

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

2017 CORPORATE GOVERNANCE MANUAL¹

The Board of Directors of **Alliance Select Foods International, Inc.** (the “Company” or “ASFII”) approved and adopted the Company’s Revised Corporate Governance Manual on 25 July 2014.² On 30 May 2017, the Board of Directors of the Company adopted and approved this Corporate Governance Manual (the “2017 CG Manual”) substantially adopting the Code of Corporate Governance for Publicly-Listed Companies (“Corporate Governance Code”).

PART I GOVERNANCE STATEMENT

Commitment to Good Corporate Governance³

The Board of Directors, Management, Officers and Employees of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the “Company” or “ASFII”) recognize that Corporate Governance:

- Is the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their shareholders as well as their stakeholders;
- Is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behaviour, reconciling long-term customer satisfaction with shareholder value, to the benefit of all shareholders and stakeholders and society; and
- Its purpose is to maximize the organization’s long-term success, creating sustainable value for its shareholders, stakeholders and the nation.⁴

Consistent therewith, the Board of Directors, Management, Officers and Employees of the Company commit themselves to the principles and sound best practices of Corporate Governance and dedicate themselves towards ensuring awareness of,

¹ Adopted in compliance with SEC Memorandum Circular No. 19, Series of 2016

² Adopted in compliance with SEC Memorandum Circular No. 9, Series of 2014

³ Attached to this 2017 CG Manual of Alliance Select Foods International, Inc. are the following:

Annex A: Related Party Transactions Policy

Annex B: Internal Audit Charter

Annex C: Board Charter

Annex D: Audit Committee Charter

Annex E: Corporate Governance Committee Charter (will undertake the functions of the Nominations and Compensation Committees)

Annex F: Board Risk Oversight Committee Charter

Annex G: Related Party Transactions Committee

Annex H: Policy requiring Directors and Officers to report dealings in shares of the Company within three (3) business days

⁴ SEC Memorandum Circular No. 19, Series of 2016

and compliance with, Corporate Governance principles and best practices at all levels of the corporate organization, including its subsidiaries.

Governance Framework

The structures and processes set forth in this 2017 CG Manual supplements and complements the Company's Articles of Incorporation and By-Laws and all amendments to such constitutive documents of the Company; the Corporation Code of the Philippines, the basic law governing Philippine corporations; the Securities Regulation Code (Republic Act 8799) and its implementing rules and regulations, and the Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, Series of 2016).

The Company's Articles of Incorporation and By-Laws, the relevant law and jurisprudence, this CG Manual, the corporate governance policies adopted by the Board, with the Charters of the Board Committees, form the Company's basic framework of governance by which its Board, Officers, Executives and Employees shall strive to achieve the Company's strategic objectives, create value for all its shareholders and sustain its long-term viability.

Mission and Vision

Further, the Company's Board of Directors, Management, Officers and Employees commit themselves to the VISION and MISSION formulated and reviewed annually by the Company's Board of Directors in line with the Board's responsibility to foster the long-term success of the corporation and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

	VISION	MISSION
PEOPLE	People are proud to be a part of our company as we help them have a better life	We develop and train our people to continuously grow and contribute to our business. As we grow, we will progressively provide a better future for our people.
PARTNERSHIPS & PORTFOLIO	We aim to be the leading seafood manufacturer in the world known for high quality and premium products using competitive and sustainable processes that ensure the full satisfaction of our customers	We consistently manufacture and deliver high quality and premium products at the right price, at the right quantity, at the right time
FINANCIAL PERFORMANCE	Maximize shareholder value while delivering sustainable revenue and profit growth	We will ensure all business units are profitable and continue to drive out non value adding costs in our processes
COMMUNITY	We are a responsible member of	We ensure that our suppliers

society by giving back to the community and by supporting sustainable fishing employ sustainable methods of fishing and create development projects that will uplift the living condition of our society

PART II DEFINITIONS⁵

- 2.1. Corporate Governance means the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.

It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behaviour, reconciling long-term customer satisfaction with shareholder value, to the benefit of the Company's shareholders, all stakeholders and society. Its purpose is to maximize the organization's long-term success, creating sustainable value for its shareholders, stakeholders and the nation.

- 2.2. Board of Directors is the governing body elected by the stockholders of the Company that exercises the corporate powers of the corporation, conducts all its business and controls and holds its properties.
- 2.3. Board Committees means the Audit Committee, Board Risk Oversight Committee, the Corporate Governance Committee (which shall act as the Nominations Committee and the Compensation or Remuneration Committee), the Related Party Transactions Committee and such other committees which the Board may constitute from time to time;
- 2.4. Company or "ASFII" means Alliance Select Foods International, Inc.
- 2.5. "SEC" or the Commission means the Philippine Securities and Exchange Commission
- 2.6. Conglomerate is a group of corporations that has diversified business activities in varied industries, whereby the operations of such businesses are controlled and managed by a parent corporate entity.
- 2.7. Director/s means duly elected member/s of the Board of Directors of the Company.
- 2.8. Enterprise Risk Management means a process, effected by the Company's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

⁵ Based on the Definitions set forth in SEC Memorandum Circular No. 19, Series of 2016

- 2.9. Exchange or “PSE” means the Philippine Stock Exchange.
- 2.10. Executive director is a member of the Board of Directors who has executive responsibility of day-to-day operations of a part or the whole of the organization.
- 2.11. Independent director is a member of the Board of Directors of the Company and is person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
- 2.12. Internal control is a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization’s policies and procedures.
- 2.13. Management means the group of Officers and executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.
- 2.14. Non-Executive Director is a member of the Board of Directors who has no executive responsibility and does not perform any work related to the operations of the corporation.
- 2.15. Officer/s mean those with rank of Vice President and above
- 2.16. Related Party shall cover the Company’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company’s directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company.
- 2.17. Related Party Transactions refers to a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- 2.18. Stakeholders refer to any individual, organization or society at large who can either affect and/or be affected by the Company’s strategies, policies, business decisions and operations, in general. This includes, among others,

customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

**PART III
THE BOARD OF DIRECTORS
GOVERNANCE RESPONSIBILITIES**

A. ESTABLISHING A COMPETENT BOARD OF DIRECTORS

The Company shall be headed by a competent, working board to foster the long-term success of the corporation and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long term best interests of its shareholders and stakeholders.

The Board of Directors exercises the corporate powers of the Company, conducts all business, and holds and controls all property of the corporation. In the exercise of such authority, the Board shall use its best judgment and at all times act in a manner consistent with the Corporation Code, the Articles of Incorporation and By-Laws of the Company and this CG Manual.

- 3.1. The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Company's businesses. The Board shall ensure that it has an appropriate mix of competence and expertise and that its members are and shall remain qualified for their positions individually and collectively, to enable it to fulfil its roles and responsibilities and respond to the needs of the corporate organization based on the evolving business environment and strategic direction.
- 3.2. The Board shall be composed of a majority of Non-Executive Directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances towards the protection of the Company's interests over the interests of the individual shareholders.
- 3.3. Policy on Training for Directors

To promote effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities, there shall be a training program for directors which shall include an Orientation Program for first-time directors and relevant annual continuing training for all directors

- a) The Orientation and Training Program for first-time directors shall cover SEC-mandated topics on corporate governance, an introduction to the Company's business, Articles of Incorporation, and Code of Conduct

and shall meet the specific needs of the Company and of the individual Director to aid a new Director in effectively performing his or her functions. The duration of such Orientation and Training Program shall be at least eight (8) hours.

- b) All Directors shall undergo an Annual Continuing Training Program to make certain that Directors are continuously informed of the developments in the business and the regulatory environment, including emerging risks relevant to the Company. The Company shall assess its training and development needs in determining the coverage of the continuing training program. The Annual Continuing Training Program for directors shall be at least four (4) hours.

3.4. Policy on Board diversity

The Board recognizes that diversity among its Directors will support balanced decision and debate which will enhance decision making by the Board by utilizing the difference in perspective of the members of the Board.

Selection of candidates will include consideration of a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

The selection of candidates for election to the Board shall be based on merit, but within that overriding emphasis on merit, candidates will be considered that bring a diversity of background and industry or related experience.

3.5. The Corporate Secretary

The Board shall be assisted in its duties by a Corporate Secretary, who shall be a separate person from the Compliance Officer and shall not be a member of the Board of Directors. The Corporate Secretary shall annually attend training on corporate governance.

The Corporate Secretary shall be primarily responsible to the Company and its shareholders, and also to the Chairman, the President and the Board. The Corporate Secretary shall have, among others, the following duties and responsibilities:

- a) Assist the Board and the Board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b) Prepare, safe keep and preserve the integrity of, the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;

- c) Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- d) Work fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its shareholders and as appropriate its stakeholders.
- e) Advise on the establishment of Board committees and their terms of reference;
- f) Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings to the extent possible at least five working days in advance, and shall ensure that the members have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent attendance;
- h) Perform required administrative functions;
- i) Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j) Perform such other duties and responsibilities as may be provided by law or the appropriate regulatory authority.

3.6. The Board shall appoint a Chief Compliance Officer to assist it in its duties. The Chief Compliance Officer shall have the rank of Vice President or an equivalent position with adequate stature and authority in the Company and shall not be a member of the Board of Directors. The Compliance Officer shall annually attend training on corporate governance.

The Chief Compliance Officer shall be a member of the Company's management team in charge of the compliance function. The Compliance Officer is primarily liable to the Company and its shareholders, and shall work with the Chairman and the President of the Company. The Compliance Officer shall have, among others, the following duties and responsibilities:

- a) Ensure proper orientation of new directors as provided in this Manual;
- b) Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, the Corporate Governance Manual, the rules and regulations and all governance issuances of regulatory agencies;

- c) Report to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d) Ensure the integrity and accuracy of all documentary submissions to regulators;
- e) Appear before the SEC when summoned in relation to compliance with the Corporate Governance Code;
- f) Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- g) Identify possible areas of compliance issues and work towards the resolution of the same;
- h) Ensure the attendance of Board members and key officers to relevant trainings; and
- i) Perform such other duties and responsibilities as may be provided by the SEC and competent authority.

B. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the Corporation Code and relevant laws, the Company's Articles of Incorporation and By-Laws and other legal pronouncements and guidelines, including Philippine case law and jurisprudence, shall be clearly made known to the Directors as well as to shareholders and as practicable to other stakeholders.

- 3.7. Board members shall at all times act on a fully informed basis, in good faith, with due diligence and care, and loyalty in the best interest of the Company and all shareholders.
- 3.8. The Board shall oversee the development of and approve the Company's business objectives and strategy and monitor their implementation, in order to sustain the Company's long-term viability and strength.
- 3.9. The Board shall be headed by a competent and qualified Chairman, whose roles and responsibilities shall include, among others:
 - a) Ensure that the meeting agenda focuses on strategic matters, including enterprise risks, considering the developments in the business and regulatory environments, key governance concerns, and important issues that could significantly impact operations;

- b) Ensure that the Board receives accurate, timely, relevant, concise and clear information to enable it to make sound decisions;
 - c) Facilitate discussions on key issues and encourage discussion and debate;
 - d) Encourage the Board to inquire on reports submitted and representations made by Management;
 - e) Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
 - f) Make sure that the performance of the Board is evaluated at least once a year and there is discussion/follow up on such evaluation.
- 3.10. The Board shall adopt an effective succession planning program for Executive Directors, key Officers and Management towards ensuring growth and continued increase in the shareholders' value and shall adopt a policy on retirement age for key officers.
- 3.11. The Board shall adopt policies towards aligning the remuneration of key Officers and Board members with the long-term interests of the Company.
- 3.12. All shareholders, including minority shareholders, shall have the right to nominate candidates for election to the Board of Directors of the Company.
- 3.13. The Board shall adopt a formal and transparent board nomination and election policy and process that shall be aligned with the strategic direction of the Company and shall include:
- a) The right of minority shareholders to nominate candidates for the Board of Directors;
 - b) The review and evaluation of the qualifications of all persons nominated to the Board of Directors;
 - c) An assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, it shall include a process of identifying the quality of directors.
- 3.14. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The Company shall adopt a policy on related party transactions which shall:

- a) Include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions;
- b) Encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations; and
- c) Include the definition of related parties; the coverage of the RPT policy; guidelines in ensuring arm's-length terms; identification and prevention or management of potential or actual conflicts of interest which arise; adoption of materiality thresholds; internal limits for individual and aggregate exposures; whistle-blowing mechanisms, and restitution of losses and other remedies for abusive RPTs.

The Related Party Transactions Policy of ASFII is attached to this Manual and is an integral part hereof as Annex "A".

3.15. The Board shall be primarily responsible for approving the selection and assessment of the Management led by the Chief Executive Officer (CEO), and the control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

- a) In the selection process, fit and proper standards are to be applied on key personnel and due consideration is given to integrity, technical expertise and experience in the institution's business, either current or planned.
- b) The Board shall monitor and assess the performance of the Management Team based on established performance standards that are consistent with the Company's strategic objectives, and shall conduct a regular review of the Company's policies with the Management Team.

3.16. The Board shall establish an effective performance management framework that that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

The results of performance evaluation shall be linked to other human resource activities such as training and development, remuneration, and succession planning. These should likewise form part of the assessment of the continuing fitness and propriety of Management, including the Chief Executive Officer, and personnel in carrying out their respective duties and responsibilities.

3.17. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders.

The Board has adopted an Internal Audit Charter, which Charter is an integral part of this CG Manual and is attached as Annex "B" hereof.

- 3.18. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risk, which shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

The Board shall be responsible for defining the Company's level of risk tolerance and for providing oversight over its risk management policies and procedures.

- 3.19. The Board shall adopt a Board Charter that will formalize and clearly state its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and should be publicly available and posted on the company's website.

The Charter of the Board of Directors of Alliance Select Foods International Inc. is an integral part of this 2017 CG Manual and is attached as Annex "C".

C. ESTABLISHING BOARD COMMITTEES

- 3.20. The Board shall establish Board committees to support the effective performance of the Board's functions, to allow for specialization in issues and to lead to a better management of the Board's workload. The composition, functions and responsibilities of all Board committees shall be contained in the respective Charters of the Committees, which shall be made publicly available.

- 3.21. The Board shall establish an **Audit Committee** to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

a) The Audit Committee shall be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent directors.

b) All of the members of the Audit Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the Chairman of the Board or of any other committees.

c) The Audit Committee shall have the following duties and responsibilities, among others:

- (i) Recommend approval of the Internal Audit Charter (IA Charter), which shall formally define the role of Internal Audit and the audit plan, as well as oversee the implementation of the IA Charter;
- (ii) Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. The Committee shall ensure that well-designed internal control procedures and processes that will provide a system of checks and balances are in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- (iii) Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall approve the outsourcing of internal audit services if such is necessary and shall approve the terms and conditions thereof;
- (iv) Establish and identify the reporting line of the Chief Audit Executive to enable him to properly fulfil his duties and responsibilities. For this purpose, the Chief Audit Executive should directly report to the Audit Committee;
- (v) Review and monitor Management's responsiveness to the findings and recommendations of Internal Audit;
- (vi) Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (vii) Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with duties as an External Auditor or may pose a threat to the External Auditor's independence.⁶ The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- (viii) Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

⁶ As defined under the Code of Ethics for Professional Accountants

- Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- (ix) Review the disposition of the recommendations in the External Auditor's management letter.
- (x) Perform oversight functions over the Company' Internal and External Auditors. It shall ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all pertinent and relevant records, properties and personnel to enable them to perform their respective audit functions;
- (xi) Coordinate, monitor and facilitate compliance with laws, rules and regulations; and
- (xii) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, who must be duly accredited by the SEC, who shall undertake an independent audit of the Company and provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.
- d) The Audit Committee shall meet with the Board as deemed necessary or appropriate without the presence of the CEO or other management team members, and shall periodically meet with the head of the Internal Audit.

3.22 The Board shall establish a **Corporate Governance Committee** that shall be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the **Nomination** and the **Remuneration** Committees.

- a) The Corporate Governance Committee ("CG Committee") shall be composed of at least three members. As practicable, all members of the Committee shall be Non-Executive Directors, a majority of whom shall be Independent Directors. The Chairman of the CG Committee shall not be the Chairman of any other committee.
- b) The CG Committee shall be tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It shall have the following duties and functions, among others:
- (i) Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of any material changes to the

Company's size, complexity and business strategy, as well as its business and regulatory environments;

- (ii) Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- (iii) Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- (iv) Recommend continuing education/training programs for directors consistent with or supplemental to the Training Program for Directors as contained in this Manual; assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- (v) Propose and plan relevant trainings for the members of the Board;
- (vi) Recommend corporate governance policies for approval by the Board of Directors and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- (vii) Function as the **Remuneration or Compensation Committee** and establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates. The functions, duties and responsibilities of the Committee as Compensation Committee are stated in more detail in the Charter of the Corporate Governance Committee.
- (viii) Function as the **Nominations Committee** and shall be tasked to assist the Board in the review and evaluation of the qualifications of all persons nominated to be a director of the Company and of all nominees to other positions in the Company requiring appointments by the Board. The functions, duties and responsibilities of the Committee acting as the Nominations Committee are stated in more detail in the Charter of the Corporate Governance Committee

3.23 As far as practicable and upon due consideration of the circumstances, size and exigencies of the business, the Board shall establish a separate **Board Risk Oversight Committee** (BROC) that will be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.

- a) The BROC shall be composed of at least three members, the majority of whom shall as practicable be independent directors, including the

Chairman. The Chairman shall not be the Chairman of the Board or of any other committee.

- b) At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.
- c) The BROC shall have the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place to enable the Board and top management to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.
- d) The BROC shall have the following duties and responsibilities, among others:
 - (i) Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
 - (ii) Oversee the implementation of the enterprise risk management plan. The BROC shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned units or offices are addressing and managing these risks;
 - (iii) Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
 - (iv) Advise the Board on its risk appetite levels and risk tolerance limits;
 - (v) Review at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impact on the company;
 - (vi) Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;

- (vii) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- (viii) Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

3.24 The Board shall establish a **Related Party Transaction (RPT) Committee**, which shall be tasked to review all material related party transactions of the Company.

- a) The RPT Committee shall be composed of at least three non-executive directors, two of whom as practicable shall be independent directors.
- b) The RPT Committee shall have the following functions and responsibilities, among others:
 - (i) Evaluate on an on-going basis existing relations between and among businesses and counterparties to ensure that related parties are identified, RPTs are monitored and changes in relationships (e.g. from non-related to related and vice versa) are captured. Such matters should be reflected in the relevant reports to the Board and the regulators.
 - (iii) Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

In evaluating RPTs, the Committee shall take into account:

- (1) The related party's relationship to the Company and interest in the transaction;
- (2) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- (3) The benefits to the corporation of the proposed RPT;
- (4) The availability of other sources of comparable products or services; and
- (5) Whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company

shall exercise due diligence in determining a fair price for RPTs and to extent practicable shall have an effective price discovery system.

- (iv) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.
- (v) Report to the Board of Directors on a regular basis the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- (vi) Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and
- (vii) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

3.25 All established committees shall have **Committee Charters** stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees. It should also be fully disclosed on the company's website.

The Charter of each Committee shall clearly define the roles and accountabilities of each committee to avoid any overlapping functions, towards having a more effective Company Board.

The Charters of the Committees are integral parts of and attached to this CG Manual as follows:

- Annex C: Charter of the Board of Directors
- Annex D: Charter of the Audit Committee
- Annex E: Charter of the Corporate Governance Committee, which shall also have the duties and responsibilities of the Nominations Committee and the Remuneration Committee
- Annex F: Charter of the Board Risk Oversight Committee
- Annex G: Charter of the Related Party Transactions Committee

D. FOSTERING COMMITMENT

The Directors shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities as directors, including sufficient time to be familiar with the business of the Company.

- 3.26. Directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.
- a) Directors shall review meeting materials for Board and Committee meetings, and if called for, ask the necessary questions or seek clarifications and explanations.
 - b) The absence of a director in more than fifty per cent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.
- 3.27. The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.
- 3.28. A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.

E. REINFORCING BOARD INDEPENDENCE

- 3.29. Consistent with the Securities Regulation Code, the Board shall have at least two (2) Independent Directors, or such number as shall constitute 20% of the members of the Board, whichever is lesser.
- 3.30. The Board, principally acting through the Corporate Governance Committee, shall ensure that its Independent Directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. An independent director is a person who:
- a) Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
 - b) Is not, and has not been in the three years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;
 - c) Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise

appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;

- d) Is not an owner of more than two per cent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
- e) Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f) Is not acting as a nominee or representative of any director of the Company or any of its related companies;
- g) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- h) Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- i) Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j) Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and
- k) Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

Related companies, as used herein, refer to (a) the Company's holding/parent company (if any); (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

- 3.31. Independent Directors shall serve for a maximum cumulative term of nine (9) years, reckoned in accordance with the pertinent rules of the SEC, after which the Independent Director shall be perpetually barred from re-election as such

in the Company, but may continue to qualify for nomination and election as a non-independent director.

- a) In the instance that the Company believes it is beneficial to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

3.32. The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals and each should have clearly defined responsibilities.

- a) The role and responsibilities of the Chairman are provided Part III(B)(3) of this Manual

- b) The Chief Executive Officer shall have the following roles and responsibilities, among others:

- (i) Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business;
- (ii) Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- (iii) Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
- (iv) Shall have a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;
- (v) Direct, evaluate and guide the work of the key officers of the Company;
- (vi) Manage the corporation's resources prudently and ensure a proper balance of the same
- (vii) Provide the Board with timely information and interface between the Board and the employees;
- (viii) Build the corporate culture and motivate the employees of the Company; and
- (ix) Serve as the link between internal operations and external stakeholders.

3.33. The Board shall designate as practicable a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive

Officer are held by one person. The functions of the lead shall include, among others, the following:

- a) Serves as an intermediary between the Chairman and the other Directors when necessary;
- b) Convenes and chairs meetings of the Non-Executive Directors; and
- c) Contributes to the performance of the Chairman, as required.

3.34. A Director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same.

3.35. The Non-Executive Directors shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director, if one has been designated.

F. ASSESSING BOARD PERFORMANCE

The best measure of the Board's effectiveness is through the assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

3.36. The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment shall as practicable or feasible be supported by an external facilitator.

3.37. The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors and the Board Committees. Such system shall allow for a feedback mechanism from the shareholders.

G. STRENGTHENING BOARD ETHICS

Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all shareholders as well as stakeholders.

3.38. The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behaviour, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the company website.

- 3.39. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

PART IV DISCLOSURE AND TRANSPARENCY

A. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

- 4.1. The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.
- 4.2. All directors and officers of the Company are required to, and must, disclose/report all their dealings in the shares of the Company within three (3) business days. In view of the significance of this policy, the Board for emphasis has adopted a separate policy on such period to disclose/report, which policy is attached to this 2017 CG Manual as Annex "H."
- 4.3. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

Disclosure shall include directors and key officers' qualifications, share ownership in the Company, membership of other boards, other executive positions, continuous trainings attended and identification of independent directors.

- 4.4. The Company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Further, the Company shall disclose such policies in an appropriate manner, including termination and retirement provisions.
- 4.5. The Company shall disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report. Directors and key executives shall report to the Board when there are RPTs that could influence their judgment.
- 4.6. The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the

acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, where the Company is the offeree company, where practicable the Board shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

- 4.7. The Company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance which should be submitted to the regulators and posted on the Company's website.

B. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

- 4.8. The Audit Committee shall establish a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.
- 4.9. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.
- 4.10. The Company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee shall be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

C. INCREASING FOCUS OF NON-FINANCIAL AND SUSTAINABILITY REPORTING

- 4.11. The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which

underpin sustainability. Companies shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

D. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

- 4.12. The Company shall as practicable include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

**PART V
INTERNAL CONTROL SYSTEM AND
RISK MANAGEMENT FRAMEWORK**

A. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

- 5.1. The Company shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.
- 5.2. The Company shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. The internal audit function shall include among others:
- a) Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics; (2) ensuring effective performance management and accounting in the organization; (3) communicating risk and control information; and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
 - b) Perform regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
 - c) Perform consulting and advisory services related to governance and control as appropriate for the organization;
 - d) Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

- e) Review, audit and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;
- f) Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g) Evaluate specific operations at the request of the Board or Management, as appropriate; and
- h) Monitor and evaluate governance processes.

The Company's internal audit activity shall be a fully resourced activity housed within the corporate organization or, as may be deemed necessary or appropriate, may be outsourced to qualified independent third party service providers. The Company's **Internal Audit Charter** is attached to this CG Manual as an integral part hereof as Annex "B".

5.3. Subject to the Company's size, risk profile and complexity of operations, the Company shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including any portion that is outsourced to a third party service provider.

- a) In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced audit activity.
- b) The CAE, in order to achieve the necessary independence to fulfil duties and responsibilities, shall directly report functionally to the Audit Committee and administratively to the CEO. The following shall be the responsibilities of the CAE, among others:
 - (i) Periodically review the Internal Audit Charter and present it to senior management and the Board Audit Committee for approval;
 - (ii) Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
 - (iii) Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
 - (iv) Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
 - (v) Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

- (vi) Present findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.
- 5.4. Subject to the Company's size, risk profile and complexity of operations, the Company shall have a separate risk management function to identify, assess and monitor key risk exposures. The risk management function shall include the following activities, among others:
- a) Defining a risk management strategy;
 - b) Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
 - c) Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
 - d) Establishing a risk register with clearly defined, prioritized and residual risks;
 - e) Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
 - f) Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
 - g) Monitoring and evaluating the effectiveness of the organization's risk management processes.
- 5.5. The Company shall have a Chief Risk Officer (CRO), who shall manage the Company's Risk Management System. The CRO shall be the ultimate champion of Enterprise Risk Management (ERM) and shall have adequate authority, stature, resources and support to fulfil his responsibilities, subject to the Company's size, risk profile and complexity of operations. The CRO shall have the following functions, among others:
- a) Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
 - b) Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
 - c) Collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee;

- d) Suggest ERM policies and related guidance, as may be needed; and
- e) Provide insights on the following:
 - (i) Risk management processes are performing as intended;
 - (ii) Risk measures reported are continuously reviewed for effectiveness;
 - (iii) Established risk policies and procedures are being complied with.

There shall be clear communication between the Board Risk Oversight Committee and the CRO.

PART VI CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

A. PROMOTING SHAREHOLDER RIGHTS

The Company shall treat all shareholders fairly and equitably, and recognize, protect and facilitate the exercise of their rights.

6.1. The Board shall ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance and on the company's website.

a) The Board shall adopt a policy informing the shareholders of all their rights and to encourage them to exercise their rights by providing clear-cut processes and procedures for them to follow.

b) Shareholders' rights include:

- (i) Right to vote consistent with the Corporation Code, relevant laws and jurisprudence, and the Company's Articles of Incorporation and By-Laws.
- (ii) Right to dividends, consistent with the Corporation Code and Philippine jurisprudence. The dividend policy of the Company shall be disclosed in the Company's Annual Report.

The **policy of ASFIL for the payment of cash dividends** shall be that all cash dividends shall be paid to shareholders within thirty (30) days from declaration thereof.

- (iii) Right of all shareholders, including minority shareholders, to nominate candidates to the Board of Directors in accordance with

law and consistent with the Company's nominations policies and processes and the rules and regulations of the SEC pertinent to the nomination of candidates.

- (iv) Right of shareholders holding at least 25% of the Company's outstanding capital stock to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting; provided that to prevent the misuse or abuse of this right the Board shall have the discretion not to agree to the proposal provided further that such discretion shall in all instances be exercised for the protection of the corporate interest. In the event a special meeting is held by reason of a proposal made by a shareholder under this provision, the proposing shareholder shall shoulder all of the costs of such meeting unless shareholders holding a majority of the outstanding capital stock vote to allow the Company to shoulder such costs.
 - c) The nomination process and voting procedures that govern Annual and Special Shareholders' Meetings shall be disclosed in the Company's Information Statement circulated to the shareholders prior to shareholders' meetings and shall be timely posted on the Company's website. The Company shall fully and promptly disclose all information regarding the experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.
 - d) To encourage participation at shareholders' meetings, the Board shall ensure that sufficient information is timely given to shareholders on all matters that shall be taken up at the meeting, particularly on fundamental corporate changes including: (1) amendments to the Articles of Incorporation and/or By-laws; (2) increase in authorized capital stock; and (3) extraordinary transactions.
 - e) In all instances of voting by shareholders the right to vote by proxy as provided by law shall be respected and proxy materials shall be timely distributed within the periods and in the manner that are allowed by law and are consistent with corporate governance best practices, including to the extent possible or practicable, the electronic distribution of proxy materials.
 - f) Voting shall be by poll or balloting.
- 6.2. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' meetings with sufficient and relevant information at least 28 days before the meeting. Notice and relevant information regarding the Shareholders' Meeting, including the Proxy Statement, shall be posted on the Company's website
- 6.3. The Board shall ensure that the results of votes taken during a shareholders' meeting, whether annual or special, shall be publicly available the next day. Further, the Minutes of shareholders' meetings, annual or special, shall be

made available on the Company website within five business days from the end of the meeting. Such Minutes shall include:

- a) A description of the voting and the vote tabulation procedures used;
 - b) The opportunity given to shareholders to ask questions, as well as a record of the questions and the answers received;
 - c) The matters discussed and the resolutions reached;
 - d) A record of the voting results for each agenda item;
 - e) A list of the directors, officers and, as practicable, shareholders who attended the meeting; and
 - f) Dissenting opinion on any agenda item that is considered significant in the discussion process.
- 6.4. The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner, which shall be included in the company's Manual on Corporate Governance.
- 6.5. The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.

PART VII DUTIES TO STAKEHOLDERS

A. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER RIGHTS

The rights of stakeholders established by law, by contractual relations and through voluntary commitments shall be respected. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for their rights.

- 7.1. The Board shall identify the Company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability. Due consideration shall be given to those who have an interest in the Company and are directly affected by its operations.
- a) Stakeholders include but are not limited to shareholders, employees, suppliers, investors, creditors, the community in which the Company operates, etc.
- 7.2. The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

- 7.3. The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights.

B. ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation shall be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

- 7.4. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. Such policies and programs shall cover:
- a) Health, safety and welfare;
 - b) Training and development; and
 - c) Reward/compensation for employees that encourages employees to perform better and motivates them to take a more dynamic role in the corporation.

To further foster active participation, the Company shall recognize the firm-specific skills of its employees and their potential contribution in corporate governance. The employees' viewpoint in certain key decisions may also be councils or employee representation in the board.

- 7.5. The Board shall make a stand against corruption by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.
- 7.6. The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall supervise and ensure its enforcement.

C. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

- 7.7. The Company recognizes and places importance on the interdependence between business and society, and shall promote a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates.

The Company shall comply with existing regulations and as appropriate voluntarily employ value chain processes that takes into consideration economic, environmental, social and governance issues and concerns. In considering sustainability concerns, the Company plays an indispensable role alongside the Government and other sectors in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

This Corporate Governance Manual was adopted by the Board of Directors of ALLIANCE SELECT FOODS INTERNATIONAL INC. on _____ May 2017.

Attest:

ANTONIO E. PACIS
Chairman

BARBARA ANNE C. MIGALLOS
Corporate Secretary

MA. KRISTINA P. AMBROCIO
Compliance Officer