

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

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2015**
2. Exact Name of Registrant as Specified in its Charter **SAN MIGUEL BREWERY INC.**
3. **40 SAN MIGUEL AVENUE, MANDALUYONG CITY** **1550**
Address of Principal Office Postal Code
4. SEC Identification Number **CS200711828** 5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number **006-807-251-000**
7. **(02) 632-3000**
Issuer's Telephone number, including area code
8. **N.A.**
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	10
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(a) Composition of the Board

Complete the table with information on the Board of Directors:¹

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) ²	Elected when (Annual /Special Meeting)	No. of years served as director
Ramon S. Ang	NED	San Miguel Corporation	San Miguel Corporation	26 July 2007	26 May 2015	Annual Meeting	8
Roberto N. Huang	ED	San Miguel Corporation	San Miguel Corporation	8 October, 2007	26 May 2015	Annual Meeting	8
Ferdinand K. Constantino	NED	San Miguel Corporation	San Miguel Corporation	26 July 2007	26 May 2015	Annual Meeting	8
Keisuke Nishimura	NED	Kirin Holdings Company, Limited	Kirin Holdings Company, Limited	30 April 2009	26 May 2015	Annual Meeting	6
Alonzo Q. Ancheta	ID	N.A.	Kirin Holdings Company, Limited/no relationship	30 April 2009	26 May 2015	Annual Meeting	3
Carmelo L. Santiago	ID	N.A.	Ramon S. Ang/no relationship	8 October 2007	26 May 2015	Annual Meeting	3
Carlos Antonio M. Berba	ED	San Miguel Corporation	San Miguel Corporation	10 August 2010	26 May 2015	Annual Meeting	5
Teruyuki Daino	ED	Kirin Holdings Company, Limited	Kirin Holdings Company, Limited	12 April 2011	26 May 2015	Annual Meeting	4
Takashi Hayashi	ED	Kirin Holdings Company, Limited	Kirin Holdings Company, Limited	27 May 2014	26 May 2015	Annual Meeting	1
Toshiya Miyoshi	NED	Kirin Holdings Company, Limited	Kirin Holdings Company, Limited	27 March 2015	26 May 2015	Annual Meeting	0

- (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.

¹ Amended pursuant to the SEC Form 17-C dated 11 March 2015 (Resignation of Mr. Hajime Nakajima and Election of Mr. Toshiya Miyoshi with effect from March 27, 2015), 26 May 2015 (Results of 2015 Annual Stockholders' Meeting and Organizational Meeting of Directors), and 31 July 2015 (Resignation of Atty. Virgilio S. Jacinto).

² Reckoned from the election immediately following 2 January 2012.

The board of directors, management, officers, employees and shareholders of San Miguel Brewery Inc. (the "Company") believe that corporate governance is a necessary component of what constitutes sound strategic business management. The Company recognizes the importance of good corporate governance in generating and sustaining shareholder value and safeguarding shareholders' rights and interest. In this connection, the Company adopted its Revised Manual on Corporate Governance ("Manual") to institutionalize the principles of good corporate governance in the entire organization.

The Company's principles on corporate governance, particularly relative to its treatment of its shareholders and other stakeholders, disclosure duties and board responsibilities are set out below.

Treatment of Shareholders and Other Stakeholders

The Board of Directors is committed to respect the rights of the Company's shareholders and minority interests. In addition to the statutory and basic rights provided to shareholders under the Company's amended articles of incorporation and amended by-laws, Corporation Code, Securities Regulation Code and relevant laws in relation to, among others, voting, nomination, election and removal of directors, the exercise of appraisal right, approval of certain corporate actions (such as, but not limited to, amendments to the Company's articles of incorporation and by-laws, sale, purchase, mortgage or any disposition of all or substantially all of the Company's assets, and investment of corporate funds in any other business, corporation or for a purpose other than the primary purpose of the Company), inspection of corporate books and records, the following rights are also provided under the Company's Manual:

1. Right to Dividends in accordance with the dividend policy of the Company;
2. Right to Information, which includes the right of minority shareholders to propose the holding of a meeting and include such items and matters in the agenda which are for legitimate business purposes, and in accordance with law, jurisprudence and best practice; and
3. Right of the minority to non-removal of directors without cause if it will deny minority shareholders representation in the board.

The Company exercises transparency when dealing with its shareholders, customers, employees and trade partners. It ensures that these transactions adhere to fair business practices in order to establish mutually-beneficial relationships in pursuit of value creation and growth, stability and long-term competitiveness. It honors its obligations to its suppliers and creditors, including timely payment in accordance with agreements.

Disclosure Duties

The board of directors adheres to the principles of conducting its business affairs in a fair and transparent manner and maintaining the highest ethical standards in all the Company's dealings. It is committed to fully disclose material information dealings and shall cause the filing of all required information for the interest of the Company's shareholders and other stakeholders. Material Information about the Company which could adversely affect its viability or the interest of its stockholders and other stakeholders, such as earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes in ownership, shall always be publicly disclosed. Other information that shall always be disclosed includes remuneration (including stock options) of directors and senior management, corporate strategy and off balance sheet transactions. Disclosures are released through the appropriate exchange and Securities and Exchange Commission ("SEC") procedures or mechanisms applicable to the Company for the Company's announcements as well as the annual report.

The Company further provides the investing community with regular updates on operating and financial information through adequate and timely disclosures with the SEC³ and Philippine Dealing & Exchange Corp. ("PDEX"), and responds to information requests from the investing community through, among others, investors' conferences, and regular briefings and meetings with investment and financial analysts.

³ The common shares of the Company were delisted from the Philippine Stock Exchange, Inc. ("PSE") effective 15 May 2013.

Board Responsibilities

The board of directors is responsible for the oversight of the business, affairs and integrity of the Company, determination of the Company's mission, long-term strategy and objectives, and management of the Company's risks through evaluation and ensuring the adequacy of the Company's internal control and procedures. It is the board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, exercised in the best interest of the Company, its shareholders and other stakeholders.

The board is mandated to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. It is tasked with the following specific duties and functions under the Manual, among others: the implementation of a selection process to ensure a mix of competent directors that will contribute to the value of the Company; the appointment of competent, motivated and professional management team and officers; the provision and establishment of sound strategic guidelines, policies, and systems on capital expenditures and programs for sustained growth, internal checks and balances, investor relations and communications, related party transactions, and the regular review of the effectiveness thereof; and the ensuring of the compliance by the Company with all relevant laws, regulations and best business practices.

Each director is enjoined to fulfill his specific duties and functions, and act, in a manner characterized by transparency, accountability and fairness, and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.

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

The Company conducts a review of its vision and mission as it deems necessary and required to ensure consistency and alignment with its medium and long-term strategic and business plans, goals and programs.

- (d) Directorship in Other Companies

- (i) Directorship in the Company's Group⁴

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.
Ramon S. Ang	Top Frontier Investment Holdings, Inc.	ED
	San Miguel Corporation	ED
	San Miguel Brewery Hong Kong Limited (HK)	NED – Chairman
	San Miguel (Vietnam) Limited (Bermuda)	NED – Chairman
Roberto N. Huang	San Miguel Beer (Thailand) Limited	NED
	San Miguel Brewing International Limited (BVI)	NED
	San Miguel Brewery Hong Kong Limited (HK)	NED
	Iconic Beverages, Inc.	ED – Chairman and President
Ferdinand K. Constantino	Brewery Properties Inc.	ED – Chairman and President
	Brewery Landholdings, Inc.	ED – Chairman and President
Ferdinand K. Constantino	Top Frontier Investment Holdings, Inc.	NED

⁴ The Group is composed of the parent, subsidiaries, associates and joint ventures of the Company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
	San Miguel Corporation San Miguel Brewing International Limited (BVI) Neptunia Corporation Limited (HK) San Miguel Company Ltd. (HK) San Miguel Malaysia (L) PTE Limited (Labuan) Dragon Island Investments Limited (BVI) San Miguel (Vietnam) Limited (Bermuda) San Miguel Brewery Vietnam Ltd (Vietnam) San Miguel (China) Investment Co. Ltd (PRC) San Miguel Holdings (Thailand) Limited (Thailand) San Miguel Beer (Thailand) Limited San Miguel Marketing (Thailand) Limited (Thailand)	ED NED NED – Chairman NED NED NED NED NED – Chairman NED NED NED NED NED
Carlos Antonio M. Berba	San Miguel Brewing International Limited (BVI) Neptunia Corporation Limited (HK) San Miguel Brewery Hong Kong Limited (HK) San Miguel Company Ltd (HK) San Miguel Malaysia (L) PTE Limited (Labuan) Dragon Island Investments Limited (BVI) San Miguel (Vietnam) Limited (Bermuda) PT Delta Djakarta Tbk (Indonesia) San Miguel (Guangdong) Limited (HK) San Miguel Shunde Holdings Limited (HK) Hongkong Brewery Limited (HK) Ravelin Limited (HK) Best Investments International Inc. (BVI) San Miguel (China) Investment Co. Ltd (PRC) San Miguel (Baoding) Utility Co. Ltd (PRC) San Miguel (Baoding) Brewery Co. Ltd (PRC) San Miguel Holdings (Thailand) Limited (Thailand)	ED – Chairman and Managing Director NED NED NED – Chairman NED – Chairman NED – Chairman NED NED (Commissioner) NED NED NED NED NED NED NED – Chairman NED – Chairman NED – Chairman NED

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
	San Miguel Beer (Thailand) Limited (Thailand)	NED
	San Miguel Marketing (Thailand) Limited (Thailand)	NED
Teruyuki Daino	Iconic Beverages, Inc.	NED
	Brewery Properties Inc.	NED
	Brewery Landholdings, Inc.	NED
	San Miguel Brewing International Limited (BVI)	NED
	San Miguel Brewery Hong Kong Limited (HK)	NED
	San Miguel Holdings (Thailand) Limited (Thailand)	NED
	San Miguel Beer (Thailand) Limited (Thailand)	NED
Takashi Hayashi	San Miguel Brewing International Limited (BVI)	NED
	San Miguel Brewery Hong Kong Limited (HK)	NED
	San Miguel Beer (Thailand) Limited (Thailand)	NED
Carmelo L. Santiago	San Miguel Brewery Hong Kong Limited (HK)	ID

(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 ⁵	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Ramon S. Ang ⁶	Petron Corporation	ED
	San Miguel Pure Foods Company, Inc.	NED
	Ginebra San Miguel Inc.	NED
	Liberty Telecoms Holdings, Inc.	NED
	Petron Malaysia Refining & Marketing Berhad	NED – Chairman
Ferdinand K. Constantino ⁷	Petron Malaysia Refining & Marketing Berhad	NED
Keisuke Nishimura	Kirin Holdings Company, Limited (a listed company in Japan)	ED
Carmelo L. Santiago	San Miguel Pure Foods Company, Inc.	ID
	Liberty Telecoms Holdings Inc.	ID
Toshiya Miyoshi	Kirin Holdings Company, Limited (a listed company in Japan)	ED

⁵ Amended pursuant to the SEC Form 17-C dated 11 March 2015 (Resignation of Mr. Hajime Nakajima and Election of Mr. Toshiya Miyoshi with effect from March 27, 2015) and 31 July 2015 (Resignation of Atty. Virgilio S. Jacinto).

⁶ Amended pursuant to the letter advice filed with the SEC on 13 February 2015 (resignation of Mr Ramon S. Ang as Chairman, and election as President and CEO, of Petron Corporation).

⁷ Amended pursuant to the letter advice dated 1 June 2015 (updating of Annual Corporate Governance).

(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 Name⁸	Name of the Significant Shareholder	Description of the relationship
Ramon S. Ang	Top Frontier Investment Holdings, Inc. San Miguel Corporation	Director, President and Chief Executive Officer of Top Frontier Investment Holdings, Inc. Vice Chairman, Director, President and Chief Operating Officer of San Miguel Corporation Nominee-director of San Miguel Corporation in the Company
Roberto N. Huang	San Miguel Corporation	Nominee-director of San Miguel Corporation in the Company
Ferdinand K. Constantino	Top Frontier Investment Holdings, Inc. San Miguel Corporation	Director of Top Frontier Investment Holdings, Inc. Director, Senior Vice President, Chief Finance Officer and Treasurer of San Miguel Corporation Nominee-director of San Miguel Corporation in the Company
Carlos Antonio M. Berba	San Miguel Corporation	Nominee-director of San Miguel Corporation in the Company
Keisuke Nishimura	Kirin Holdings Company, Limited	Representative Director of the Board, Senior Executive Officer of Kirin Holdings Company, Limited Nominee-director of Kirin Holdings Company, Limited in the Company
Teruyuki Daino	Kirin Holdings Company, Limited	Nominee-director of Kirin Holdings Company, Limited in the Company
Takashi Hayashi	Kirin Holdings Company, Limited	Nominee-director of Kirin Holdings Company, Limited in the Company
Toshiya Miyoshi	Kirin Holdings Company, Limited	Senior Executive Officer, and Director of Kirin Holdings Company, Limited Nominee-director of Kirin Holdings Company, Limited in the Company

⁸ Amended pursuant to the SEC Form 17-C dated 11 March 2015 (Resignation of Mr. Hajime Nakajima and Election of Mr. Toshiya Miyoshi with effect from March 27, 2015) and 31 July 2015 (Resignation of Atty. Virgilio S. Jacinto); Letter Advice dated 6 April 2015 (Election of Mr. Keisuke Nishimura as Representative Director and Senior Executive Officer of Kirin Holdings Company, Limited); and 2015 Definitive Information Statement.

- (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: See Manual on limits of board seats (2.2.2.9); ID limit on SEC circular.

The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously. However, the Manual provides certain guidelines for directors in accepting and holding directorships in other corporations, and for the Governance and Nomination Committee in determining the number of directorships which a director may hold.

For the directors, the Manual enjoins each director to exercise due discretion in accepting and holding other directorships and ensure that his capacity to diligently and efficiently perform his duties as a director of the Company is not compromised. For the Governance and Nomination Committee, it shall consider the following factors in setting a limit: nature of the business of the Company in which the director is a director; age of the director, number of directorships/active memberships and officerships in other corporations, and possible conflict of interest.

The Manual, however, provides that the chief executive officer (or the President in the case of the Company) and other executive directors shall submit themselves to a low indicative limit on membership in other boards.

- (e) 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:

Name of Director ⁹	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock ¹⁰
Ramon S. Ang	5,000	0	0.000033%
Roberto N. Huang	5,000	0	0.000033%
Ferdinand K. Constantino	5,000	0	0.000033%
Keisuke Nishimura	5,000	0	0.000033%
Carmelo L. Santiago	5,000	0	0.000033%
Alonzo Q. Ancheta	10,000	0	0.000065%
Carlos Antonio M. Berba	5,000	0	0.000033%
Teruyuki Daino	5,000	0	0.000033%
Takashi Hayashi	5,000	0	0.000033%
Toshiya Miyoshi	5,000	0	0.000033%
TOTAL	55,000¹⁴	0	0.000358%¹⁴

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

⁹ Amended pursuant to the SEC Form 17-C dated 11 March 2015 (Resignation of Mr. Hajime Nakajima and Election of Mr. Toshiya Miyoshi with effect from March 27, 2015) and 31 July 2015 (Resignation of Atty. Virgilio S. Jacinto).

¹⁰ As of 30 September 2015, the issued and outstanding shares of the Company is 15,359,053,161 (exclusive of the 51,425,799 common shares tendered and accepted by the Company in its tender offer for its voluntary delisting from the PSE, which is recorded as treasury shares). As of 30 September 2015, the Company has secured Certificates Authorizing Registration for 47,303,499 common shares of the common shares tendered and accepted.

Identify the Chair and CEO:

Chairman of the Board	Ramon S. Ang
CEO/President	Roberto N. Huang

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer/President
Role	The Chairman presides in all meetings of the board of directors and shareholders, and exercises such other functions and responsibilities as the board of directors may assign to him.	The President is the chief executive officer of the Company, and shall have administration, general supervision, management and direction of the day-to-day business affairs and property of the Company.
Accountabilities	The Chairman is tasked to (a) ensure that the meeting of the board of directors are held in accordance with an approved annual schedule and the amended by-laws of the Company, or as the Chairman may deem necessary; (b) assist in ensuring compliance with corporate governance guidelines and attest on the extent of the Company's compliance with the Manual and the SEC code of corporate governance together with the Compliance Officer, where necessary or required by applicable laws, rules and regulations; and (c) maintain quality and timely lines of communication and flow of information between management and the board of directors in coordination with the corporate secretary and chief executive officer (or President, in the case of the Company).	The President is tasked to (a) ensure that the administrative and operational policies of the Company are carried out under his supervision and control; (b) initiate and develop corporate objectives and policies and formulate long-range projects, plans and programs for the approval of the board of directors, including those for executive training, development and compensation; (c) preside at the meetings of the board of directors and of the stockholders in the absence of the chairman of the board of directors; (d) appoint, remove, suspend or discipline employees of the Company, prescribe their duties, and determine their salaries, subject to guidelines prescribed by law; and (d) represent the Company at all functions and proceedings.
Deliverables	The Chairman (a) supervises the preparation of the agenda of the board meeting in coordination with the corporate secretary, taking into account the suggestions of the chief executive officer/president, management and directors; (b) executes on behalf of the board of directors, such reportorial requirements and certifications of the board of directors as may be required by the regulatory authorities (such as, annual report and statement of management's responsibility).	The President (a) oversees the preparation of the budgets and the statements of accounts of the Company; (b) prepares such statements and reports of the Company as may be required of him by law; (c) executes, on behalf of the Company, all contracts, amendments and other instruments affecting the interests of the Company which require the approval of the board of directors, except as otherwise directed by the board of directors, and such reportorial requirements and certifications of the board of directors as may be required by the regulatory authorities (such as,

	Chairman	Chief Executive Officer/President
		annual report and statement of management's responsibility ¹⁵); (d) reports to the board of directors and stockholders; and (e) signs certificates of stock.

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

The Company has a Management Development Program ("MDP") to prepare individuals who can succeed in critical and key positions of the Company. The MDP is a holistic and purposive program aimed at ensuring the timely availability of the required number of employees at the middle level and up, with the necessary education, experience and personal characteristics, to fulfill the short- and long- term needs of the organization. Under the MDP, the actual leadership competency level of employees in their current positions, which competencies are based on the established standards of the Company, are assessed. The assessment results in the identification of competency gaps which will be the basis of the development plans and for recommending the readiness of the employee to assume the target position, and in the production of a list of identified employees who are *Ready Now* and *Ready Later* candidates for the critical positions. The appropriate intervention programs or development options are then identified for the candidates for the key positions and a purposive program is developed for such candidates for the chartering of their careers towards the attainment of their highest potential. The candidates' level of progress given their development plans is then regularly evaluated to determine overall readiness of such candidates to assume the targeted key position.

- 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. Under the Company's Manual, the qualifications of the board of directors do not specify a particular experience or background that must be possessed by a nominee in order to qualify as a director to the board. The board of directors, through the Governance and Nomination Committee, screens and shortlists the nominees to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

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. The major shareholders of the Company, through their respective subsidiaries, are engaged in the sector or broad industry to which the Company belongs. The Company benefits from the wealth of experience provided by the non-executive nominee directors of these major shareholders. The non-executive nominee directors have extensive work experience in the industry or sector to which the Company belongs as can be seen in their respective descriptions of qualifications as set out in the Company's annual report.

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

	Executive	Non-Executive	Independent Director
Role	Unless otherwise provided by law, the corporate powers of the Company shall be exercised, all business shall be conducted, and all property of the Company shall be controlled and held, by the board of directors.	Non-executive Directors essentially have the same general and basic role as Executive and Independent Directors. However, Non-executive Directors may be viewed as occupying a creative role in the governance of the Company as they bring not	Independent Directors essentially have the same general and basic role as Executive and Non-executive Directors. In addition to this general and basic role, Independent Directors, because of the more

	Executive	Non-Executive	Independent Director
	<p>In addition to the foregoing general and basic role, the executive directors serve as a bridge between the management and the board of directors.</p>	<p>only a breadth of experience, expertise, specialist knowledge, and personal qualities to the Company, but also a degree of objectivity since they are removed from the day-to-day operations of the Company.</p>	<p>stringent requirements that they have to meet in terms of the independence of their interests from, among others, those of the Company and its major shareholders and their associates, are expected to provide the transparency and objective view in respect of the workings and disclosures of the Company and the decisions of the board and management, which aim to create a balance among the interests of the shareholders, board of directors and management.</p>
Accountabilities	<p>It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders.</p> <p>The board is responsible for formulating the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor management's performance.</p> <p>In addition, since the Executive Directors are involved in the day-to-day operations of the business of the Company, they are responsible for the alignment of Management's goals and activities with the vision, mission, strategies, policies and objectives set</p>	<p>Non-executive Directors essentially have the same general and specific accountabilities as Executive and Independent Directors as set out in the Company's Manual.</p> <p>It is expected that the Non-executive Director shall provide general guidance from a different perspective on matters raised before the board of directors. His contribution will be more informed and circumspect, and his insights will provide constructive criticism to the plans and programs of Management.</p>	<p>Independent Directors essentially have the same general and specific accountabilities as Executive and Non-executive Directors as set out in the Company's Manual.</p> <p>In addition, Independent Directors must comply with the stringent requirements of independence under relevant laws, rules and regulations, and exercise independent judgment at all times in carrying out their responsibilities.</p>

	Executive	Non-Executive	Independent Director
	<p>by the board, and the implementation of such vision, mission, strategies, policies and objectives. The Executive Directors collaborate with the board of directors in the design and development of the business plans that will be implemented by Management and takes on a leadership role in such implementation.</p> <p>The specific accountabilities of the board of directors and each director are further set out in the Company's Manual.</p> <p>A director shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. As a director's office is one of trust and confidence, he shall act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p>		
Deliverables	<p>Regular operational and financial reports to the board of directors and shareholders</p> <p>Sustainable Growth Enhanced Corporate Shareholder Value Improvement of Cost Efficiency and Profitability</p>	<p>Creative and objective insights, and objective and constructive criticism based from expertise, specialized knowledge, breadth of experience, and personal qualities</p> <p>Sustainable Growth Enhanced Corporate Shareholder Value Improvement of Cost Efficiency and Profitability</p>	<p>Independent, non-bias views, insights and monitoring</p> <p>Reportorial requirements which are mandated to be executed and signed by Independent Directors</p> <p>Sustainable Growth Enhanced Corporate Shareholder Value Improvement of Cost Efficiency and Profitability</p>

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

Independence in relation to an Independent Director, is defined as possessing, apart from director's fees and shareholdings, no business or relationship with the Company, which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out the responsibilities as a director.

The Company's Independent Directors, Atty. Alonzo Q. Ancheta and Mr. Carmelo L. Santiago, have submitted to the Corporate Secretary a certification confirming that they possess all the qualifications and none of the disqualifications of an Independent Director at the time of their election and/or re-election as an Independent Director.

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.

The Company complies with SEC Circular No. 9 series of 2011 which provides, among others, that an Independent Director may serve as such for five (5) consecutive years, shall be ineligible for two (2) years after the said five (5)- year term, and shall serve as an Independent Director for only a total of ten (10) years in the same company or companies within the same conglomerate, after which he shall be perpetually barred from being an Independent Director of the same company or in any company within the same conglomerate.

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:

Name	Position	Date of Cessation	Reason
Mr. Hajime Nakajima resigned effective on 27 March 2015 and Atty. Virgilio S. Jacinto resigned effective on 31 July 2015. ¹¹			

(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:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	As provided under the Company's amended by-laws, the members of the board of directors are elected at annual general meetings of the stockholders of the Company. In the event of a vacancy other than by removal of the stockholders or expiration of the term, a vacancy may be filled by the vote of majority of the remaining directors if still constituting a quorum. Otherwise, the vacancy must be filled by the stockholders at a stockholders meeting called for the purpose. Such director elected to fill a vacancy shall	In addition to the qualifications for membership in the board provided for in the Corporation Code, the Securities Regulation Code and other relevant laws, rules and regulations, the members of the board of directors shall have the following qualifications: <ul style="list-style-type: none"> ○ He shall hold at least five thousand (5,000) shares of stock of the Corporation; ○ He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education; ○ He shall be at least twenty one (21) years old;

¹¹ Amended pursuant to the SEC Form 17-C dated 11 March 2015 (resignation of Mr. Hajime Nakajima) and 31 July 2015 (resignation of Atty. Virgilio S. Jacinto).

Procedure	Process Adopted	Criteria
	<p>serve as such only until the expiration of the unexpired term of the director replaced.</p> <p>The nominations for the election of directors are submitted in writing to the Corporate Secretary and are then forwarded to the Governance and Nomination Committee. The Governance and Nomination Committee pre-screens the qualifications of the nominees in accordance with the criteria under the Company's Manual, amended articles of incorporation and amended by-laws, and applicable rules and regulations, identifies and recommends qualified individuals for nomination and election as additional directors or to fill board vacancies as and when they arise, and prepares a final list of nominees eligible for election. No other nomination is entertained after the final list of candidates is prepared. The final list of candidates for election by the stockholders to the board is made available to the stockholders through the Company's Definitive Information Statement distributed to them prior to the annual general meeting.</p>	<ul style="list-style-type: none"> ○ He shall have proven to possess integrity and probity; and ○ He shall be assiduous. <p>The board of directors shall likewise have none of the disqualifications as provided for in the Company's Manual. Further, no person shall qualify or be eligible for nomination or election to the board of directors if he is engaged in any business which competes with or is antagonistic to that of the Company as provided in the amended articles of incorporation of the Company.</p>
(ii) Non-Executive Directors	<p>The process for the selection/appointment for Non-Executive Directors is the same as the process for the selection/appointment of Executive Directors.</p>	<p>The criteria for the selection/appointment of Non-Executive Directors are the same as the criteria for the selection/appointment of Executive Directors.</p>
(iii) Independent Directors	<p>The process for the selection/appointment for Independent Directors is the same as the process for the selection/appointment of Executive and Non-executive Directors. In addition, the Governance and Nomination Committee also approves the nominations for Independent Directors and pre-screens their qualifications taking into consideration the guidelines and procedures on the nomination of Independent Directors prescribed in Rule 38 of the Securities Regulation Code and the SEC's Memorandum Circular No. 9, series of 2011 on the term limits for Independent Directors. The Governance and Nomination Committee ensures that</p>	<p>The criteria for the selection/appointment of Independent Directors are the same as the criteria for the selection/appointment of Executive and Non-executive Directors.</p> <p>In addition to such criteria, Independent Directors must fulfill the definition of independence under the Company's Manual (please refer to Item 4 under <i>Board Matters</i> of this report) and such other qualifications and criteria as prescribed under relevant laws, rules and regulations including Rule 38 of the Securities Regulation Code which prescribes, among others, that an independent director includes any person who (a) is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when such person shall be an independent director of any of the foregoing; (b) does not own more than two</p>

Procedure	Process Adopted	Criteria
	<p>the Company has the required number of independent directors with the qualifications and none of the disqualifications as provided in applicable laws, rules and regulations.</p>	<p>percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders; (c) is not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders; (d) is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement; (e) has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years; (f) is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or (g) has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial, and the term limits for Independent Directors under the Memorandum Circular No. 9 series of 2011 issued by the SEC.</p>
b. Re-appointment		
(i) Executive Directors	<p>As provided under the Company's by-laws, the members of the board of directors are elected at annual general meetings of the stockholders of the Company. In the event of a vacancy other than by removal of the stockholders or expiration of the term, a vacancy may be filled by the vote of majority of the remaining directors if still constituting a quorum. Otherwise, the vacancy must be filled by the stockholders at a stockholders meeting called for the purpose. Such director elected to fill a vacancy shall serve as such only until the expiration of the unexpired term of the director replaced.</p> <p>The nominations for the election of directors are submitted in writing to the Corporate Secretary, and are then forwarded to the Governance</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 shall have the following qualifications:</p> <ul style="list-style-type: none"> ○ He shall hold at least five thousand (5,000) shares of stock of the Corporation; ○ He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education; ○ He shall be at least twenty one (21) years old; ○ He shall have proven to possess integrity and probity; and ○ He shall be assiduous. <p>The board of directors shall likewise have none of the disqualifications as provided for in the Company's Manual. Further, no person shall qualify or be eligible for nomination or</p>

Procedure	Process Adopted	Criteria
	<p>and Nomination Committee. The Governance and Nomination Committee pre-screens the qualifications of the nominees in accordance with the criteria under the Company's Manual, amended articles of incorporation and amended by-laws, and applicable rules and regulations, identifies and recommends qualified individuals for nomination and election as additional directors or to fill board vacancies as and when they arise, and prepares a final list of nominees eligible for election. No other nomination is entertained after the final list of candidates is prepared. The final list of candidates for election by the stockholders to the board is made available to the stockholders through the Company's Definitive Information Statement distributed to them prior to the annual general meeting.</p>	<p>election to the board of directors if he is engaged in any business which competes with or is antagonistic to that of the Company as provided in the amended articles of incorporation of the Company.</p>
(ii) Non-Executive Directors	<p>The process for the re-appointment of Non-Executive Directors is the same as the process for the re-appointment of Executive Directors.</p>	<p>The criteria for the re-appointment of Non-Executive Directors are the same as the criteria for the re-appointment of Executive Directors.</p>
(iii) Independent Directors	<p>The process for the re-appointment for Independent Directors is the same as the process for the re-appointment of Executive and Non-executive Directors. In addition, the Governance and Nomination Committee also approves the nominations for Independent Directors and pre-screens their qualifications taking into consideration the guidelines and procedures on the nomination of Independent Directors prescribed in Rule 38 of the Securities Regulation Code and the SEC's Memorandum Circular No. 9, series of 2011 on the term limits for Independent Directors (please refer to Item 4 under <i>Board Matters</i> of this report). The Governance and Nomination Committee ensures that the Company shall have the required number of independent directors with the qualifications and none of the disqualifications as provided in applicable laws, rules and regulations.</p>	<p>The criteria for the re-appointment of Non-Executive Directors are the same as the criteria for the selection/appointment of Executive and Non-executive Directors. In addition to such criteria, Independent Directors must fulfill the definition of independence under the Company's Manual (please refer to Item 4 under <i>Board Matters</i> of this report) and such other qualifications and criteria as prescribed under relevant laws, rules and regulations including Rule 38 of the Securities and Regulation Code which prescribes, among others, that an independent director includes any person who (a) is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when such person shall be an independent director of any of the foregoing; (b) does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders; (c) is not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders; (d) is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its</p>

Procedure	Process Adopted	Criteria
		<p>substantial shareholders, pursuant to a deed of trust or under any contract or arrangement; (e) has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years; (f) is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or (g) has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial, and the term limits for Independent Directors under the Memorandum Circular No. 9 series of 2011 issued by the SEC.</p>
c. Permanent Disqualification		
(i) Executive Directors	<p>The Governance and Nomination Committee may recommend to the board the permanent disqualification of directors based on the criteria specified in the Company's Manual in accordance with applicable laws, rules and regulations.</p>	<p>Any of the following shall be a ground for permanent disqualification of a director of the Company:</p> <p>(1) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(2) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any</p>

Procedure	Process Adopted	Criteria
		<p>conduct or practice in any of the capacities mentioned in both (a) and (b) of this paragraph, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas (“BSP”), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained from engaging in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(3) Any person convicted by final judgment or order of a competent judicial or administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts or transgressions;</p> <p>(4) Any person who has been adjudged by final judgment or order of the SEC or a competent court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;</p> <p>(5) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;</p> <p>(6) Any person judicially declared to be insolvent; and</p> <p>(7) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or</p>

Procedure	Process Adopted	Criteria
		appointment.
(ii) Non-Executive Directors	The process for the permanent disqualification of Non-executive Directors is the same as the process for permanent disqualification of Executive Directors.	The criteria for the permanent disqualification of Non-executive Directors are the same as the criteria for permanent disqualification of Executive Directors.
(iii) Independent Directors	The process for the permanent disqualification of Independent Directors is the same as the process for permanent disqualification of Executive and Non-executive Directors.	The criteria for the permanent disqualification of Independent Directors are the same as the criteria for permanent disqualification of Executive and Non-executive Directors. In addition, an Independent Director who has served as an Independent Director of the Company or a company within the Company's conglomerate for a total of ten (10) years shall be permanently barred from serving as an Independent Director of the Company or any company within its conglomerate.
d. Temporary Disqualification		
(i) Executive Directors	<p>The Governance and Nomination Committee may recommend to the board the temporary disqualification of directors based on the criteria specified in the Company's Manual in accordance with applicable laws, rules and regulations.</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an officer, employee or consultant of the Company, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Company.</p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <p>(1) Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>(2) Absence in more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</p> <p>(3) Dismissal or termination for cause as director of any corporation covered by SEC Memorandum Circular No. 6, series of 2009. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>(4) If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</p> <p>(5) If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet</p>

Procedure	Process Adopted	Criteria
		<p>become final; and</p> <p>(6) If any person earlier elected as Independent Director of the Company becomes an officer, employee or consultant of the Company.</p>
(ii) Non-Executive Directors	<p>The process for the temporary disqualification of Non-executive Directors is the same as the process for temporary disqualification of Executive Directors.</p>	<p>The criteria for the temporary disqualification of Non-executive Directors are the same as the criteria for temporary disqualification of Executive Directors.</p>
(iii) Independent Directors	<p>The process for the temporary disqualification of Independent Directors is the same as the process for temporary disqualification of Executive and Non-executive Directors.</p>	<p>The criteria for the temporary disqualification of Independent Directors are the same as the criteria for temporary disqualification of Executive and Non-executive Directors. In addition, an Independent Director is temporarily disqualified if it has served for five (5) years as such in the same company or in a company within the same conglomerate and may only be elected as such after two (2) years.</p>
e. Removal		
(i) Executive Directors	<p>The removal of directors shall be in accordance with applicable laws, rules and regulations.</p>	<p>In addition to such grounds for removal of directors as may be provided under the Corporation Code and applicable laws, rules and regulations, the non-compliance with the provisions of the Manual and the grounds for permanent and temporary disqualification of directors, are the criteria for removal of directors. Removal of directors may be without cause, provided that a director shall not be removed without cause if it will deny minority shareholders representation in the board.</p>
(ii) Non-Executive Directors	<p>The removal of directors shall be in accordance with applicable laws, rules and regulations.</p>	<p>In addition to such grounds for removal of directors as may be provided under the Corporation Code and applicable laws, rules and regulations, the non-compliance with the provisions of the Manual and the grounds for permanent and temporary disqualification of directors, are the criteria for removal of directors. Removal of directors may be without cause, provided that a director shall not be removed without cause if it will deny minority shareholders representation in the board.</p>
(iii) Independent Directors	<p>The removal of directors shall be in accordance with applicable laws, rules and regulations.</p>	<p>In addition to such grounds for removal of directors as may be provided under the Corporation Code and applicable laws, rules and regulations, the non-compliance with the provisions of the Manual and the grounds for permanent and temporary disqualification of directors, are the criteria for removal of directors. Removal of directors may be without cause, provided that a director shall</p>

Procedure	Process Adopted	Criteria
		not be removed without cause if it will deny minority shareholders representation in the board.
f. Re-instatement		
(i) Executive Directors	The process for the re-instatement of Executive Directors shall follow the process of selection/appointment of Executive Directors as provided above.	The criteria for the re-instatement of Executive Directors shall follow the criteria for the selection/appointment of Executive Directors as provided above.
(ii) Non-Executive Directors	The process for the re-instatement of Non-executive Directors shall follow the process of selection/appointment of Non-executive Directors as provided above.	The process for the re-instatement of Non-executive Directors shall follow the process for the selection/appointment of Non-executive Directors as provided above.
(iii) Independent Directors	The process for the re-instatement of Independent Directors shall follow the process of selection/appointment of Independent Directors as provided above.	The process for the re-instatement of Independent Directors shall follow the process for the selection/appointment of Independent Directors as provided above.
g. Suspension		
(i) Executive Directors	The Company does not have a process specifically for the suspension of directors. The Governance and Nomination Committee may, however, recommend to the Board the temporary disqualification of directors based on the criteria specified in the Company's Manual in accordance with applicable laws, rules and regulations.	In the event that the Governance and Nomination Committee recommends a temporary disqualification of a director, it shall follow the criteria provided under the Company's Manual (please refer to the criteria for the temporary disqualification of directors as set forth above).
(ii) Non-Executive Directors	The Company does not have a process specifically for the suspension of directors. The Governance and Nomination Committee may, however, recommend to the Board the temporary disqualification of directors based on the criteria specified in the Company's Manual in accordance with applicable laws, rules and regulations.	In the event that the Governance and Nomination Committee recommends a temporary disqualification of a director, it shall follow the criteria provided under the Company's Manual (please refer to the criteria for the temporary disqualification of directors as set forth above).
(iii) Independent Directors	The Company does not have a process specifically for the suspension of directors. The Governance and Nomination Committee may, however, recommend to the Board the temporary disqualification of directors based on the criteria specified in the Company's Manual in accordance with applicable laws, rules and regulations.	In the event that the Governance and Nomination Committee recommends a temporary disqualification of a director, it shall follow the criteria provided under the Company's Manual (please refer to the criteria for the temporary disqualification of directors as set forth above).

Voting Result of the last Annual General Meeting¹²

Name of Director	Votes Received based on the Shares Outstanding and Entitled to Vote as of May 26, 2015 (date of Annual Stockholders' Meeting): 15,363,655,560
Ramon S. Ang	15,349,933,800
Roberto N. Huang	15,349,933,800
Ferdinand K. Constantino	15,349,933,800
Keisuke Nishimura	15,349,933,800
Carmelo L. Santiago	15,349,933,800
Alonzo Q. Ancheta	15,349,933,800
Carlos Antonio M. Berba	15,349,933,800
Virgilio S. Jacinto	15,349,933,800
Teruyuki Daino	15,349,933,800
Takashi Hayashi	15,349,933,800
Toshiya Miyoshi	15,349,933,800

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.¹³

The Company conducts a yearly seminar on Corporate Governance for its directors (including the new directors) and management pool pursuant to the rules of the SEC. SEC-accredited training providers with expertise in the field of governance, regulation, compliance, risk and finance conduct the seminar to share their knowledge with the Company's directors and managers. Topics discussed include the SEC-mandated topics on Corporate Governance, Board Responsibilities, Financial Reporting and Audit, and Liabilities of Directors. In addition to the seminar, there are briefings on the business and organization of the Company by the various functions and site visits conducted.

- (b) State any in-house training and external courses attended by Directors and Senior Management¹⁴ for the past three (3) years:¹⁵

Date of Training	Program	Name of Training Institution
6 and 11 November and 4 and 8 December 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
19 and 26 September and 7 November 2014	Corporate Governance Seminar	SGV & Co.
19 December and 6 November 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
12 September 2014	Directors Training: ESG Issues, Internal Control and Board Diversity	The Hong Kong Institute of Directors
26 November 2013	Directors Training: The Importance of Effective Board Communication	The Hong Kong Institute of Directors
25 November 2013	Directors Training: Appropriate Boardroom Behavior	The Hong Kong Institute of Directors

¹² Amended pursuant to the SEC Form 17-C dated 26 May 2015 (Results of 2015 Annual Stockholders' Meeting and Organizational Meeting) and Letter Advice dated 1 June 2015 (Other Matters Arising from SEC Form 17-C dated 26 May 2015).

¹³ Amended pursuant to the letters advice dated 7 January 2015, 13 November 2015, 7 December 2015 and 11 December 2015 on the attendance of directors and key officers in a corporate governance seminar for the year 2015.

¹⁴ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

¹⁵ Amended pursuant to the letters advice dated 7 January 2015, 13 November 2015, 7 December 2015 and 11 December 2015 on the attendance of directors and key officers in a corporate governance seminar for the year 2015.

Date of Training	Program	Name of Training Institution
6 and 11 November and 4 and 8 December 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
19 and 26 September and 7 November 2014	Corporate Governance Seminar	SGV & Co.
19 December and 6 November 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
12 September 2014	Directors Training: ESG Issues, Internal Control and Board Diversity	The Hong Kong Institute of Directors
26 November 2013	Directors Training: The Importance of Effective Board Communication	The Hong Kong Institute of Directors
21 October 2013	Directors Training: Conflicts of Interest and Board Evaluation	The Hong Kong Institute of Directors
18 October 2013	Anti-Trust/Competition Legislation Briefing	The Trade Advisory Group
2 October 2013	Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn. Bhd.

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.¹⁵

Name of Director	Date of Training	Program	Name of Training Institution
Ramon S. Ang	11 November 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Roberto N. Huang	4 December 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Ferdinand K. Constantino	4 December 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Teruyuki Daino	6 November 2015	Corporate Governance Report	Risks, Opportunities, Assessment and Management, Inc.
Carlos Antonio M. Berba	6 November 2015	Corporate Governance Report	Risks, Opportunities, Assessment and Management, Inc.
Carmelo L. Santiago	11 November 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Keisuke Nishimura	6 November 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Takashi Hayashi	6 November 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.

Name of Director	Date of Training	Program	Name of Training Institution
Alonzo Q. Ancheta	4 December 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Toshiya Miyoshi	6 November 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.

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>Under the amended articles of incorporation of the Company, no person shall qualify or be eligible for nomination or election to the board of directors if he is engaged in any business which competes or is antagonistic to that of the Company. Further, each director has the duty to conduct fair business transactions with the Company and to ensure that personal interest does not conflict with the interests of the Company.</p> <p>The Company's Independent Directors, are required to submit to the Corporate Secretary a certification confirming that they possess all the qualifications and none of the disqualifications of an Independent Director at the time of their election and/or re-election as an Independent Director.</p>	<p>Officers and employees have a duty to act in the best interest of the Company. Employees shall not be influenced by personal, family, financial or other considerations which might affect the employees' judgment of what is best for the Company. An employee shall engage only in such private activities or businesses that are consistent with his responsibilities as an employee, and are not detrimental to the interest of the Company. In the event that the personal business interest of an officer or employee may conflict with the interests of the Company, proper disclosure by the officer or employee shall be made and a review by higher management shall be conducted to resolve the conflict. It is the policy of the Company to identify and resolve any possible conflict of interest between the Company and its employees.</p> <p>All employees are required to fill out a Full Business Interest Disclosure Form and to report any potential conflict of interest. In addition, the Company's Code of Ethics prescribe that employees must seek clearance from Management prior to engaging in outside work or assuming simultaneous positions in other companies.</p>	
(b) Conduct of Business and Fair Dealings	<p>The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.</p> <p>A director's office is one of trust and confidence. He shall act in a manner characterized by transparency,</p>	<p>The Company promotes an environment that fosters and maintains a high level of self-discipline among all employees and expects each employee to observe reasonable standards of conduct in the performance of his work, in his relationship with fellow employees, and in his dealings with the public.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>accountability and fairness, and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress. Further, he has the duty to conduct fair business transactions with the Company.</p>	<p>Under its Code of Ethics, an employee of the Company is expected to exercise corporate citizenship and protect the Company's interest by conducting business affairs in fairness, honesty and in compliance with law. An employee shall engage only in such private activities or businesses that are consistent with his responsibilities as an employee, and are not detrimental to the interest of the Company.</p>	
<p>(c) Receipt of gifts from third parties</p>	<p>The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.</p> <p>A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness, and in the best interest of the Company.</p>	<p>Under its Code of Ethics, each employee must exercise utmost discretion in accepting personal favors or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery of any form. An employee must uphold the Company's interest and not grant undue personal favors, especially in matters of awarding dealerships, contracts, or in hiring and similar activities.</p> <p>All executives, employees and members of their immediate families are prohibited from soliciting gifts in any form, gratuity, favor, service or other benefit from any current or potential business partner/person seeking any advantageous action by, or relationship with, the Company, or from any non-business partner/person who may have interests in influencing business decisions. Further, executives and employees are prohibited from requesting/soliciting any form of entertainment or sponsorship, or accepting an offer to pay for travel, accommodation or attendance/participation in meetings, conferences or similar functions, from any third party that has an intended or existing business dealing with the Company. Receipt of such gifts, offer for travel, accommodation or attendance in functions, or payment for a meal or entertainment is only allowed upon fulfillment of certain specified conditions, such as, among others, non-creation of an appearance of impropriety, absence of a connotation of an implied obligation to grant favor or as a payment for a grant of favor, and the gift or offer is of nominal value.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
(d) Compliance with Laws & Regulations	<p>One of the board's functions is to ensure that the Company complies with all relevant laws, regulations and best business practices. The board shall likewise keep its authority within the powers of the institution as prescribed in the articles of incorporation, by-laws, and in existing laws, rules and regulations. It shall further ensure that the Company complies with an independent audit mechanism that is in place to monitor the adequacy and effectiveness of the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p>	<p>The Company promotes an environment that fosters and maintains a high level of self-discipline among all employees and expects each employee to observe reasonable standards of conduct in the performance of his work, in his relationship with fellow employees and in his dealings with the public. For this purpose, the Company has established certain standards of conduct which are consistent with the corporate philosophy and objectives, and government policies and regulations.</p> <p>Under its Code of Ethics, an employee of the Company is expected to exercise corporate citizenship and protect the Company's interest by conducting business affairs in fairness, honesty and in compliance with law.</p> <p>Various government agencies regulate the different aspects of the Company's manufacturing, sales and distribution business. Accordingly, as an example, under its Environmental Management Policy, the Company (a) implements an appropriate Environmental Management System, and (b) ensures that the Company complies with all environmental laws and regulations by establishing an ongoing education and training program on environment for the manufacturing management and staff in order to keep them updated on new and applicable environmental laws, and by maintaining the Company's plants and facilities compliant with environmental standards, and their permits up to date.</p>	
(e) Respect for Trade Secrets/Use of Non-public Information	<p>Each director has the duty to observe confidentiality of all non-public information which he may acquire or learn by reason of his position as a director.</p> <p>The Company has likewise adopted a policy which regulates the acquisition and disposal of Company shares by its directors, officers and employees, and the use and disclosure of price-sensitive information by such persons. Under the policy, directors, officers and employees who have knowledge or are in possession of material non-public information are prohibited from dealing in the Company's securities prior to</p>	<p>In the Company's Code of Ethics, each employee is expected to protect with zeal and caution confidential knowledge or data on products, business strategies, processes, systems or other important information during or even after employment with the Company. It is the policy of the Company to protect the integrity and confidentiality of all Company-owned/internal information, including those related to production, marketing and distribution, from unauthorized disclosure. Pursuant to this policy, all confidential information are required to be cleared with the relevant functional heads/management prior to release, and only authorized key</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>disclosure of such information to the public. The policy likewise prescribes the periods before and after public disclosure of structured and non-structured reports during which trading in the Company's securities by persons who, by virtue of their functions and responsibilities, are considered to have knowledge or possession of material non-public information, is not allowed.</p>	<p>personnel shall have access to such information, which shall be stored in designated depository areas. Such key personnel are made to execute confidentiality undertakings with the Company.</p>	<p>The Company's securities dealing policy as described in the directors' column, which regulates the use of non-public information, also applies to officers and employees of the Company.</p>
(f) Use of Company Funds, Assets and Information	<p>The Board is tasked to provide sound strategic policies and guidelines on major capital expenditures and other programs to sustain the Company's long-term viability and strength, and to periodically evaluate and monitor the implementation of such policies and strategies. It shall establish 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.</p>	<p>Under its Code of Ethics, an employee shall utilize Company property, funds, equipment and time solely for the purpose required by the Company.</p> <p>Pursuant to this, the Company has adopted policies relating to disbursements of payments, credit management, collection of receivables, and billings of customers.</p> <p>It is also the policy of the Company to ensure that all materials and supplies of the Company are accepted, handled and stored properly to preserve its value and fitness for use in the production process. The handling and storage of materials must consider, among others, appropriate technology, and safety. Quality assurance system and security measures are in place to monitor quality and sanitation, and prevent contamination and pilferage, among others.</p> <p>The Company has likewise adopted various policies on the use of information technology assets, which prescribes the correct usage and maintenance thereof, and policies relating to the security of electronic communications with the Company, which prescribed the guidelines on the accountability of users of the Company's communications facilities, and restrictions of use.</p>	<p>Under its Code of Ethics, an employee shall utilize Company property, funds, equipment and time solely for the purpose required by the Company.</p> <p>Pursuant to this, the Company has adopted policies relating to disbursements of payments, credit management, collection of receivables, and billings of customers.</p> <p>It is also the policy of the Company to ensure that all materials and supplies of the Company are accepted, handled and stored properly to preserve its value and fitness for use in the production process. The handling and storage of materials must consider, among others, appropriate technology, and safety. Quality assurance system and security measures are in place to monitor quality and sanitation, and prevent contamination and pilferage, among others.</p> <p>The Company has likewise adopted various policies on the use of information technology assets, which prescribes the correct usage and maintenance thereof, and policies relating to the security of electronic communications with the Company, which prescribed the guidelines on the accountability of users of the Company's communications facilities, and restrictions of use.</p>
(g) Employment & Labor Laws & Policies	<p>One of the board's functions is to ensure that the Company complies with all relevant laws, regulations and best business practices. The board shall likewise keep its authority within the powers of the institution as prescribed in the articles of incorporation, by-laws, and in existing laws, rules and regulations.</p>	<p>The Company believes that its employees are its most valuable resource and key competitive advantage. It is the policy of the Company to create and sustain a stable and dynamic environment of industrial peace, where the relationship between management and employees, as partners, is characterized by continuous communication transparency, fairness</p>	<p>The Company believes that its employees are its most valuable resource and key competitive advantage. It is the policy of the Company to create and sustain a stable and dynamic environment of industrial peace, where the relationship between management and employees, as partners, is characterized by continuous communication transparency, fairness</p>

Business Conduct & Ethics	Directors	Senior Management	Employees
		<p>and cooperation. The Company is committed to promoting its employees' holistic development, meeting their individual needs, respecting their individuality and enabling them to meet their full potential.</p> <p>The Company has adopted various policies on employment and labor relations to comply with the applicable labor laws, rules and regulations, and in promotion of its human resources' development and well-being. These policies include policies on compensation and benefits, employee relations programs, recruitment and training, health, welfare and safety.</p>	
(h) Disciplinary action	<p>The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of its Manual and ensuring adherence to corporate principles and best practices. Violations of the Manual may result in penalties, after due notice and hearing, such as reprimand or removal of directors.</p>	<p>The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of its Manual and ensuring adherence to corporate principles and best practices. Violations of the Manual may result in penalties, after due notice and hearing, such as reprimand, suspension or removal of officers and employees.</p> <p>It is the policy of the Company that the purpose of disciplinary action is to correct rather than to punish the individual. Should an employee violate policies, rules and regulations of the Company disciplinary actions are imposed, as much as possible, in progressively increasing weight. After the employee has been given the due process, depending on the history, circumstances and gravity of the situation, superiors take corrective action in the form of verbal discussion, written warning, suspension or discharge. Progressive discipline, however, does not apply to grave offenses for which the employee may be discharged immediately and the Company may institute the necessary civil and/or criminal case against the employee.</p>	
(i) Whistle Blower	<p>The Company has also established procedures for the communication by directors, officers, employees and other interested parties of their concerns regarding internal accounting controls, auditing, and financial reporting matters to, and the investigation thereof by, the Audit Committee under its whistleblowing policy.</p> <p>Under the policy, the Company shall not tolerate retaliation in any form against a director, officer or employee who, in good faith, raises a concern or reports a possible legal or ethical violation under the policy. This policy, however, shall not be a route for taking up personal grievance.</p>		

Business Conduct & Ethics	Directors	Senior Management	Employees
(j) Conflict Resolution	Under the Manual, the board of directors shall encourage use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Company and its shareholders or third parties, including regulatory agencies.	The Company adopts various methods to address and resolve issues and conflicts among employees, or between Management and employees, by conducting informal talks and discussions such as the <i>Pulso, Pulong-pulong</i> or the <i>Bukluran ng Kawani at Pangasiwaan</i> , wherein representatives from management and employees are represented. The grievance machinery and the Labor Management Council under the collective bargaining agreements of the Company with its unionized employees are also available for airing and resolving conflicts within the Company.	

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

The Code of Conduct has been disseminated to senior management and employees.

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

The Company implements and monitors compliance with its Code of Ethics through the enforcement of the Company's Rules and Regulations and Disciplinary Actions for their violations. Under the Company's Rules and Regulations, violations have corresponding sanctions depending on the type/gravity and frequency of violation.

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	Transactions with related parties are made on an arm's length basis and at normal market prices. The Company follows the same procedure as used in independent third party transactions in the review, approval/ratification, monitoring and recording of related party transactions. The Company also complies with the board and shareholder voting mechanisms provided under the Corporation Code and the relevant regulations of the SEC for related party transactions. In the case of interlocking directors, directors who are interested in the transactions to be approved abstain from voting thereon.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(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	There is no formal 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. No instances of conflict of interests occurred in 2014.¹⁶ In the event of any conflict, however, such conflict shall be amicably settled by the parties through open discussions.
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,¹⁷ 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
San Miguel Corporation ("SMC") and Kirin Holdings Company, Limited ("Kirin")	Substantial Shareholders	Kirin and SMC entered into a Shareholders Agreement under which certain customary rights are given to SMC and Kirin as substantial shareholders of the Company, including the requirement for the vote of at least one nominee-director of Kirin and SMC for the approval of certain corporate actions.

(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:¹⁸

Names of Related Significant Shareholders	Type of Relationship	Brief Description
SMC	Provision of services	SMC provides shared corporate services to the Company such

¹⁶ Amended pursuant to the 2015 Definitive Information Statement and SEC Form 17-A for the year ended December 31, 2014.

¹⁷ Family relationship up to the fourth civil degree either by consanguinity or affinity.

¹⁸ Amended pursuant to the SEC Form dated 10 February 2014 (Filing of Registration Statement), and SEC Form 12-1 (Registration Statement).

Names of Related Significant Shareholders	Type of Relationship	Brief Description
	Purchase of products	as information and technology management, mergers and acquisitions, investors and stakeholder relations, and management of stock purchases and options. SMC purchases products from the Company for various corporate use.
	Reimbursements of expenses	SMC advances for utilities, certain marketing and advertising/communications expenses.
Kirin	Purchase of products and equipment	The Company purchases Kirin products for local distribution, and certain production equipment.
	Reimbursement of expenses for seconded Kirin employees	Kirin seconds certain executives and technical employees to the Company.

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

Name of Shareholders	% of Capital Stock affected (Parties) ¹⁹	Brief Description of the Transaction
SMC and Kirin	99.69%	Kirin and SMC entered into a Shareholders Agreement under which certain customary rights are given to SMC and Kirin as substantial shareholders of the Company, including the requirement for the vote of at least one nominee-director of Kirin and SMC for the approval of certain corporate actions.

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 sets meetings with the concerned stockholders, regulatory authorities and other third parties to discuss and find an amicable solution to the issues or concerns raised by these stakeholders.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

¹⁹ As of 30 September 2015, the issued and outstanding shares of the Company is 15,359,053,161 (exclusive of the 51,425,799 common shares tendered and accepted by the Company in its tender offer for its voluntary delisting from the PSE, which is recorded as treasury shares). As of 30 September 2015, the Company has secured Certificates Authorizing Registration for 47,303,499 common shares of the common shares tendered and accepted.

C. BOARD MEETINGS & ATTENDANCE

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

The Board of Directors' meetings are scheduled before the beginning of the year.

- 2) Attendance of Directors

Board	Name	Date of Election ²⁰	No. of Meetings Held during the year ²⁰	No. of Meetings Attended ²⁰	% ²⁰
Chairman	Ramon S. Ang	11 July 2013 and re-elected on 27 May 2014	6	5	83.33
Member	Roberto N. Huang	11 July 2013 and re-elected on 27 May 2014	6	6	100
Member	Ferdinand K. Constantino	11 July 2013 and re-elected on 27 May 2014	6	6	100
Member	Keisuke Nishimura	11 July 2013 and re-elected on 27 May 2014	6	6	100
Member	Carlos Antonio M. Berba	11 July 2013 and re-elected on 27 May 2014	6	6	100
Member	Virgilio S. Jacinto	11 July 2013 and re-elected on 27 May 2014	6	5	83.33
Member	Teruyuki Daino	11 July 2013 and re-elected on 27 May 2014	6	6	100
Member	Shobu Nishitani	11 July 2013 and term expired on 27 May 2014	2	1	50
Member	Takashi Hayashi	Elected on 27 May 2014	4	4	100
Member	Toru Suzuki	11 July 2013 and resigned on 10 March 2014	1	1	100
Member	Hajime Nakajima	Elected on 27 May 2014	4	4	100
Independent	Carmelo L. Santiago	11 July 2013 and re-elected on 27 May 2014	6	6	100
Independent	Alonzo Q. Ancheta	11 July 2013 and re-elected on 27 May 2014	6	5	83.33

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

No. Non-executive directors did not have a separate meeting in 2014²⁰ without the presence of any executive director.

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

No. Under the Company's amended by-laws, a majority of the number of directors as fixed in the amended articles of incorporation of the Company shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act (except for election of officers which shall require the vote of majority of all the members of the board).

- 5) Access to Information

- (a) How many days in advance are board papers²¹ for board of directors meetings provided to the board?

The Company endeavors to provide board papers at least one (1) week before the date of the board meeting.

²⁰ Amended pursuant to the letter advice dated 5 January 2015 on the Attendance of Directors at 2014 Board and Board Committee Meetings.

²¹ 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.

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

Yes. Under the Manual, the members of the board are given independent access to Management and the Corporate Secretary.

(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 whose functions include, among others:

- **to gather and analyze all documents, records and other information essential to the conduct of her duties and responsibilities to the Company;**
- **as to agenda, to inform the members of the board thereof in accordance with the Company’s by-laws and to ensure that the board has the necessary information to enable it to arrive at intelligent decisions on matters requiring approval;**
- **to assist the board in making business judgments in good faith and in the performance of its responsibilities and obligations;**
- **to attend all board meetings (except when justifiable reasons prevent her from doing so), obtain a complete schedule of such meetings at least for the current year and put the board on notice before every meeting, and maintain, safe keep and preserve the integrity of the records of the Company, including the minutes of the board and board committee meetings;**
- **to work fairly and objectively with the board, management, shareholders and other stakeholders;**
- **to ensure that board procedures, rules and regulations are strictly followed by the members;**
- **to submit 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; and**
- **as the Compliance Officer, to perform all the duties and responsibilities of the said office as provided in this Manual.**

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

Yes. The Company’s Secretary, Atty. Rosabel Socorro Teston-Balan has legal and financial background, and has training in corporate secretarial practices. She is also the Company’s Vice President and General Counsel. Atty. Balan holds a Bachelor’s Degree in Economics from the University of the Philippines, a Juris Doctor Degree from the Ateneo de Manila University Law School and a Master’s Degree in Business Administration from De La Salle University. She was previously the director, and/or corporate secretary/assistant corporate secretary of various companies within the San Miguel Group.

(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:

Yes No

Committee	Details of the procedures
Executive	<p>The members of the board and the board committees are given independent access to management, personnel, records and the corporate secretary. Further, the members of the Audit and Governance and Nomination Committees are authorized to investigate any activity within its functions and responsibilities as set out in their respective charters. Accordingly, directors may request information from the Company, its management, corporate secretary and personnel at any time.</p> <p>In addition, management also provides 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</p>
Audit	
Nomination	
Remuneration	
Others (specify)	

Committee	Details of the procedures
	responsibilities to the stockholders. Notices, minutes, agenda and supporting papers are made available to any director upon request to the Corporate Secretary.

6) External Advice

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

Procedures	Details
Yes, the Manual provides the procedure for directors to receive external advice.	The Company's Manual and the charters of the Audit, Executive Compensation, and Governance and Nomination Committees provide that, upon reasonable request, the directors, individually or as a group, may seek external legal or other independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.

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
None		

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	Based on Job Evaluation, Target Market Position, Business Affordability and Performance Considerations	Based on Job Evaluation, Target Market Position, Business Affordability and Performance Considerations
(2) Variable remuneration	Based on Business Affordability and Performance Considerations	Based on Business Affordability and Performance Considerations
(3) Per diem allowance	Based on Business Affordability	Based on Business Affordability
(4) Bonus	Based on Business Affordability and Performance Considerations	Based on Business Affordability and Performance Considerations
(5) Stock Options and other financial instruments	None	None
(6) Others (specify): Employee Benefits (Please refer to item 3 on	Based on Job Evaluation, Target Market Position, Business	Based on Job Evaluation, Target Market Position,

Process	CEO	Top 4 Highest Paid Management Officers
Role of Stakeholders for employee benefits.)	Affordability and Performance Considerations	Business Affordability and Performance Considerations

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	<p>The Company's board of directors does not receive any compensation other than the per diem allowance for directors' attendance at board and board committee meetings that were approved by the board of directors. The Company provides each director with reasonable per diem of ₦20,000 and ₦10,000 for each board and board committee meeting, respectively, attended by such director.</p> <p>Other than these per diem amounts, there are no standard arrangements pursuant to which the directors of the Company are compensated, or are to be compensated, directly or indirectly, by the Company for services rendered by such directors.</p>		
Non-Executive Directors			

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
Per diem allowance for board and board committee meetings attended by the members of the board	No changes made in the compensation of the board of directors in the last three (3) years which will require stockholders' approval

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None	None	None
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	₦530,000	₦720,000	₦360,000
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
Total	₦530,000	₦720,000	₦360,000

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total	0	0	0

Figures provided above include remuneration received only by directors as directors in 2014.²²

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/Warrants	Number of Equivalent Shares	Total % from Capital Stock
There are no stock options, warrants or options over the Company's shares held by the Company's directors.				

(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
None	None	None

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:

Name of Officer/Position	Total Remuneration
Vice President, Chief Finance Officer and Treasurer	£79,269,122.55 ²³
Senior Vice President and Marketing Manager	

²² Amended pursuant to the letter advice dated 1 June 2015 (update of information contained in the 2014 Annual Report distributed in the 2015 Annual Stockholders' Meeting and posted in the website).

²³ Amended pursuant to the 2015 Definitive Information Statement and SEC Form 17-A for the year ended December 31, 2014.

Name of Officer/Position	Total Remuneration
Vice President and General Counsel	
Vice President and National Sales Manager	
Assistant Vice President and Brewing Technical Group Head	

E. BOARD COMMITTEES²⁴

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	1	1	None	The Executive Committee functions as the board of directors of the Company when the board is not in session, subject to such restrictions and limitations in the exercise of its powers as stated in the Company's amended articles of incorporation and such limitations as the board of directors may prescribe.	The Executive Committee has the same responsibilities as the board of directors as provided in the Company's Manual.	The Committee acts within the power and authority granted upon it by the Board and is called upon when the Board is not in session to exercise the powers of the latter in the management of the Company, subject to such restrictions and exceptions as provided in the Company's amended articles of incorporation and as may be restricted by the board of directors.
Audit	2	1	2	Yes	The Audit Committee was constituted to aid the board of directors in fulfilling its oversight duties and responsibilities in respect of the integrity of the Company's financial reports and financial reporting process, the effectiveness of its internal control and risk management systems, independence and performance of its internal and external audit functions, and compliance with accounting standards, and legal and regulatory requirements.	The Audit Committee is primarily responsible for (a) the review of the financial statements and accounts of the Company, and ensure their integrity; (b) ensure the effectiveness and adequacy of the internal control systems of the Company; (c) recommend to the board, the appointment, reappointment and removal of the external auditor and approve its terms	The Audit Committee is authorized by the board of directors to investigate any activity within its functions and responsibilities and shall have full access to management, personnel, records, and external and internal auditors of the Company. It also has the power to conduct investigations and make recommendations in relation to (a) any communication or report referred to it under the Whistleblowing Policy of the Company, (b) any report or

²⁴ Amended pursuant to the SEC Form 17-C dated 31 July 2015 (Resignation of Atty. Virgilio S. Jacinto) and 7 August 2015 (Changes in Board Committees).

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
						of engagement; (d) review and approve the internal audit work plans and scope and establish the reporting lines of the internal auditor; and (e) ensure effectiveness of the risk enterprise management framework and processes of the Company, monitor risk activities and assess/discuss risk management strategies.	communication by regulatory agencies relating to the financial statements of the Company, ensuring corrective actions are implemented, and (c) the findings of major investigations on internal control of financial reporting matters as delegated by the board or on its own initiative.
Governance and Nomination	0	1	2	Yes	The Governance and Nomination Committee was constituted to oversee and review the corporate governance principles and practices of the Company, to review and evaluate the qualifications of persons nominated to the board, and to assist the board in developing and implementing the board's assessment and performance evaluation process.	The Governance and Nomination Committee key responsibilities relate to the development, implementation, review and assessment of the corporate governance principles, structures, policies, and practices of the Company; the establishment of the appropriate evaluation system for the monitoring and assessment of the performance of the board, directors and board committees, and the compliance of the Company with the Manual; and the screening, identification and recommendation of nominees for election to the board.	The Governance and Nomination Committee is authorized by the board of directors to investigate any activity within its functions and responsibilities, and shall have full access to management, personnel, records, and external and internal auditors of the Company. It also has the power to make recommendations for the nomination and election of directors or to fill vacancies in the board, as and when they arise. In addition, it has the power to make recommendations to the board as to changes which it believes desirable to the size of the board, including establishment of guidelines in the number of directorships which a director may hold in accordance with the policy in the Manual.
Remuneration	1	1	1	Yes	The Executive Compensation Committee evaluates and reviews the Company's compensation plans, policies and programs for executive officers,	The Executive Compensation Committee ensures (a) that the Company has coherent remuneration policies and	The Executive Compensation Committee shall have full access to management, personnel and records of the Company for the purpose of

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
					adopts policies that govern the Company's compensation and benefit programs, and has oversight of the plans for executive officers' development and succession.	practices which are observed and which enable the Company to attract and retain executives and directors who will create value for its shareholders, (b) the Company fairly and responsibly rewards executives, taking into consideration the Company's and executives' performance and general pay environment; and (c) Full Business Interest Disclosure as part of the pre-employment of officers is implemented and the declaration of their interests and shareholdings is complied with. It also reviews and recommends all promotions and appointments of officers of the Company.	fulfilling its responsibilities. It has the power to make recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management, and on the establishment of a formal and transparent procedure for developing policy on remuneration.
Others (specify) None							

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment *	No. of Meetings Held ²⁵	No. of Meetings Attended ²⁵	% ²⁵	Length of Service in the Committee ²⁵
Chairman (NED)	Ramon S. Ang	24 July 2008	1	0	0	6 years
Member (ED)	Roberto N. Huang	24 July 2008	1	1	100	6 years
Member (ED)	Teruyuki Daino	12 April 2011	1	1	100	3 years
Member (ED)	Takashi Hayashi	27 May 2014	1	1	100	7 months
Member (ID)	Carmelo L. Santiago	24 July 2008	1	1	100	6 years

* First appointment to the Committee

(b) Audit Committee

Office	Name	Date of Appointment *	No. of Meetings Held ²⁵	No. of Meetings Attended ²⁵	% ²⁵	Length of Service in the Committee ²⁵
Chairman (ID)	Carmelo L. Santiago	24 July 2008	4	4	100	6 years
Member (ED)	Shobu Nishitani**	11 October 2011	2	1	50	3 years
Member (NED)	Ferdinand K. Constantino	24 July 2008	4	4	100	6 years
Member (NED)	Virgilio S. Jacinto***	14 October 2010	4	4	100	4 years
Member (ID)	Alonzo Q. Ancheta	30 April 2009	4	3	75	6 years
Member (ED)	Takashi Hayashi	27 May 2014	2	2	100	7 months

* First appointment to the Committee

** Term ended on 27 May 2014.

*** Resigned on 31 July 2015 and replaced in the Committee by Mr. Teruyuki Daino.

Disclose the profile or qualifications of the Audit Committee members.²⁶

Carmelo L. Santiago, 72, Filipino, is the Chairman of the Company's Audit Committee. He is currently an Independent Director of Liberty Telecoms Holdings Inc. and San Miguel Pure Foods Company, Inc. ("SMPFC"); an Independent Non-executive Director of San Miguel Brewery Hong Kong Limited ("SMBHK"); and Director of Terbo Concept, Inc. Mr. Santiago was a former independent director of San Miguel Corporation ("SMC"), Ginebra San Miguel Inc. ("GSMI"), San Miguel Properties, Inc. ("SMPI") and Anchor Insurance Brokerage Corporation ("AIBC"). Mr. Santiago is the founder and owner of several branches of Melo's Restaurant and founder of Wagyu Restaurant. Mr. Santiago holds a Bachelor's Degree in Business Administration from University of the East.

Ferdinand K. Constantino, 63, Filipino, holds, among others, the following positions: Director, Senior Vice President, Chief Finance Officer and Treasurer of SMC; President of AIBC; Director and Vice Chairman of SMC Global Power Holdings, Corp. and a Director of San Miguel Yamamura Packaging Corporation, Top Frontier Investment Holdings, Inc., and San Miguel Foods, Inc. Mr. Constantino also previously served as Director of PAL Holdings, Inc. and Philippine Airlines Inc. (2012-2014), Petron Corporation ("Petron"), SMPFC (2008-2009), GSMI (2008-2010, 2012-2015) and SMPI (2001-2009); Chief Finance Officer of Manila Electric Company (2009); and as Chief Finance Officer and Treasurer of the Company (2007-2009). He has held directorships in various subsidiaries of SMC during the last five years. Mr. Constantino holds a Bachelor's Degree in Economics from the University of the Philippines and completed academic requirements for a Master's Degree in Economics from the University of the Philippines.

Alonzo Q. Ancheta, 82, Filipino, is a Director of Philippine Tobacco Flue-Curing and Redrying Corporation; President of Zobella & Co. (A.Q. Ancheta and Partners), Ogilvy & Mather (Philippines), Inc., and Growe Investments Ltd.; Member of the Board of Trustees and Corporate Secretary of St. Luke's Medical Center; Council Adviser of the Intellectual Property Association of the Philippines; and Philippine National Committee member and Vice Chair of the ASEAN Law Association. He was the Senior Vice President (2000-2006) and President (2006-2009) of the Asian Patent Attorneys Association. Atty. Ancheta holds a Bachelor of Arts Degree and Bachelor of Laws Degree from the University of Manila.

Teruyuki Daino, 54, Japanese, is the Executive Vice President of the Company. He is a Director of SMBHK, SMBIL IBI, BPI, BLI, San Miguel Beer (Thailand) Limited and San Miguel Holdings (Thailand) Ltd. He was previously the Executive Financial Advisor of the Company (April-October 2011) and served in the Kirin group of companies in various capacities. Mr. Daino holds a Bachelor's Degree in Economics from Hitotsubashi University and a Master's Degree in Business Administration from the Massachusetts Institute of Technology.

Takashi Hayashi, 48, Japanese, is the Executive Financial Advisor of the Company and a Director of SMBHK, SMBIL and San Miguel Beer (Thailand) Limited. He is also the Deputy Director of Group Finance of Kirin since 2013; the Deputy General Manager of Finance and Accounting Department of Kirin Group Office

²⁵ Amended pursuant to the letter advice dated 5 January 2015 on the attendance of Directors at the 2014 Board and Board Committee meetings.

²⁶ Amended pursuant to the SEC Form 17-C dated 26 May 2015 (Results of 2015 Annual Stockholders' Meeting and Organizational Meeting); letter advice dated 1 June 2015 (Changes in the directorship of Mr. Ferdinand K. Constantino), 31 July 2015 (Resignation of Atty. Virgilio S. Jacinto), and 7 August 2015 (Changes in Governance and Nomination Committee and Audit Committee); and 2015 Definitive Information Statement.

Company, Limited (2011-2013); General Manager, Finance and Accounting Group, Corporate Planning Department (2009-2011) and Manager of Planning Group, Finance and Accounting Department (2007-2009) of Kirin Beverage Company, Limited; Manager of Accounting Group, Finance and Accounting Department of Kirin Beverage Corporation (2005-2007); and Administration Manager of Kirin Europe GmbH (2001-2005). Mr. Hayashi graduated from Keio University with a Bachelor's Degree in Economics and is a Chartered Member of the Securities Analysts Association of Japan.

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

Under its Charter, the Audit Committee's duties and responsibilities in respect of the external auditor are as follows:-

- (a) to be primarily responsible for making recommendation to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor;
- (b) assess and monitor the (i) external auditor's independence and objectivity and require the external auditor to make the statements required by applicable auditing standards as its relationships and services with the Company in this regard, discussing any relationship or services which may derogate its independence or objectivity; and (ii) the effectiveness of the audit process in accordance with applicable standards;
- (c) obtain objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the Company's securities are listed;
- (d) review and approve the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences;
- (e) review the reports or communications of the external auditors and ensure that management or the board will provide a timely response to the issues raised in such reports or communications;
- (f) develop and implement policies on the engagement of an external auditor to supply non-audit work, and evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions; and
- (g) ensure that the external auditor or the signing partner of the auditing firm engaged by the Company is changed every five (5) years or earlier.

(c) Governance and Nomination Committee

Office	Name	Date of Appointment *	No. of Meetings Held ²⁵	No. of Meetings Attended ²⁵	% ²⁵	Length of Service in the Committee ²⁵
Chairman	Alonzo Q. Ancheta	30 April 2009	3	3	100	6 years
Member (NED)	Virgilio S. Jacinto **	14 October 2010	3	3	100	4 years
Member (ID)	Carmelo L. Santiago	24 July 2008	3	2	75	6 years
Member (ex-officio, non-director)	Mercy Marie J. L. Amador	8 December 2011	3	3	100	3 years
Member (ex-officio, non-director)	Lynn B. Santos	8 December 2011	3	3	100	3 years

* First appointment to the Committee

** Resigned on 31 July 2015 and replaced by Mr. Ferdinand K. Constantino.

(d) Remuneration Committee

Office	Name	Date of Appointment *	No. of Meetings Held ²⁵	No. of Meetings Attended ²⁵	% ²⁵	Length of Service in the Committee ²⁵
Chairman	Ferdinand K. Constantino	24 July 2008	2	2	100	6 years
Member (ED)	Teruyuki Daino	11 October 2011	2	2	100	3 years
Member (ID)	Carmelo L. Santiago	24 July 2008	2	2	100	3 years

* First appointment to the Committee

(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
Chairman	There are no other committees constituted by the board of directors.					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive Audit Governance and Nomination Remuneration Others (specify)	Atty. Virgilio S. Jacinto resigned as member of the Audit Committee and Governance and Nomination Committee on 31 July 2015. Mr. Ferdinand K. Constantino was appointed as member of the Governance and Nomination Committee and Mr. Teruyuki Daino was appointed as member of the Audit Committee on 7 August 2015 in place of Atty. Jacinto.²⁴	

4) Work Done and Issues Addressed

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

Name of Committee	Work Done ²⁷	Issues Addressed ²⁷
Executive	The Executive Committee held one (1) meeting in 2014 in which they approved the amendment to the negative covenants of the outstanding bonds of the Company to align the same.	There were no significant issues in 2014 which were required to be addressed by the Executive Committee.
Audit	The Audit Committee held four (4) meetings in 2014 wherein the Audit Committee reviewed and approved, among others, the Company's 2013 Audited Financial Statements as prepared by management, and the Company's unaudited financial statements for the first to the third quarters of 2014. The Audit Committee likewise monitored and reviewed the adequacy and effectiveness of the Company's internal control systems through the regular reports of the internal audit. The Committee was apprised of the	There were no significant issues in 2014 which were required to be addressed by the Audit Committee.

²⁷ Amended pursuant to the letter advice dated 1 June 2015 (update of information contained in the 2014 Annual Report distributed in the 2015 Annual Stockholders' Meeting and posted in the website).

Name of Committee	Work Done ²⁷	Issues Addressed ²⁷
	latest developments in regulatory requirements through the reports of the Compliance Officer.	
Governance and Nomination	The Governance and Nomination Committee held three (3) meetings in 2014 in which the Governance and Nomination Committee discussed and deliberated on, among others, the qualification of the nominees for election to the board at the 2014 annual general stockholders meeting and the amendments to the Manual to update the same with the new SEC rules.	There were no significant issues in 2014 which were required to be addressed by the Governance and Nomination Committee.
Remuneration	The Executive Compensation Committee held two (2) meetings in 2014 to review, discuss and endorse for Board approval Management's proposed promotions to officership.	There were no significant issues in 2014 which required to be addressed by the Executive Compensation Committee.
Others (specify)	No other committees	No other committees

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 ²⁷	Issues to be Addressed ²⁷
Executive	None	None
Audit	None	None
Governance and Nomination	None	None
Remuneration	None	None
Others (specify)	No other committees	No other committees

F. RISK MANAGEMENT SYSTEM²⁸

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company's overall risk management philosophy is to establish and strengthen its enterprise risk management ("ERM") as one of the Company's key enablers for effective corporate governance and towards the achievement of the Company's strategic objectives.

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

The results of the initial phases of the set-up of the Company's ERM system have been presented to the board of directors and to the Audit Committee in 2012. The ERM internal framework was set up for assessment and monitoring in 2013. This initial ERM framework is still subject to Management's review and final approval of the Board.

²⁸Amended pursuant to the letter advice dated 1 June 2015 (update of information contained in the 2014 Annual Report distributed in the 2015 Annual Stockholders' Meeting and posted in the website).

(c) Period covered by the review;

The ERM internal framework was set up for assessment and monitoring in 2013.

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

The ERM internal framework was set up for assessment and monitoring in 2013. This initial ERM framework is still subject to Management's review and final approval of the Board.

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

The ERM internal framework was set up for assessment and monitoring in 2013.

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:

The Company's ERM Policy provides the framework for managing the risks across the Company. It contains the fundamental policies to guide all personnel of the Company, including senior executive management and the board of directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the Company. The ERM Policy also serves as a guide to enable the concerned personnel of the Company to make the appropriate actions and decisions pertaining to the management of the Company's risks.

The Company has identified the risks which affect its operations and business results. The risks were then evaluated and prioritized by the Company based on the severity of the impact, likelihood of occurrence and opportunity for risk management improvement. In general, the risks of the Company are effectively managed, with appropriate controls in place.

The risks were categorized into four (4) aspects, namely strategic, operational, compliance and financial.

Risk Exposure/Category	Risk Management Policy	Objective
<p>Strategic</p> <p>Strategic risks include competition in the alcoholic beverage industry which is relatively strong and influences the Company's market share. The Company also competes with other discretionary items such as food and other beverage products and generally in other goods and services.</p> <p>Planning and execution is another risk as the Company may not be able to effectively execute certain strategies because of uncertainties and risks in operating conditions and the external environment.</p> <p>Consumer preferences also pose as a risk as demand for existing products and launch of new products are dependent</p>	<p>The Company implements programs to address strategic risks. For example, to manage the risk from competition, the Company ensures close monitoring of competitor initiatives and implements programs to curb competitor incursion.</p> <p>The Company also pursues the enhancement of planning, monitoring and implementation processes, as well as conducts regular monitoring and analysis of external environment to address risks related to planning and execution.</p> <p>In view of the risk on consumer preferences, the Company implements careful and thorough study of consumer trends and preferences towards successful</p>	

Risk Exposure/Category	Risk Management Policy	Objective
on consumer preferences or shifts in lifestyle trends.	new product launches.	
<p>Operational</p> <p>On operations, there are risks associated with production as the Company may not be able to meet demand for its products because of production difficulties due to changes in external environment (e.g., weather disturbances).</p> <p>The purchase of raw materials for the Company's products also has risks as the raw materials are dependent on availability and prices which are caused by several factors such as changes in global supply and demand, foreign exchange fluctuations and prices of raw materials.</p> <p>The Company likewise foresees risks related to sales and distribution given the Company's distribution network which includes dealers, wholesalers, retailers and logistics services providers. The Company's business performance will be affected if any of these parties fail in providing their services.</p>	<p>In order to address operational risks, the Company ensures that the facilities are strategically located across the country so that consumer demand is met. A crisis prevention and management system is also in place to effectively respond to crisis.</p> <p>The Company also implements alternative supplier program and ensures adequate supply of raw materials to support production requirements.</p> <p>To manage the risk associated with sales and distribution, the Company strengthens management of and partnership with dealers, retailers and third-party service providers.</p>	
<p>Compliance</p> <p>Risk related to compliance to regulatory environment includes product quality and safety as it affects the Company's reputation and brand image.</p>	<p>The Company ensures compliance with laws and regulations affecting the business and the industry it operates in for business continuity and corporate reputation.</p>	
<p>Financial</p> <p>Financial risks cover those related to management of resources such as cash, receivables, investments, etc. The Company's business performance could be affected if resources are not properly managed.</p>	<p>The Company strengthens management of resources and ensures optimized use of assets and working capital, among others.</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
The Group's risk management policy generally tracks the Company's risk management policy as stated above.		

(c) Minority Shareholders

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

Risk to Minority Shareholders
By virtue of the one share, one vote principle, corporate actions are carried out by the exercise of the controlling shareholders' voting power, except in cases where the law provides otherwise.

3) Control System Set Up

(f) Company

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

The Company's ERM system has been established to have a sustainable risk management system that effectively manages the key issues (potential and existing) of the Company. The system also embeds risk management into the awareness and day-to-day activities of the Company's officers and employees, integrates the risk management process into the strategic planning process and provides a structured framework for enhancing corporate governance.

In particular, the Company ensures that its ERM system is aligned with the Company's strategic goals and objectives. This is done by establishing risk management goals and objectives that are geared towards the attainment of SMB's strategic goals and objectives.

The risk management framework involves processes such as –

- a. Assessment of business risks. The Company's risks are evaluated and measured based on likelihood of impact and opportunity for risk management improvement. Risks are reviewed on a regular basis based on the framework.**
- b. Development of risk management strategies and action plans.**
- c. Monitoring and reporting. Monitoring of risks is conducted on a quarterly and annual basis by the Audit Committee.**

The Company has an ERM oversight structure composed of management committees and key personnel in order to have an integrated and independent view of the risks across different categories (e.g., strategic, operations, compliance and financial). This also allows the Company to address gaps in risk coverage, risk management functional inefficiencies and overlaps as well as confusion among concerned personnel. The ERM process is also continuously improved by assessing its effectiveness through regular feedback and assessment of stakeholders and implementation of appropriate improvements.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Please see discussion above.		

(g) 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)
The Group's control system set up generally follows the Company's control system set up as stated above.		

(h) 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 ensures that the Company has established risk management policies and procedures, and discuss with management and the internal auditor such policies and procedures adopted, particularly those relating to risk identification, assessment and management; regularly evaluates the adequacy and effectiveness of the enterprise risk management framework or processes of the Company and monitor risk management activities by requiring the head of the risk management function to provide periodic risk assessment reports and an annual risk assessment report which shall include identification of existing or emerging risks and the related risk-mitigating action undertaken; and meets periodically with management to discuss the risk management strategies adopted by the Company.	

G. INTERNAL AUDIT AND CONTROL²⁸

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 overall internal control system of the Company is defined in its Internal Control Policy. Under this policy, 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.

Definition and Objectives of Internal Control

Internal control comprises any action taken by management, the board and other parties to enhance risk management, and increase likelihood that established objectives and goals will be achieved. The primary objectives of internal control are to ensure:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operation;
- Safeguarding of assets;
- Compliance with policies, plans, procedures, laws, regulations and contracts, and
- Accomplishment of established objectives and goals for operations or programs.

Responsibility of Managers

Every manager is responsible for ensuring compliance with all financial and operational controls in his area of operations and must implement internal control as part of the total system to achieve Company goals. Managers should 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 should give prompt and cooperative consideration to recommended improvement measures made by independent internal or external audit groups.

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

The Report of the Audit Committee states that it has reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance processes, and ensured that, where applicable, necessary measures are taken to address any concern or issue arising therefrom.

- (c) Period covered by the review;

A review was conducted in 2014.

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

The internal controls are reviewed quarterly and annually. The board of directors ensures that the 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. It also sees to it 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.

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

Not applicable.

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 Company's internal audit provides independent, objective assurance and consulting services designed to add value and improve the operations of the Company and its subsidiaries and help the Group accomplish its objectives by bringing a	The scope of work of the Company's internal audit is to assist the board and management in determining whether the risk management, control, and governance processes within the Group, as designed and represented by Management, are adequate and effective in a	In-house and Outsourcing	Audit Head: Heinrich D. Legaspi Auditing Firms: Reyes Tacandong & Co. and M.V. Reyes & Co.	The internal audit functionally reports directly to the Company's Audit Committee.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</p>	<p>manner to ensure that:</p> <ul style="list-style-type: none"> (a) significant exposures to risks are appropriately identified and adequately managed; (b) significant financial, managerial, and operating information is accurate, reliable, and timely; (c) employees' and the Company's actions are in compliance with policies, standards, procedures, and applicable laws and regulations; (d) resources are acquired economically, used efficiently, and adequately protected; (e) objectives and goals for operations or programs are achieved; and (f) effectiveness, efficiency and continuous improvement are promoted in the Company's operating systems and processes. 			

(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?

Appointments and removal of the internal auditor or the accounting firm to which part of the internal audit functions is outsourced are not required to be approved by the Audit 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?

Internal audit is granted access to personnel, records, property and information required in the course of their work at any location. The internal audit is required to submit to the Audit Committee and to management an annual report on the internal audit function’s activities, responsibilities and performance, relative to the audit plans and strategies approved by the Audit Committee. The annual report shall include significant risk exposures, control issues, and such other matters as may be needed or requested by the board and management. The internal auditor should certify that it conducts its activities in accordance with the International Standards on the Professional Practice of Internal Auditing; otherwise, the External Auditor shall disclose to the board and management the reasons for its non-compliance.

- (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
Not applicable	No movement in internal audit staff in 2014.

- (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 reports on the progress/status and results of the Internal Audit Plan quarterly and annually. The Internal Audit completed the 2014 internal audit plan. The internal control ratings of completed audit engagements were also presented, wherein almost 73% of the units audited garnered an internal control rating of at least very satisfactory (thirty units), while 20% (eight units) garnered an exemplary rating. Three units were rated as satisfactory.
Issues²⁹	No material exceptions were noted by the internal auditor.
Findings³⁰	No material exceptions were noted by the internal auditor.
Examination Trends	No material exceptions were noted by the internal auditor. Internal controls are generally effective and adequate.

[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;

²⁹ “Issues” are compliance matters that arise from adopting different interpretations.

³⁰ “Findings” are those with concrete basis under the company’s policies and rules.

- 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
The Company has adopted various policies and guidelines relating to Revenue Cycle, Cash Management and Internal Control. Revenue Cycle Policies include those on pricing, sales commission, customer order processing, planning and delivery of products, warehousing, billing of customer, sales discounts and returns, credit management, sales recognition, and collection of trade receivables. Cash Management Policies include the cash disbursement policy.	These policies and guidelines have been implemented and are generally in order.
The Company has adopted various policies and guidelines relating to the Procurement Cycle. These policies aim to establish the purchasing processes and documentation requirements to be followed in the acquisition of materials and supplies, equipment, goods and services required by the Company and which shall cover the various stages of the procurement transaction.	These policies and guidelines have been implemented and are generally in order.
The Company has adopted various policies and guidelines relating to the Supply Chain-Logistics Cycle. These policies relate to, among others, (a) inventory planning and control of all outbound finished goods, and (b) technical services which govern the transportation and sales logistics operations on a national level and draft beer technical services.	These policies and guidelines have been implemented and are 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 main mechanisms established by the Company to safeguard the independence of external and internal auditors are integrated in the key responsibilities of the Audit Committee. As provided in its charter, the Audit	In the engagement of the services of financial analysts, all proposals are carefully evaluated and conflicts checks are conducted to ensure that such	In the engagement of the services of investment banks, all proposals are carefully evaluated and conflicts checks are conducted to ensure that such institutions or entities	In the engagement of the services of rating agencies, all proposals are carefully evaluated and conflicts checks are conducted to ensure that such

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>Committee, in respect of the external auditor:</p> <ul style="list-style-type: none"> ○ makes recommendation to the board on the appointment, reappointment and removal of the external auditor, and approves the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; ○ assesses and monitors the: (a) external auditor's independence and objectivity and requires the external auditor to make the statements required by applicable auditing standards on its relationships and services with the Company in this regard, discussing any relationship or services which may derogate its independence or objectivity; and (b) the effectiveness of the audit process in accordance with applicable standards; ○ obtains objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the Company's securities are listed; ○ reviews and approves the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences; ○ review the reports or communications of the external auditors and ensure that management or the board will provide a timely response to the issues raised in such reports or communications; and ○ develops and implement policies on the engagement of an external auditor to supply non-audit work, and evaluates any non-audit work undertaken 	<p>institutions or entities are free from opposing interests, and influences of competition, and linkages to critical stakeholders (including major shareholders), directors, senior management or key executives.</p> <p>Where required by applicable laws, rules and regulations, the Company complies with such accreditation requirements and other applicable restrictions as to the scope and conduct of their services, and content of reports to ensure independence.</p> <p>Further, the Company is guided by its policies on business and fair dealings, and receipt of gifts from third parties in its transactions with these institutions and entities (please refer to item (1) of the Code of Business Conduct and Ethics section of this report).</p>	<p>are free from opposing interests, and influences of competition, and linkages to critical stakeholders (including major shareholders), directors, senior management or key executives.</p> <p>Where required by applicable laws, rules and regulations, the Company complies with such accreditation requirements and other applicable restrictions as to the scope and conduct of their services, and content of reports to ensure independence.</p> <p>Further, the Company is guided by its policies on business and fair dealings, and receipt of gifts from third parties in its transactions with these institutions and entities (please refer to item (1) of the Code of Business Conduct and Ethics section of this report).</p>	<p>institutions or entities are free from opposing interests, and influences of competition, and linkages to critical stakeholders (including major shareholders), directors, senior management or key executives.</p> <p>Where required by applicable laws, rules and regulations, the Company complies with such accreditation requirements and other applicable restrictions as to the scope and conduct of their services, and content of reports to ensure independence.</p> <p>Further, the Company is guided by its policies on business and fair dealings, and receipt of gifts from third parties in its transactions with these institutions and entities (please refer to item (1) of the Code of Business Conduct and Ethics section of this report).</p>

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>by the external auditor to ensure that the same does not conflict with its audit functions.</p> <p>The external auditor or the signing partner of the auditing firm engaged by the Company is also changed every five (5) years or earlier.</p> <p>In respect of the internal auditor, the Audit Committee:</p> <ul style="list-style-type: none"> ○ establishes and identifies the reporting line of the head of internal auditor in order that the internal audit function may fulfill its responsibilities free from the interference of outside parties. In the case of the Company, the head of the internal audit function reports directly to the Audit Committee; ○ reviews and approves the internal audit work plans, including scope and audit resources/expenses; and ensures that: (a) the scope of its examination includes evaluation of adequacy and effectiveness of controls on governance, operations, information systems, protections of assets and compliance with contracts and applicable, laws, rules and regulations, and (b) the internal auditor has the sufficient resources to carry out its functions; ○ reviews the reports and communications of internal auditors, which shall include key findings and recommendations, internal control ratings and status of the audit plan including planned and completed audit engagements; <p>The Internal Audit is also required 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</p>			

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Committee, which shall include significant risk exposures, control issues and such other issues as may be requested by the Audit Committee.			

(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.

Under the Manual, the Chairman and Corporate Secretary attest on the extent of the Corporation's compliance with this Manual and the SEC code of corporate governance, where necessary or required by applicable laws, rules and regulations.

H. ROLE OF STAKEHOLDERS³¹

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

	Policy	Activities
Customers' welfare	<p>Preceding from its core value of Customer Delight, the Company is committed to serve its customers with topmost priority, consistency and genuine concern, and to delight them with unique, memorable and toast-worthy experiences, thereby earning their trust and loyalty.</p> <p>Consistent with this value, it is the policy of the Company to ensure product quality standards are consistently achieved. It is also the policy of the Company to ensure that all new raw and packaging materials and other manufacturing supplies are fitted for use in its breweries.</p>	<p>The Company strictly implements procedures in its manufacturing plants to ensure that the plants produce products that conform to the quality standards and specifications established by the Company's Brewing Technology Group. A system has been established which immediately addresses any deviations from the specifications and standards. The Company ensures that only products which conform to the standards and specifications of the Company are released to the market. Multi-functional audits are also conducted regularly to ensure that parameters are strictly followed.</p> <p>New raw and packaging materials undergo and pass technical evaluation prior to its being used for commercial run. Use of the materials shall only be allowed after favorable results of the trial and internal approvals have been secured.</p> <p>The Company also implements a Customer Inquiry Monitoring System which attends to and directs any customer concern to</p>

³¹ Amended pursuant to the letter advice dated 1 June 2015 (update of information in 2014 Annual Report distributed in 2015 Annual Stockholders' Meeting and posted in website).

	Policy	Activities
		the relevant function for resolution.
Supplier/contractor selection practice	<p>It is the policy of the Company that all purchases are of the right quality and quantity, and delivered at the right time, at the right place and at the best buy value. The Company may use different strategies in the acquisition of materials and services. However, the procurement of materials and services shall at all times be conducted in a manner that is most beneficial to the Company while maintaining fairness and transparency in all transactions.</p> <p>The Company's procurement groups continuously conducts supplier accreditation activities including supplier appraisals, short-listing and evaluation to determine which suppliers are best suited to respond to a particular purchase requirement based on guidelines set in the Company's Supplier Accreditation System.</p>	<p>The Company observes a bidding and an accreditation process for its suppliers of its materials and services. Negotiated contracts may nevertheless be made with suppliers/contractors which are justified to best provide the needs of the Company in terms of quality, cost, expediency in delivery, and the manner of payment, terms and conditions. All purchase transactions shall be with qualified suppliers/contractors. Technical evaluation of the materials and services as offered by suppliers are conducted by the functional units requiring the service or material with the Company's procurement group, based on a set selection criteria and requirements. Where necessary, the supplier's production plant is visited to check actual facilities, product quality, technical competence, and compliance with labor guidelines.</p> <p>Procurement transactions must be covered by proper documentation and shall adhere to relevant company, industry and governmental standards and regulations.</p>
Environmentally friendly value-chain	<p>The Company is committed to the preservation of the environment where it operates. As one of the leading brewers in the world, it continues to improve its environmental performance and influence its stakeholders to adopt environment-friendly practices and to advocate for a clean, safe and healthy workplace. As responsible stewards of the environment, the Company adheres to the following action principles:</p> <ul style="list-style-type: none"> • consistently meet or exceed legal, statutory and other requirements; • continuously enhance the Company's management system to effectively address the environmental 	<p>The Company's breweries utilize environment-friendly materials and processes, and undertake Environmental Impact Assessments in the development of new products, packaging and technologies, and in the acquisition of new equipment and facilities. The necessary environmental permits for the Company's plants are secured, and conditions stated therein are complied with and monitored. The Company maintains and operates its own waste water treatment plants in its breweries, which comply with government effluent standards, and waste water streams in the breweries with quality above the</p>

	Policy	Activities
	<p>impact of its activities and reduce the risks to the environment, human health and safety;</p> <ul style="list-style-type: none"> • nurture business stability by: <ul style="list-style-type: none"> ➢ conserving natural resources through efficient utilization, re-use and recycling of materials and utilities; ➢ implementing pollution control and proper waste management; and ➢ improving equipment efficiency; and • promote a culture of environmental engagement among its employees and business partners. <p>The Company believes that as the environment thrives, the business thrives.</p>	<p>government effluent standards are treated in these plants. Plants also ensure that gas emission standards are in accordance with government regulation, and that proper segregation, collection, transport, storage, treatment and disposal of solid wastes are observed. Hazardous wastes are properly labeled, stored, contained, transported and treated following government requirements.</p> <p>Each brewery has designated a Pollution Control Officer who shall promote the implementation of the brewery's environmental and pollution control programs.</p> <p>In 2014, in recognition of the Company's efficient use of utilities, the Department of Energy accorded the Company's San Fernando, Bacolod and Polo breweries and Sta. Rosa plant the Emilio Abello Energy Efficiency Award.</p> <p>Implementation of the Company's environmental policy is also seen in its community programs. <i>Buhayin ang Kalikasan</i>, the Company's flagship environmental program, was launched in 2009 and is composed of projects, among others, on tree-growing, coastal clean-up, recycling, and river-dredging.</p> <p>Under the Company's crusade in greening the environment, <i>Trees Brew Life</i>, over 500,000 samplings of hardwood, mangrove and fruit-bearing trees have been planted since its implementation in 2010. The program has also expanded its reach to include denuded areas of Cagayan Valley, Nueva Ecija, Pangasinan, Camarines Sur, Tacloban, Iloilo, Puerto Princesa, Rizal, Marikina, Bulacan and Makati, on top of the customary</p>

	Policy	Activities
		<p>regions where the Company's production facilities are located.</p> <p>The Company also continuously implements its creek clean-up drive through the Adopt an Estero Project, clean and green activities, mangrove regeneration, and coral reef rehabilitation. It has also supported the <i>Pista sa Kinaiyahan</i>, rendered assistance for the Philippine Eagle, and sponsored the Earth Day celebration and forum on water conservation, as well as the bridgepark project.</p> <p>Overseas, its Hong Kong subsidiary continued to support the fund-raising initiative through a fun run for the protection of animals through the Lantau International Beer Dash and Lantau Buffalo Association.</p>
Community interaction	<p>The Company adheres to the following principles: strategic partnerships, positive stakeholder relations and collective engagement for a common aspiration in support of nation-building.</p> <p>Partnership with the Community. The Company continues to help in building alliances with communities in areas where it operates. It recognizes that it has a responsibility not just to employees but also to the communities where its businesses operate. The Company believes that a unified front and concerted effort on sustainable development bring longer and lasting benefits.</p> <p>Partnership with the Government. In pursuit of common objectives, the Company partners with the government in its various social development projects and other relevant undertakings redounding to countryside development.</p> <p>Partnership with non-governmental organizations and the Private</p>	<p>The Company continues to help the communities where it operates by caring for the environment and contributing to countryside development.</p> <p>Education On top of the Company's twenty-one (21) scholars, the Company also allotted twenty (20) more scholarship grants to poor but deserving students and supported 610 malnourished students under the <i>Malusog and Katawan, Matalas na Isipan</i> Supplemental Feeding Program in the different communities that host its breweries in Polo, Davao, San Fernando, Mandaue and Bacolod, as well as in Caluan, Laguna.</p> <p>The Company also conducted two (2) leadership conferences for the Company's scholars in Olongapo City and Bacolod City, implemented a Kid's Camp for sixty (60) students in Valenzuela City and a reading program for a daycare center in Mandaue City.</p>

	Policy	Activities
	<p>Sector. The Company collaborates with non-government organizations and the business community in espousing synergy through joint initiatives to expand its beneficiary-reach.</p> <p>The Company epitomizes its brand of corporate citizenship by caring beyond business through sharing the benefits it derives from the society. And inherent in its growth, social development endeavors are founded on synergy, shared values and shared vision with its various stakeholders.</p>	<p>Through the <i>Aklat, Gabay, Aruga tungo sa Pag-angat at Pag-asa</i> Foundation, the Company turned over another eight (8) classrooms in Roxas, Davao del Sur and Butuan. Construction is on-going for the remaining twelve (12) classrooms in Pampanga, Cebu, Zamboanga and Antique.</p> <p>The Company's Adopt-A-School project in the cities of Bacolod, Sta. Rosa and Davao enabled students to enjoy learning materials such as books, computers and television sets.</p> <p>Disaster Rehabilitation The Company provided 1,137 housing units for the families affected by Typhoon Sendong in Northern Mindanao; while 263 houses, now in different stages of completion, are intended for the relocation of homeless families in the municipalities of Palo, San Miguel and Javier in the province of Leyte. The Company also supported thirty-five (35) housing units for the shelter program of earthquake victims in Bohol.</p> <p>Community-based Initiatives The Company also helped the communities in which it operates through livelihood and training programs and other community relations projects.</p> <p>Twenty nine (29) boats and fishing supplements were donated to identified fisherfolk at Ormoc town in Leyte and Iloilo provinces, respectively, which suffered the brunt of Typhoon Yolanda; while training and other livelihood programs on cooking and motorcycle repair for the out-of-school-youth were conducted in Samar, Tacloban, Cebu and Davao del Sur. Aside from an orientation program, the Company also provided seed capital for the Men in Business</p>

	Policy	Activities
		<p>project in Mandaue City.</p> <p>To enhance awareness and program implementation, a barangay strengthening program focused on disaster preparedness was conducted in Valenzuela, Pampanga, Bacolod, Mandaue and Davao del Sur, the Company's host communities.</p> <p>San Miguel Guangdong Brewery Company Limited ("SMGB") donated gifts to the elderly and the needy families residing around the brewery in celebration of the Chinese New Year and Mid-Autumn Festival; while San Miguel Beer Thailand Ltd. continued to take part in the National Children's day by participating in fun games and a blood-letting activity. The Company also donated bicycles for children.</p> <p>SMBHK provided financial assistance for the fundraising event of the Sedan Chair Charities Fund and the food assistance program of the Bo Charity Foundation.</p> <p>In Vietnam, the local subsidiary made contributions to the poverty-relief fund of Suoi Hiep Commune and Dien Khanh Province as well as cash donations</p> <p>Healthcare and Basic Services The Company continues to contribute in providing quality and specialized healthcare for 4,000 beneficiaries through its off-site diagnostic clinics. A Wellness Orientation was conducted in the Mandaue Community Clinic. In Masbate City, at least 250 patients with visual and auditory problems were given access to free medical check-ups and treatments. Medical missions were also organized by the Company in the communities surrounding its</p>

	Policy	Activities
		<p>facilities in Polo and San Fernando for 200 beneficiaries. The Company also rehabilitated the water pump at the town of Sta. Cruz in Davao del Sur and participated in the Brigada Skwela and bloodletting activities.</p> <p>PTD participated in medical clinics, distributed milk to more than 320 children and continued to partner with Red Cross for their quarterly blood-letting activities. PTD also encourages communities to participate in celebrations such as Ramadan and Idul Adha with a food aid program for 100 orphans.</p> <p>Guangzhou San Miguel Brewery Company Limited sustained its support for the Terry Fox Run, which raised funds for local cancer centers, and the International Charity Festival of the Guangzhou English Training Center, proceeds of which were donated to its Rehab Fund for students who need to undergo corrective surgery or use prosthetic limbs.</p> <p>In Hongkong, SMBHK continued to promote responsible drinking by sponsoring the Chalk Art event.</p>
Anti-corruption programmes and procedures	<p>Various policies aim to prevent corruption in its business dealings.</p> <p>Under its Code of Ethics, each employee must exercise utmost discretion in accepting personal favors or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery of any form. An employee must uphold the Company's interest and not grant undue personal favors, especially in matters of awarding dealerships, contracts or in hiring and other similar activities.</p> <p>All executives, employees and members of their immediate</p>	<p>Employees shall not be influenced by personal, family, financial or other considerations which might affect the employees' judgment of what is best for the Company. In the event that the personal business interest of an officer or employee may conflict with the interests of the Company, proper disclosure by the officer or employee shall be made and a review by higher management shall be conducted to resolve the conflict. Towards this purpose, all employees are required to fill out a Full Business Interest Disclosure Form and to report any potential conflict of interest.</p>

	Policy	Activities
	<p>families are prohibited from soliciting gifts in any form, gratuity, favor, service, entertainment or sponsorship, offer to pay for travel, or other benefit from any current or potential business partner/person seeking any advantageous action by, or relationship with, the company, or from any non-business partner/person who may have interests in influencing business decisions.</p> <p>Employees seeking public office or participating in public and political affairs are required to comply with certain Company conditions and restrictions in keeping with the apolitical status of the Company. Management shall not provide financial or material support to the employees' campaign activities and no resource or facilities of the Company shall be used to favor or benefit any political candidate or party. Where work performance of the employee elected to office suffers, the employee is required to resign or retire.</p> <p>It is also the policy of the Company that all donations and sponsorship requests shall be evaluated, reviewed, and approved following established criteria and approving levels of authorities.</p> <p>The Company also only purchases materials and services from accredited suppliers and contractors and through a bidding process.</p>	<p>The bidding and accreditation processes of the Company also ensure that its purchases of materials and services are made only from qualified suppliers and contractors, whose materials and services are able to meet the stringent requirements and needs of the Company. Contractors represent in their respective service agreements with the Company that they did not give, nor promise to give, any sum or money, gift or any material favor/consideration to any officer or employee of the Company for the purpose of winning award of such agreement.</p>
Safeguarding creditors' rights	<p>The Company honors its obligations to its suppliers and creditors, including timely payment in accordance with agreements.</p>	<p>The Company ensures that it complies with its contractual commitments to its creditors. Regular ratings by independent rating agencies on the Company's debt incurred through a public bond offering and timely disclosures in the exchange where such bonds are listed and to the SEC further ensure that the Company's creditors are appraised of the operations and financial conditions of the Company.</p>

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

Yes, the Company has a separate corporate responsibility section in its annual report.

3) Performance-enhancing mechanisms for employee participation

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

It is the policy of the Company to facilitate the creation of a work environment that nurtures balance and the holistic development and growth of employees in all possible dimensions of life, such as but not limited to, health and wellness, spirituality, family and involvement in corporate social responsibility projects, citizenship, entrepreneurship and environmental protection. It believes that a balance and healthy life leads to a productive and effective work life. In pursuit of this policy, the Company has adopted several guidelines relating to the various employee relations programs which it implements: Company-sponsored sports and physical fitness programs, Christmas party, employee summer events, and employee service awards. The Company also provides a comprehensive health care service directed for the prevention of disease, protection from health hazards, and maintenance of health, and active and healthy lifestyles.

The Company seeks to have accident-free operations in all its offices and production facilities. Its policy on safety is derived from principles, values, legal and regulatory requirements, and is operationalized through the implementation of standards of performance and well-documented standard operating procedures. These procedures include the implementation by manufacturing plants of an effective and properly documented Safety Management System ("SMS") that can be integrated with other requirements to achieve safety goals in tandem with business goals, and production processes that minimize impact on worker health, safety and environment. The SMS is supported by top management and focuses on continual safety improvement and accident prevention. Plants measure and analyze accidents, determine their cause and implement action plans to prevent recurrence. They likewise establish procedures to monitor all contractors on site to inform them of Company and/or site-specific safety policies and procedures. These standards and procedures are reinforced by regular inspections, testing and audits of all process equipment, including all pressure-relieving devices and warning systems, and proactive education of the workforce.

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

The Company's production facilities maintain good manufacturing practices manuals which prescribe, among others, the procedures for compliance with safety standards and practices, including the use of personal protection equipment. Regular audits are conducted at the Company's production facilities to determine their compliance with the good manufacturing practices manual. The safety data includes the level of downtime experienced in the production facilities, which measures productivity levels therein (i.e. absence of accidents, technical malfunctions). The Company also adopted the "big brother" approach relative to the monitoring and ensuring of contractors' compliance with safety regulations and practices implemented at the production facilities of the Company.

Likewise, the Company conducts/practices activities as part of its prevention and control measures against work safety and health hazards such as organization of a safety and health committee, appointment of safety/health officers or first aid workers, posting of safety signages or warnings, worker's orientation on safety and health hazards at work and training on emergency preparedness, installation of machine guards on moving parts/equipment, emergency response preparedness program, monitoring and control of safety/health hazards, dissemination of information materials on safety and health, trainings on safety and health for officers and workers, adoption of policy on random drug testing procedures, smoking control policies, and adoption of measures to control the effect of works safety and health hazards including engineering control, and use of personal protective equipment.

The Company also requires a pre-employment physical examination for prospective employees and an annual physical examination for its employees, the non-compliance with which is a ground for disciplinary action under its rules and regulations. It provides health care benefit programs such as the Health and Welfare Program which consists in providing free hospitalization, medical consultation, medicines and medical services for qualified employees, and Health Welfare Program through Health Maintenance Organizations which is extended to qualified dependents. It is an insurance plan designed to cover the hospitalization, dental,

diagnostic procedure and outpatient services of employees' dependents subject to certain limits. Further, the Company conducts health and wellness days where employees may avail of certain medical diagnostic procedures and consultations for free and medical vaccinations. The Company also maintains a clinic and medical specialists and gym/basketball facilities in the head office and in each production facility.

The Company's Human Resources function spearheads the organization of sports activities and talent competitions in coordination with the various human resources functions of the San Miguel group in pursuit of the holistic development policy of the Company for its employees.

Finally, the Company also extends other miscellaneous benefits for the employees' personal and financial development such as monthly rice rations, free sets of uniforms for workers and field sales personnel, wedding gift, and a multi-purpose loan program, and economic or financial assistance for certain contingencies or unexpected occurrences.

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

It is the policy of the Company that the design and conduct of all training interventions within the Company are aligned with organizational goals/business directions/strategies and individual career development plans. Individual and organizational training interventions within the Company are carried out to address training and development needs. These are identified through training needs assessments done by the national and plant Human Resources group for their respective functional accounts; organizational diagnosis done by the National Organization and People Development ("OPD") and Human Resources Account Management Group for different functions; and consolidation of the individual development plans done by the national/plant Human Resources group, derived from the performance appraisal or competency assessment results. National OPD and plant Human Resources group are responsible for analyzing the results of the training needs assessment and identification of the training needs and interventions vis-à-vis the competencies required to perform a job, career development and business requirements.

The Company's training curriculum provides for the following types of training and development programs conducted for its employees at various levels:

- Top Management/Senior Management/Executives – Strategic leadership programs and Management/Coaching Learning Series
- High Potential – Leadership and Management Programs
 - Basic Management Program (Asian Institute of Management)
 - Management Development Program (Asian Institute of Management)
- Functional Exposure
 - Advanced Exposure/Immersion on Sales/Marketing/Logistics
- General Development
 - Seven Habits Workshop
- Managers – Leadership and Management
 - Strategic Thinking Program
 - Business Leadership
 - Management of Change
 - Coaching and Talent Management
 - Supply Chain Management
- Functional Exposure
 - Basics of Business Planning
- General Development
 - Orientation Program to new Middle Managers Pool
 - Seven Habits Workshop
- Supervisors – Leadership and Management
 - Basic Supervisory Course
 - Administrative Investigation and Grievance Handling
 - Fundamentals of Coaching
 - Problem Solving and Decision Making
 - Performance Management
 - Project Management

- Functional Exposure
 - Understanding Sales Operations
 - Finance for Non-finance
 - Marketing for Non-marketing
 - Basic Logistics Management
 - Human Resources for Non-Human Resources
 - Work Support
 - Consulting and Negotiation Skills Workshop
 - Conflict Management
 - Personal Effectiveness Workshop/Values Program
- Staff**
- Functional Exposure
 - Brewing for Non-brewers
 - Work Support
 - Computer Applications Program
 - Effective Presentation Skills Workshop
 - Communication Skills Workshop
 - General Development
 - Employee Orientation Course
 - Personal Effectiveness Workshop/Values Program

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

It is the policy of the Company to compensate its employees at a level sufficient to drive excellence of performance and to maintain the labor market competitiveness necessary to attract, motivate and retain a competitive workforce. The Company ensures that all compensation programs remain consistent with sound business practices and compliant with all laws and regulations that govern pay. It adopts a process of compensation planning which incorporates business/organizational needs, external competitiveness, internal equity and performance considerations. The policy intends to provide reference and guide for compensation decisions to enable the Company to maintain compensation systems that attract, motivate and retain qualified and competent employees, reflect the relative value of jobs and promote internal equity, and maintain external competitiveness.

- 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.

Complaints on illegal and unethical behavior are handled by the Human Resources function in coordination with the relevant functional heads of the various departments involved. The Company's does not tolerate retaliation in any form, as particularly provided in its Anti-Sexual Harassment Policy and Whistleblowing Policy, and such actions shall be subject to investigation as well in accordance with Company rules.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent ³²	Beneficial Owner
San Miguel Corporation	7,859,344,270 ³³	51.16%	San Miguel Corporation
Kirin Holdings Company, Limited	7,456,879,880 ³⁴	48.54%	Kirin Holdings Company, Limited

³² As of 30 September 2015, the issued and outstanding shares of the Company is 15,359,053,161 (exclusive of the 51,425,799 common shares tendered and accepted by the Company in its tender offer for its voluntary delisting from the PSE, which is recorded as treasury shares). As of 30 September 2015, the Company has secured Certificates Authorizing Registration for 47,303,499 common shares of the common shares tendered and accepted (updated based on 2015 Definitive Information Statement).

³³ Inclusive of shares held by nominees.

³⁴ Inclusive of shares held by nominees.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock ³⁵
Roberto N. Huang	5,000	0	.000033%
Carlos Antonio M. Berba	5,000	0	.000033%
Teruyuki Daino	5,000	0	.000033%
Mercy Marie Jacqueline L. Amador	0	0	-
Takashi Hayashi	5,000	0	.000033%
Minerva Lourdes B. Bibonia	0	0	-
Rosabel Socorro T. Balan	0	0	-
Debbie D. Namalata	0	0	-
Rebecca S. Flores	0	0	-
Rene T. Ceniza	0	0	-
Enrico E. Reyes	0	0	-
TOTAL	20,000	0	.000130%

2) Does the Annual Report disclose the following:³⁶

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	No
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

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

The annual report does not disclose the training and/or continuing education programme attended by each directors as this is not a required information under the SEC rules and regulations for the completion of the SEC Form 17-A.

3) External Auditor's fee³⁷

Name of auditor	Audit Fee	Non-audit Fee
R.G. Manabat & Co. (formerly Manabat Sanagustin & Co. CPAs)	₱6.68 million	₱3.0 million

³⁵ See footnote 32.

³⁶ Amended pursuant to the letter advice dated 1 June 2015 (update of information in 2014 Annual Report distributed in 2015 Annual Stockholders' Meeting and posted in website).

³⁷ Amended pursuant to the 2015 Definitive Information Statement.

Non-audit fees paid in 2014 pertain were for services rendered in connection with the Company's issuance of its P15 billion fixed rate bonds.

4) Medium of Communication

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

Disclosures to the SEC and PDEx

Company Website

Press Releases

Investors Briefings and meetings

Notice and Information Statement sent to shareholders

Responses through emails and phone calls

5) Date of release of audited financial report:

Audited Financial Statements for the year ended December 31, 2014: 28 April 2015³⁷
Audited Financial Statements for the year ended December 31, 2013: 10 February 2014

6) Company Website

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

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 RPT³⁸

RPT	Relationship	Nature	Value (Php in millions)
Retirement Plan	Company's retirement plan for its employees		10
SMC	Parent company	Revenue from related parties³⁹	11
		Purchases from related parties⁴⁰	965
		Amounts owed by related parties	20
		Amounts owed to related parties	381

³⁸ Amended pursuant to the 2014 Consolidated Audited Financial Statements contained in the 2015 Definitive Information Statement.

³⁹ Revenue from related parties/Amounts owed by related parties consist of trade and nontrade receivables, share in expenses and tolling services.

⁴⁰ Purchases from/Amounts owed to related parties consist of trade payables, professional fees, insurance and management fees arising from purchases of materials, bottles, shells, cartons, reimbursement of expenses and services rendered from/by related parties.

RPT	Relationship	Nature	Value (Php in millions)
Kirin	Majority shareholder	Amounts owed by related parties	1
Associate of Ultimate Parent	Associate of Ultimate Parent	Revenue from related parties	1
Various subsidiaries of SMC	Under common control	Revenue from related parties	238
		Purchases from related parties	4,620
		Amounts owed by related parties	129
		Amounts owed to related parties	876

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?

Transactions with related parties are made on an arm's length basis and at normal market prices. The Company follows the same procedure used in independent third party transactions in the review, approval/ratification, monitoring and recording of related party transactions. The Company follows the board and shareholder voting mechanisms provided under the Corporation Code and the relevant regulations of the SEC for related party transactions.

In the case of interlocking directors, directors who are interested in the transactions to be approved abstain from voting thereon.

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 outstanding capital stock must be present or represented in all regular or special meeting of stockholders in order to constitute a quorum.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting is by person or by proxy. Shareholders vote <i>viva voce</i>, 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.
Description	In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner to one vote. In case of election of directors, cumulative voting is adopted. The Company follows the required number of shareholder votes to approve corporate actions as prescribed by the Corporation Code for the approval of any proposal or matter presented during the stockholders meeting.

(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
Right to attend the stockholders' meeting by person or by proxy	The Company encourages participation in stockholders meeting by sending out a form of the proxy to the stockholder with the Notice and Definitive Information Statement to assist shareholders wishing to attend by proxy notwithstanding that it is not soliciting proxies.

Dividends⁴¹

Declaration Date	Record Date	Payment Date
11 March 2015	20 April 2015	6 May 2015
8 May 2015	5 June 2015	17 June 2015
7 August 2015	4 September 2015	25 September 2015
6 November 2015	24 November 2015	7 December 2015

(d) Stockholders' Participation

(i) 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
The Company encourages participation in stockholders meeting by sending out a form of the proxy to the stockholder with the Notice and Definitive Information Statement to assist shareholders wishing to attend by proxy notwithstanding that it is not soliciting proxies.	Stockholders are provided with the opportunity to ask questions and raise any matters which they wish to take up with the board of directors and management during the annual stockholders' meeting. At the start of the meeting, the corporate secretary advises the stockholders of the procedure for asking questions and the Chairman inquires the stockholders if there are matters which they wish to raise before the board and management before adjourning the meeting.
The schedule of (date, time, place, record date, deadline for sending and validation of proxies) and agenda for the annual stockholders' meeting is announced and disclosed by the Company more than two (2) months before the scheduled date of the meeting to allow sufficient time for the stockholders to attend and prepare for the meeting.	

⁴¹ Amended pursuant to the SEC Forms 17-C dated 11 March 2015 (Cash Dividends), 8 May 2015 (Cash Dividends), 7 August 2015 (Cash Dividends) and 6 November 2015 (Cash Dividends).

- (ii) 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

The Company adheres to the Corporation Code, Securities and Regulation Code, and other relevant rules and regulations in terms of the shareholder participation and requirements for the approval of the foregoing corporate actions. The rationale and basis for the corporate actions will be explained to the shareholders through the timely and relevant disclosures that will be made and the notice/information statements calling for a stockholders meeting for the approval of such corporate actions, where appropriate.

- (iii) 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?⁴²

Yes. The schedule of (date, time, place, record date, deadline for sending and validation of proxies) and agenda for the 2015 annual stockholders' meeting was announced and disclosed by the Company more than two (2) months before the scheduled date of the meeting to allow sufficient time for the stockholders to attend and prepare for the meeting.

d. Date of sending out notices: **30 April 2015** (with the Definitive Information Statement)

e. Date of the Annual/Special Stockholders' Meeting: **26 May 2015**

- (iv) State, if any, questions and answers during the Annual/Special Stockholders' Meeting.⁴²

During the 2015 Annual Stockholders' Meeting, the following question was asked:

1. What is the book value of the shares of SMB?

The Company's external auditor initially responded that the book value is P249 per share. The external auditor corrected this information afterwards and informed the stockholder that the book value is P2.49 per share.

2. Does the Company intend to re-list its shares in the PSE?

The Company responded that currently, it has no plans of re-listing its shares in the PSE.

- (v) Result of Annual/Special Stockholders' Meeting's Resolutions⁴²

Shareholders owning/holding 15,349,933,800 common shares or 99.91% of the 15,363,655,560 issued and outstanding capital stock as of the Record Date for the May 26, 2015 annual stockholders' meeting attended the meeting.

Resolution	Approving	Dissenting	Abstaining
Election of Directors	All nominees for directors were unanimously elected by the stockholders with each director receiving 15,349,933,800 votes.	None	None
Approval of Minutes of the 2014 Annual Stockholders' Meeting	15,349,933,800 votes	None	None
Approval of Annual Report for the year ended December 31,	15,349,933,800 votes	None	None

⁴² Amended pursuant to the SEC Form 17-C dated 26 May 2015 (Results of 2015 Annual Stockholders' Meeting) and Letter Advice dated and 1 June 2015 (Other Matters Arising from SEC Form 17-C dated 26 May 2015).

Resolution	Approving	Dissenting	Abstaining
2014			
Ratification of all acts and proceedings of the board of directors and corporate officers	15,349,933,800 votes	None	None
Appointment of R.G. Manabat & Co.	15,349,933,800 votes	None	None

(vi) Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The Company disclosed the results of the Annual Stockholders' Meeting through an SEC Form 17-C filed with the SEC and PDEX on the same date.

(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	None

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:⁴²

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	Board Members Ramon S. Ang Roberto N. Huang Ferdinand K. Constantino Keisuke Nishimura Carmelo L. Santiago Alonzo Q. Ancheta Carlos Antonio M. Berba Virgilio S. Jacinto Teruyuki Daino Takashi Hayashi Toshiya Miyoshi Officers The members of the Operations Committee of the domestic and international operations were likewise in attendance.	26 May 2015	Viva voce	0.00064	91.91004	99.91
Special	None					

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

No. The votes are counted by the Corporate Secretary/Assistant Corporate Secretary with the assistance of the Company's stock transfer agent, SMC Stock Transfer Service Corporation.

(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.

Yes, each common share of the Company carries one vote.

(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	<p>The by-laws of the Company provide that a proxy must be executed in writing by the stockholders or his duly authorized attorney-in-fact and must be at the hands of the Corporate Secretary before the time set for the meeting.</p> <p>For stockholders that are partnerships, corporations or associations, the proxy shall be accompanied by a sworn certification of the resolutions evidencing authority of their designated proxy and signatories.</p>
Notary	Notarization of proxy is not required.
Submission of Proxy	<p>The by-laws of the Company provide that all proxies must be in the hands of the Corporate Secretary before the time set for the meeting.</p> <p>The board of directors approves the schedule for the submission of proxies. The Company adheres to the requirements under the Securities Regulation Code for the submission of proxies.</p>
Several Proxies	The Company adheres to the requirements under the Securities Regulation Code in the case of several proxies submitted.
Validity of Proxy	Unless otherwise provided in the proxy, the proxy shall be valid only for the meeting at which it has been presented to the Corporate Secretary. Proxies filed with the Corporate Secretary may be revoked by the stockholder either in an instrument in writing duly presented and recorded with the Corporate Secretary, prior to the scheduled meeting, or by their personal presence at the meeting.
Proxies executed abroad	Authentication of the proxy by the Philippine Embassy or Consular Office is required.
Invalidated Proxy	The Company adheres to the requirements under the Securities Regulation Code for the grounds invalidating proxies. Invalidated proxies shall not be included for quorum and voting purposes.
Validation of Proxy	The board of directors approves the schedule for the validation of proxies. The Company adheres to the requirements under the Securities Regulation Code for the validation of proxies.
Violation of Proxy	The proxy received by the Corporate Secretary, when properly executed, will be voted in the manner as directed

	Company's Policies
	herein by the stockholders. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of the matters in the agenda and for such other matters as may properly come before the meeting as recommended by management or the board of directors. If the proxy holder violates the instruction of the stockholder as stated in the proxy, the proxy vote will not be honored.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.⁴²

Policies	Procedure
The Company adheres to the requirements under the Securities Regulation Code for the sending of notices and information statement for the annual stockholders meeting to the stockholders.	<p>As required under the Securities Regulation Code, the notice, sample of proxy form, information statement and management report of the Company are distributed to the shareholders at least fifteen (15) business days prior to the date of the stockholders meeting.</p> <p>However, notices of the schedule of the annual stockholders meeting (date, time, venue, dates for submission and validation of proxies, closing of books) and agenda for the meeting are announced and disclosed by the Company more than twenty one (21) business days prior to the date of the annual stockholders' meeting.</p> <p>Notices are sent by courier and posted on the Company's website.</p>

(i) Definitive Information Statements and Management Report⁴²

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	1,200
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	28 April 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	28 April 2015
State whether CD format or hard copies were distributed	CDs of the Information Statement and Management Report were distributed. Printed copies were given to the principal shareholders and directors. However, any shareholder who will be requesting for a hard copy will be given one.
If yes, indicate whether requesting stockholders were provided hard copies	No stockholder requested for a hard copy.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:⁴³

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.	No
Documents required for proxy vote.	Yes

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

The amount payable for final dividends is not disclosed because the Company does not declare dividends during the annual stockholders' meeting.

2) Treatment of Minority Stockholders

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

Policies	Implementation
<p>The board of directors is committed to respect the rights of the Company's shareholders and minority interests. In addition to the statutory and basic rights provided to shareholders under the Company's amended articles of incorporation and amended by-laws, Corporation Code, Securities Regulation Code and relevant laws in relation to, among others, voting, nomination, election and removal of directors, the exercise of appraisal right, approval of certain corporate actions (such as, but not limited to, amendments to the Company's articles of incorporation and by-laws, sale, purchase, mortgage or any disposition of all or substantially all of the Company's assets, and investment of corporate funds in any other business, corporation or for a purpose other than the primary purpose of the Company), inspection of corporate books and records, the following rights are also provided under the Company's Manual:</p> <ol style="list-style-type: none"> 1. Right to Dividends in accordance with the dividend policy of the Company; 2. Right to Information, which includes the right of minority shareholders to propose the holding of a meeting and include items such matters in the agenda which are for legitimate business purposes, and in accordance with law, jurisprudence and best practice; and 3. Right of the minority to non-removal of directors without cause if it will deny minority shareholders representation in the board. <p>Stockholders are provided with the opportunity to ask questions and raise any matters which they wish to take up with the board of directors and management during the annual stockholders' meeting. At the start of the meeting, the corporate secretary advises the stockholders of the procedure for asking questions and the Chairman inquires the stockholders if there are matters which they wish to raise before the board and management before adjourning the meeting.</p>	

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

Yes, minority stockholders may nominate candidates for board of directors.

⁴³Amended pursuant to the 2015 Definitive Information Statement.

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 has a Business Affairs and Communications Unit under the Human Resources function which handles external and internal communications of the Company. The Financial Planning and Analysis under the Finance function handles investor inquiries. The Company likewise benefits from the Corporate Affairs Office unit of its parent company which has a Media Affairs Group that handles communication with media, and an Internal Communications Group which handles internal publications and corporate intranet, among others, and the Investors Relations unit of its parent company for external communications.

All information/disclosures for release are cleared and approved by the Office of the General Counsel, Finance, and where necessary, 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>The Company's investor relations program aims to effectively communicate the Company's performance, plans and strategies 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 Company information/disclosures to the financial markets.</p> <p>The Business Affairs and Communications group aims to build and protect the Company's reputation by fostering strategic partnerships and implementing programs that will establish and maintain positive stakeholder relationships. Its objective is to promote and enhance the identity and image of the organization and its award-winning products by employing purposive and effective communication strategies and services.</p>
(2) Principles	<p>It seeks to provide a consistent and reliable information that would assist investors in their investment decision.</p> <p>It will help create an environment that is not only conducive to business and economic growth but contribute to national development as well.</p>
(3) Modes of Communications	Company disclosures, One-on-one meetings, Email, Telephone calls, Company website
(4) Investors Relations Officer	<p>Reyna-Beth de Guzman Contact no. +63 2 6323752 Email: rdeguzman@smg.sanmiguel.com.ph Emilie Dumalag Email: edumalag@smg.sanmiguel.com.ph</p>

- 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?

Any major plans or extraordinary transactions of the Company are studied and evaluated by a multi-functional management team to ensure viability of the transaction and its strategic fit to the Company. Upon recommendation by management, these are then presented to the board of directors for approval.

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

The Company engages independent and qualified investment banks or financial advisers to evaluate fairness of the transaction price in significant transactions it undertakes, particularly for purchase or sales of substantial corporate assets.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES⁴⁴

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

Initiative	Beneficiary
<p>Environment</p> <p><i>Buhayin ang Kalikasan</i>, the Company's flagship environmental program, was launched in 2009 and is composed of projects, among others, on tree planting, coastal clean-up and recycling.</p> <p>Under the Company's crusade in greening the environment, <i>Trees Brew Life</i>, over 150,000 samplings of hardwood, mangrove and fruit-bearing trees have been planted since its implementation in 2010.</p> <p>The Company also continuously implemented its creek clean-up drive and clean and green activities.</p> <p>Other initiatives on nature and environment:</p>	<p>The <i>Trees Brew Life</i> program has expanded its reach to include denuded areas of Cagayan Valley, Nueva Ecija, Pangasinan, Camarines Sur, Tacloban, Iloilo, Puerto Princesa, Rizal, Marikina, Bulacan, and Makati on top of the customary regions where the Company's breweries are located.</p> <ul style="list-style-type: none"> • Tipolo Creek Clean Up • Tullahan Dredging Project • Mangrove Regeneration Project in Cebu and Puerto Princesa • Coral Reef Rehabilitation Project in Occidental Mindoro • Adopt an Estero in Pampanga • Bridgepark Project in Mandaue <ul style="list-style-type: none"> • Support to the <i>Pista sa Kinaiyahan</i> • Support to the Earth Day celebration • Support to the forum on water conservation and the environment • Assistance for the Philippine Eagle and Earth Day celebration • Fundraising for the protection of animals for SMBHK
<p>Education</p> <p>The Company turned over completed classrooms with the support of San Miguel Foundation and <i>Aklat, Gabay, Aruga tungo sa Pag-angat at Pag-asa Foundation</i>.</p> <p>The Company continued to provide scholarships grants and conducted two leadership conferences for the youth in the different communities that host</p>	<p>Eight classrooms in Roxas, Davao del Sur and Butuan</p> <p>41 students surrounding its breweries in Polo, Davao, San Fernando, Mandaue and Bacolod</p>

⁴⁴ Amended pursuant to the letter advice dated 1 June 2015 (update of information in 2014 Annual Report distributed in 2015 Annual Stockholders' Meeting and posted in website).

Initiative	Beneficiary
<p>its breweries in Polo, Davao, San Fernando, Mandaue and Bacolod.</p> <p>The Company's Adopt-A-School project in the cities of Bacolod, Sta. Rosa and Davao enabled students to enjoy learning materials such as books, computers and television sets, while a Kids Camp and a reading program were implemented in Valenzuela and Mandaue.</p> <p>The Company continued to support the Supplemental Feeding Program in areas where it operates.</p> <p>PTD extended support to more than two hundred (200) children by way of scholarship programs for deserving orphans.</p> <p>Guangzhou San Miguel Brewery Company Limited ("GSMB") staff visited, as well as donated books and school supplies to the students of the Dubu Town Center Primary School.</p>	<p>Youth in Bacolod, Sta. Rosa and Davao communities</p> <p>60 students for the Kids Camp Youth in the daycare center</p> <p>610 malnourished students in Polo, Davao, San Fernando, Mandaue, Bacolod and Laguna</p> <p>Orphans in Indonesia</p> <p>Dubu Town Center Primary School, Yangshan County, Qingyuan City</p>
<p>Disaster Rehabilitation</p> <p>The Company supported the shelter program for families affected by Typhoons Sendong and Yolanda as well as the earthquake victims in Bohol.</p>	<p>1137 affected families in Northern Mindanao 263 affected families in Leyte 35 affected families in Bohol</p>
<p>Community-based Initiatives</p> <p>The Company also helped the communities in which it operates through livelihood and training programs and other community relations projects.</p> <p>Twenty-nine boats and fishing supplements were donated to identified fisherfolk at Ormoc town in Leyte and Iloilo, respectively, which suffered the brunt of Typhoon Yolanda.</p> <p>Training and livelihood programs on cooking were conducted in Samar, Tacloban and Cebu, motorcycle repair in Davao del Sur and seed capital for the Men in Business in Mandaue.</p> <p>SMGB donated gifts to the elderly and the needy families residing around the brewery in celebration of the Chinese New Year and Mid-Autumn Festival.</p> <p>San Miguel Marketing Thailand Ltd. continued to take part in the National Children's Day by participating in fun games and a blood-letting activity, and donated bicycles for children.</p> <p>In Vietnam, the local subsidiary made contributions to the poverty-relief fund of Suoi Hiep Commune</p>	<p>Typhoon Odette victims in Olongapo and Subic Earthquake victims in Bohol Typhoon Yolanda victims</p> <p>Ormoc town, Leyte fishermen Fishermen in affected municipalities of Iloilo province</p> <p>Poor communities in Samar, Tacloban and Cebu and Mandaue</p> <p>Out-of-School youth in Davao del Sur Children in nearby communities</p> <p>Thailand communities</p> <p>Suoi Hiep Community in Vietnam</p>

Initiative	Beneficiary
<p>and Dien Khanh Province.</p> <p>SMBHK provided financial assistance for the fundraising event of the Sedan Chair Charities Fund and the food rescue and food assistance program of the Bo Charity Foundation, Food Angel.</p>	<p>Hong Kong communities</p>
<p>Healthcare and Basic Services</p> <p>The Company continues to contribute in providing quality and specialized healthcare through its off-site diagnostic clinics. A wellness Orientation was also conducted in the Mandaue Community Clinic. In Masbate City, at least two hundred fifty (250) patients with visual and auditory problems were given access to free medical check-ups and treatments. Medical missions were also organized by the Company in the communities surrounding its facilities in Polo, San Fernando and Bacolod.</p> <p>PTD participated in medical clinics , distributed milk to more than 320 children and continued to partner with Red Cross for their quarterly blood-letting activities. PTD also encouraged communities to join in celebrations such as Ramadan and Idul Adha.</p> <p>GSMB sustained its support to the Terry Fox Run, which raised funds for local cancer centers, and the International Charity Festival of the Guangzhou English Training Center, proceeds of which were donated to its Rehab Fund for students who need to undergo corrective surgery or use prosthetic limbs.</p>	<p>Masbate City Patients with visual and auditory problems 4,000 beneficiaries through the community clinics in Polo (Valenzuela), Davao, San Fernando and Mandaue Poor residents in Masbate City 250 beneficiaries for the medical missions</p> <p>Children below five (5) years old Communities in Indonesia</p> <p>Local cancer centers in Guangzhou Students requiring corrective surgery or prosthetic limbs</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	A self-assessment form is provided to the directors at the end of the year to evaluate the board's performance for the previous year. The completed forms are submitted to the Compliance Officer who forwards the same to the Governance and Nomination Committee, which shall evaluate/validate the responses and report on the results to the board of directors.	The self-assessment form evaluates the effectiveness of the board of directors in the following aspects: Responsibilities of the Board; Composition of the Board and Management Relationship; and Effectiveness of Board Processes and Meeting.
Board Committees	For the Audit Committee, a self-assessment worksheet	The self-assessment form evaluates the Audit Committee

	Process	Criteria
	which shall substantially adopt the SEC Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange is sent to the directors on an annual basis or such shorter period as may be set by the board of directors. The results of the assessment will be validated by the Governance and Nomination Committee.	on the following areas: Setting of Committee Structure and Operation; Oversight on Financial Reporting and Disclosures; Oversight on Risk Management and Internal Control; Oversight on Management and Internal Audit; and Oversight on External Audit.
Individual Directors	A self-assessment form is provided to the directors at the end of the year to evaluate the board's performance for the previous year. The completed forms are submitted to the Compliance Officer who forwards the same to the Governance and Nomination Committee, which shall evaluate/validate the responses and report on the results to the board of directors.	The individual directors are assessed on the following aspects: Awareness of the Company's by-laws and governing principles and policies; Understanding of the core purpose, values and strategies and expectations of the Company from directors; Attendance and Punctuality; Preparation; Avoidance of Conflict of Interest; and Active Participation.
CEO/President	The performance of the President is evaluated in accordance with the Performance Management System of the Company.	Criteria for evaluation are achievement of key performance indicators and approved business and financial targets.

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
Any violation of the Manual's provisions	<p>The following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:</p> <ul style="list-style-type: none"> ○ In case of first violation, the subject person shall be reprimanded. ○ Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to directors.

Violations	Sanctions
	<ul style="list-style-type: none"> ○ For third violation, the maximum penalty of removal from office shall be imposed. With regard to directors, the provision of Section 28 of the Corporation Code shall be observed. <p>The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the chairman of the board the imposable penalty for such violation, for further review and approval of the board.</p>
Director's failure to meet qualifications prescribed by the Manual	Depending on which qualification is not complied with, the director may either be temporarily or permanently disqualified to be elected to the board.

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 Mandaluyong on June 24, 2013.

SIGNATURE

(Sgd.) RAMON S. ANG
Chairman of the Board

SUBSCRIBED AND SWORN to before me this June 24, 2013, affiant(s) exhibiting to me his _____, as follows:

NAME/NO.
XX0748364

DATE OF ISSUE
July 11, 2011

PLACE OF ISSUE
Manila

Notary Public
(Sgd.) ROMMEL NAPOLEON M. LUMIBAO
Commission No. 0251-13
Notary Public for Mandaluyong City
Until Dec. 31, 2014
SMB, 40 San Miguel Ave., Mandaluyong City
Roll No. 45954
PTR No. 1617589; 01/04/13; Mandaluyong City
Lifetime Member No.09448; 01/04/11; Quezon City

Doc. No. 57;
Page No. 13;
Book No. VIII;
Series of 2013.

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 Mandaluyong on July 01, 2013.

SIGNATURE

(Sgd.) ROBERTO N. HUANG
President

(Sgd.) ROSABEL SOCORRO T. BALAN
Compliance Officer

SUBSCRIBED AND SWORN to before me this July 01, 2013, affiant(s) exhibiting to me their competent evidence of identity:

<u>Name</u>	<u>Type of ID</u>	<u>Number</u>	<u>Date Of Issue</u>	<u>Place Of Issue</u>
Roberto N. Huang	Passport	EB5630774	June 13, 2012	Manila
Rosabel Socorro T. Balan	Passport	EB6304881	September 10, 2012	Manila

Notary Public
(Sgd.) JESSICA L. ABRENICA
Commission No. 0238-13
Notary Public for Mandaluyong City
Until Dec. 31, 2014
SMB, 40 San Miguel Ave., Mandaluyong City
Roll No. 47590
PTR No. 1617590; 01/04/13; Mandaluyong City
Lifetime Member No.09484; 01/05/11; Makati

Doc. No. 156;
Page No. 33;
Book No. VII;
Series of 2013.

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 Mandaluyong on _____, 2013.

SIGNATURE

(Sgd.) ALONZO Q. ANCHETA
Independent Director

SUBSCRIBED AND SWORN to before me this July 01, 2013, affiant(s) exhibiting to me his competent evidence of identity:

<u>Name</u>	<u>Type of ID</u>	<u>Number</u>	<u>Date Of Issue</u>	<u>Place Of Issue</u>
Alonzo Q. Ancheta	Passport	EB7624062	March 13, 2013	Manila

Notary Public
(Sgd.) JESSICA L. ABRENICA
Commission No. 0238-13
Notary Public for Mandaluyong City
Until Dec. 31, 2014
SMB, 40 San Miguel Ave., Mandaluyong City
Roll No. 47590
PTR No. 1617590; 01/04/13; Mandaluyong City
Lifetime Member No.09484; 01/05/11; Makati

Doc. No. 154;
Page No. 32;
Book No. VII;
Series of 2013.

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 Mandaluyong on July 01, 2013.

SIGNATURE

(Sgd.) CARMELO L. SANTIAGO
Independent Director

SUBSCRIBED AND SWORN to before me this July 01, 2013, affiant(s) exhibiting to me their passport, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
XX3061169	Feb. 19, 2009	Manila

Notary Public
(Sgd.) JESSICA L. ABRENICA
Commission No. 0238-13
Notary Public for Mandaluyong City
Until Dec. 31, 2014
SMB, 40 San Miguel Ave., Mandaluyong City
Roll No. 47590
PTR No. 1617590; 01/04/13; Mandaluyong City
Lifetime Member No. 09484; 01/05/11; Makati

Doc. No. 155;
Page No. 32;
Book No. VII;
Series of 2013.

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY) S.S.

SECRETARY'S CERTIFICATE

I, **ROSABEL SOCORRO T. BALAN**, of legal age, single, Filipino, with office address at No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am the Corporate Secretary of **SAN MIGUEL BREWERY INC.** (the "Corporation"), a corporation duly organized and registered in accordance with the laws of the Republic of the Philippines with principal office at No. 40 San Miguel Avenue, Mandaluyong City;

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

3. The following are the resolutions approved by the Board of Directors and the Stockholders of the Corporation as reflected in the minutes of their respective meetings, and/or excerpts of the minutes of the meetings of the Board of Directors and Stockholders, held on the dates indicated below, on the following matters which were included as changes to the Corporation's Consolidated Changes in the Annual Corporate Governance Report for 2015:

(a) Declaration of Cash Dividends

(a.1) Board of Directors' Meeting held on March 11, 2015

Resolution No. 2015-03-11-02

"RESOLVED, that a cash dividend of P0.15 per share be paid on May 6, 2015 to all stockholders of record as of April 20, 2015, and such amounts as may be necessary therefor be appropriated out of unappropriated retained earnings.

RESOLVED, FINALLY, that the stock and transfer books of the Company be closed from April 21 to 27, 2015."

(a.2) Board of Directors' Meeting held on May 8, 2015

Resolution No. 2015-05-08-01

"RESOLVED, that a cash dividend of P0.15 per share be paid on June 17, 2015 to all stockholders of record as of June 5, 2015, and such amounts as may be necessary therefor be appropriated out of unappropriated retained earnings.

RESOLVED, FINALLY, that the stock and transfer books of the Company be closed from June 6 to 12, 2015.”

(a.3) Board of Directors’ Meeting held on August 7, 2015

Resolution No. 2015-08-07-02

“RESOLVED, that a cash dividend of P0.16 per share be paid on September 25, 2015 to all stockholders of record as of September 4, 2015, and such amounts as may be necessary therefor be appropriated out of unappropriated retained earnings.

RESOLVED, FINALLY, that the stock and transfer books of the Company be closed from September 5 to September 11, 2015.”

(a.4) Board of Directors’ Meeting held on November 6, 2015

Resolution No. 2015-11-06-01

“RESOLVED, that a cash dividend of P0.16 per share be paid on December 7, 2015 to all stockholders of record as of November 24, 2015, and such amounts as may be necessary therefor be appropriated out of unappropriated retained earnings.

RESOLVED, FINALLY, that the stock and transfer books of the Company be closed from November 25 to December 2, 2015.”

(b) Acceptance of the resignation of Mr. Hajime Nakajima as Director and Election of Mr. Toshiya Miyoshi as Director vice Mr. Nakajima at the Board meeting held on March 11, 2015

Resolution No. 2015-03-11-01

“RESOLVED, AS IT IS HEREBY RESOLVED, to accept the resignation of Mr. Hajime Nakajima as Director of the Company with effect from March 27, 2015 and to acknowledge his professionalism, dedication and valuable contributions to the Board of Directors and to the Company;

RESOLVED, FINALLY, that Mr. Toshiya Miyoshi be elected as Director of the Company vice Mr. Nakajima with effect from March 27, 2015.”

- (c) Approval of the Schedule of the 2015 Annual Stockholders’ Meeting during the Board meeting held on March 11, 2015

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Atty. Balan informed the Board that the annual stockholders’ meeting of the Company is scheduled on May 26, 2015 at 2:00 p.m., in accordance with the Company’s By-laws that annual meetings be held every last Tuesday of May. The venue of the meeting will be at the Executive Dining Room, 2nd Floor, SMC-Head Office Complex, Mandaluyong City.

The record date for stockholders entitled to vote at the said meeting is on April 13, 2015, and for this purpose, the stock and transfer books will be closed from April 14, 2015 to April 17, 2015. The deadline for submission of proxies is on May 15, 2015, while the validation of proxies is on May 21, 2015.

The agenda of the annual stockholders’ meeting was also presented to the Board for their information. Atty. Balan further informed the Board that the schedule and agenda for the stockholders meeting will be disclosed to the SEC and the Philippine Dealing & Exchange Corp. after today’s meeting.

Upon motion made and duly seconded, the Board approved the schedule for the 2015 annual stockholders’ meeting as presented.

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- (e) Record of Attendance of Stockholders and Excerpts of the Minutes of the 2015 Annual Stockholders’ Meeting held on May 26, 2015 on the Approval by Stockholders on Matters Presented at the Meeting

(e.1) Attendance of Stockholders

The Record of Attendance attached to the minutes of the 2015 Annual Stockholders’ Meeting shows attendance of shareholders holding and/or representing 15,349,933,800 common shares or 99.91% of the total outstanding shares as of the Record Date of 15,363,655,560.

(e.2) Approval of Minutes of 2014 Annual Stockholders' Meeting

"On motion duly made and seconded, the stockholders approved the minutes of the regular stockholders' meeting held on May 27, 2014."

No votes which abstained or voted against the proposed action were recorded.

(e.3) Approval of the Annual Report for 2014 and Questions Asked

"The Managing Director of San Miguel Brewing International Limited ("SMBIL"), Mr. Carlos Antonio M. Berba, delivered the report on the operation performance and business highlights of the Company and its subsidiaries ("Group") for the year ended December 31, 2014 and for the first quarter of 2015. A copy of the report is attached hereto as Annex "B".

The Chairman thereafter declared an open forum and, together with the Managing Director of SMBIL, Chief Finance Officer and Corporate Secretary, entertained questions from the floor.

The following questions were asked by the stockholders of the Company:

What is the book value of the shares of the Company? The Company's external auditor initially responded that the book value is ₱249 per share. The external auditor corrected this information afterwards and informed the stockholder that the book value is ₱2.49 per share.

Does the Company intend to re-list its shares in the Philippine Stock Exchange ("PSE")? The Chairman responded that currently, it has no plans of re-listing its shares in the PSE."

No votes which abstained or voted against the proposed action were recorded.

(e.4) Ratification of all acts and proceedings of the board of directors and corporate officers

"Upon motion duly made and seconded, the following resolution was approved:

'RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on May 27, 2014 as set forth in the minutes of the meetings of the Board of Directors be approved, confirmed and ratified.'"

No votes which abstained or voted against the proposed action were recorded.

(e.5) Appointment of External Auditors

"A stockholder moved for the appointment of the accounting firm of R.G. Manabat & Co. as the external auditors of the Company for fiscal year 2015. The motion was duly seconded. There being no objection to the motion, the Chairman declared the motion carried."

No votes which abstained or voted against the proposed action were recorded

(e.6) Election of Directors

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"The Corporate Secretary read the names of the following qualified nominees:

1. Ramon S. Ang
2. Roberto N. Huang
3. Ferdinand K. Constantino
4. Keisuke Nishimura
5. Carmelo L. Santiago
6. Alonzo Q. Ancheta
7. Carlos Antonio M. Berba
8. Virgilio S. Jacinto
9. Teruyuki Daino
10. Takashi Hayashi
11. Toshiya Miyoshi

The Chairman informed the stockholders that Directors Alonzo Q. Ancheta and Carmelo L. Santiago have been identified as nominees for election as independent directors of the Company in the Information Statement circulated to the stockholders in accordance with the requirements of the Securities and Exchange Commission.

A stockholder then moved to dispense with the balloting for the election of directors considering that there are eleven nominees and there are only eleven seats in the Board, and to consider all the eleven nominees as duly elected members of the Board. The motion was seconded. There being no objection, the motion was carried and the Chairman declared the eleven nominees as duly elected members of the Board of Directors.”

No votes which abstained or voted against the election of the nominees were recorded.

(f) Appointment of Board Committees at the Organizational Board Meeting held on May 26, 2015

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

Executive Committee

Ramon S. Ang – Chairman
Roberto N. Huang
Teruyuki Daino
Takashi Hayashi
Carmelo L. Santiago

Audit Committee

Carmelo L. Santiago – Chairman
Ferdinand K. Constantino
Alonzo Q. Ancheta
Virgilio S. Jacinto
Takashi Hayashi

Executive Compensation Committee

Ferdinand K. Constantino – Chairman
Teruyuki Daino
Carmelo L. Santiago

Governance and Nomination Committee

Alonzo Q. Ancheta – Chairman
Carmelo L. Santiago
Virgilio S. Jacinto
Mercy Marie J. L. Amador (non-voting)
Lynn B. Santos (non-voting)”

- (g) Acceptance of the resignation of Atty. Virgilio S. Jacinto as Director and Member of the Audit Committee and Governance and Nomination Committee at the Board meeting held on August 7, 2015

Resolution No. 2015-08-07-01

“RESOLVED, AS IT IS HEREBY RESOLVED, to accept the resignation of Atty. Virgilio S. Jacinto as Director and as Member of the Audit Committee and Governance and Nomination Committee effective July 31, 2015, and to thank Atty. Jacinto for his valuable contributions to the Board of Directors and to the Company;

RESOLVED, FURTHER, that Mr. Ferdinand K. Constantino and Mr. Teruyuki Daino be appointed as Members of the Governance and Nomination Committee and Audit Committee, respectively, vice Atty. Jacinto.”

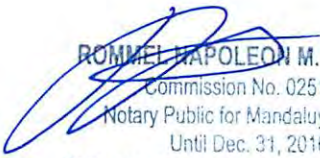
4. This certification is being issued in compliance with the requirements of the Memorandum Circular No. 12, series of 2014 of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto signed these presents this 11th day of January 2016 at Mandaluyong City.


ROSABEL SOCORRO T. BALAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11th day of January 2016, affiant exhibiting to me her Passport No. EB6304881 issued on September 10, 2012 at Manila.

Doc. No. 87 ;
Page No. 19 ;
Book No. XII ;
Series of 2016.


ROMMEL NAPOLEÓN M. LUMIBAO
Commission No. 0251-15
Notary Public for Mandaluyong City
Until Dec. 31, 2016
SMB, 40 San Miguel Ave., Mandaluyong City
Roll No. 45854
PTR No. 2365555 02/23/15, Mandaluyong
Lifetime Member No.09448,01/04/11, Quezon City