.
(5) Substantial Stockholders	SMPFC has no substantial stockholders other than its parent company, SMC. At any rate, all related party transactions of the Company are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.
(6) Officers including spouse/ children/siblings/parents ⁵⁵	The Company recognizes that under the law, in order for a contract with an officer not to be voidable, the contract should be fair and reasonable under the circumstances and should have been previously authorized by the Board of Directors. All related party transactions of the Company are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.
(7) Directors including spouse/ children/siblings/parents ⁵⁶	The Company recognizes that under the law, in order for a contract with a director not to be voidable, the presence of such director in the board meeting in which the contract was approved should not be necessary to constitute a quorum for such meeting, and the vote of such director

⁵⁵ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

⁵⁶ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

	<p>should not be necessary for the approval of the contract. The contract should also be fair and reasonable under the circumstances. All related party transactions of the Company are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</p>
(8) Interlocking director relationship of Board of Directors ⁵⁷	<p>The Company recognizes that under the law, in order for a contract with a director not to be voidable, the presence of such director in the board meeting in which the contract was approved should not be necessary to constitute a quorum for such meeting, and the vote of such director should not be necessary for the approval of the contract. The contract should also be fair and reasonable under the circumstances. All related party transactions of the Company are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</p>

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None.
Name of Officer/s	None.
Name of Significant Shareholders	None.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	A director is required to disclose his/her business interests in order for the Company to determine whether a conflict of

⁵⁷ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

	<p>interest situation exists, and if so, how to resolve the situation. The refusal to fully disclose the extent of his/her business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations is a ground for the temporary disqualification of a director. This disqualification shall be in effect as long as his/her refusal persists.</p> <p>All employees (including officers and managers), whether assigned in domestic or foreign installations, are required to accomplish a Full Business Interest Disclosure (FBID) Form, for review and approval of such employee's immediate and next level superiors. All accomplished FBID Forms and resolution on disclosed potential conflict of interest situations are submitted annually to the Company's Division Human Resources. The accomplished FBID Forms are then discussed and updated every performance appraisal period in January of each year.</p>
Group	The foregoing mechanism implemented by the Company is adopted on a group-wide level in the entire Food Group.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁵⁸ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None.	N/A	N/A

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
San Miguel Corporation	Supply	The Company has a cost sharing arrangement with SMC wherein SMPFC shares or is allocated costs incurred by SMC for its corporate staff/support service units that provide various services (i.e., treasury, investor relations, media affairs, etc.) to SMC and its group companies, including SMPFC.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

⁵⁸ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company reaches out to any stockholder who may raise concerns, and exerts best efforts to resolve issues through discussions, meetings and agreed upon deliverables. SMPFC is further assisted by its stock transfer agent, in dealing with issues raised by stockholders.
Corporation & Third Parties ⁵⁹	In all instances of disputes with third parties, the Company exerts best efforts to reach a mutually acceptable compromise agreement before resorting to court action. It complies with all relevant rules and regulations promulgated by judicial and quasi-judicial bodies relating to mandatory conciliation and mediation proceedings. Where contractually provided or upon agreement of the parties, disputes are resolved through arbitration in competent arbitral tribunals. The Board of Directors has designated representatives of the Company with authority to transact with third parties and settle concerns amicably.
Corporation & Regulatory Authorities ⁶⁰	The Company reaches out to any regulatory authority, which may raise concerns, and exerts best efforts to resolve issues through discussions, meetings and agreed upon deliverables. It responds to official actions and complies with all relevant directives, rules and regulations promulgated by judicial and quasi-judicial bodies. The Board of Directors has designated representatives of the Company with authority to transact with third parties and settle concerns amicably.

⁵⁹ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

⁶⁰ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Meetings of the Board of Directors of the Company are scheduled before the beginning of the year. Particularly, during the last regular meeting of the year, the Board sets the dates for its regular and organizational meetings for the succeeding year.

- 2) Attendance of Directors⁶¹

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Eduardo M. Cojuangco Jr.	May 9, 2014 (re-elected)	7	6	86%
Member	Ramon S. Ang	May 9, 2014 (re-elected)	7	7	100%
Member	Francisco S. Alejo III	May 9, 2014 (re-elected)	7	7	100%
Independent	Cancio C. Garcia (until his demise on October 15, 2013)	May 10, 2013 (re-elected)	6	5	100% (during his term)
Independent	Carmelo L. Santiago	May 9, 2014 (re-elected)	7	6	86%
Member	Menardo R. Jimenez	May 9, 2014 (re-elected)	7	7	100%
Member	Mario C. Garcia	May 9, 2014 (re-elected)	7	7	100%
Independent	Silvestre H. Bello III	May 9, 2014 (re-elected)	7	6	86%
Independent	Angelina S. Gutierrez (until her resignation effective October 8, 2014)	May 9, 2014 (re-elected)	7	5	83% (during her term)
Independent	Edgardo P. Cruz	May 9, 2014 (re-elected)	7	7	100%

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No. The Company complies with applicable laws by sending notices of Board meetings to all its directors, including executive directors. However, nothing prevents non-executive directors to meet separately during the year without the presence of any executive, should they deem this necessary in the exercise of their responsibilities.

⁶¹ With updates highlighted per advisement letter filed with the SEC on January 5, 2015.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Consistent with the Corporation Code, the Company's By-laws provide that a majority of directors shall constitute quorum. Nevertheless, no corporate policies, decisions or actions shall be taken by the Board without the vote of at least 2/3 of the entire membership of the Board on any matters not covered by the primary purpose of the Company and the businesses currently conducted by it. In practice, at least 2/3 of the directors have been present in all Board meetings of the Company, and all decisions at such meetings have been unanimously approved by the directors present at the meeting.

5) Access to Information

(a) How many days in advance are board papers⁶² for board of directors meetings provided to the board?

The notice and agenda of the meeting, as well as any relevant documents for consideration by the Board, are provided at least three days before each meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. All directors are free to contact and discuss with management and the Corporate Secretary issues or matters that need clarification, or request information that they may need in the discharge of their functions and exercise of their responsibilities.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary is an officer of the Company. His/her loyalty to the mission, vision and specific business objectives of the Company comes with his/her duties. The Corporate Secretary, who is also the General Counsel of the Company, provides support to the Compliance Officer in keeping the Board updated on relevant statutory and regulatory developments. The Corporate Secretary communicates **and works fairly and objectively** with the Board, management, the Company's shareholders, **stakeholders**⁶³ and the investing public. In this regard, the Corporate Secretary schedules Board meetings and gives prior notice to all directors of such meetings, assists the Chairman in the preparation of the agenda of Board and shareholder meetings, taking into account the suggestions of the President, management and other directors, provides the necessary board papers associated with items on the meeting agenda, attends and takes minutes of all Board and shareholder meetings and maintains records of the proceedings thereof, ensures proper safekeeping of corporate records, countersigns all Certificates of Stock of the Company; ensures that all Board procedures, rules and regulations are faithfully followed, prepares and files required reports and disclosures to the SEC, **Philippine Stock Exchange (PSE)** and other regulatory agencies, and assists the Board in making judgments in the performance of their duties.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The Corporate Secretary is the General Counsel of the Company. She holds a Bachelor's Degree in Commerce from De La Salle University and a Juris Doctor Degree from Ateneo de Manila University School

⁶² Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

⁶³ Update per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

of Law. Prior to her appointment as Corporate Secretary of SMPFC in 2010, she performed various corporate secretarial services for other SMC listed and private corporations since 2003. She also provided corporate secretarial services for corporate clients as an associate of SyCip Salazar Hernandez & Gatmaitan from 1999 to 2002.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:⁶⁴

Yes

No

Committee	Details of the procedures
Executive	A notice of each meeting confirming the date, time, venue, and agenda shall be sent to each member of the Executive Committee at least two working days prior to the date of the meeting. The notice will include the agenda to be discussed during the meeting. Management shall provide directors with complete, adequate and timely information about the matters to be taken during the meetings and information that would enable the Board to comply with its responsibilities to the stockholders and other stakeholders of the Company . The Committee may invite members of the management and organization staff to attend the Committee meeting and provide pertinent information or data. Separate meetings may be held with any member of management when deemed appropriate by the Committee in the exercise of its functions. The Committee may also seek independent professional advice in accordance with its Charter. 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.
Audit	A notice of each meeting confirming the date, time, venue, and agenda shall be sent to each member of the Audit Committee at least two working days prior to the date of the meeting. The notice will include the agenda to be discussed during the meeting. Management shall provide directors with complete, adequate and timely information about the matters to be taken during the meetings and information that would enable the Board to comply with its responsibilities to the stockholders and other stakeholders of the Company . The Committee may invite members of the management and organization staff to attend the Committee meeting and provide pertinent information or data. Separate meetings may be held with any member of management when deemed appropriate by the Committee in the exercise of its functions. The Committee may also seek independent professional advice in accordance with its Charter. 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.
Nomination and Hearing	A notice of each meeting confirming the date, time, venue, and agenda shall be sent to each member of the Nomination and Hearing Committee at least two working days prior to the date

⁶⁴ With updates highlighted per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

	<p>of the meeting. The notice will include the agenda to be discussed during the meeting. Management shall provide directors with complete, adequate and timely information about the matters to be taken during the meetings and information that would enable the Board to comply with its responsibilities to the stockholders and other stakeholders of the Company. The Committee may invite members of the management and organization staff to attend the Committee meeting and provide pertinent information or data. Separate meetings may be held with any member of management when deemed appropriate by the Committee in the exercise of its functions. The Committee may also seek independent professional advice in accordance with its Charter. 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.</p>
Executive Compensation	<p>A notice of each meeting confirming the date, time, venue, and agenda shall be sent to each member of the Executive Compensation Committee at least two working days prior to the date of the meeting. The notice will include the agenda to be discussed during the meeting. Management shall provide directors with complete, adequate and timely information about the matters to be taken during the meetings and information that would enable the Board to comply with its responsibilities to the stockholders and other stakeholders of the Company. The Committee may invite members of the management and organization staff to attend the Committee meeting and provide pertinent information or data. Separate meetings may be held with any member of management when deemed appropriate by the Committee in the exercise of its functions. The Committee may also seek independent professional advice in accordance with its Charter. 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.</p>
Others (specify)	N/A

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
<p>A procedure exists whereby directors can receive external advice. The Manual provides that 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 Company, which expense must be reasonable.</p>	<p>The Board shall have full access to management, personnel and records for the purpose of performance of its duties and responsibilities. The Board may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. The Board shall be provided with sufficient resources by the Company to discharge its duties.</p>

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on

existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
<p>Manual on Corporate Governance</p>	<p>To supplement the Manual, in August 2012, the Board approved the adoption by the Audit Committee, Nomination and Hearing Committee and Executive Compensation Committee, of their respective Charters, as reviewed and endorsed by each Committee.</p>	<p>The Charters each outline the purpose, membership and qualifications, structure and operations, duties and responsibilities, reporting process and performance evaluation of the said Committees, as the case may be, and the procedures which shall guide the conduct of its functions, to ensure adherence by the Company to the best practices of good corporate governance.</p>
<p>Manual on Corporate Governance⁶⁵</p>	<p>The Board approved the following amendments to the Manual: (i) The Compliance Officer shall attest to the Company's compliance with the Manual and SEC Code of Corporate Governance where necessary or required by applicable laws, rules and regulations, instead of the filing of a certification of compliance with the Manual every January 30 of the year; (ii) The submission of a report on the directors' attendance at Board meetings in accordance with applicable laws, rules and regulations, instead of the filing of a sworn certification on such attendance every January 30 of the year; and (iii) The attendance by directors and key officers of a corporate governance program by SEC-accredited training provider at least once a year.</p>	<p>The Manual on Corporate Governance of the Company was amended to align with recent SEC Memorandum Circulars issued, particularly, SEC Memorandum Circular No. 1, series of 2014, SEC Memorandum Circular No. 20, series of 2013, and SEC Memorandum Circular No. 5, series of 2013.</p>
<p>Manual on Corporate Governance⁶⁶</p>	<p>The Board approved amendments to the Manual in order to emphasize: (i) The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of</p>	<p>The Manual on Corporate Governance of the Company was amended in compliance with SEC Memorandum Circular No. 9, series of 2014.</p>

⁶⁵ Update per SEC Form 17-C filed with the SEC on March 27, 2014.

⁶⁶ Update per SEC Form 17-C filed with the SEC on June 25, 2014.

	<p>certain duties and responsibilities; and</p> <p>(ii) The material information disclosure obligation of the Company to its stockholders and such other stakeholders.</p>	
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Determined in accordance with SMC's Salary Review Program, which takes into consideration industry practice and the general pay environment, as guided by the Executive Compensation Committee. The Committee advises the Board in the establishment of a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of the Company's President, ensuring that compensation is consistent with the Company's culture, strategy, and control environment.	Determined in accordance with SMC's Salary Review Program, which takes into consideration industry practice and the general pay environment, as guided by the Executive Compensation Committee. The Committee advises the Board in the establishment of a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of the Company's officers, and provides oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Company's culture, strategy, and control environment.
(2) Variable remuneration	Determined in accordance with SMC's policies on transportation, gas, and telecommunications allowances, which takes into consideration industry practice and the general pay environment, with the guidance of the Executive Compensation Committee as discussed above.	Determined in accordance with SMC's policies on transportation, gas, and telecommunications allowances, which takes into consideration industry practice and the general pay environment, with the guidance of the Executive Compensation Committee as discussed above.
(3) Per diem allowance	N/A	N/A
(4) Bonus ⁶⁷	Determined in accordance with SMC's Annual Incentive Program, which tracks attainment of earnings targets, and other policies on bonuses upon the guidance of the	Determined in accordance with SMC's Annual Incentive Program, which tracks attainment of earnings targets, and other policies on bonuses upon the guidance of the

⁶⁷ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

	Executive Compensation Committee as discussed above.	Executive Compensation Committee as discussed above.
(5) Stock Options and other financial instruments	Determined in accordance with SMC's Long Term Incentive Program and Employee Stock Purchase Plan, with the guidance of the Executive Compensation Committee as discussed above.	Determined in accordance with SMC's Long-Term Incentive Program and Employee Stock Purchase Plan, with the guidance of the Executive Compensation Committee as discussed above.
(6) Others (specify)	N/A	N/A

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Article II, Section 5 of the By-laws of the Company provides that the members of the Board of Directors shall each be entitled to a director's fee in the amount to be fixed by the stockholders at a regular or special meeting duly called for that purpose.	The Company provides each director with reasonable per diem of P10,000.00 for each attendance at Board and Board Committee meetings of the Company.	The per diem allowance of P10,000.00 for each attendance at Board and Board Committee meetings of the Company is determined in coordination with SMC. Any other director's fee shall be fixed by the stockholders at a meeting duly called for the purpose.
Non-Executive Directors	Same as the remuneration policy for ED.	Same as the structure of compensation packages for ED.	Same as the manner of calculation of compensation for ED.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Allowance	The stockholders have not fixed any fee in the last three years, and thus there are no arrangements, other than the reasonable per diem allowance for Board and Board Committee meetings attended, pursuant to which any of the directors are compensated, directly or indirectly, by the Company for services rendered.

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:⁶⁸

The following is the aggregate remuneration received by the directors of the Company in the year 2013:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	P100,000.00	P360,000.00	P390,000.00
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
Total	P100,000.00	P360,000.00	P390,000.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
Total	None.	None.	None.

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/	Number of Equivalent Shares	Total % from Capital Stock

⁶⁸ As updated to adjust response, per advisement letter filed with the SEC on January 30, 2014.

		Warrants		
N/A				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
N/A		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

The President, who is an executive director of the Company, is ably assisted in managing the affairs of the Food Group on a top-level basis, by an Executive Committee comprised of the following Senior Officers:

Name of Officer/Position	Total Remuneration
Chief Finance Officer and Treasurer	Php 83,890,322.40 ⁶⁹
Compliance Officer and Vice President for Corporate Planning	
President of Milling Business Cluster	
President of Agro-Industrial Business Cluster	
President of Branded Business Cluster	
Vice President and Division Human Resources Head	
Vice President and Foreign Operations and Export Business Head	
Vice President and Business Procurement Group Head	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee,⁷⁰ its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Powers
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				

⁶⁹ Update for the year ended December 31, 2013.

⁷⁰ As updated to adjust response, per advisement letter filed with the SEC on January 30, 2014.

Executive	One (1)	Two (2)	One (1)	None.	Tasked to assist the officers in the management and direction of the affairs of the Company.	The Committee is called upon when the Board is not in session to exercise the powers of the latter in the management of the Company, with the exception of the power to appoint any entity as general managers or management or technical consultants, to guarantee obligations of other corporations in which the Company has lawful interest, to appoint trustees who, for the benefit of the Company, may receive and retain such properties of the Company or entities in which it has interests, and to perform such acts as may be necessary to transfer ownership of such properties to trustees of the Company, and such other powers as may be specifically limited by the Board or by law.	The Committee acts within such powers, duties and authority granted upon it by the Board.
Audit	None	Two (2)	Three (3)	The Board approved the adoption of the Audit Committee Charter on August 10, 2012.	Tasked to perform financial oversight management functions, specifically in the areas of credit management, markets liquidity, operational, legal and other risks, as well as	The Committee shall provide assistance to the Board in the performance of its oversight responsibility on financial reports and financial reporting process, internal control system, audit process and plans, directly interfacing with internal and external auditors, and in monitoring and facilitating	The Committee has the power, among others, to conduct or authorize an investigation into any matter that falls within its scope of responsibility, as well as the authority to review related party transactions

					crisis management. See also Manual and Charter of Audit Committee previously filed with the SEC and available for download from SMPFC's corporate website.	compliance with both the Company's internal financial management manual and pertinent accounting standards and regulatory requirements, elevating to international standards the accounting and auditing processes, practices and methodologies of the Company. For more detailed responsibilities of the Committee, see also Manual and Charter of Audit Committee previously filed with the SEC and available for download from SMPFC's corporate website.	entered into by the Company. The Committee also acts within such powers, duties and authority granted upon it by the Board.
Nomina- tion and Hearing	One (1)	Two (2)	One (1)	The Board approved the adoption of the Nomination and Hearing Committee Charter on August 10, 2012.	Tasked to make recommendations to the Board on matters relating to the appointment, election and succession of directors. See also Manual previously filed with the SEC and Charter of Nomination and Hearing Committee available for download from SMPFC's	The Committee is responsible for the screening and shortlisting of candidates for Board directorship with the view of appointing individuals to the Board with the relevant experience and capabilities to maintain and improve the competitiveness of the Company and increase its value. The Committee ensures that the nominees to the Board shall have the qualifications and none of the disqualifications for directors defined in the Manual, Articles of Incorporation and	The Committee has the power, among others, to recommend to the Board changes as to the size of the Board, including the establishment of guidelines in the number of directorships that a member of the Board may hold in accordance with the policy of holding multiple Board seats under the Manual. The Committee

					corporate website.	By-laws of the Company, and applicable laws, rules, and regulations. For more detailed responsibilities of the Committee, see also Manual previously filed with the SEC and Charter of Nomination and Hearing Committee available for download from SMPFC's corporate website.	also acts within such powers, duties and authority granted upon it by the Board.
Executive Compensation	None	Three (3)	One (1)	The Board approved the adoption of the Executive Compensation Committee Charter on August 10, 2012.	Tasked to advise the Board in the establishment of procedures relating to executive remuneration of the Company's officers and directors. See also Manual previously filed with the SEC and Charter of Executive Compensation Committee available for download at SMPFC's corporate website.	The Committee is responsible for the evaluation and review of the Company's remuneration plans, policies and programs for executive officers, the adoption of a formal and transparent procedure and policies that govern the Company's executive compensation and benefits programs, the oversight of plans for executive officers' development and succession, ensuring that compensation is consistent with the Company's culture, strategy, and control environment, as well as in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully. For more detailed responsibilities of	The Committee has the power, among others, to review and endorse for the approval of the Board, all promotions to the rank of Assistant Vice President up to the level of President of the operating subsidiaries of the Company. The Committee also acts within such powers, duties and authority granted upon it by the Board.

						the Committee, see also Manual previously filed with the SEC and Charter of Executive Compensation Committee available for download from SMPFC's corporate website.	
Others (specify)	N/A						

2) Committee Members

(a) Executive Committee⁷¹

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Eduardo M. Cojuangco, Jr.	April 25, 2002	1	1	100	11 years
Member (NED)	Ramon S. Ang	April 25, 2002	1	1	100	11 years
Member (ED)	Francisco S. Alejo III	April 25, 2002	1	1	100	11 years
Member (ID)	Cancio C. Garcia (until his demise on Oct. 15, 2013)	May 14, 2010	1	1	100	Less than 3 years
Member (ID)	Angelina S. Gutierrez (vice Cancio C. Garcia)	Nov. 7, 2013	1	0	N/A	Less than 1 year

(b) Audit Committee⁷²

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Cancio C. Garcia (until his demise on Oct. 15, 2013)	June 27, 2008	4	3	100 (during his term)	4 years
Member (NED)	Menardo R. Jimenez	June 27, 2008	4	4	100	5 years
Member (ID)	Carmelo L. Santiago	Aug. 12, 2010	4	4	100	3 years
Member (ID)	Angelina S. Gutierrez	May 10, 2013	4	2	100 (since her election)	1 year
Member (ID)	Edgardo P. Cruz (vice	Nov. 7, 2013	4	0	N/A	Less than

⁷¹ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

⁷² With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

	Cancio C. Garcia)					1 year
Member (Non-Director)	Ferdinand K. Constantino	July 21, 2009	4	4	100	5 years

Disclose the profile or qualifications of the Audit Committee members.⁷³

Justice Cancio C. Garcia, Filipino, 75, has been an Independent Director of SMPFC from June 27, 2008 **until his demise on October 15, 2013**. He was previously the Chairman of the Audit Committee. Justice Garcia was a former Associate Justice of the Supreme Court of the Philippines (October 2004 to October 2007). He held a Bachelor of Laws Degree from University of the Philippines.

Mr. Menardo R. Jimenez, Filipino, **81**, has been a Director of SMPFC since April 25, 2002. Mr. Jimenez is a businessman. He holds a Bachelor's Degree in Commerce from Far Eastern University and is a Certified Public Accountant. Among others, he was conferred Doctorates in Business Management *Honoris Causa* by University of Pangasinan and Pamantasan Ng Lungsod ng Maynila.

Mr. Carmelo L. Santiago, Filipino, **71**, has been an Independent Director of SMPFC since August 12, 2012 **and was appointed as Chairman of the Audit Committee on November 7, 2013**. Mr. Santiago is a businessman and the founder and owner of Melo's Restaurant and House of Wagyu specializing in steaks. He holds a Bachelor's Degree in Business Administration from University of the East.

Justice Angelina S. Gutierrez, Filipino, 75, has been an Independent Director of SMPFC since May 10, 2013. She is Dean of the Graduate School of Law of Pamantasan ng Lungsod ng Maynila (since May 2009). Justice Gutierrez is a former Associate Justice of the Supreme Court of the Philippines (December 2000 to February 2008). She holds a Bachelor of Laws Degree from University of Sto. Tomas, and among others was conferred the Degree of Doctor of Law *Honoris Causa* by Bulacan State University Marcelo H. Del Pilar College of Law.

Justice Edgardo P. Cruz, Filipino, 74, has been an Independent Director of SMPFC since November 7, 2013. He is a professorial lecturer at the Pamantasan ng Lungsod ng Maynila, Graduate School of Law (since June 2009) and Philippine Christian University College of Law (since November 2010), and a Member of the Philippine Judicial Academy, Department of Ethics and Judicial Conduct (since April 2004), a Member of the Board of Trustees, Society for Judicial Excellence (since April 2007), and a Member of the Screening Committee of the Awards for Judicial Excellence Foundation for Judicial Excellence (since 2010). He was previously a Consultant at the Philippine Amusement and Gaming Corporation (from July 2009 to June 2010) and an Associate Justice of the Court of Appeals (from May 1999 to May 2009). Justice Cruz holds a Bachelor of Laws Degree from University of the Philippines.

Mr. Ferdinand K. Constantino, Filipino, **62**, is the Senior Vice President and Chief Finance Officer of SMC, and a Director of SMC since May 31, 2010. He holds a degree of AB Economics from the University of the Philippines and completed academic requirements for an MA Economics degree.

Describe the Audit Committee's responsibility relative to the external auditor.

The Committee performs oversight functions with respect to the external auditor and ensures its independence from the internal auditor, freedom from interference from outside parties, and its unrestricted access to such records, properties and personnel of SMPFC necessary to enable it to

⁷³ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

perform its audit functions. The Committee evaluates the criteria for selection, appointment, performance evaluation and if appropriate, the termination of services of the external auditors and recommends the same to the Board and if required, to the shareholders, for approval. The Committee ensures that the external auditors or its lead audit partner of the external auditing firm assigned to the Company is changed or rotated once every five years or such shorter or longer period provided under applicable laws and regulations. The Committee reviews and approves the terms of engagement of the external auditors, including the audit, audit-related and any non-audit services provided by the external auditors to the Company and the fees for such services, to ensure that these do not impair the external auditors' independence and objectivity. The Committee also reviews and approves the scope of the audit and audit programs of the external auditors, as well as discusses with them the results of their audit processes.

(c) Nomination Committee⁷⁴

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Carmelo L. Santiago	May 13, 2011	2	2	100	2 years
Member (ED)	Francisco S. Alejo III	May 20, 2005	2	2	100	8 years
Member (ID)	Cancio C. Garcia (until his demise on Oct. 15, 2013)	June 21, 2009	2	2	100	3 years
Member (NED)	Menardo R. Jimenez (vice Cancio C. Garcia)	Nov. 7, 2013	2	0	N/A	Less than 1 year
Member (Non-Director)	Ma. Cristina M. Menorca	May 11, 2012	2	0	N/A	1 year

(d) Executive Compensation Committee⁷⁵

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Menardo R. Jimenez	May 12, 2006	2	2	100	7 years
Member (ID)	Cancio C. Garcia (until his demise on Oct. 15, 2013)	Aug. 12, 2010	2	2	100	4 years
Member (ID)	Carmelo L. Santiago	June 27, 2008	2	2	100	3 years
Member (NED)	Ramon S. Ang (vice Cancio C. Garcia)	Nov. 7, 2013	2	0	N/A	Less than 1 year
Member (Non-Director)	Ferdinand K. Constantino	June 27, 2008	2	2	100	4 years

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
--------	------	---------------------	----------------------	--------------------------	---	------------------------------------

⁷⁴ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

⁷⁵ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

Chairman	N/A					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members⁷⁶

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Appointment of Angelina S. Gutierrez vice Cancio C. Garcia	Demise of Mr. Garcia on October 15, 2013
Audit	Appointment of Edgardo P. Cruz vice Cancio C. Garcia	Demise of Mr. Garcia on October 15, 2013
Nomination	Appointment of Menardo R. Jimenez vice Cancio C. Garcia	Demise of Mr. Garcia on October 15, 2013
Remuneration	Appointment of Ramon S. Ang vice Cancio C. Garcia	Demise of Mr. Garcia on October 15, 2013
Others (specify)	N/A	

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.⁷⁷

Name of Committee	Work Done	Issues Addressed
Executive	N/A	
Audit	Reviewed, approved and affirmed the truth and fairness of the financial statements and reports of the Company, including the Consolidated Audited Financial Statements for the previous year and unaudited quarterly financial statements; Reviewed and approved the audit plans of the external and internal auditors; Recommended the appointment of the external auditors of the Company for the succeeding year; Monitored, reviewed and confirmed the sufficiency and effectiveness of the Company's internal control systems; Adopted Audit Committee Charter.	No major issues were required to be addressed by the Committee.
Nomination and Hearing	Discussed and recommended nominees for election to the Board; Adopted Nomination and Hearing Committee Charter.	No major issues were required to be addressed by the Committee.
Executive Compensation	Discussed and recommended approval of appointments and promotions of employees to officers	No major issues were required to be addressed by the Committee.

⁷⁶ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

⁷⁷ With updates highlighted for the year ended December 31, 2013.

	of the Food Group; Adopted Executive Compensation Committee Charter.	
Others (specify)	N/A	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Considering that there were no major issues brought forth to be resolved by the Executive Committee, there are currently no specific planned programs. Nevertheless, the Committee meets as the need arises to address the requirements of SMPFC.	No major issues to be addressed at the moment.
Audit ⁷⁸	Considering that there were no major issues brought forth to be resolved by the Audit Committee, there are currently no specific planned programs. Nevertheless, the Committee meets quarterly to undertake its regular functions and address the needs of SMPFC, as they arise.	No major issues to be addressed at the moment.
Nomination and Hearing ⁷⁹	Considering that there were no major issues brought forth to be resolved by the Nomination and Hearing Committee, there are currently no specific planned programs. Nevertheless, the Committee meets periodically to screen and evaluate the nominees to the Board of Directors of the Company and address the needs of SMPFC, as they arise.	No major issues to be addressed at the moment.
Executive Compensation ⁸⁰	Considering that there were no major issues brought forth to be resolved by the Executive Compensation Committee, there are currently no specific planned programs. Nevertheless, the Committee meets periodically to screen and evaluate employees for promotion and address the needs of SMPFC, as they arise.	No major issues to be addressed at the moment.
Others (specify)	N/A	

⁷⁸ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

⁷⁹ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

⁸⁰ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Food Group's risk management policies are established to identify and analyze the risks faced by the Food Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Food Group's activities. The Food Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Food Group's risk management framework.

The Audit Committee in particular, performs oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management. The Audit Committee oversees how management monitors compliance with the Food Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Food Group. The Audit Committee is assisted in its oversight role by the Internal Audit Group. The Internal Audit Group undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The five-member Audit Committee of the Company comprised of four directors including two Independent Directors, and one non-director member, assists the Board in its corporate governance and oversight responsibilities in relation to financial reporting, risk management, internal controls and internal and external audit processes and methodologies. Accordingly, on behalf of the Board, the Audit Committee has reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance processes, satisfied itself of the adequacy thereof, and where appropriate, necessary measures are taken to address any concern or issue arising therefrom.

(c) Period covered by the review;

For the year ended **December 31, 2013**.⁸¹

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

Risk management policies and systems are reviewed regularly to take into consideration changes in market conditions and the Food Group's activities. While the above-mentioned review is conducted on an annual basis, specifically at the end of each fiscal year of the Company, the Audit Committee meets on a quarterly basis throughout the year to ensure that the risk management system of the Company and directors' criteria for assessing its effectiveness remain relevant.

⁸¹ Update for the year ended December 31, 2013.

(e) Where no review was conducted during the year, an explanation why not.

N/A.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Competitor/Market Risks	The Company continuously comes up with new exciting products, improves product propositions and packaging, and redefines the manner of product distribution.	To manage the risk of new and existing competitors eroding the Company's competitive advantage through the introduction of new products, improvement of product quality, increase in production efficiency, new and updated technologies, cost reduction and the configuration of the industry's value chain.
Catastrophy/Environmental Risks	The Company adopts preventive measures like farm sanitation and bio-security to minimize, if not totally avoid, the risks from diseases.	To manage occasional outbreaks of animal diseases such as bird flu or avian influenza (chicken), foot-and-mouth and Ebola Reston (hogs), and mad cow, as well as rigorous weather conditions.
Social and Cultural Risks	The Company establishes a small presence in food products where consumer preferences seem to be leaning towards. If demand takes off and stabilizes, operations are expanded.	To manage risk of consumer taste and preferences evolving through time due to a host of reasons such as health, fads and fast-paced lifestyles.
Sourcing and Price Risks	Alternative sources of raw materials are used in the Company's operations. The Company also enters into various commodity derivatives. Through hedging, prices of commodities are fixed at levels acceptable to the Company.	To avoid and manage risks on unstable supply and higher costs of raw materials. Further, commodity hedging is practiced to allow predictability in prices, thus offsetting the risk of volatile market fluctuations. Hedging protects raw material costs and preserves margins.
Financial Risks, i.e., interest rate risk, foreign currency risk, commodity price risk, liquidity risk, credit risk	The Company manages its interest costs by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates	Interest rate risk is the risk that future cash flows from a financial instrument or its fair value will fluctuate because of changes in market interest rates. In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations on the Company's earnings.

	<p>charged by other creditor banks.</p> <p>The Company enters into foreign currency hedges using non-derivative instruments to manage its foreign currency risk exposure.</p> <p>The Company uses derivative instruments such as commodity futures, swaps and options to manage the Company's volatility in prices of certain commodities such as soybean meal and wheat.</p> <p>The Company constantly monitors and manages its liquidity position, liquidity gaps or surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure funding when necessary.</p> <p>The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk. The Company has regular internal control reviews to monitor the granting of credit and management of credit exposures.</p>	<p>The Company's exposure to foreign currency risk results from significant movement in foreign exchange rates that adversely affect the foreign-currency denominated transactions of the Company. The Company's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.</p> <p>Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.</p> <p>Liquidity risk pertains to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.</p> <p>Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables and investment securities.</p>
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Competitor/Market Risks	The Group continuously comes up with new exciting products, improves product propositions and packaging, and redefines the manner of product distribution.	To manage the risk of new and existing competitors eroding the Group's competitive advantage through the introduction of new products, improvement of product quality, increase in production efficiency, new and updated technologies, cost reduction and the configuration of the industry's value chain.
Catastrophy/Environmental Risks	The Group adopts preventive measures like farm sanitation and bio-security to minimize, if not totally avoid, the risks from diseases.	To manage occasional outbreaks of animal diseases such as bird flu or avian influenza (chicken), foot-and-mouth and Ebola Reston (hogs), and mad cow, as well as

		rigorous weather conditions.
Social and Cultural Risks	The Group establishes a small presence in food products where consumer preferences seem to be leaning towards. If demand takes off and stabilizes, operations are expanded.	To manage risk of consumer taste and preferences evolving through time due to a host of reasons such as health, fads and fast-paced lifestyles.
Sourcing and Price Risks	Alternative sources of raw materials are used in the Group's operations. The Group also enters into various commodity derivatives. Through hedging, prices of commodities are fixed at levels acceptable to the Group.	To avoid and manage risks on unstable supply and higher costs of raw materials. Further, commodity hedging is practiced to allow predictability in prices, thus offsetting the risk of volatile market fluctuations. Hedging protects raw material costs and preserves margins.
Financial Risks, i.e., interest rate risk, foreign currency risk, commodity price risk, liquidity risk, credit risk	<p>The Group manages its interest costs by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.</p> <p>The Group enters into foreign currency hedges using non-derivative instruments to manage its foreign currency risk exposure.</p> <p>The Group uses derivative instruments such as commodity futures, swaps and options to manage the Group's volatility in prices of certain commodities such as soybean meal and wheat.</p> <p>The Group constantly monitors and manages its liquidity position, liquidity gaps or surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure funding when necessary.</p> <p>The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk. The Group has regular internal control</p>	<p>Interest rate risk is the risk that future cash flows from a financial instrument or its fair value will fluctuate because of changes in market interest rates. In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings.</p> <p>The Group's exposure to foreign currency risk results from significant movement in foreign exchange rates that adversely affect the foreign-currency denominated transactions of the Group. The Group's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.</p> <p>Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.</p> <p>Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.</p> <p>Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade</p>

	reviews to monitor the granting of credit and management of credit exposures.	receivables and investment securities.
--	-------------------------------------------------------------------------------	----------------------------------------

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Under PSE Rules, a majority of the Board may pass a resolution to delist the Company's shares from the PSE, subject to making a tender offer following which the person(s) making the tender offer will acquire at least 95% of the issued and outstanding shares of the Company.
Under the Corporation Code, certain corporate actions that require the approval of a majority of the Board and 2/3 of the outstanding capital stock of the company, grants dissenting shareholders appraisal rights to require the corporation to purchase such shareholder's shares.
Derivative actions are rarely brought on behalf of corporations in the Philippines. Accordingly, there is no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions.
Unless denied in its Articles of Incorporation or an amendment thereto, stockholders have the right to subscribe to all issues of shares of stock of the Company in proportion to their shareholdings. On March 12, 2010 and November 3, 2010, however, the stockholders approved to amend the Articles of Incorporation of the Company to deny pre-emptive rights to the issuance of common shares out of the remaining unissued capital stock of the Company, as well as and all of the preferred shares, respectively. Such amendments to the Articles of Incorporation were approved by the SEC on May 21, 2010 and December 23, 2010, respectively.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Competitor/Market Risks, Catastrophy/Environmental Risks, Social and Cultural Risks, Sourcing and Price Risks	Every manager is responsible for ensuring compliance with all operational and financial controls in his/her area of operations and shall implement internal control as part of the total system to achieve Company goals. Managers shall conduct a regular evaluation of existing policies, systems and procedures to ensure that these remain relevant and effective to the current operating environment. Further, managers shall give prompt and cooperative consideration to recommended improvement measures made by independent internal or external audit groups.	The Board exercises the following oversight responsibilities for ensuring the presence of adequate and effective internal control mechanisms: (i) Establish organizational and operational controls commensurate with, among others, the nature and complexity of the business of the Company; (ii) Ensure that an independent audit mechanism is in place to monitor the adequacy and effectiveness of the corporation's governance, operations and information systems, the safeguarding of assets, and compliance with laws, rules, regulations and contracts; (iii) Select and appoint a President and define, with the assistance of the Nomination and Hearing Committee, the duties and responsibilities of the

		President who is ultimately responsible for the Company's organizational and operational controls; (iv) Evaluate proposed senior management appointments; (v) Select and appoint qualified and competent management officers; and (vi) Review the Company's human resources policies, conflict of interest situations, compensation program for employees, and management succession plan.
Interest Rate Risk	The Treasury unit of the Company's Division Finance Group is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.	Interest cost is managed by using an optimal combination of fixed and variable rate debt instruments.
Foreign Currency Risk	The Treasury unit of the Company's Division Finance Group ensures that the management of foreign currency risk is supplemented by monitoring the sensitivity of the group's financial instruments to various foreign currency exchange rate scenarios.	Foreign currency hedges are entered into using non-derivative instruments to manage foreign currency risk exposure.
Commodity Price Risk	The Company's Business Procurement Group is responsible for the monitoring of major raw materials and packaging prices and supplies.	A variety of commodity derivatives are entered into. Commodity futures, swaps and options are used.
Liquidity Risk	The Treasury unit of the Company's Division Finance Group is responsible for the constant monitoring and management of the Company's liquidity position, liquidity gaps or surplus on a daily basis.	The Company consistently monitors and manages its liquidity position, liquidity gaps or surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.
Credit Risk	The Treasury unit of the Company's Division Finance Group is responsible for the monitoring of accounts receivable balances.	The Company applies transaction limits and close risk monitoring. It is company policy to enter into transactions with a wide diversity of creditworthy counterparties.
Trade and Other Receivables	Management considers the demographics of the Company's customer base, including the default risk of the industry and country in which its customers operate.	Sales on account are made to customers with appropriate credit history.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Competitor/Market Risks, Catastrophy/Environmental Risks, Social and Cultural Risks, Sourcing and Price Risks	<p>Every manager is responsible for ensuring compliance with all operational and financial controls in his/her area of operations and shall implement internal control as part of the total system to achieve the goals of the Food Group. Managers shall conduct a regular evaluation of existing policies, systems and procedures to ensure that these remain relevant and effective to the current operating environment. Further, managers shall give prompt and cooperative consideration to recommended improvement measures made by independent internal or external audit groups.</p>	<p>The Board of Directors of each company in the Group exercises the following oversight responsibilities for ensuring the presence of adequate and effective internal control mechanisms: (i) Establish organizational and operational controls commensurate with, among others, the nature and complexity of the business of the company; (ii) Ensure that an independent audit mechanism is in place to monitor the adequacy and effectiveness of the corporation's governance, operations and information systems, the safeguarding of assets, and compliance with laws, rules, regulations and contracts; (iii) Select and appoint a President and define the duties and responsibilities of the President who is ultimately responsible for the company's organizational and operational controls; (iv) Evaluate proposed senior management appointments; (v) Select and appoint qualified and competent management officers; and (vi) Review the company's human resources policies, conflict of interest situations, compensation program for employees, and management succession plan.</p>
Interest Rate Risk	<p>The Treasury unit of the Company's Division Finance Group together with the Finance Managers of each business unit in the Group, are responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.</p>	<p>Interest cost is managed by using an optimal combination of fixed and variable rate debt instruments.</p>
Foreign Currency Risk	<p>The Treasury unit of the Company's Division Finance Group together with the Finance Managers of each business unit in the Group, ensures that the management of foreign currency risk is supplemented by monitoring the sensitivity of the</p>	<p>The Food Group enters into foreign currency hedges using non-derivative instruments to manage its foreign currency risk exposure.</p>

	group's financial instruments to various foreign currency exchange rate scenarios.	
Commodity Price Risk	The Company's Business Procurement Group is responsible for the monitoring of major raw materials and packaging prices and supplies for the entire Food Group.	The Food Group enters into various commodity derivatives. Commodity futures, swaps and options are used.
Liquidity Risk	The Treasury unit of the Company's Division Finance Group together with the Finance Managers of each business unit in the Group, are responsible for the constant monitoring and management of the Food Group's liquidity position, liquidity gaps or surplus on a daily basis.	The Food Group consistently monitors and manages its liquidity position, liquidity gaps or surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.
Credit Risk	The Treasury unit of the Company's Division Finance Group together with the Finance Managers of each business unit in the Group, are responsible for the monitoring of accounts receivable balances.	The Food Group applies transaction limits and close risk monitoring. It is the Food Group's policy to enter into transactions with a wide diversity of creditworthy counterparties.
Trade and Other Receivables	The Management Committee of each business unit in the Group considers the demographics of the business unit's customer base, including the default risk of the industry and country in which its customers operate.	Each business unit in the Food Group ensures that sales on account are made to customers with appropriate credit history.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	The Audit Committee oversees how management monitors compliance with the Food Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Food Group. The Committee meets on a quarterly basis to exercise its functions and consider the foregoing.	The Audit Committee assists the Board in fulfilling its oversight responsibility of the Food Group's corporate governance process relating to the: (i) quality and integrity of the Food Group's financial statements and financial reporting process and the Food Group's systems of internal accounting and financial controls; (ii) performance of the internal auditors; (iii) annual independent audit of the Food Group's financial statements, the engagement of the

		independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (iv) compliance by the Food Group with legal and regulatory requirements, including the Food Group's disclosure control and procedures; (v) evaluation of management's process to assess and manage the Food Group's enterprise risk issues; and (v) fulfillment of the other responsibilities set out by the Board.
Internal Audit Group	The Internal Audit Group is responsible for independently validating the risk management of each business unit and certain corporate staff units of the Food Group.	The Company's Internal Audit Group conducts a periodic audit of business units and certain support staff units of the Food Group to ensure compliance with approved risk management policies, and makes recommendations for improvement to the heads of such units.
Management Committees of Business Units and Corporate Staff Units	The Management Committee of each business unit and corporate staff unit of the Food Group is responsible for ensuring compliance with all financial and operational controls in the business or support unit, as the case may be, and implements internal control as part of the total system to achieve the goals of the Food Group.	Management Committees conduct a regular evaluation of existing policies, systems and procedures to ensure that these remain relevant and effective to the current operating environment. Further, Management Committees shall give prompt and cooperative consideration to recommended improvement measures made by independent internal or external audit groups.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;

The Company is committed to establish and maintain a system of internal control for the efficient and effective management of its business operations, and improve the effectiveness of risk management, control and governance processes.

Internal control comprises any action taken by management, the Board of Directors and other parties to enhance risk management, and increase likelihood that established objectives and goals will be achieved

for the benefit of all stockholders and other stakeholders.⁸²

The primary objectives of internal control are to ensure: (i) reliability and integrity of financial and operational information; (ii) effectiveness and efficiency of operation; (iii) safeguarding of assets; (iv) compliance with policies, plans, procedures, laws, regulations and contracts; and (v) accomplishment of established objectives and goals for operations or programs.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;⁸³

Pursuant to the internal control responsibilities of the Board as provided in SMPFC's Manual, the Board has exercised during the **previous year** the following oversight responsibilities for ensuring the presence of adequate and effective internal control mechanisms:

- Established organizational and operational controls commensurate with, among others, the nature and complexity of the business of the Company 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 Company'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.

The five-member Audit Committee of the Company comprised of four directors including two Independent Directors, and one non-director member, assists the Board in its corporate governance and oversight responsibilities in relation to financial reporting, risk management, internal controls and internal and external audit processes and methodologies. Accordingly, on behalf of the Board, the Audit Committee has further reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance processes, satisfied itself of the adequacy thereof, and where appropriate, necessary measures are taken to address any concern or issue arising therefrom.

For the defined purpose of ensuring the undertaking of the oversight responsibilities of the Board to monitor the adequacy and effectiveness of SMPFC's governance, risk management and internal control, a compliance system was specifically provided in the Manual. Under the prescribed compliance system to insure adherence to corporate principles and best practices, the Board of Directors has appointed a Compliance Officer who shall have direct reporting responsibilities to the Chairman of the Board.

Among other duties, the Compliance Officer has during the year **2013** performed the following tasks under the oversight responsibilities of, and as reviewed by, the Board of Directors through its duly-constituted Audit Committee in relation to ascertaining that governance, risk management and internal control are adequately and effectively in place in SMPFC:

- Monitor compliance with the provisions and requirements of the Manual and the rules and regulations of the regulatory agencies;

⁸² Update per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

⁸³ With updates highlighted for the year ended December 31, 2013.

- Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;
- Identify, monitor and control compliance risks;
- Issue a certification on the extent of the Company's compliance with the Manual for the completed year **2013**.

Such certification on compliance with the principles and best practices contained in the Manual confirms the adequacy and effectiveness of SMPFC's governance, risk management and internal control for the year **2013**. The Board of Directors and management of SMPFC thereby affirm the institutionalization of the tenets of good corporate governance in the entire organization.

(c) Period covered by the review;

For the year ended **December 31, 2013**.⁸⁴

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

While the above-mentioned review is conducted on an annual basis, specifically at the end of each fiscal year of the Company, the Audit Committee meets on a quarterly basis throughout the year to ensure that the internal controls of the Company and directors' criteria for assessing its effectiveness remain relevant. **The system of internal control should be effective in ensuring the integrity of financial reports and maintaining protection of the assets of the Company for the benefit of all stockholders and other stakeholders.**⁸⁵

(e) Where no review was conducted during the year, an explanation why not.

N/A.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
The internal audit of the Company is carried out by an independent Internal Audit	The scope of work of the Internal Audit Group is to assist the Board and management in	The Internal Audit Group of the Company is a staff organization within the	Ms. Mildred V. Ramirez is the head of the Internal Audit Group of the Company.	The personnel of the Internal Audit Group report to the head of the

⁸⁴ Update for the year ended December 31, 2013.

⁸⁵ Update per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

<p>Group that provides independent, objective assurance and consulting services designed to add value and improve the operations of the Food Group, and help the Food Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</p>	<p>determining whether the risk management, control, and governance processes within the Food Group, as designed and represented by management, are adequate and effective in a manner to ensure that:</p> <ul style="list-style-type: none"> • Significant exposures to risks are appropriately identified and adequately managed. • Significant financial, managerial, and operating information is accurate, reliable, and timely. • Employees' and the Food Group's actions are in compliance with policies, standards, procedures, and applicable laws and regulations. • Resources are acquired economically, used efficiently, and adequately protected. • Effectiveness, efficiency and continuous improvement are promoted in the Food Group's operating systems and processes. 	<p>Company. It also enters into outsourcing arrangements with independent third party auditors from time to time.</p>		<p>Internal Audit Group, who reports functionally to the Audit Committee and administratively to the President.</p>
<p>The Company's Internal Audit Group provides an independent assurance that key organizational and procedural controls</p>	<p>The Internal Audit Group submits to the Audit Committee and management a quarterly report on the Group's</p>			

of the Company are effective, appropriate, and strictly followed.	activities, responsibilities and performance, relative to the audit plans and strategies approved by the Committee.			
	The Internal Audit Group functions in an advisory capacity. It has no direct authority over the operating activities or functions it reviews.			

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

While the appointment and/or removal of personnel in the Internal Audit Group does not require the approval of the Audit Committee, any changes to the head of the Group will require the approval of the Committee.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Audit Group, through its head, functionally reports to the Audit Committee. The Group has direct and unfettered access to the Board of Directors and Audit Committee and to all records, properties and personnel in the organization, in the conduct of the internal audit function.

In pursuit of the duties and responsibilities of the Audit Committee as provided in the Audit Committee Charter in respect of the internal auditor, the Audit Committee has performed the following activities for the year 2013⁸⁶ to ensure the independence of the Internal Audit Group:

- Established and identified the reporting line of the head of the Internal Audit Group in order that the internal audit function may fulfill its responsibilities free from the interference of outside parties;
- Reviewed and approved the internal audit work plans, including scope and audit resources/expenses; and ensured that: (i) the scope of its examination includes evaluation of adequacy and effectiveness of controls on governance, operations, information systems, protection of assets and compliance with contracts and applicable, laws, rules and regulations, and (ii) the Internal Audit Group has the sufficient resources to carry out its functions;
- Review the reports and communications of Internal Audit Group, which shall include key findings and recommendations, internal control ratings and status of the audit plan including planned and completed audit engagements;
- Require the Internal Audit Group to submit a regular report to the Audit Committee and management of its activities and performance relative to the audit plans and strategies approved by the Audit Committee, which shall include significant risk exposures, control issues and such other issues as requested to be evaluated by the Audit Committee.

⁸⁶ Update for the year ended December 31, 2013.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Jacinto P. Dela Cruz, Jr.	Management initiated transfer from the Internal Audit Group to Finance Manager of the Company's Feeds Business under San Miguel Foods, Inc., effective February 1, 2012.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	The Internal Audit Group's progress against the approved audit plan is reported quarterly during the Audit Committee meetings. The audit plan is substantially completed by the end of the year and fully completed before the start of the implementation of the approved audit plan for the succeeding year.
Issues⁸⁷	No significant issues were noted.
Findings⁸⁸	Significant findings noted during audit engagements, including common and recurring business concerns on compliance with company policies, rules and regulations, are communicated through an audit report to management, reported quarterly during the Audit Committee meetings and included in the minutes of the meetings.
Examination Trends	Internal control ratings of audit engagements completed are reported quarterly during the Audit Committee meetings. The Internal Audit Group has found that the Company maintains adequate and effective internal controls.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Policies and Guidelines on Revenue Cycle	Generally in order
Policies and Guidelines on Procurement Cycle	Generally in order
Policies and Guidelines on Supply Chain –	Generally in order

⁸⁷ "Issues" are compliance matters that arise from adopting different interpretations.

⁸⁸ "Findings" are those with concrete basis under the company's policies and rules.

Logistics Cycle	
Policies and Guidelines on Finance – Treasury Cycle	Generally in order

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Company adopts and implements SMC’s “Corporate Policy on Internal Control.” To permit independent and unbiased judgment essential to the proper conduct of audits, the Internal Audit Group, through its head, functionally reports directly to the Audit Committee.	Where necessary for certain transactions, the Company secures prior Board of Directors’ approval for the appointment of independent and competent financial analysts to render an opinion on the transaction.	Where necessary for certain transactions, the Company secures prior Board of Directors’ approval for the appointment of independent and competent investment banks to provide advice on the fairness of the transaction, among others.	SMPFC engages only reputable rating agencies with proven independence and expertise in their field of practice.
The External Auditor of the Company shall be duly accredited by the SEC, selected and appointed by the shareholders upon recommendation of the Board, after consultations with the Audit Committee.	SMPFC engages only reputable financial analysts with proven independence and expertise in their field of practice.	SMPFC engages only reputable investment banks with proven independence and expertise in their field of practice.	Rating agencies are considered part of the public and therefore the PSE Disclosure Rules, to protect public interest, are complied with.
The auditors of the Company, both internal and external, are required to disclose potential conflicts of interest with the Company and declare their independence on an annual basis. The auditors are also required to observe the Securities Dealing Policy of the Company wherein they shall not trade in the Company’s shares during a certain “blackout period” and at any time when they are in possession of material non-public information concerning	Financial analysts are considered part of the public and therefore the PSE Disclosure Rules, to protect public interest, are complied with.	Investment banks are considered part of the public and therefore the PSE Disclosure Rules, to protect public interest, are complied with.	

the Company.			
--------------	--	--	--

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

In line with the previous requirement of the SEC, the Certification of Compliance with the Manual on Corporate Governance of the Company was attested by the President and Compliance Officer of the Company. This Annual Corporate Governance Report, which shall take the place of the said Certification of Compliance in the succeeding years, is signed and sworn under oath by the Chairman of the Board, the CEO or President in the case of the Company, the Compliance Officer and two Independent Directors.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following: ⁸⁹ ⁹⁰

	Policy	Activities
Customers' welfare	<p>The Company recognizes the importance of its stakeholders, such as its customers, employees, suppliers and creditors, in the creation and growth of value, stability and long-term competitiveness of its businesses.</p> <p>The Company is committed to delivering products and services that delight and inspire loyalty in its customers. SMPFC strives to be the customer's preferred choice by offering products and services of uncompromising quality, great taste and value, easily within their reach.</p> <p>SMPFC's various plants and facilities maintain effective and sustainable Quality and Food Safety Management Systems to enable the delivery of products and services of the highest quality to consumers.</p> <p>The Company's Manual on Corporate Governance provides the framework of rules, systems and processes in the company that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the</p>	<p>The Company's Annual Report and internal newsletter "FoodTalk", available for viewing in its corporate website, document the Company's various activities and efforts to address the needs and interests of its stakeholders, including customers, suppliers/contractors and communities. Examples of these activities are the following:</p> <ul style="list-style-type: none"> - Plants and facilities are in compliance to Good Manufacturing Practices (GMP) requirements and most of them have achieved ISO 22000:2005 certification on its food safety systems - Hazard Analysis Critical Control Point (HACCP)-based systems are in place in the whole production process to control food safety hazards in order to ensure that the Company's products are safe for consumption at time of sale - Quality and Food Safety Management Systems established by the Company are structured in compliance with the Food Safety Act of 2013 - SMPFC complies with related

⁸⁹ With updates highlighted for the year ended December 31, 2013.

⁹⁰ With updates highlighted per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

	<p>Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</p>	<p>standards and regulations, among which are the Department of Health's (DOH) Sanitation Code of the Philippines, the Philippine National Standards for Drinking Water, and the Consumer Act of the Philippines, all geared to protect the supply of food and its consumers</p> <ul style="list-style-type: none"> - In line with the Codex Alimentarius on Food Hygiene adopted by the DOH, which set up stricter guidelines on the transport of ready-to-eat and raw food, San Miguel Foods, Inc. (SMFI) issued guidelines that will ensure the freshness and quality of its poultry products from farm to the consumer's plate, which guidelines were cascaded to its distributors and strictly enforced and monitored to ensure product and food safety - The conduct by the Quality Assurance department of an annual store audit and microbiological swabs of all Magnolia Chicken Stations, Monterey Meat Shops, SMFI Poultry distributors, Hungry Juan Roast Chicken and Barbecue outlets, SMFI Feeds distributors, feed mills and feeds laboratories - Regular Monterey Meat School sessions are conducted for franchisees to ensure that product and quality standards are met across the supply chain - Recognition by regulatory bodies for consistent dedication and commitment to the promotion and implementation of food safety and quality systems, etc. - Recognition by consumers in the Reader's Digest Trusted Brands Survey for megabrands Monterey meats and Magnolia chicken as among the most trusted brands in the Philippines - Information campaigns on food safety, health and wellness, etc., i.e., Monterey's "Know Your Meat" campaign, Magnolia's "Alagang Magnolia" campaign - Hosting of events to impart culinary secrets and trends to help customers with their business operations, etc.
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

		<p>- Cooking demonstrations, workshops and seminars on hygiene, sanitation, food safety and business sense</p> <p>- Sharing of recipes, cooking and baking tips, and new food ideas</p> <p>- Advocacy on “Wellbeing”, including developing the SMPFC Wellbeing Program, creation of a Wellbeing Group and appointment of Wellbeing Warriors among employees, who are taught by the Food & Nutrition Research Institute, to inspire the Company in creating delightful and sensibly nutritional innovations true to its core purpose of nourishing and nurturing families worldwide</p> <p>- Continuous development and launch of new products to excite the market</p> <p>Further, the Company has established a dedicated customer care hotline to ensure feedback from its customers and to immediately address any concern that they have on the quality of the Food Group’s products.</p> <p>The Board approved amendments to the Manual in order to emphasize:</p> <p>(i) The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of certain duties and responsibilities; and</p> <p>(ii) The material information disclosure obligation of the Company to its stockholders and such other stakeholders.</p>
Supplier/contractor selection practice	<p>SMPFC has a Business Procurement Group that screens, accredits and selects suppliers and contractors using specific criteria depending on the material or service to be provided. The Company honors its obligations to its suppliers and creditors, including payments in accordance with agreements.</p> <p>The plants and facilities of the</p>	<p>The Company’s Annual Report and internal newsletter “FoodTalk”, available for viewing in its corporate website, document the Company’s various activities and efforts to address the needs and interests of its stakeholders, including customers, suppliers/contractors and communities. Examples of these activities are the following:</p>

	<p>Company's business partners and service providers are required to maintain effective and sustainable Quality and Food Safety Management Systems to enable them to deliver products and services of the highest quality.</p> <p>The Company's Manual on Corporate Governance provides the framework of rules, systems and processes in the company that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</p>	<p>- Plants and facilities of suppliers and contractors need to submit documentation to establish compliance to GMP and HACCP system requirements</p> <ul style="list-style-type: none"> - Launch of the strategic supplier partnership program of the Business Procurement Group, to develop a pool of qualified partners, drive excellence throughout the supply chain process, and holding of an awards night to distinguish and reward performers - Participation in events organized by the Group's trade partners - Cascade of a "Big Brother System" for the Group's independent third party contractors <p>The Board approved amendments to the Manual in order to emphasize:</p> <ul style="list-style-type: none"> (i) The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of certain duties and responsibilities; and (ii) The material information disclosure obligation of the Company to its stockholders and such other stakeholders.
<p>Environmentally friendly value-chain</p>	<p>SMPFC complies with applicable environmental regulations. All required environmental compliance certificates, permits, licenses, authorizations, registrations and clearances must be obtained by its facilities, as well as the facilities of its third party service providers, and their operational and reporting requirements followed.</p> <p>Systems are in place to ensure the safe handling, movement, storage, recycling, reuse or management of waste, air emissions and waste water discharges.</p> <p>The Company's Manual on Corporate Governance provides the framework of rules, systems and processes in the company that governs the performance of the</p>	<p>The Company's Annual Report and internal newsletter "FoodTalk", available for viewing in its corporate website, document the Company's various activities and efforts to address the needs and interests of its stakeholders, including customers, suppliers/contractors and communities. Examples of these activities are the following:</p> <ul style="list-style-type: none"> - Plants and facilities are in compliance to GMP requirements and most of them have achieved ISO 22000:2005 certification on its food safety systems - HACCP-based systems are in place in the whole production process to control food safety hazards

	<p>Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</p>	<ul style="list-style-type: none"> - Quality and Food Safety Management Systems established by the Company are structured in compliance with the Food Safety Act of 2013 - SMPFC complies with related standards and regulations, among which are DOH's Sanitation Code of the Philippines and the Philippine National Standards for Drinking Water - Wastewater and solid waste management facilities are properly maintained, at least on an annual basis - Recognition by regulatory bodies for consistent dedication and commitment to the promotion and implementation of food safety and quality systems, etc. (among others, the Monterey Cavite Meat Plant annually receives from the National Meat Inspection Service, the Seal of Excellence award as the Best and Cleanest Slaughterhouse; the Purefoods-Hormel Cavite Plant received from SGS Philippines a triple certification for their food safety management, quality management and environmental management systems) - Holding of dialogues with government authorities to understand their concerns and guide the Group in its plans - Involvement in clean-up activities to protect the environment of the communities where the Group does business - Conduct of emission profiling - Appointment of Environment Management System trainer or auditor - Employee participation in tree planting activities <p>The Board approved amendments to the Manual in order to emphasize:</p> <ul style="list-style-type: none"> (i) The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of certain duties and responsibilities; and (ii) The material information
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

		<p>disclosure obligation of the Company to its stockholders and such other stakeholders.</p>
<p>Community interaction</p>	<p>The Company strives towards good corporate citizenship and to contribute positively to the promotion of social responsibility in the communities in which it operates by supporting activities and programs geared towards community welfare and environmental protection.</p> <p>As natural disasters hit the country, SMPFC provides assistance to survivors in badly affected areas nationwide.</p> <p>The Company's Manual on Corporate Governance provides the framework of rules, systems and processes in the company that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</p>	<p>The Company's Annual Report and internal newsletter "FoodTalk", available for viewing in its corporate website, document the Company's various activities and efforts to address the needs and interests of its stakeholders, including customers, suppliers/contractors and communities. Examples of these activities are the following:</p> <ul style="list-style-type: none"> - Advocacies intended to uplift the industries in which the Food Group participates (among others, B-Meg Feeds conducted a seminar on Swine Management in Agrilink, Foodlink and Fishlink 2013, which is the biggest annual gathering of the agro-industrial industry; Magnolia Chicken staged Carinderia Fiesta Year 3 with the theme "Buhay Carinderia", giving a glimpse of the life stories of carinderia owners and how they manage the daily challenges of being a business owner and homemaker - Participation in franchise expositions featuring available business opportunities in the food category - Hosting of events to impart culinary secrets and trends to help customers with their business operations, etc. - Cooking demonstrations, workshops and seminars on hygiene, sanitation, food safety and business sense - Sponsorships of a variety of affairs and community celebrations - Feeding programs in public pre-schools and day care centers nationwide - Public offer and listing of the Company's preferred shares in the PSE - Nutrition talks, wellbeing training and livelihood cooking demonstrations for parents of children who are beneficiaries of "Handog Lusog: Nutrisyon Para

		<p>sa Nasyon”, which is the Company’s flagship feeding program</p> <ul style="list-style-type: none"> - Hosting of scholarship programs, medical missions, the Sumilao Clinic, and the Sumilao Community Store - Active participation in relief efforts in areas affected by natural disasters, including the implementation of a feeding program together with some business partners dubbed “Operation Tulong”, the distribution of relief goods and meals, and the holding of a soup kitchen in cooperation with the San Miguel Foundation, Petron Foundation and the Philippine National Red Cross - With the help of the San Miguel Foundation, started the construction of 20 housing units in Sumilao to help families displaced during the flooding caused by Typhoon Sendong - Employee-volunteers from the Food Group joined the community building activity entitled “Bayani Challenge 2013: Isang Bayan, Isang Bayanihan” spearheaded by Gawad Kalinga, which event included house building, school refurbishing, tree planting, feeding program and farm building activities <p>The Board approved amendments to the Manual in order to emphasize:</p> <ul style="list-style-type: none"> (i) The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of certain duties and responsibilities; and (ii) The material information disclosure obligation of the Company to its stockholders and such other stakeholders.
<p>Anti-corruption programmes and procedures</p>	<p>Employee shall exercise utmost discretion in accepting personal favors or gifts from persons seeking or doing business with the Company, and refuse to grant personal favors, or decline any gift or benefit that</p>	<p>The Company’s Annual Report and internal newsletter “FoodTalk”, available for viewing in its corporate website, document the Company’s various activities and efforts to address</p>

may compromise the independence of the Company, create a sense of obligation on its part or potentially influence business judgment.

The Company's Manual on Corporate Governance provides the framework of rules, systems and processes in the company that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.

the needs and interests of its stakeholders, including customers, suppliers/contractors and communities. Examples of these activities are the following:

- Holding of dialogues with government authorities to understand their concerns and guide the Group in its plans
- Acceptance of awards and consistent in good corporate governance from the Institute of Corporate Directors, which is a testament to the Company's values, particularly in transparency and accountability, and a recognition of the Company's integrity and dedication to honest work

- Recognition of SMPFC as among the top 50 publicly listed companies in the Philippines practicing good corporate governance under the ASEAN Corporate Governance Scorecard
- Board approval in August 2013 and formal launch in November 2013 during the Company's annual Employee Service Awards, of SMPFC's own Code of Ethics, which embodies the guidelines and principles on acceptable behavior and performance of employees and business partners of the Food Group, including their directors.

The Food Group also conducts periodic monitoring of compliance with the Company's Policy on Solicitation and Acceptance of Gifts.

The Board approved amendments to the Manual in order to emphasize:

- (i) The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of certain duties and responsibilities; and**
- (ii) The material information disclosure obligation of the Company to its stockholders and such other stakeholders.**

<p>Safeguarding creditors' rights</p>	<p>The Company has a Debt Financing Policy intended to guide the Company in negotiating and securing loans.</p> <p>The Company honors its obligations to its suppliers and creditors, including payments in accordance with agreements.</p> <p>The Company's Manual on Corporate Governance provides the framework of rules, systems and processes in the company that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</p>	<p>The Company's Annual Report and internal newsletter "FoodTalk", available for viewing in its corporate website, document the Company's various activities and efforts to address the needs and interests of its stakeholders, including customers, suppliers/contractors and communities. Examples of these activities are the following:</p> <ul style="list-style-type: none"> - Holding of dialogues with government authorities to understand their concerns and guide the Group in its plans - Public offer and listing of the Company's preferred shares in the PSE - Acceptance of awards in good corporate governance from the Institute of Corporate Directors, which is a testament to the Company's values, particularly in transparency and accountability, and a recognition of the Company's integrity and dedication to honest work. <p>The Food Group also conducts regular monitoring of compliance with financing policies of the Company.</p> <p>The Board approved amendments to the Manual in order to emphasize:</p> <ul style="list-style-type: none"> (i) The role of stockholders and other stakeholders in the corporate governance framework, particularly in the exercise by the Board and Corporate Secretary of certain duties and responsibilities; and (ii) The material information disclosure obligation of the Company to its stockholders and such other stakeholders.
---------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes. Both the Company's Annual Report and corporate website have separate corporate social responsibility (CSR) sections.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?⁹¹

The Company is committed to its employees' safety, health and welfare, and to nurture their individual capabilities.

Programs are in place to ensure the safety of its workers. These programs include the elimination of occupational hazards in the workplace, provision of protective wear and/or equipment, proper training in the handling and use of machinery and materials, safety reminders and other measures that may be necessary to maintain their safety. Employees are protected from undue exposure to chemicals, biological and physical hazards, and in the event exposure to these are inevitable, safety information is provided to educate, train and safeguard employees.

The Company provides comprehensive health care service directed at prevention of disease, protection from health hazards and maintenance of health. Programs are implemented to identify personal risks to health and to detect diseases in the early and most treatable stages. The Company is committed to improve the quality of life of its employees through healthy living and piloting of wellness initiatives to encourage employees to maintain active and healthy lifestyles. The Company provides regular information on health to assist employees in making better decisions regarding their health, as well as the health of their dependents.

The Company strives to protect its employees from harassment of any form. The Company actively implements mechanisms for dealing with such occurrences and ensures that it will act justly, swiftly and decisively in addressing such complaints. The Company is committed to promote a work place that is free from drug abuse as it is detrimental to the health, safety and work performance of employees and poses risks to operations and product quality.

The Company has likewise initiated a variety of activities centered on the safety, health and welfare of its employees. Benefits and privileges accruing to all regular employees are set out in the Employee Handbook.

Permanent employees of the Company and a majority of its subsidiaries are further entitled to a funded, non-contributory retirement plan.

Moreover, SMC shares of stock are offered to employees of SMC and those of its subsidiaries, including the Food Group, under the Employee Stock Purchase Plan (ESPP). Pursuant to the ESPP, all permanent Philippine-based employees of SMC and its subsidiaries who have been employed for a continuous period of one year prior to the subscription period will be allowed to subscribe at a price equal to the weighted average of the daily closing market prices for three months prior to the offer period less 15% discount.

(b) Show data relating to health, safety and welfare of its employees.

Upon regularization, employees of the Company and its operating subsidiaries are entitled to Group Personal Accident Insurance, Group Life Insurance, Work Connected Accident Insurance, medical benefits through HMO coverage consisting of annual physical examinations, physician consultations, diagnostic procedures, medicines and hospitalization.

In particular, SMPFC has the following programs to promote the health, safety and welfare of its employees.

On health:

⁹¹ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

- (i) All of the Food Group's installations have clinics that provide medical consultation and diagnostic services, and dispense accredited doctor-prescribed medicines;
- (ii) Free hospitalization for employees with sick leave benefits;
- (iii) Annual vaccination of employees and their dependents;
- (iv) Well-being activities and other seminars on health awareness;
- (v) Sports programs.

On safety and welfare:

- (i) Formation of Emergency Response Teams who are trained to lead during emergency situations like fires and earthquakes; and
- (ii) Annual conduct of fire drills.

As also previously mentioned, the Company and majority of its subsidiaries have funded, non-contributory, defined benefit retirement plans covering all of their permanent employees **(collectively, the "Retirement Plans"). The Retirement Plans of the Group pays out benefits based on final pay.** Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. **Retirement costs recognized in the consolidated statements of income by the subsidiaries amounted to P192.4 million, P159.8 million and P102.2 million in 2013, 2012 and 2011.**⁹² The Group's annual contribution to the retirement plans consists of payments covering the current service cost and amortization of unfunded past service liability.

Information on other activities and programs geared towards the health, safety and welfare of the Company's employees are communicated throughout the organization through issues of "FoodTalk", the internal newsletter available for viewing in the corporate website of the Company, as well as internal email announcements and written memoranda.

- (c) State the company's training and development programmes for its employees. Show the data.⁹³

Career advancement and improvement is offered by the Company through a wide range of training programs and seminars. In 2010, SMPFC launched the San Miguel Pure Foods University, which is an institution of higher learning that aims to synergize all training initiatives of the Company, including but not limited to its Management Development Program (MDP), and provide employees a formal training ground specific to their functions and in support of their professional growth. **As of December 31, 2013,** there were **319** officers, managers and high potential employees that have completed the MDP conducted by John Clements Consultants, Inc. in partnership with Harvard Business Publishing, since the launch of the said University.

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures⁹⁴

The San Miguel Group is guided by the following principles in the design of the salaries and wages of its employees:

- (i) Internal Equity – A hierarchy is created where positions are valued or equated based on comparable work, responsibility and output. Jobs with more complex content and greater**

⁹² As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

⁹³ With updates highlighted for the year ended December 31, 2013.

⁹⁴ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

accountability receive commensurably higher pay. The Group uses a job evaluation system to ensure the foregoing.

(ii) External Competitiveness – The Company’s pay scale is competitive with those of comparable companies in the business community. The objective is to attract external candidates and promote employee retention.

(iii) Business Affordability – Salary structures while affected by the need to be externally competitive are still anchored on the Company’s financial capability to pay in order to achieve business performance and continued operations. The Company’s ability to improve salaries and wages is largely dependent on its bottom-line. Thus each employee has a personal stake to improve the Company’s business performance.

As to its rewards policy, the Company adopts a performance management system and salary review program wherein employees are appraised annually on the basis of achievement of specific objectives and key performance indicators, i.e., financial results of the business, customer centricity, internal processes and learning and growth, and the employee’s participation in centerpiece projects and critical incidents. The Company also gives alternative forms of recognition to reward performance, which may be non-financial in nature, such as citations, awards, mentoring and professional development programs to acknowledge and further hone the skills of performers.

SMPFC further adopts the Long Term Incentive Plan (LTIP) of SMC for the San Miguel Group of Companies. The LTIP is a variable reward program that provides key executives with financial incentives that are contingent to the achievement of the SMPFC’s medium to long range business goals, sustained growth, expansion, and continued financial success.

As previously discussed, SMPFC also makes available the ESPP to its employees, which is a means by which employees can purchase SMC’s shares of stock at a discount. Under the ESPP, employees are given the opportunity and an incentive to become stockholders of SMC.

- 4) What are the company’s procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

All concerns relating to accounting, internal accounting controls, auditing or financial reporting may be communicated to SMPFC’s Chief Finance Officer, Compliance Officer and/or General Counsel (each a “Relevant Officer”) at SMPFC’s head office. All communications received by the Relevant Officer will be kept confidential, and may be given on an anonymous basis. The Relevant Officer will distribute all communications regarding accounting, internal accounting controls, auditing or financial reporting matters to the SMPFC Audit Committee at each meeting of said Committee. Other matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected, in coordination with Division Human Resources,⁹⁵ in accordance with the Food Group’s conventional reporting channels.

Employees are encouraged to report concerns or questionable activities without fear of reprisal, intimidation or harassment. The Company shall not tolerate retaliation in any form against any employee who, in good faith, raises a concern or reports a possible violation under this policy. This policy, however, shall not be used for addressing or taking up personal grievances.

⁹⁵ Update to expound on response, per advisement letter filed with the SEC on January 30, 2014.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more⁹⁶

Shareholder	Number of Shares	Percent	Beneficial Owner
SMC	142,279,267 common shares	78.32%	SMC
PCD Nominee Corporation (Filipino)	12,789,042 common shares; 14,451,545 preferred shares	14.99%	Various (none of the beneficial owners hold 5% or more of SMPFC)
PCD Nominee Corporation (Non-Filipino)	11,514,652 common shares; 51,880 preferred shares	6.37%	Various (none of the beneficial owners hold 5% or more of SMPFC)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Francisco S. Alejo III	10,000 preferred shares; 43,001 common shares ⁹⁷	None.	0%
Zenaida M. Postrado	None	7,000 preferred shares	0%
Florentino C. Policarpio	None	5,000 preferred shares	0%
Rita Imelda B. Palabyab	1,000 preferred shares	None.	0%
Ma. Soledad E. Olives	None	3,400 preferred shares	0%
Raul B. Nazareno	1,000 preferred shares	None.	0%
Eliezer O. Capacio ⁹⁸	5,050 preferred shares	None.	0%
TOTAL			0%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

⁹⁶ As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

⁹⁷ As updated to adjust response, per advisement letter filed with the SEC on January 30, 2014.

⁹⁸ As reported in SEC Form 17-C filed with the SEC on February 24, 2014, Mr. Capacio, Vice President and Division Human Resources Head of the Company, passed away on February 23, 2014.

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

N/A.

3) External Auditor's fee⁹⁹

Name of auditor	Audit Fee	Non-audit Fee
R.G. Manabat & Co., formerly Manabat Sanagustin & Co., CPAs	P1,200,000.00	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The Company addresses the information requests of the investing community and keeps shareholders and other stakeholders¹⁰⁰ informed through timely disclosures to the PSE and periodic filings with the SEC (i.e., Public Ownership Report, Foreign Ownership Report, SEC Forms 20-IS, 17-A, 17-Q and 17-C, General Information Sheet, Audited Financial Statements, etc.), stockholder meetings, regular quarterly briefings, investor conferences, meetings with analysts, road shows, press releases and statements, its corporate website, emails and telephone calls. The Company's disclosures and other filings with the SEC and PSE are available for download from the Company's website.

Further, the Company, through the Investor Relations unit of SMC and its group of companies, holds regular briefings and meetings with investment and financial analysts.

Moreover, the Company publishes quarterly newsletters for its employees and friends, as well as sends out weekly email announcements to its employees, keeping them updated on notable events, programs and milestones involving the Group or its interests. As the need arises, internal memoranda are likewise issued and circulated for the information and guidance of employees.

5) Date of release of audited financial report:¹⁰¹

The Audited Consolidated Financial Statements of the Company for the year ended **December 31, 2013** was released **as early as April 7, 2014 upon filing with the SEC of the Definitive Information Statement with such financial statements attached thereto (SEC Form 20-IS), for the 2014 Annual Stockholders' Meeting of the Company. The Definitive Information Statement was then disclosed to the public on April 8, 2014.**

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

⁹⁹ As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

¹⁰⁰ Update per amendment to the Manual, as reported in SEC Form 17-C filed with the SEC on June 25, 2014 and the advisement letter filed with the SEC on June 30, 2014.

¹⁰¹ With updates highlighted per SEC Form 20-IS filed with the SEC on April 7, 2014 and disclosed to the public via the PSE Edge disclosure system on April 8, 2014.

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

N/A.

7) **Disclosure of RPT**¹⁰²

Related Party	Relationship	Nature	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Top Frontier Holdings Inc.	Ultimate parent company	Amounts owed by related parties consist mainly of trade and non-trade receivables	P 117,000	None
San Miguel Corporation	Parent company	Amounts owed by related parties consist mainly of trade and non-trade receivables. Amounts owed to related parties consist mainly of trade and non-trade payables, and management fees.	P 24,558,000	P685,654,000
SMC Shipping and Lighterage Corporation, San Miguel Yamamura Packaging Corporation, San Miguel International, Ltd. and subsidiaries, Anchor Insurance Brokerage Corporation, Ginebra San Miguel, Inc., San Miguel Properties, Inc., SMITS, Inc. and subsidiary, ArchEn Technologies, Inc., San Miguel Yamamura Asia	Affiliates	Amounts owed by related parties consist mainly of trade and non-trade receivables. Amounts owed to related parties consist mainly of trade and non-trade payables, and management fees.	P100,456,000	P754,340,000

¹⁰² As updated for the year ended December 31, 2013, per SEC Form 17-A filed with the SEC on April 15, 2014.

Corporation, San Miguel Brewery Inc., San Miguel Beverages, Inc. , Mindanao Corrugated Fibreboard, Inc., Philippine Breweries Corporation, Petron Corporation, San Miguel Holdings Corporation , SMC Global Power Holdings Corporation and subsidiaries, Vega Telecom, Inc., Surewealth Realty Corporation, El Magnifico Realty Corporation, Clariden Holdings, Inc. , Celeris Advantage Management, Inc. , Manila Toll Expressway System, Inc. , Philippine Airlines, Inc. and Others				
Hormel Netherlands B.V. and Super Coffee Corporation Pte. Ltd.	Shareholder in subsidiaries	Amounts owed by related parties consist mainly of trade and non-trade receivables. Amounts owed to related parties consist mainly of trade and non-trade payables, and management fees.	P 26,007,000	P 55,887,000

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The Company observes an arm's length policy in its dealings with related parties. Any transactions with affiliates and other related parties are entered into in the ordinary course of business. These transactions consist principally of sale and/or purchase of goods and/or services. Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates. The Company does not enter into related party transactions that can be classified as financial assistance granted by the Company to subsidiary or affiliate entities.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of the issued and outstanding capital stock attending the meeting either in person or by proxy shall constitute a quorum. ¹⁰³
------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	<p>For the election of directors, the nine nominees with the greatest number of votes will be elected directors.</p> <p>For the other proposals or matters submitted to a vote, a vote of the majority of the common stockholders present or represented by proxy at the meeting is necessary for the approval of such proposal or matter.</p> <p>Shareholders vote <i>viva voce</i> or by a show of hands, unless a motion to cast votes by ballot is made and duly seconded, and approved by the majority of the shareholders present or represented at the meeting as the method of voting for any or all of the proposals or matters submitted to a vote at the meeting.</p>
Description	<p>A stockholder entitled to vote at the meeting has the right in person or by proxy. With respect to the election of directors, in accordance with Section 24 of the Corporate Code, a stockholder may vote the number of shares held in his name in the Company's stock books as of the record date of the meeting, and may vote the number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.</p>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Regular meetings of stockholders shall be held annually on the date fixed in the by-laws of the corporation.	Minority shareholders are 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 practices.
Written notice of annual and special meetings shall be sent to all stockholders of record at least two weeks and one week, respectively, prior to	Written notice of meetings, whether regular or special, together with the agenda and Definitive Information Statement on matters to be taken

¹⁰³ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

the date of the meeting, as the case may be.	up at the meeting, including the rationale and explanation for each agenda item, shall be sent to all stockholders of record at least 15 business days prior to the meeting. The notice also sets the date, time and place for the validation of proxies. A sample proxy form is likewise provided with the notice of meeting. Any doubts about the validity of a proxy shall be resolved in the shareholder's favor.
Shareholders shall be allowed to inspect corporate books and records, including minutes of Board meetings, and be provided with annual reports and audited financial statements.	Stockholders are also given the opportunity to ask questions, request information and raise issues during annual and special stockholder meetings. All disclosures of the Company to the PSE are available for viewing in SMPFC's corporate website.
Any stockholder shall have appraisal rights or the right to dissent and demand payment of the fair value of his shares in certain instances.	The matters approved during stockholder meetings are disclosed immediately upon adjournment of the meeting, for the information of those stockholders who were not able to attend the meeting.
Shareholders shall have the right to receive dividends at the discretion of the Board. The corporation shall, however, be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, subject to certain exceptions.	Since March 30, 2010, the cash dividend policy of the Company has been to distribute cash dividends to the holders of common shares in an amount up to approximately 70% of the prior year's recurring net income. In considering dividend declarations, the Board takes into account dividend payments on its preferred shares and other factors such as, among others, the implementation of business plans, debt service requirements, debt covenant restrictions, funding for new investments, major capital expenditure requirements, appropriate reserves and working capital. In the event dividends are declared during the stockholder meeting, disclosure thereof is made at least 10 trading days before the record date, and payments of dividends are released to stockholders as of the record date, within 18 trading days from such record date.
Shareholders shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts.	Any director of the Company shall not be removed without cause if it will deny minority shareholders' representation in the Board.

Dividends

The Company declared dividends in favor of both its common and preferred stockholders as follows:

Declaration Date	Record Date	Payment Date
February 6, 2013	February 20, 2013	March 3, 2013
May 7, 2013	May 23, 2013	June 3, 2013
August 8, 2013	August 27, 2013	September 3, 2013

November 7, 2013	November 21, 2013	December 3, 2013 ¹⁰⁴
February 4, 2014	February 19, 2014	March 3, 2014 ¹⁰⁵
August 8, 2014	August 26, 2014	September 3, 2014 ¹⁰⁶
November 5, 2014	November 19, 2014	December 3, 2014 ¹⁰⁷

The Company declared a special dividend in favor of its common stockholders as follows:

Declaration Date	Record Date	Payment Date
March 26, 2014	April 11, 2014	May 12, 2014 ¹⁰⁸

The Company declared dividends in favor of its preferred stockholders as follows:

Declaration Date	Record Date	Payment Date
May 7, 2014	May 22, 2014	June 3, 2014 ¹⁰⁹

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
On March 26, 2014 , more than two months before the date of the ASM, the Company disclosed the record date for stockholders entitled to vote at said meeting, the period when the stock transfer books of the Company will be closed, the deadline for submission of proxies and date of validation of proxies, as well as the Agenda, time and place of the ASM . On the other hand, the Company started distributing to the stockholders the Notice and Definitive Information Statement to the 2014 ASM, including the date, time and place for the validation of proxies, on April 8, 2014 . ¹¹⁰	Stockholders and other interested parties may communicate their concerns or queries to the Chairman or directors, by means of letters, emails or telephone calls, through the stock transfer agent or Corporate Secretary of the Company or Investor Relations unit of SMC and its group of companies, whose contact details are made known in the Annual Reports and other disclosures and filings of the Company with the regulatory authorities, as well as the corporate website.
A sample proxy was likewise provided together with the Definitive Information Statement, to encourage stockholders who will not be able to attend the meeting to designate an authorized representative to so attend and participate in the meeting on his/her behalf. The proxy is not	There is an open forum portion during annual and special stockholder meetings wherein stockholders are given ample opportunity to ask questions, request information and raise issues.

¹⁰⁴ With updates highlighted per advisement letter filed with the SEC on January 30, 2014.

¹⁰⁵ Update per SEC Form 17-C filed with the SEC on February 5, 2014.

¹⁰⁶ Update per SEC Form 17-C filed with the SEC on August 11, 2014.

¹⁰⁷ Update per SEC Form 17-C filed with the SEC on November 5, 2014.

¹⁰⁸ Update per SEC Form 17-C filed with the SEC on March 27, 2014.

¹⁰⁹ Update per SEC Form 17-C filed with the SEC on May 8, 2014.

¹¹⁰ With updates highlighted per disclosure to the public via the PSE Edge disclosure system on March 26, 2014, and thereafter, SEC Form 17-C filed with the SEC on March 27, 2014 and SEC Form 20-IS filed with the SEC on April 7, 2014.

required to be notarized.	
---------------------------	--

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Each common share in the name of a shareholder entitles such shareholder to one vote that may be exercised in person or by proxy at shareholder meetings, including the ASM. Common shareholders, even minority or non-controlling shareholders, have the right to nominate, elect, remove and replace directors, as well as vote on certain corporate acts, including decisions concerning fundamental corporate changes and transactions that would significantly affect the Company.

Both common and preferred shareholders have the right to vote on matters involving certain corporate acts in accordance with the Corporation Code: amendment of articles of incorporation (including the increase in the authorized capital stock of the Company); adoption and amendment of by-laws; sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property; incurring, creating or increasing bonded indebtedness; increase or decrease of capital stock; merger or consolidation with another corporation; investment of corporate funds in another corporation or business; and dissolution.

Stockholders dissenting from and voting against the following corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action: amendment to the Company's articles of incorporation and by-laws that has the effect of changing and restricting the rights of any shareholder or class of shares or authorizing preferences in any respect superior to those of outstanding shares of any class; sale, lease, mortgage or other disposition of all or substantially all of the corporation's assets; merger or consolidation; investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and extension or shortening of term of corporate existence. The stockholders' right of appraisal may be exercised for a period within 30 days from the date on which the vote on the corporate action was taken.

In the event additional shares out of the unissued capital stock of the Company, amounting to at least 10% of the issued and outstanding capital stock of the Company, are to be sold via private placement, trade sale or marketed placement without conducting a rights or public offering of such shares, a majority of the minority stockholders present or represented at the stockholder meeting should approve the issuance, to comply with the listing rules of the PSE for the listing of such additional shares.

In the foregoing cases, the Company provides the rationale and explanation for each agenda item that requires shareholder approval in the Definitive Information Statement distributed at least 15 business days prior to the shareholders' meeting called for the purpose.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
 - a. Date of sending out notices:¹¹¹

¹¹¹ With updates highlighted per disclosure to the public via the PSE Edge disclosure system on March 26, 2014, and thereafter, SEC Form 17-C filed with the SEC on March 27, 2014 and SEC Form 20-IS filed with the SEC on April 7, 2014.

Yes, the Company observes a minimum of 21 business days for giving out of notices to the ASM. The Company disclosed such notice to the public on March 26, 2014, which notice includes the date of the 2014 ASM to be held on May 9, 2014, the record date for stockholders entitled to vote at said meeting, the period when the stock transfer books of the Company will be closed, deadline for submission of proxies and date of validation of proxies, as well as the Agenda, time and place of the ASM.

- b. Date of the Annual/Special Stockholders' Meeting:¹¹²

May 9, 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.¹¹³

The following questions were asked and answered during the ASM on May 9, 2014:

(i) With so many facilities throughout the country, does the Company have environmental programs in place?

To this, Mr. Ramon S. Ang, acting Chairman of the meeting, replied in the affirmative. He assured that the Company is conscious of the impact of its businesses to the environment. Accordingly, all of the Company's operations are within the bounds of environmental laws and regulations.

(ii) The San Mig Coffee Mixers professional basketball team of the Company is again in the Commissioner's Cup finals of the PBA (Philippine Basketball Association). What is the effect on the Company of the back-to-back championships of the team?

In response, Mr. Ang said that the impressive performance of the Company's PBA team reflects favorably on the San Mig Coffee brand name. Further, Mr. Francisco S. Alejo III, President, said that the double-digit growth of the Company's coffee business is somewhat attributable to the success of its basketball team.

(iii) In view of the P8 billion cash dividend to common shareholders recently declared by the Company, does San Miguel Corporation intend to sell SMPFC and instead focus on its infrastructure projects?

Mr. Ang replied that considering the dividend just declared, SMPFC is all the more a good company to keep.

(iv) Will there be another big dividend payout from the Company?

To this, Mr. Ang responded that the Company will consider declaring cash dividends depending on its performance, including its retained earnings.

¹¹² With updates highlighted per SEC Form 17-C filed with the SEC on March 27, 2014 and SEC Form 20-IS filed with the SEC on April 7, 2014.

¹¹³ With updates highlighted in accordance with the results of the Annual Stockholders' Meeting of the Company on May 9, 2014, per advisement letter filed with the SEC on May 14, 2014.

5. Result of Annual/Special Stockholders' Meeting's Resolutions¹¹⁴

Resolution	Approving	Dissenting	Abstaining
Approval of minutes of 2013 ASM	146,223,520	None.	3,320
Approval of annual report for period ending Dec. 31, 2013	146,135,920	None.	87,920
Ratification of acts and proceedings of Board of Directors and Corporate Officers	146,135,920	None.	87,920
Approval of Amendments to Articles of Incorporation to (a) specify full principal office address of the Company; (b) delete the need for shareholder approval in redemption of shares; (c) allow the option to amend the Articles of Incorporation by the written assent of 2/3 of the subscribed capital stock	146,223,520	None.	3,320
Approval of Amendments to By-laws to clarify (a) the period of closing of stock transfer book for annual stockholder meetings; (b) two-thirds vote requirement for certain Board decisions	146,223,520	None.	3,320
Appointment of R.G. Manabat & Co., as external auditors for 2014	146,147,830	72,690	3,320
Election of Board of Directors as follows: Eduardo M. Cojuangco, Jr. Ramon S. Ang Francisco S. Alejo III Menardo R. Jimenez Mario C. Garcia Carmelo L. Santiago Angelina S. Gutierrez Silvestre H. Bello III Edgardo P. Cruz	146,151,150 145,917,040 146,204,520 145,891,680 146,199,870 145,937,910 146,151,150 146,223,840 146,151,150	None.	None.

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:¹¹⁵

The Company prepared SEC Form 17-C containing the matters approved during the ASM, for filing with the SEC and disclosure to the PSE immediately after the adjournment of the meeting on May 9, 2014. The disclosure, Stockholders' Meeting Vote Canvassing Results and updated Annual Corporate Governance Report were also promptly posted in the Company's corporate website.

¹¹⁴ With updates highlighted in accordance with the results of the Annual Stockholders' Meeting of the Company on May 9, 2014, per advisement letter filed with the SEC on May 14, 2014.

¹¹⁵ With updates highlighted per disclosure to the public via the PSE Edge disclosure system on May 9, 2014, and thereafter, SEC Form 17-C filed with the SEC on May 12, 2014, advisement letter filed with the SEC on May 14, 2014, and Stockholders' Meeting Vote Canvassing Results posted in the Company's website on May 14, 2014.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None.	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:¹¹⁶

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Directors: Ramon S. Ang (Vice Chairman, acted as Chairman of the meeting) Francisco S. Alejo III (President) Menardo R. Jimenez Mario C. Garcia Carmelo L. Santiago Angelina S. Gutierrez Edgardo P. Cruz Officers: Alexandra B. Trillana (Corporate Secretary) Zenaida M. Postrado (Treasurer and Chief Finance Officer) Ma. Soledad E. Olives (Compliance Officer) Ma. Celeste L. Ramos (Assistant Corp. Sec.)	May 9, 2014	The shareholders approved that balloting be dispensed with, and instead voting be made by show of hands.	0.00004%	80.490%	80.494%
Special	N/A					

¹¹⁶ With updates highlighted per advisement letter filed with the SEC on May 14, 2014.

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes. The independent external auditors of the Company assist in the counting or validation of votes at the ASM.

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.¹¹⁷

Yes. Each common share in the name of the shareholder entitles such shareholder to one vote that may be exercised on person or by proxy at shareholder meetings. **Preferred shareholders of the Company are not entitled to vote except in those cases expressly provided by law.**

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Stockholders may attend and vote at the meeting in person or by proxy. Proxies shall be in writing and signed by the stockholder of record as of record date for the shareholders' meeting or his duly authorized attorney-in-fact.
Notary	Proxies are not required to be notarized.
Submission of Proxy	Proxies must be submitted to the Corporate Secretary not later than 10 trading days prior to the date of the meeting, unless the Board of Directors fixes another period, which schedule is made known to the stockholders through the Notice of Meeting and Information Statement sent to them prior to the meeting.
Several Proxies	Where the same stockholder gives two or more proxies, the latest one given is to be deemed to revoke all earlier proxies. Where the Company receives more than one proxy from a stockholder designating different attorneys-in-fact and the proxies are all of the same date but do not indicate the specific number of shares represented by each, the total shares of the stockholder shall be distributed equally among all his/her/its proxies.
Validity of Proxy	Proxies shall be valid only for the meeting it has been issued and submitted to the Corporate Secretary. A stockholder or record as of the record date of the shareholders' meeting giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate

¹¹⁷ As updated to expound on response, per advisement letter filed with the SEC on January 30, 2014.

	<p>officer accompanied by a Corporate Secretary's certificate quoting the board resolution authorizing the said corporate officer to execute said proxy.</p> <p>No particular form or words are necessary to constitute a proxy.</p>
Proxies executed abroad	Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	<p>A proxy shall be appointed by the stockholder himself, or by his duly authorized attorney-in-fact in accordance with existing laws, and rules and regulations of the SEC.</p> <p>For corporations, proxies not accompanied by its corporate secretary's certificate setting out the authority of the particular corporate officer to represent the corporation in the meeting, shall be invalidated.</p> <p>Invalidated proxies shall not be included in the computation of the quorum for the meeting and shall not be considered in the counting of votes.</p>
Validation of Proxy	The validation of proxies shall be made at least 5 trading days prior to the date of the meeting, by the Company's stock transfer agent SMC Stock Transfer Service Corporation, unless the Board of Directors fixes another period, which schedule is made known to the stockholders through the Notice of Meeting and Information Statement sent to them prior to the meeting.
Violation of Proxy	If the instruction of the stockholder as set out in the proxy form is not followed, then the proxy vote shall not be considered. A stockholder may avail of the remedies under law in the event a duly accomplished and executed proxy form submitted by him in accordance with the Company's By-laws is violated.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<p>Although the by-laws of the Company provide that notices of the time, date and place of shareholder meetings and the validation of proxies shall be given at least 15 days before the date set for such meeting, the Company's stockholders are sent notices at least 15 <u>business</u> days before the date of annual or special shareholder meetings, in accordance with existing regulations.</p>	<p>Notices of the time, date and place of holding any annual or special meeting of stockholders, and notice of the time, date and place for the validation of proxies, are sent to each stockholder of record entitled to vote at the meeting, at the address left by such stockholders with the Corporate Secretary through the stock transfer agent of the Company or at his last known post office address, personally by hand to significant shareholders, by messenger or courier service to shareholders residing in Metro Manila, and by ordinary mail to shareholders residing in the provinces.</p> <p>Notices of meetings are also disclosed to the SEC and PSE and posted on the Company's corporate website.</p>

(i) Definitive Information Statements and Management Report¹¹⁸

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	There were 348 common and preferred shareholders as of the record date of April 11, 2014 .
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 8, 2014 (date of disclosure of the Definitive Information Statement to the public via the PSE Edge disclosure system)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 8, 2014 (start of distribution of Definitive Information Statement, beginning with majority stockholder and directors of SMPFC)
State whether CD format or hard copies were distributed	While the Definitive Information Statement was distributed in CD format, shareholders had the option to request for hard copies of the same.
If yes, indicate whether requesting stockholders were provided hard copies	Hard copies of the Definitive Information Statement were provided to requesting stockholders.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends, if any dividend is to be declared.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

N/A.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
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.	Each shareholder is provided with a Notice and Definitive Information Statement to the stockholders' meeting, including the Agenda, date, time and place for the validation of proxies, rationale for certain corporate acts to be presented for approval at the meeting, and

¹¹⁸ With updates highlighted per advisement letter filed with the SEC on May 14, 2014.

	information on the nominees for election to the Board of Directors of the Company. Minority shareholders also have the right to participate during the open forum portion of stockholder meetings, wherein stockholders are given the opportunity to ask questions, raise issues and request information.
The minority shareholders shall be granted the right to propose the holding of a meeting, nominate candidates for the Board of Directors, and 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. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.	Shareholders may communicate their concerns or queries by means of letters, emails or telephone calls, through the stock transfer agent or Corporate Secretary of the Company or Investor Relations unit of SMC and its group of companies, whose contact details are made known in the Annual Reports and other disclosures and filings of the Company with the regulatory authorities, as well as the corporate website.
All shareholders have the right to vote on matters involving certain corporate acts in accordance with the Corporation Code: amendment of articles of incorporation (including the increase in the authorized capital stock of the Company); adoption and amendment of by-laws; sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property; incurring, creating or increasing bonded indebtedness; increase or decrease of capital stock; merger or consolidation with another corporation; investment of corporate funds in another corporation or business; and dissolution.	For the further protection of the rights of minority shareholders, any stockholder dissenting from and voting against the following corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action: amendment to the Company's articles of incorporation and by-laws that has the effect of changing and restricting the rights of any shareholder or class of shares or authorizing preferences in any respect superior to those of outstanding shares of any class; sale, lease, mortgage or other disposition of all or substantially all of the corporation's assets; merger or consolidation; investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and extension or shortening of term of corporate existence. The stockholders' right of appraisal may be exercised for a period within 30 days from the date on which the vote on the corporate action was taken.
Impediments to the exercise of shareholders' rights, such as excessive costs and other practical and administrative difficulties to attend and participate in meetings and/or voting during such meetings in person, shall be lessened.	A sample proxy form is provided together with the Definitive Information Statement distributed prior to shareholder meetings, to make it easy for a stockholder to appoint a proxy to attend and vote during such meeting on his behalf, in case he is unable to attend the meeting.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. Minority shareholders have a right to nominate candidates to the Board, should they so desire.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company publishes quarterly newsletters for its employees and friends, as well as sends out weekly email announcements to its employees, keeping them updated on notable events, programs and milestones involving the Group or its interests. As the need arises, internal memoranda are likewise issued and circulated for the information and guidance of employees.

SMC has a Corporate Affairs Office, which has a Media Affairs Group that handles communication with media for the entire San Miguel Group. SMC likewise has an Investor Relations unit under the Office of the Chief Finance Officer, which handles regular communications with institutional investors for the entire San Miguel Group.

The Company communicates to its investors through quarterly briefings organized by said Investor Relations unit. Invitations to such briefings are disclosed through the PSE's Online Disclosure System (ODiSy) at least three trading days before the date of the briefing, and the materials on such briefings are disclosed through the ODiSy even while the briefings are ongoing. All interested persons may attend these briefings.

The Company also keeps shareholders informed through other timely disclosures via the PSE, filings with the SEC, Annual Reports, stockholder meetings, press releases and statements, its corporate website, emails and telephone calls. All disclosures and filings to the regulatory authorities are cleared by the Company's Chief Finance Officer and/or General Counsel and Corporate Secretary.

The Company's disclosures and other filings with the SEC and PSE, as well as Annual Reports and quarterly newsletters, are available for download from the Company's website.

The Company's Corporate Planning and Management Services Group also exercises a Communications function and has a newly formed Investor Relations team, which reviews and clears Company announcements up to the level of the President, before these are released. Those involving employee welfare and other relations are initiated by the Company's Human Resources Division and also cleared with the President. Major announcements, investor briefings and press releases are issued in coordination with SMC's Corporate Affairs Office, Investor Relations unit and Office of the President.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	<p>Among others, the communications strategy endeavors to encourage shareholders, including minority shareholders and institutional investors, to attend and participate in Annual Shareholders' Meetings of the Company.</p> <p>Accordingly, the investor relations program aims to effectively communicate the Company's performance and plans to the capital market, as well as develop a long term relationship of trust with stakeholders, using the discipline in finance, communication and marketing, and manage the content and flow of the group's information and disclosures to the financial markets.</p>
(2) Principles	<p>SMPFC adheres to the principle of full corporate disclosure and transparency regarding its financial condition, operations and state of corporate governance. This guides the Company to provide consistent and reliable information to assist investors in making investment decisions regarding the Company.</p>

(3) Modes of Communications	Company disclosures via the PSE, filings with the SEC, Annual Reports, stockholder meetings, investor briefings, road shows, meetings with analysts, press releases and statements, the corporate website, emails and telephone calls.
(4) Investors Relations Officer	Ms. Reyna-Beth D. de Guzman, SMC Investor Relations, 3 rd Floor, SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City; Telephone: (632) 632-3752; Fax: (632) 632-3313/632-3749; Email: rdeguzman@smg.sanmiguel.com.ph Ms. Ma. Soledad E. Olives, SMPFC Investor Relations, 23 rd Floor, The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City; Telephone: (632) 702-5942; Fax: (632) 914-8746; Email: msolives@smg.sanmiguel.com.ph

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company has a Mergers & Acquisitions unit under its Corporate Planning and Management Services Group that heads a team comprised of responsible members in the organization and external advisors to conduct due diligence evaluations on proposed substantial and/or extraordinary transactions such as but not limited to mergers, acquisitions, divestments and reorganizations. The due diligence team presents the results of their study to SMPFC Senior Management. If it is determined that the proposed transaction is viable and will have a strategic fit with the Company, a decision to pursue the project is cleared by the Company's President and SMC Top Management. The Company further secures Board and/or shareholder approvals when necessary, and makes the appropriate disclosures and regulatory filings where required by applicable law and regulations, before execution of these transactions.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company engages the services of qualified independent parties and investment banks to evaluate and provide advice on the fairness of transaction prices as may be applicable or relevant for particular projects. The results of such evaluation are presented to management and the Board of Directors of the Company, to aid in the decision making process prior to securing the necessary approvals and the closing of such transactions.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.¹¹⁹

Initiative	Beneficiary
The Company continued the flagship Corporate Social Responsibility program, the <i>Handog Lusog: Nutrisyon Para Sa Nasyon</i> , a six-month-long supplemental feeding activity where children between the ages of three to seven years old are provided with one meal a day for five days each week. The children's progress is monitored monthly in terms of weight improvement, social and academic development.	In 2013, the activity was conducted in 31 public schools across the country and a total of 2,313 children benefitted from the program. Moreover, a total of 1,993 parents underwent nutrition and wellbeing training. From the time the program started in 2011, the Company has provided nutritional rehabilitation to a total of 4,691 children from Luzon, Visayas and Mindanao.

¹¹⁹ With updates highlighted for the year ended December 31, 2013.

<p>The initiative also aims to educate their parents on proper nutrition and possible income augmentation activities to sustain the benefits of the program. Accordingly, in 2013, a set of nutrition talks and a livelihood cooking demonstration for the parents of the beneficiaries were conducted.</p>	
<p>SMPFC also hosts various socially relevant activities such as scholarship and housing programs, medical missions, the Sumilao Clinic, and the Sumilao Community Store.</p>	<p>In 2013, the Company was able to provide medical assistance to 3,500 patients. With the help of the San Miguel Foundation, SMPFC started the construction of 20 housing units in Sumilao to help families displaced during the flooding caused by Typhoon Sendong in 2011. As of the end of 2013, the units are almost complete. Working with the SMC Office of the President and the San Miguel Foundation, the Company also deployed a team in a medical mission and feeding program in Bantayan Island, Cebu, benefitting over 1,500 individuals.</p>
<p>As natural disasters hit the country, SMPFC provides assistance to victims in highly affected areas nationwide. In 2013, the country suffered through torrential rains and floods about by a “Habagat,” an earthquake that hit Bohol province, and a devastating storm surge caused by Typhoon Yolanda/Haiyan in the Eastern Visayas. In cooperation with the concerned local government units, some business partners, San Miguel Foundation and Petron Corporation, SMPFC mobilized relief efforts, built soup kitchens and distributed relief goods. The Company also took care of its own employees and their families who were affected by the devastation. Efforts continue as rehabilitation is ongoing for these areas.</p>	<p>As part of relief efforts in the affected areas, SMPFC contributed through product donations, the implementation of a feeding program together with some business partners dubbed “Operation Tulong”, the distribution of 54,000 pieces of hard-boiled eggs and meals to 24,750 children and adults in 21 barangays from five municipalities in Leyte, where a soup kitchen was organized and conducted for ten days in cooperation with the Petron Foundation and the Philippine National Red Cross. Further, 44 Food Group employees and their families directly affected by Typhoon Yolanda/Haiyan received monetary donations to help rebuild their lives.</p>
<p>Moreover, the Food Group actively contributes to the San Miguel Foundation, which is tasked to handle the corporate social responsibility initiatives of the entire San Miguel Group of companies. Additional information on these initiatives are available in SMC’s corporate website.</p>	<p>In 2013, over 74,000 families in disaster-hit areas in Eastern Samar, Leyte, Cebu, Iloilo and Palawan received relief assistance worth over P14.5 million. Donations from San Miguel Group employees and partners amounting to P4,710,000 and P12,356,732 were received. Such funds will be used for classroom repairs of public schools and health facilities in selected affected areas.</p>
<p>The Company encourages volunteerism among its employees, for them to be of service to others and help make a difference in the lives of others in need. It recognizes the importance of employee volunteerism as it develops self-fulfillment, team work, unity of purpose, and advances SMPFC’s core value of “Malasakit” and battle-cry of “Bilis-Galing”.</p>	<p>Employee-volunteers from the Food Group joined the community building activity entitled “Bayani Challenge 2013: Isang Bayan, Isang Bayanihan” spearheaded by Gawad Kalinga, which 5-day event included house building, school refurbishing, tree planting, feeding program and farm building activities. The program was able to reach out to 37 sites in 33 provinces.</p>

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

Process	Criteria
---------	----------

Board of Directors	In order to assess and improve the performance of the Board of Directors, self-rating forms are distributed to the directors during the last meeting of the year for them to accomplish pursuant to the annual internal self-rating system previously approved by the Board.	The self-assessment shall be in the form of a questionnaire to be accomplished by each member of the Board, covering the following areas: (i) fulfillment of the Board's key responsibilities; (ii) Board-Management relationship; (iii) effectiveness of Board processes and meetings; and (iv) individual performance of Board members.
Board Committees	Each Committee shall assess its effectiveness periodically, with a view to ensuring that its performance accords with best practice.	The assessment shall compare the Committee's performance with the requirements of its 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.
Individual Directors	Same process as that for the Board of Directors above.	Same criteria as that for the Board of Directors above.
CEO/President	The performance of the President is assessed on an annual basis.	The assessment of the President takes into consideration the results of operations and financial condition of the Company, his accomplishment of specific objectives and key performance indicators, including the financial results of the entire San Miguel Group, customer centricity, internal processes and learning and growth.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First violation of Manual provisions	Reprimand
Second violation of Manual provisions	Suspension from office (not applicable to directors)
Third violation of Manual provisions	Removal from office (for directors, Section 28 of the Corporation Code shall be observed).
Violations of the Company's Rules and Regulations, Code of Ethics, and other company policies such as the Conflict of Interest Policy and Policy on Solicitation and Acceptance of Gifts	For employees, disciplinary action ranging from or oral or written reprimand to termination of employment.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20__.

SIGNATURES

(Original Signed)
 Eduardo M. Cojuangco, Jr.

Chairman of the Board

(Original Signed)
 Francisco S. Alejo III

President

(Original Signed)
 Cancio C. Garcia

Independent Director

(Original Signed)
 Carmelo L. Santiago

Independent Director

(Original Signed)
 Ma. Soledad E. Olives

Compliance Officer

SUBSCRIBED AND SWORN to before me this **June 28, 2013**, affiant(s) exhibiting to me their _____, as follows:

NAME/NO.	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
Eduardo M. Cojuangco, Jr.	Passport No. XX-0410612	Feb. 16, 2012	Manila
Francisco S. Alejo III	Passport No. EB-6193070	Aug. 24, 2012	Manila
Cancio C. Garcia	Supreme Court No. 40912000		
Carmelo L. Santiago	Passport No. XX3061169	Feb. 19, 2009	Manila
Ma. Soledad E. Olives	Passport No. EB-4680751	Feb. 10, 2012	Manila

(Original Signed)
MA. FRANCESCA Q. BALTAZAR
NOTARY PUBLIC for Pasig City
Commission until 31 December 2014
22nd Floor, JMT Corporate Condominium
ADB Ave., Ortigas Center, Pasig City
APPT No. 221 (2013-2014)/Roll No. 57174
PTR No. 8431230; 01/08/2013; Pasig City
IBP No. 921080; 01/08/2013; Makati City

Doc No. 525
Page No. 106
Book No. II
Series of 2013