

COVER SHEET

SEC Registration Number: **CS200319138**

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

Company's Full Name

Unit 1206, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

Company's Address

Ma. Kristina P. Ambrocio

Contact Person

635-5241 to 44

Telephone Number

31 December

Fiscal Year Ending

June 15

Annual Meeting

I-ACGR

Form Type

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

.....
To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended December 31, 2017
2. SEC Identification Number **CS200319138** 3. BIR Tax Identification No. **227-409-243-000**
4. Exact name of issuer as specified in its charter **Alliance Select Foods International, Inc.**
5. Metro Manila 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
- 7 **Unit 1206 East Tower, Philippine Stock Exchange Centre,**
Exchange Road, Ortigas Center, Pasig City, Metro Manila **1605**
Address of principal office Postal Code
8. (632)6355241 to 44
Issuer's telephone number, including area code
9. NA
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should 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 other stakeholders.			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>For the Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors, please see attached Annex A.</p> <p>The Corporate Governance Manual of the Corporation under section 3.1, 3.2, 3.4 provides for the Corporations policy for board diversity, composition of the board and the required competence of the Board of directors:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p> <p>The above information can also be found in the in the corporation's Definitive Information Statement submitted on May 18, 2018 on the PSE Edge Portal : http://edge.pse.com.ph/companyDisclosures</p> <p>For the qualification standards for directors, please see section 2.4 of the Charter of the Board of Directors (http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-C-Charter-of-the-Board-of-Directors.pdf): as follows:</p> <p>2.4. Qualifications and Disqualifications of Directors Qualifications</p> <p>All persons nominated and elected to the Board shall:</p>	
<p>2. Board has an appropriate mix of</p>	Compliant		

<p>competence and expertise.</p>		<p>a) Possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile ; b) Have a record of integrity and good repute; c) Have sufficient time to carry out their responsibilities; and d) Have the ability to promote a smooth interaction between board members.</p> <p>The Board, acting through the Corporate Governance Committee may as practicable engage professional search firms or external sources when searching for candidates to the Board.</p> <p>Disqualifications</p> <p>The disqualifications for election to the Board of Directors are contained in the Charter of the Corporate Governance Committee, which is mandated under the Company's 2017 CG Manual, to undertake the duties and responsibilities and to act as the Nominations Committee of the Board.</p>	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	<p>Compliant</p>		
<p>Recommendation 1.2</p>			
<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>Please see attached Annex A for the list of Directors and Executive Officers and their respective qualifications. These information can also be found in the corporation's Definitive Information Statement.</p> <p>http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/</p>	
<p>Recommendation 1.3</p>			

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>Section 3.3 of the Corporation's Corporate Governance Manual provides for the Policy on Training for directors as follows:</p> <p>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</p> <p>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 6 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.</p> <p>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.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
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2. Company has an orientation program for first time directors.	Compliant	As there are no first time directors to the Board, the directors attended a continuing training program for board of directors of the Corporation.	
3. Company has relevant annual continuing training for all directors.	Compliant	Please see attached as Annex B the details of the Corporate Governance Seminars attended by the Board of Directors and the topics covered by the Corporate Governance Seminar and the corresponding Corporate governance seminar certificates.	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>The Corporate Governance Manual of the Corporation under Section 3.4 provides the Policy on Board Diversity as follows:</p> <p>3.4. Policy on Board diversity</p> <p>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.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p> <p>The Board is composed of 6 male directors, 1 female director and 1 female corporate Secretary.</p>	

Optional: Recommendation 1.4

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.

Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.

Provide link or reference to a progress report in achieving its objectives.

Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	Compliant	Please see attached Annex A for the name and qualifications of the Corporate Secretary of the Corporation.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<p>Section 3.5 of the Corporate Governance Manual also provides for the qualifications, duties and functions of the Corporate Secretary as follows:</p> <p>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.</p> <p>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:</p> <p>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;</p>	

<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>Compliant</p>	<p>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;</p> <p>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;</p> <p>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.</p> <p>e) Advise on the establishment of Board committees and their terms of reference;</p> <p>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;</p> <p>g) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent attendance;</p> <p>h) Perform required administrative functions;</p> <p>i) Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements; and</p> <p>j) Perform such other duties and responsibilities as may be provided by law or the appropriate regulatory authority.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	

4. Corporate Secretary attends training/s on corporate governance.	Compliant	Please see Annex B for the details of the corporate governance training attended by the Corporate Secretary, including number of hours and topics covered.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	Please see attached notices for the scheduled board meetings as Annex C .	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	The Compliance Officer of the Corporation is Atty. Ma. Kristina Ambrocio. She was appointed on October 20, 2015.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Please refer to Annex A for her qualifications. Section 3.6 of the Corporate Governance Manual provides for the duties and functions of the Compliance Officer:	
3. Compliance Officer is not a member of the board.	Compliant	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.	

		<p>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:</p> <ul style="list-style-type: none"> 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. <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
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4. Compliance Officer attends training/s on corporate governance.		Please see attached Annex B for the corporate governance training attended, including number of hours and topics covered	
<p>Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.</p>			
<p>Recommendation 2.1</p>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>The Corporate Governance Manual under section B 3.7 mandates the following to Board of Directors:</p> <p>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.</p> <p>There are board meetings where the management report and financial reports were discussed. This would show that the Board of Directors were fully informed and they acted in the best judgement before approving this. Please see attached notices as Annex C.</p>	
<p>Recommendation 2.2</p>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	The Management reports to the Board every quarter the development and performance of the corporation and each of its subsidiaries including the financial reports of the corporation. Please see attached Notices (Annex C) which contain the agenda which includes the financial reports of the Corporation.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	After, the Board reviews the corporation's development, and performance for the quarter, it approves the quarterly report.	

		The board reviews and approves the financial reports (Capital Expenditure, the budget, quarterly reports and the annual report) at least four times in a year.	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>The Corporation's vision, mission and core values are indicated in its Corporate Governance Manual uploaded in the Corporation's website. Please see attached link:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p> <p>This is reviewed annually by the Company's Board of Directors.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p>Please see attached Corporate Governance Manual and the Executive Committee functions indicated in the bylaws.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The Chairman of the Board is Atty. Antonio Pacis. Please see attached Annex A for his qualifications as Chairperson of the Board. This can also be found in the in the corporation's Definitive Information Statement submitted on May 18, 2018 on the PSE Edge Portal :</p> <p>http://edge.pse.com.ph/companyDisclosures</p>	

Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>Please see link to Corporate Governance Committee Charter and the Manual of Corporate Governance for the provisions pertaining to board succession.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-E-Charter-of-the-Corporate-Governance-Committee.pdf</p> <p>Corporate Governance Committee Charter</p> <p>3.1. Corporate Governance The Committee is tasked with ensuring compliance with and proper observance of the corporate governance principles and practices. It has the following duties and functions, among others:</p> <p>d. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;</p> <p>Manual of Corporate Governance</p> <p>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.</p>	

2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	The Corporation's Definitive Information Statement submitted on May 18, 2018 on the PSE Edge Portal (i.e. http://edge.pse.com.ph/companyDisclosures) Indicates the compensation policy for the Board of directors.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	On January 21, 2016, the Company's board of directors adopted a policy, effective immediately, setting director's per diems at P10,000 per attendance at Board Meetings and P5,000 per attendance at Committee meetings.	

<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>Compliant</p>	<p>Under the amended By-Laws, as compensation, the Board shall receive and allocate an amount of not more than 10% of the Group's EBITDA during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.</p> <p>The Corporate Governance Committee charter also provides for the remuneration policy of the Corporation. Please see link below:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-E-Charter-of-the-Corporate-Governance-Committee.pdf</p>	
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Optional: Recommendation 2.5

<p>1. Board approves the remuneration of senior executives.</p>	<p>Compliant</p>	<p>Please see attached Corporate Governance Committee Charter for the specific provision.</p> <p>3.3. Compensation</p> <p>b. To review and recommend, with delegated responsibility, the remuneration packages of directors and officers, keeping in mind the Board’s corporate goals, objectives and strategies. This shall include, without limitation, basic salaries, deferred compensation, stock options and any benefits in kind, pension rights, incentive payments and any other compensation payments;</p> <p>Approval for the remuneration of the directors and officers is with the Board of directors.</p>	
<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>		<p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p>	
<p>Recommendation 2.6</p>			

1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>The Company's nomination, election policy and its process and its implementation is found on the Corporation's Corporate Governance Manual Sections A 3.1-3.3 and the Charter of the Corporate Governance Committee Sections II 1B, and 3.2. (http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf)</p> <p>The Qualifications and Disqualifications of Directors is indicated in section 2.4 of the Charter of the Board of Directors(i.e. http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-C-Charter-of-the-Board-of-Directors.pdf)</p> <p>Section 3.12 and 3.13 of the Corporate Governance Manual also provides the right to all Shareholders, including Minority Shareholders, to nominate candidates for election to the Board of Directors. This also adopts an assessment policy to determine the effectiveness of the Board's processes in the nomination, election and replacement of director. (http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf)</p> <p>The Board will still conduct an assessment as the Corporate Governance Manual has just been recently approved.</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation to 2.6			

1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	We use Chambers Asia and Partners- Asia Pacific as an additional search reference.	
Recommendation 2.7			
1. Board has 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.	Compliant	The Corporation has an existing Policy on Related Party Transactions (i.e. http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-A-Related-Party-Transactions-Policy.pdf) Moreover, section 3.14 of the Corporate Governance Manual also provides further details on the corporation's Policy on Related Party Transactions.	No significant RPT
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	There has been significant RPT transactions for the year which required the approval of the RPT Committee.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
Supplement to Recommendations 2.7			

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p>Section B1-B3 of the Policy on Related Party Transactions stipulates that:</p> <p>B. COVERAGE</p> <p>1. For purposes of this Policy, a Material and/or Significant RPT is defined as those transactions with a Related Party which involve an aggregate amount or value equal to or greater than Fifty Million Pesos (P50Million) over a twelve (12) month calendar year period (“Material and/or Significant RPT”).</p> <p>2. The transactions enumerated in Annex “2” of this Policy on Related Transactions are Exempt Transactions.</p> <p>3. As matter of policy and procedure Material and/or Significant RPT shall be subject to review and endorsement by the Related Party Transaction Committee (“RPT Committee”) and are subject to approval by the Board of Directors. The concurrence of all Independent Directors shall be obtained as practicable prior to approval of the transaction by the Board.</p> <p>D. DISCLOSURE</p> <p>1. All Material and/or Significant RPT shall be reported by the Chief Compliance Officer to the Audit Committee to ensure full and timely disclosure in the annual and quarterly reports submitted to the Securities and Exchange Commission and in the Notes to the Financial Statements, whether on an interim or annual basis, as required under PAS 24 on Related Party Transaction Disclosures and other disclosure requirements; and,</p> <p>2. The Company shall ensure that the review and approval of Material and/or Significant RPT carried out by its subsidiaries are conducted in accordance with this Policy.</p>	
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		<p>ANNEX "2": EXEMPT RPT The following shall be considered as "Exempt RPT":</p> <ol style="list-style-type: none"> 1. Any transaction involving a Related Party where the rates or charges involved are determined by competitive bids, in accordance with Vendor Relations Policy of the Company. 2. Any transaction involving a Related Party wherein Company is a customer or client in the ordinary or regular course of business of consumer goods or consumer services, or fees are based on a fixed or graduated scale which is publicly quoted or applied consistently to all customers or class of customers. 3. Subject to the policy and/or guidelines as may be issued and approved by the Compensation Committee, any transaction that involves the providing of compensation to a director or an executive officer in connection with his or her duties to Company or any of its subsidiaries or affiliates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business. <p>Exempt RPT are transactions which are no longer subject to review and/or endorsement by the CG Committee.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-A-Related-Party-Transactions-Policy.pdf</p>	
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<p>4. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>Section B4 of the Policy on Related Party Transactions provides that:</p> <p>4. The following Material and/or Significant RPT may, in addition to the approval of the Board of Directors, as the Board deems necessary consistent with law, be further submitted to the stockholders for ratification and final approval:</p> <p>4.1. Contract between an officer under the By-Laws and the Company;</p> <p>4.2. Contract between a director and the Company when the presence of such director in the Board meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract, approval by the Company's stockholders is required;</p> <p>4.3. Contract between the Company and another corporation with interlocking directors, if the interest of the interlocking director in the Company is nominal² and his interest in the other corporation is substantial , and such director's presence in the Company's Board meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract, approval by the Company's stockholders is also required; and,</p> <p>4.4. Management contract where the Company undertakes to manage or operate all or substantially all of the business of another corporation or vice versa.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-A-Related-Party-Transactions-Policy.pdf</p>	
<p>Recommendation 2.8</p>			

<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Ms. Lisa Dejadina was appointed as Chief Risk Officer during the 2017 Organizational Meeting, Atty. Kris Ambricio was appointed Chief Compliance Officer and Ms. Nimpa Reyes was appointed as Chief Audit Executive.</p> <p>Section 3.15 of the Corporate Governance Manual States that:</p> <p>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).</p> <p>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.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p> <p>Please see attached Annex A for the complete list of Management Team appointed.</p>	
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<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Section 3.15 B of the Corporate Governance Manual States that:</p> <p>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.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
Recommendation 2.9			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>Section 3.16 of the Corporate Governance Manual States that:</p> <p>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.</p> <p>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.</p> <p>Please see attached GSPA Form. This performance tool is for further assessment by the Corporate Governance Committee as mandated by Manual of Corp. Governance.</p>	

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>Section 3.17 of the Corporate Governance Manual provides:</p> <p>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.</p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>The Board has adopted an Internal Audit Charter, which Charter is an integral part of this CG Manual.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
3. Board approves the Internal Audit Charter.	Compliant	<p>Please see below the link to the Company's Internal Audit Charter</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-B-Internal-Audit-Charter.pdf</p>	
Recommendation 2.11			

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>Section 3.18 of the Corporate Governance Manual has the following stipulations in relation to enterprise risk management:</p>	
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>Compliant</p>	<p>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.</p> <p>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.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p> <p>The Corporation also has a charter for the Board Risk Oversight Committee. http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-F-Charter-of-the-Board-Risk-Oversight-Committee.pdf</p> <p>Please see link of Internal Audit Charter:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-B-Internal-Audit-Charter.pdf</p>	

Recommendation 2.12

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Please see below link on the Corporation's Board Charter: http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-C-Charter-of-the-Board-of-Directors.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The Corporation has a policy requiring Directors and Officers to report any dealings in the shares of stock of the Company within three business days from the date of transaction to reduce risk of insider trading. Please see link for the complete copy of the policy: http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-H-Policy-On-Reporting-of-DO-Dealings-in-Shares-of-the-Company.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any. Currently there no loans and no vehicle for such transaction; conflict of interest policy any transaction arms length basis	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>Section C of the Corporate Governance Manual provides the establishment of the Board Committees and the functions of each Committee.</p> <p>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.</p> <p>The following section establishes the committees and their respective functions and responsibilities:</p> <p>Section 3.21 Audit Committee Section 3.22 Corporate Governance Committee (Remuneration and Nominations Committee) Section 3.23 Board Risk Oversight Committee Section 3.24 Related Party Transaction Committee</p> <p>Section 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.</p> <p>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.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
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Recommendation 3.2			
<p>1. Board establishes 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.</p>	Compliant	<p>Section 3.21 of the Corporate Governance Manual establishes the Audit Committee and its functions.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p> <p>The Audit Committee Charter section III further outlines its functions. http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p> <p>The Audit Committee under section III B (x) :</p> <p>Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	Compliant	<p>Please see attached Annex A for information on the members of the Audit Committee, their qualification and their type of directorship.</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	Compliant	<p>Please see attached Annex A for information on qualification and background of the audit committee members.</p>	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Please see attached Annex A for information on the membership of the different committees.	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>Section III B (2) of the Audit Charter provides as follows:</p> <p>The Audit Committee shall:</p> <p>Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews 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 his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;</p> <p>For 2017, there was no non-audit work conducted by the External Auditors.</p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-Compliant	The Audit Committee as a group has not had a meeting with the external audit team without anyone from management present. However, members of the Audit Committee have access to the Company's external auditors, and may meet and dialogue with them without anyone from management present.	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	Indicate the number of Audit Committee meetings during the year and provide proof Audit Notiuies	
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	

Recommendation 3.3

<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>Compliant</p>	<p>Section 3.22 of the Corporate Governance manual provides for the establishment of the Corporate Governance Committee, and its functions and responsibilities including its functions as a Nomination and Remuneration Committee.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p> <p>Further, the Corporate Governance Committee charter expounds on its authority, purpose, duties and responsibilities.</p> <p>Section 3.2 B of the Corporate Governance Charter provides that the committee shall identify the candidates suitably qualified to become a Director and prepare a final list of candidates for the consideration of the shareholders for election to as director;</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-E-Charter-of-the-Corporate-Governance-Committee.pdf</p>	
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<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Non-compliant</p>		<p>There is a three member CG committee, there are two independent directors.</p> <p>Please see attached Annex A for the members of the Corporate Governance Committee, their qualifications and type of directorship.</p> <p>Under the Corporate Governance Committee Charter, the composition of the Committee shall be 3 members, all of which are non-executive directors, and majority is independent directors.</p> <p>The Corporate Governance Manual stipulates that the Independent Directors shall constitute 20% of the Board. The third member of the committee is a non-executive director which would make him still independent from management control.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>The Chairman of the Corporate Governance Committee is Mr. Erwin Elechicon, who is an independent director. Please see attached Annex A for his qualifications.</p>	
<p>Optional: Recommendation 3.3.</p>			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>		<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p>	
<p>Recommendation 3.4</p>			

<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>The Corporate Governance Manual under Section 3.23 establishes the Board Risk Oversight Committee and its functions and responsibilities.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p> <p>Its Charter also provides for its purpose, duties and functions.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-F-Charter-of-the-Board-Risk-Oversight-Committee.pdf</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Non-compliant</p>		<p>Please see attached Annex A for the members of the BROC and the type of directorship.</p> <p>The charter of the Corporate Governance Committee provides that the committee shall be composed of 3 members, majority will be independent directors, including the chairman.</p> <p>The Chairman is a non-executive director. As there are only two independent directors in the Corporation, who are also chairpersons in other committees, the Chairman could no longer be any of the independent directors.</p> <p>Nonetheless, the Chairman is a non-executive director who is independent and impartial from management.</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>Please see attached Annex A for further information of the Chairman of the BROC.</p>	

4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Please see attached Annex A for the background of the BROC members specifically the background of Mr. George Sycip, chairman of BROC.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>Section 3.24 of the Corporate Governance Manual establishes the Related Party Transaction Committee and its composition and functions.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p> <p>The charter of the Related Party Transaction Committee also expounds on its purpose, authority, duties and responsibilities.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-G-Charter-of-the-Related-Party-Transactions-Committee.pdf</p>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	Please see attached Annex A for the information of its members, their qualifications and the type of directorship.	
Recommendation 3.6			

<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Compliant</p>	<p>Section 3.25 of the Corporate Governance Manual provides that:</p> <p>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.</p> <p>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.</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Compliant</p>	<p>The Charters of the Committees are integral parts of and attached to this CG Manual as follows:</p> <p>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</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p>	<p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-Corporate-Governance-Manual.pdf</p>

<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Compliant</p>	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p><u>Internal Audit Charter:</u> http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-B-Internal-Audit-Charter.pdf</p> <p><u>Charter of the Board of Directors:</u> http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-C-Charter-of-the-Board-of-Directors.pdf</p> <p><u>Charter of the Audit Committee:</u> http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p> <p><u>Charter of the Corporate Governance Committee:</u> http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-E-Charter-of-the-Corporate-Governance-Committee.pdf</p> <p><u>Charter of the Board Risk Oversight Committee:</u> http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-F-Charter-of-the-Board-Risk-Oversight-Committee.pdf</p> <p><u>Charter of the Related Party Transactions Committee:</u> http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-G-Charter-of-the-Related-Party-Transactions-Committee.pdf</p>	
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Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1			
1. The Directors 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 Commission.	Compliant	<p>Section 3. 26 of the Corporate Governance Manual of the Corporation provides for tele-/videoconferencing of all meetings as follows:</p> <p>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.</p> <p>Please see attached Annex A for the information on the attendance of the directors to the meetings.</p> <p>Please be advised that this is also disclosed in the Corporation's Definitive Information Statement.</p> <p>http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/</p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	The Directors ask the necessary questions and seek clarifications and explanations during Board and Committee meetings. The questions asked and clarifications/ explanations sought are reflected in the minutes of meetings.	
Recommendation 4.2			

<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>Section 3.27 and 3.28 of the Corporate Governance Manual of the Corporation indicates:</p> <p>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.</p> <p>3.28. A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.</p> <p>Please see attached Annex A for the list of directorships of the company directors.</p>	
<p>Recommendation 4.3</p>			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>Mr. Erwin M. Elechicon, Independent Director, verbally notified the Board of his nomination for election as Independent Director of the Union Bank of the Philippines.</p>	
<p>Optional: Principle 4</p>			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>			
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p> <p>3.</p>			

4. Board of directors meet at least six times during the year.	Compliant	Please see attached Notices of the board meetings conducted for the year. The Board had 10 meetings for 2017.	
5. Company requires as minimum quorum of at least 2/3 for board decisions.		Indicate the required minimum quorum for board decisions	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non-compliant		<p>The number of independent directors by the Board is compliant under the corporate governance manual of the Corporation. The number of Independent Directors constitutes 1/3 of the Board.</p> <p>Section 3.20 of the Corporate Governance Manual states that:</p> <p>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.</p>
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>Section 3.30 of the Corporate Governance Manual Board of Directors Governance Responsibilities, Reinforcing Board Independence provides for the qualifications of the Independent Director.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	

Supplement to Recommendation 5.2

<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>Complaint</p>	<p>Section 4.2 of the Board Charter; 4.4. D of the Board Charter as follows:</p> <p>4.2. Consistent with the director's three-fold duty of obedience, diligence and loyalty to the Company, a director shall:</p> <p>a) Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and in existing laws, rules and regulations;</p> <p>b) Exercise the best care, skill and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Company; and,</p> <p>c) Act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.</p> <p>4.4. Specific Duties and Responsibilities of a Director</p> <p>A Director should act in a manner characterized by integrity, transparency, accountability and fairness. Consistent with this, a Director shall:</p> <p>d) Exercise independent judgment;</p>	
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Recommendation 5.3

1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Please see attached Annex A which would show the number of years served by the Independent directors.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p>Section 3.31 of the Corporate Governance Manual provides for the following stipulation:</p> <p>3.30. 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 20 in the Company, but may continue to qualify for nomination and election as a non-independent director.</p>	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	<p>There exists a mechanism in the Corporate governance Manual which requires election of all independent Directors which states:</p> <p>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.</p> <p>The current independent Directors of the Corporation has not yet served for more than nine years.</p>	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Chairman of the board is Mr. Antonio C. Pacis and the CEO is Mr. Raymond K. H. See.	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Section 3.32 of the Corporate Governance Manual provides:</p> <p>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.</p> <p>a) The role and responsibilities of the Chairman are provided Part III(B)(3) of Corporate Governance Manual</p> <p>b) The Chief Executive Officer shall roles and responsibilities are set forth under 3.32 (b) (i)-(ix)</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
<p>Recommendation 5.5</p>			

<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Compliant</p>	<p>Section 3.33 of the Corporate Governance Manual provides for the functions of the lead independent director:</p> <p>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.</p> <p>The functions of the lead shall include, among others, the following:</p> <p>a) Serves as an intermediary between the Chairman and the other Directors when necessary;</p> <p>b) Convenes and chairs meetings of the Non-Executive Directors; and</p> <p>c) Contributes to the performance of the Chairman, as required.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p>	
Recommendation 5.6			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>Compliant</p>	<p>Section 4 of Board of Directors charter elucidates on this point as follows:</p> <p>A Director should act in a manner characterized by integrity, transparency, accountability and fairness. Consistent with this, a Director shall:</p> <p>a) Conduct business transactions with the Company fairly. He shall ensure that his personal interest does not conflict with the interests of the Company or affect his independent judgment and the Board's decisions, and fully and immediately disclose an actual or potential conflict of interest that may arise;</p>	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-compliant		All of the Committees except for the Executive Committee are Chaired and composed of Non-executive Directors. The Committees as a group has not had a meeting with the external audit team without anyone from management present. However, members of the Committees have access to the Company's external auditors, chief compliance officer, chief audit executive, and may meet and dialogue with them without anyone from management present.
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.		Provide name/s of company CEO for the past 2 years	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	The Board will still schedule self-assessments in view of the recent approval of the Manual of Corporate Governance.	
2. The Chairman conducts a self-assessment of his performance.	Compliant	The Corporate governance section mandates the conduct of self-assessment by the Board, the chairman, the committees.	
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		

5. Every three years, the assessments are supported by an external facilitator.	Non-compliant		This has not yet been done as the Corporate Governance Manual has just been implemented last year. Thus, the three year period has not yet lapsed.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Section F of the Corporate Governance Manual outlines the system for assessing board performance: 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.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	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.	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Non-Compliant	The Company follows certain professional and ethical standards in internal and external dealings, which standards are formally or informally communicated to officers and employees of the Company. The Company plans to codify the said standards into a Code of Business Conduct and Ethics, which will be presented for endorsement of the Corporate Governance Committee and approval of the Board.	
2. The Code is properly disseminated to the Board, senior management and employees.	Non-Compliant	The Business Conduct and Ethics is being discussed by the Board and will be disseminated and posted on the website once approved	
3. The Code is disclosed and made available to the public through the company website.	Non-Compliant	The Code is being discussed and will be disseminated once approved.	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	This is found in the Guidelines on Employee Behavior, Please see attached as Annex D.	
Recommendation 7.2			

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Non-compliant	The Company undergoes multiple audits annually by third parties, customers, stakeholders as well as its external auditors and internal auditor to ensure compliance.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	The Company follows certain professional and ethical standards in internal and external dealings, which standards are formally or informally communicated to officers and employees of the Company. The Company plans to codify the said standards into a Code of Business Conduct and Ethics, which will be presented for endorsement of the Corporate Governance Committee and approval of the Board.	

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes 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.	Compliant	<p>Part IV of the Corporate Governance Manual A. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES provides for the corporate disclosure policies and procedures of the Corporation.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf</p> <p>For the reports made available to the shareholders, this is accessible in the Corporation's website and in Philippine Stock Exchange Portal:</p> <p>http://edge.pse.com.ph/companyDisclosures/form.do?cm_py_id=602</p>	
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Supplement to Recommendations 8.1

1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	The annual report and the Quarterly reports are published within the required timelines with SEC and PSE. Specifically these were published on the following dates.	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	Please see below link for the Corporation's Annual Report http://allianceselectfoods.com/wp-content/uploads/2018/05/2017-ASFII-17-A-Annual-Report-For-the-Fiscal-Year-Demcembe-31-2017.pdf	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	The Corporation has an existing policy requiring director and officers of the Company to report dealings in the shares of stock of the Company within three business days. Please see link for the policy:	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-H-Policy-On-Reporting-of-DO-Dealings-in-Shares-of-the-Company.pdf	
Supplement to Recommendation 8.2			

<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>Compliant</p>	<p>Please see attached Annex A for the shareholdings of the directors, management and Annex F for the list of the top 100 shareholders as of March 31, 2018.</p> <p>Please see attached Annex G, the conglomerate Map of the Corporation.</p>	
<p>Recommendation 8.3</p>			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Please see attached annex A. This is also published in the Corporation's Annual Report submitted to the PSE and SEC and found in the Corporation's website.</p> <p>http://allianceselectfoods.com/sec-filings/</p> <p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Please see attached annex A. This is also published in the Corporation's Annual Report submitted to the PSE and SEC and found in the Corporation's website.</p> <p>http://allianceselectfoods.com/sec-filings/</p>	
<p>Recommendation 8.4</p>			

<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>The Corporation's Definitive Information Statement submitted on May 18, 2018 on the PSE Edge Portal (i.e. http://edge.pse.com.ph/companyDisclosures) Indicates the compensation policy for the Board of directors.</p> <p>On January 21, 2016, the Company's board of directors adopted a policy, effective immediately, setting director's per diems at P10,000 per attendance at Board Meetings and P5,000 per attendance at Committee meetings.</p> <p>Under the amended By-Laws, as compensation, the Board shall receive and allocate an amount of not more than 10% of the Group's EBITDA during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.</p> <p>The Corporate Governance Committee charter also provides for the remuneration policy of the Corporation. Please see link below:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-E-Charter-of-the-Corporate-Governance-Committee.pdf</p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>The Corporate Governance Committee Charter provides for the policy for determining executive remuneration: Please see link below:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-E-Charter-of-the-Corporate-Governance-Committee.pdf</p>	

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	Please see attached Annex A for the breakdown of director remuneration and executive compensation	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>The Corporation has an existing policy on Related Party Transactions which is part of its Corporate Governance Manual. Please see link for your reference:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-A-Related-Party-Transactions-Policy.pdf</p> <p>There has been no RPT for the year which will require the director to abstain.</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Non-compliant		The Company has had no transactions covered under Part IV (D)(1) of Annex "C" of SRC Rule 12 in the last two (2) years, or those involving the Company or any of its subsidiaries in which an incumbent director, executive officer or stockholder owning ten percent (10%) or more of the total outstanding shares of the Company and members of their immediate family had or is to have a direct or indirect material interest.
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>There has been no RPT which would require a director to disclose their interest. Please see RPT charter which requires the Director to disclose their interest in the event there is an RPT transaction.</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-A-Related-Party-Transactions-Policy.pdf</p>	
Optional : Recommendation 8.5			

<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p>Compliant</p>	<p>Section B (2) of the RPT Charter of the Corporation states:</p> <p>2. In the review and approval of RPTs, the Company shall at all times abide by the following standards: 2.1. That the RPT is "fair and at arm's length"¹ ;</p>	
<p>Recommendation 8.6</p>			
<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	<p>Compliant</p>	<p>No RPT which required the corporation to disclose to the public for the year.</p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>Compliant</p>	<p>No RPT which required the corporation to appoint an independent director.</p> <p>Identify independent party appointed to evaluate the fairness of the transaction price</p>	
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>Compliant</p>	<p>The Company has no voting trust holders of 5% or more of the Company's stock, or of any arrangements that may result in a change of control of the Company.</p>	
<p>Recommendation 8.7</p>			

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Please see link to the company's website where the Manual on Corporate Governance is posted. http://allianceselectfoods.com/manual-corporate-governance/	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Please see attached as Annex H Received copy of the Manual of Corporate Governance which was submitted to the SEC on May 31, 2017 and submitted to the PSE on June 1, 2017.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	Compliant	Please see link to the Annual Report: http://allianceselectfoods.com/wp-content/uploads/2018/05/2017-ASFII-17-A-Annual-Report-For-the-Fiscal-Year-December-31-2017.pdf	
b. Financial performance indicators	Compliant	Item 6 Management Discussion and Analysis of Operation of the Annual Financial Statement.	
c. Non-financial performance indicators	Compliant	Please see Key Performance Indicators of the Annual Report.	

d. Dividend Policy	Compliant	Please see link to the Annual Report: http://allianceselectfoods.com/wp-content/uploads/2018/05/2017-ASFII-17-A-Annual-Report-For-the-Fiscal-Year-December-31-2017.pdf	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	Part III Control and Compensation Information Item 10 Directors and Executive Officers of the Registrant (pg. 27 of the Annual Financial Statement)	
f. Attendance details of each director in all directors meetings held during the year	Compliant	Part IV. Corporate Governance Item 14 Corporate Governance (pg. 35 of the Annual Financial Statement)	
g. Total remuneration of each member of the board of directors	Compliant	Part III Control and Compensation Information Item 11 Executive Compensation (pg. 35 of the Annual Financial Statement)	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	Part IV Corporate Governance Item XIV of the AFS (pg 39 of the AFS)	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	Please see link of the 17-A Report which contains the details for this section (e.g. Major Risk Factors) http://allianceselectfoods.com/wp-content/uploads/2018/05/2017-ASFII-17-A-Annual-Report-For-the-Fiscal-Year-December-31-2017.pdf	

4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	Please see link of the 17-A Report which contains the details for this section. http://allianceselectfoods.com/wp-content/uploads/2018/05/2017-ASFII-17-A-Annual-Report-For-the-Fiscal-Year-December-31-2017.pdf	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	Please see Major Risk Factor Page 11 of the Annual Financial Statement	
<p>Principle 9: The company should 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.</p>			
<p>Recommendation 9.1</p>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<p>The Charter of the Audit Committee under III Functions of the Committee, Section B (x) provides for the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor as follows:</p> <p>(x) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders</p>	

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	70.22% of the Shareholders (1,755,409,302) ratified the reappointment of Reyes Tacandong & Co., as the Company's Independent External Auditor for 2017.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<p>Please see link to the Audit Committee Charter:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p> <p>The external auditor, Reyes Tacandong & Co., has been reappointed for 2017.</p>	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	<p>Please see link to the attached Audit Committee Charter:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p> <p>The external auditor is Evaluated on an annual basis.</p>	
Recommendation 9.2			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>Compliant</p>	<p>Please see link below to the Corporations' Audit Committee Charter:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>Section III B External Audit section (x) states:</p> <p><u>(x) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor,</u> duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.</p>	

Supplement to Recommendations 9.2

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>Please see link to the company's Audit Committee Charter: http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p> <p>The Audit Committee recommend the appointment, reappointment and removal of the External Auditor. It is in this review that the Committee ensures that that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>Section III B External Audit (viii) states:</p> <p>(viii) Perform oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and person</p> <p>Please see link below to the Corporations' Audit Committee Charter:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p>	

Recommendation 9.3

<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p>There have been no non-audit services for the year.</p> <p>Please see Section 3 no. b audit committee charter which states:</p> <p>The Audit Committee shall:</p> <p>Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews 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 his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;</p>	
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<p>2. Audit Committee stays 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.</p>	<p>Compliant</p>	<p>Section III B External Audit 2 states:</p> <p>The Audit Committee shall Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews 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 his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;</p> <p>Please see link below to the Corporations' Audit Committee Charter:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-D-Charter-of-the-Audit-Committee.pdf</p> <p>Provide link or reference to guidelines or policies on non-audit services</p>	
<p>Supplement to Recommendation 9.3</p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Complaint</p>	<p>Please see attached Annex A for audit fees. There have been no non-audit services for the year.</p>	
<p>Additional Recommendation to Principle 9</p>			

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>Please see details of the company's external auditor, as follows:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner: Emmanuel V. Clarino 2. BOA Accreditation number:4782 3. Date Accredited: December 29, 2015 4. BOA Expiry date of accreditation: Dec 31, 2018 5. SEC Accreditation No: 1021-AR-2 Group A 6. Date Accredited: September 27, 2016 7. SEC Expiry date of accreditation: March 27, 2020 8. Name, address, contact number of the audit firm Reyes, Tacandong & Co. Citibank Tower 8741 Paseo De Roxas Makati City 1226 Philippines 	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Non-compliant</p>		<p>There was no inspection yet for 2017.</p>
<p>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</p>			
<p>Recommendation 10.1</p>			

1. Board has 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.	Compliant	Sec C 4.11 of the Corporate Governance Manual states as follows: 4.11. The Board shall have a clear and focused policy on the disclosure of nonfinancial 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.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant	The Company will endeavor to adopt a standard/framework in reporting sustainability and non-financial issues at the soonest practicable time.	

Principle 11: The company should 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.

Recommendation 11.1

1. Company has 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.	Compliant	The company uses quarterly reporting, current reporting and quarterly Press Releases disclosed through the PSE portal and through the Corporation's Website. http://allianceselectfoods.com/press-materials-news/	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	Compliant	Please see attached link of the Corporation's website http://allianceselectfoods.com	
a. Financial statements/reports (latest quarterly)	Compliant		

b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	Please see link to the Corporation's website: http://allianceselectfoods.com	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	The company has an internal audit and a chief audit executive. It also has financial controls in place. It likewise employs the SAP system to ensure rigorous financial.	

<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Please see link to the Corporation's Annual report:</p> <p>http://allianceselectfoods.com/wp-content/uploads/2018/05/2017-ASFII-17-A-Annual-Report-For-the-Fiscal-Year-December-31-2017.pdf</p> <p>Please see section 26 of the Annual Financial Statement which would reflect the Company's Risk Management Procedures and processes, the key risks the company is currently facing, and how the company manages the key risks.</p> <p>The frame work used is the Philippine Financial Reporting Standards (PFRS) which includes all applicable PFRS, Philippine Accounting Standards, interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and adopted by the SEC.</p>	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>The Board of Directors Charter (http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII-2017-CG-Manual-Annex-C-Charter-of-the-Board-of-Directors.pdf) and the Manual of Corp governance with specific (http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf) provisions under the compliance officer cover this section.</p>	
Optional: Recommendation 12.1			

<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>		<p>Provide information on IT governance process</p>	
<p>Recommendation 12.2</p>			
<p>1. Company has 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.</p>	<p>Compliant</p>	<p>The internal audit is in-house.</p>	
<p>Recommendation 12.3</p>			

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>The Company's Chief Audit Executive is Ms. Nimpa Reyes.</p> <p>The Internal Audit Charter provides for the responsibilities of the CAE as follows:</p> <ol style="list-style-type: none"> 1. Periodically review the Internal Audit Charter and present it to senior management and the Board Audit Committee for approval; 2. 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; 3. 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; 4. Spearhead the performance of the internal audit activity to ensure it adds value to the organization; 5. Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and 6. Present findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes. 	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Compliant</p>		

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Non-compliant		The Corporation has an in-house chief audit executive.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Please see link below of the Corporate Governance Manual for the provisions pertaining to the Compliance officer 3.6, external auditor (part IV B), chief audit executive section (5.3). The three officers function to identify, assess and monitor key risk exposures of the Corporation. http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non-compliant		The Corporation has not sought external technical support in risk management
Recommendation 12.5			

<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>Compliant</p>	<p>The Chief Risk Officer of the Corporation is Ms. Lisa Dejadina</p> <p>The Corporate Governance Manual under section 5,5, provides for the following functions of The CRO:</p> <p>a.) Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;</p> <p>b) Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;</p> <p>c) Collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee;</p> <p>d) Suggest ERM policies and related guidance, as may be needed; and</p> <p>e) Provide insights on the following:</p> <p>(i) Risk management processes are performing as intended;</p> <p>(ii) Risk measures reported are continuously reviewed for effectiveness;</p> <p>(iii) Established risk policies and procedures are being complied with. There shall be clear communication between the Board Risk Oversight Committee and the CRO.</p> <p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p>	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>Compliant</p>	<p>The CRO is the senior vice president of the corporation and the head of group and business development which would ensure the CRO has adequate resources.</p>	

Additional Recommendation to Principle 12

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	Please see attached CEO and CAE's attestation as Annex I .	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Part VI of the Corporate Governance Manual "Cultivating Synergic Relationship with Shareholders" Part A 6.1 b provides for the Shareholder's rights.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please see link of the Company's website: http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	The By-laws, and Articles of Incorporation shows the corporation's treatment of shareholders with respect to its voting rights, subscription rights and transfer rights.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	The By-laws, and Articles of Incorporation shows the corporation's treatment of shareholders with respect to its voting rights, subscription rights and transfer rights.	

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>The Voting Procedure is Indicated in the Corporation's Information statement.</p> <p>http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/</p> <p>Voting is by balloting.</p>	
<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>Compliant</p>	<p>The Corporation uses cumulative voting.</p> <p>Please see link where you can find the certification from the Corporate Secretary on the tabulation of votes and the method of voting use. The Corporation's DIS also explains the voting procedure.</p> <p>http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/</p>	

<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>Compliant</p>	<p>Part VI A Section 6.1 (iv) of the Corporate Governance Manual provides that Shareholders holding at least 25% of the Company's outstanding capital stock can 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.</p> <p>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.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Part VI A Section 6.1 (iii) of the Corporate Governance Manual provides:</p> <p>It is the 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.</p>	

7. Company has a transparent and specific dividend policy.	Compliant	<p>Part VI A Section 6.1 (ii) of the Corporate Governance Manual provides:</p> <p>Right to dividends is 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 ASFII for the payment of cash dividends shall be that all cash dividends shall be paid to shareholders within thirty (30) days from declaration thereof.</p> <p>The Company has not adopted a specific dividend policy. The Company has not declared dividends for the past two most recent fiscal years.</p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.		Identify the independent party that counted/validated the votes at the ASM, if any.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>The Notices were sent within the prescribed period mandated by the law.</p> <p>There were no items involving remuneration which were tabled therein. Please see attached link of the table of agenda in the DIS for both meetings in 2017.</p> <p>http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/</p>	
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Please see link that would provide the notice to the Company's Annual Shareholder's meeting was sufficient and complies with the corporate governance rules: http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Same as above.	
b. Auditors seeking appointment/re-appointment	Compliant	Same as above.	
c. Proxy documents	Compliant	Same as above.	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Please see link that would show the company's Definitive Information Statement which provides the rationale for the agenda items. http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Please see link of the copy of the latest ASM Minutes http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/	

<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>Please see link of the copy of the latest ASM Minutes</p> <p>http://allianceselectfoods.com/company-disclosure/notice-of-annual-meeting-of-stockholders/</p> <p>Please see Annex J for the voting results for all agenda items on the previous Special Stockholder's meeting and Annual Stockholder's meeting. The voting was done by ballot. There was also an opportunity to ask questions and answers were provided by the board during the meeting.</p>	
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>The External auditor was present during the most recent ASM and Special Stockholders' meeting. Please refer to Minutes.</p>	
<p>Recommendation 13.4</p>			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>Compliant</p>	<p>Section 6.4 of the Corporate Governance Manual provides as follows:</p> <p>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.</p>	

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	This provision is found in 6.4 of the Corporate Governance Manual. http://allianceselectfoods.com/wp-content/uploads/2017/06/ASFII_-2017-Corporate-Governance-Manual.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Investor Relations Officer of the Corporation is Atty. Ma. Kristina Ambrocio Telephone number: (02) 635-5241 Fax Number: (02)6355235 / (02)6353423 E-mail address: Kpambrocio@allianceselectfoods.com	
2. IRO is present at every shareholder's meeting.	Compliant	Yes, the IRO is present at every Shareholders' meeting	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	There are no anti-take over measures or similar devices that may entrench ineffective management of the existing shareholder group.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	The Company's public float as December 31, 2017 is 31.77	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The Corporate governance Manual Part VII Duties of Stakeholders A sec. 7.1a defines the composition of stakeholders as:</p> <p>Stakeholders include but are not limited to shareholders, employees, suppliers, investors, creditors, the community in which the Company operates, etc.</p> <p>The Corporate Governance Manual provides information pertaining to shareholders' rights, duties and programs.</p>	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<p>The Corporate Governance Manual provides:</p> <p>7.2. The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	
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Recommendation 14.3

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>Whistleblowing policy and practices and procedures for stakeholders are incorporated in the Corporate Governance Manual under Section 7.5 and 7.6 as follows:</p> <p>7.5. The Board shall make a stand against corruption by adopting an anticorruption 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.</p> <p>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.</p> <p>For concerns of violations please contact:</p> <p>Ma. Kristina Ambrocio</p> <p>Telephone number: (02) 635-5241 Fax Number: (02)6355235 / (02)6353423 E-mail address: Kpambrocio@allianceselectfoods.com</p>	
Supplement to Recommendation 14.3			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Compliant</p>	<p>The Corporate Governance Manual provides under 6.4</p> <p>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.</p>	

Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	There has been no request for exemption for the year.	
2. Company respects intellectual property rights.	Compliant	The Corporation respects and complies with Intellectual Property Code of the Philippines It has not infringed any intellectual property rights owned by other entities.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare		Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>Compliant</p>	<p>The Corporation's Corporate Governance Manual under Part VII section B 7.4 outlines its policy to encourage employee participation such as:</p> <p>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.</p> <p>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:</p> <p style="padding-left: 40px;">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.</p> <p>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.</p> <p>Please see attached Goal Setting Performance Assessment Form which allows the employees to participate in policies and programs and voice concerns.</p>	
Supplement to Recommendation 15.1			

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Compliant</p>	<p>Please see attached Annex E for Goal Setting Performance Assessment Form.</p> <p>The goal setting performance form allows the management and employees to set goals and performances and review final performance against target goals and development plan.</p> <p>This evaluation conducted with the GSPA is used as basis for the Bonus Policy.</p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>Please see attached Company policy on health, safety and welfare of its employees, which are formally communicated to its officers and employees.</p> <p>Also attached as Annex K are documentation of seminars and trainings conducted in relation to health, safety and welfare of employees.</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Please see attached training policies and training schedule as Annex K.</p>	
Recommendation 15.2			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>The Corporate Governance Manual of the Corporation under Section 7.5 states:</p> <p>7.5. The Board shall make a stand against corruption by adopting an anticorruption 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.</p>	

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Please see attached trainings and the attendance list of the trainings conducted and participated by employees as Annex K.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>Rule 6 and 9 of the ASFII guidelines on employee behavior provides that the following act is considered punishable offenses:</p> <p>b. Extorting or unauthorized solicitation of money within company premises for personal ends.</p> <p><u>Rule 9: . Serious Dishonesty Affecting Company Interest</u></p> <p>a. Offering or accepting anything of value in exchange for a purchase or requisition, job, work assignment, work location or favorable conditions of his office or position or any other similar consideration.</p>	
Recommendation 15.3			

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Compliant</p>	<p>Under Article 7.6 of the Corporate Governance Manual, it provides:</p> <p>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.</p> <p>The whistleblowing framework is being reviewed by the Board and will be published once approved.</p> <p>Employees and Officers can also use the GSPA form to supervisors to report on concern about illegal or unethical practices).</p> <p>To report any illegal or unethical behavior please contact: Ma. Kristina Ambrocio</p> <p>Telephone number: (02) 635-5241 Fax Number: (02)6355235 / (02)6353423 E-mail address: Kpambrocio@allianceselectfoods.com</p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>Non-compliant</p>	<p>A draft of the Company's Whistleblowing Policy that will allow employees to have access to an independent member of the Board or a unit created to handle whistleblowing concerns is under review.</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Non-compliant</p>	<p>A draft of the Company's Whistleblowing Policy that will require the Board to supervise and ensure the enforcement of the whistleblowing framework is under review.</p>	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should 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.

Recommendation 16.1

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>The Annual Financial Statement of the Corporation disclosed that the Corporation has been giving back to the community through the feeding program conducted in Banisil High School located in General Santos City. The program aimed to feed underweight students in an attempt to combat frequent absences and poor academic performance as well as educate the families about proper nutrition for their children.</p> <p>The feeding program was completed by 2017. The Corporation is now developing its corporate social responsibility program to focus on the local workers' community welfare, as well as promoting a clean and healthy environment.</p>	
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Optional: Principle 16

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>		<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>		<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p>	