



**THE CHARTER OF THE
COMPENSATION AND
REMUNERATION COMMITTEE**

of the Board of Directors



CHARTER OF THE COMPENSATION AND REMUNERATION COMMITTEE

INTRODUCTION

The Compensation and Remuneration Committee

The Board of Directors of the Pepsi-Cola Products Philippines, Inc. constituted the Compensation and Remuneration Committee pursuant to Article III, Section 10 of the By-Laws and the Manual on Corporate Governance, to assist the Board in the determination of executive compensation and remuneration.

The Compensation and Remuneration Committee Charter

The Compensation and Remuneration Committee, with the approval of the Board of Directors, promulgates this Charter stating its objectives, duties and functions, membership and organization, reporting process, resources, and other relevant information, as well as the standards for its performance evaluation, pursuant to and in compliance with Securities and Exchange Commission Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies, and the Corporate Governance Manual.

1 DEFINITION OF TERMS

The following capitalized terms shall have the meaning ascribed to them below:

<i>Articles of Incorporation</i>	refers to the Articles of Incorporation of the Company, as may be amended from time to time.
<i>Annual Stockholders' Meeting</i>	refers to the annual Stockholders' meeting of the Company held in accordance with the By-Laws.
<i>Board</i>	refers to the Board of Directors of the Company.
<i>By-Laws</i>	refers to the By-Laws of the Company, as may be amended from time to time.
<i>CG Code</i>	refers to the Securities and Exchange Commission Memorandum Circular No. 19, Series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies.
<i>CG Manual</i>	refers to the Company's Manual on Corporate Governance, as may be amended from time to time.
<i>Charter</i>	refers to this Charter of the Compensation and Remuneration Committee, as may be amended from time to time.
<i>Committee</i>	refers to the Compensation and Remuneration Committee;



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<i>Committee Chairman</i>	refers to the Chairman of the Compensation and Remuneration Committee.
<i>Company</i>	refers to Pepsi-Cola Products Philippines, Inc.
<i>Corporate Governance</i>	<p>refers to the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal, and social obligations towards their Stakeholders.</p> <p>Corporate Governance is a system of direction, feedback, and control using regulations, performance standards, and ethical guidelines to hold the Board and senior Management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of the Stakeholders.</p>
<i>Corporation Code</i>	refers to Republic Act No. 11232, or the <i>Revised Corporation Code of the Philippines</i> , as may be amended from time to time.
<i>Director</i>	refers to a member of the Board of Directors of the Company.
<i>Executive Director</i>	refers to a Director who has executive responsibility of day-to-day operations of a part or the whole of the organization;
<i>Independent Director</i>	refers to a Director who is independent of Management and the controlling shareholder, is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director, and maintains all of the qualifications of Independent Directors set out in the CG Manual.
<i>Management</i>	refers to a group of executives given the authority by the Board to implement the policies it has laid down in the conduct of the business of the corporation;
<i>Non-Executive Director</i>	refers to a Director who has no executive responsibility of day-to-day operations as a part or the whole of the organization; and
<i>Officer</i>	refers to an Officer of the Company as enumerated in Article IV of the Amended By-Laws, or elected or appointed by the Board of Directors.



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<i>Securities Regulation Code</i>	refers to Republic Act No. 8799, or the <i>Securities Regulation Code</i> , as may be amended from time to time.
<i>Stakeholder</i>	refers to any individual, organization, or society at large who can either affect and/or be affected by the Company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.
<i>Stockholder</i>	refers to individuals or entities who own shares of stock in the Company.

2 OBJECTIVES

The Committee shall establish a formal and transparent procedure to develop a policy for determining the remuneration of Directors and Officers that is consistent with the Company's culture and strategy, as well as with the business environment in which it operates.

3 DUTIES AND FUNCTIONS

In the exercise of its responsibility of reviewing and evaluating compensation/remuneration of the Company, the Committee has the following duties and functions:

- (a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of Directors and Officers and provide oversight over remuneration of senior Management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment;
- (b) Designate the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Officers who are needed to run the Company successfully, subject to approval of the Board;
- (c) Develop a Full Business Interest Disclosure form as part of the pre-employment requirements for all incoming Officers, which among others compel all Officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- (d) Disallow any Director to decide his or her own remuneration;
- (e) To the extent required by law or regulation, provide in the Company's annual reports, and information and proxy statements, a clear, concise, and understandable disclosure



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of compensation of all fixed and variable compensation that may be paid to the Directors and the top four (4) Management Officers for the previous fiscal year;

- (f) Review or cause the development of the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries, and benefit policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; and
- (g) Perform other duties and activities that the Committee or Board considers appropriate in the context of this Charter.

4 RESOURCES AND AUTHORITY

The Committee shall have the resources and authorities appropriate to discharge its responsibilities including the authority to engage and obtain external advice, counsel or consultancy services as it deems appropriate without need for Board approval.

The Committee Chairman and/or any of its members may meet separately with Management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any Officer, executive, or employee of the Company or the Company's outside counsel or third party consultants to attend a meeting of the Committee or to meet with any of the members or consultants of the Committee.

5 COMMITTEE MEMBERSHIP AND ORGANIZATION

Composition

The Committee shall be composed of four (4) members, two (2) of whom shall be Independent Directors.

The Committee Chairman

The Committee Chairman shall be an Independent Director.

The Committee Chairman shall preside over all meetings of the Committee and convene meetings as and when he considers appropriate.

Term

The Board shall appoint the members of the Committee at its Organizational Meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.



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Appointment

The Committee Chairman and the members of the Committee are appointed by the majority vote of the Directors at the organizational Board meeting.

Vacancies

Any vacancy in the Committee may be filled by the Board in a regular or special meeting. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

Removal

The Committee Chairman and the members of the Committee may be removed from the Committee only by a majority of the Board.

Qualifications

The Committee Chairman and the members of the Committee shall possess all of the qualifications and have none of the disqualifications for membership in the Board as provided for in the By-Laws and the CG Manual, the Corporation Code, the Securities Regulation Code, and other relevant laws. Moreover, the Committee member or members who is/are Independent Directors, must meet the qualifications of Independent Directors set out in the CG Manual.

All members of the Committee shall have an adequate working knowledge with the Company's Articles of Incorporation, By-Laws, CG Manual, the CG Code, and the Company's business and industry in which it operates.

The members of the Committee shall attend seminars on Corporate Governance and such other trainings as are appropriate conducted by duly recognized private or government entities to keep their skills and expertise current and relevant.

Independent Directors

An Independent Director shall be free from any relationships that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

6 MEETINGS



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The Committee shall hold meetings at such times and places as it considers appropriate, provided that one (1) meeting for a review of the Company's compensation plan for the year, shall be held before the start of the calendar year.

Meetings of the Committee shall be convened by the Committee Chairman as and when he considers appropriate, or upon the request of a majority of the members of the Committee.

Presiding Officer

The Committee Chairman shall be the presiding officer.

Agenda

The agenda for the meetings shall be prepared by the Corporate Secretary in coordination with the Board and such other officers relevant to the performance of the Committee's functions based on inputs from the Committee members.

The meeting agenda shall be prepared for every meeting and provided to the Committee members, along with the briefing materials, seven (7) days before the scheduled Committee meeting.

Notice

A Committee meeting shall be convened upon notice thereof made in the most convenient manner not less than seven (7) days before such meeting specifying the date, time, place, and agenda of the meeting.

Notices of meetings, and any other forms of notification to be sent to the Committee shall be initiated by the Corporate Secretary. Replies to notices shall also be sent to the Corporate Secretary. Each member shall give the Corporate Secretary an office address and email address for the service of notices of meetings of the Committee.

Notices of meetings of the Committee shall be deemed to be duly served upon a member if it is given to him personally, or delivered to him by mail or email as appropriate, in accordance with the immediately preceding paragraph.

Waiver of Notice

Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the members present in the meeting. A member may consent to short notice and may waive notice of any meeting of the Committee and any such waiver may apply retrospectively.

Manner of Attendance

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The members of the Committee shall be authorized to attend the Committee meetings by any of the following means of communication: teleconferencing, videoconferencing, web conferencing and other remote or electronic means. The requirement of presence is met if members of the Committee are able to communicate simultaneously.

Quorum

At any meeting of the Committee, quorum shall consist of at least one (1) Independent Director and at least two (2) members who are Executive Director/s or Non-Executive Director/s. A meeting shall not proceed in the absence of a quorum.

Voting

All resolutions of the Committee shall require the consensus or unanimous vote of all the members of the Committee.

If a consensus or unanimous vote cannot be achieved, the unresolved issue or matter for the decision by the Committee shall be elevated to the Board for consideration and approval which shall decide the same by majority vote, unless it is one of those corporate acts requiring the vote of three-fourths (3/4) or seventy five percent (75%) of the members of the Board.

Minutes

Minutes of Committee meetings shall be prepared by the Corporate Secretary, and signed by the Committee Chairman and the members of the Committee present during the meeting.

Contents

The Committee Minutes shall contain a record of the following:

- (a) Date, place and time of the meeting;
- (b) Presence and absence of the members of the Committee and other participants;
- (c) Name and signature of the Committee Chairman, Corporate Secretary and the members of the Committee present;
- (d) Wording of approvals made, indicating the outcome of the votes and objections put to record of any member of the Committee;
- (e) Summary of the main points of the discussions;

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- (f) Statements for the record made by a member of the Committee; and
- (g) Requests for information and summary of the respective replies.

Records

The Committee shall cause records to be kept for the following:

- (a) all agenda and other documents sent to the members/advisors; and
- (b) minutes of proceedings and meetings of the Committee.

Any such records shall be opened for inspection by any member, or by any advisor with the approval of the Committee Chairman, upon reasonable prior notice during usual office hours of the Company.

Approval

The minutes shall be circulated to the members of the Committee within seven (7) days after the meeting and submitted for approval at the next Committee meeting.

7 REPORTING PROCESS

Matters for Board Approval

The Committee Chairman, or in his absence, any other member of the Committee, shall report to the Board following each meeting significant matters discussed and acted upon to keep the Board apprised on the results of the Committee's activities. Further, the minutes of the Committee meetings shall be presented for ratification by the Board following each meeting.

Matters approved by the Committee for endorsement to the Board must be presented for approval of the Board by the Committee Chairman, or in his absence, any other Committee member, who shall apprise the Board during the meeting of any relevant points of discussion and decisions reached by the Committee, in its endorsement.

8 PERFORMANCE EVALUATION

The Committee shall, in coordination with the Compliance Officer and the Nomination and Governance Committee, conduct an assessment of its performance at least annually to ensure that the Committee continues to fulfill its responsibilities in accordance with best practice.

9 FINAL PROVISIONS

Effectivity



CHARTER OF THE COMPENSATION AND REMUNERATION COMMITTEE

This Charter was approved by the Board on 11 December 2019, and is immediately effective until amended, altered, or varied.

Review and Amendment

This Charter shall be reviewed by the Committee as and when deemed appropriate, but no less than once every two (2) years. The Committee shall then endorse the same to the Board.

This Charter shall not be amended, altered, or varied unless such amendment, alteration, or variation shall have been approved by resolution of the Board.