

**SWIFT FOODS, INC.**

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31 March 2011

**THE PHILIPPINE STOCK EXCHANGE, INC.**  
Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue,  
Makati City

Attention: Janet A. Encarnacion  
Head, Disclosure Department

*Re: Revised Manual on Corporate Governance*

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In compliance with the requirement of the Securities and Exchange Commission, we submit herewith Swift Foods, Inc.'s ("SFI") *Revised Manual on Corporate Governance* signed by SFI's Chairman, Mr. Jose S. Concepcion, Jr., and SFI's Corporate Secretary, Mr. Jose A. Bernas.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Marie Lourdes T. Sia - Bernas".

**MARIE LOURDES T. SIA - BERNAS**  
Assistant Corporate Secretary  
Corporate Information Officer

# REVISED MANUAL ON CORPORATE GOVERNANCE

## Swift Foods, Inc.

The Board of Directors, Officers, and Staff of Swift Foods, Inc. hereby commit ourselves to the principles and best practices contained in this Manual, and acknowledge that these may guide the attainment of our corporate goals.

### 1 OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees, and shareholders of Swift Foods, Inc. believe that corporate governance is a necessary component of what constitute sound business management, and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

### 2 BOARD GOVERNANCE

Compliance with the principles of good corporate governance shall start with the Board of Directors.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

#### 2.1 Board Composition

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders.

All companies covered by this Code shall have at least two (2) independent directors or such number of independent directors that constitute twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

## 2.2 The Chair and Chief Executive Officer

2.2.1 The roles of Chair and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.

2.2.2 A clear delineation of functions should be made between the Chair and CEO upon their election.

2.2.3 If the positions of Chair and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

## 2.3 Disqualifications of Directors

### 2.3.1 Permanent Disqualification

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:
  - involves the purchase or sale of securities, as defined in the Securities Regulation Code;
  - arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or
  - arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, or as an affiliated person of any of them;
- any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from:
  - acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
  - acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;
  - engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.
- Any person who is currently the subject of an order of the Commission or any court of administrative body denying, revoking, or suspending any registration, license, or permit

issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or Banko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP;

- Any person who has been restrained to engage in any activity involving securities and banking;
- Any person who is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
- Any person judicially declared to be insolvent;
- Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

## 2.3.2 Responsibilities, Duties, and Functions of the Board

### 2.3.2.1 General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, and fairness.

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board should formulate the corporation's vision, mission, strategic objectives, policies, and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

#### 2.3.2.2 Duties and Functions

To ensure a high standard of best practice for the Corporation and its stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest, and highly-motivated management officers. Adopt an effective succession planning program from management;
- Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets, and Management's overall performance;
- Ensure that the corporation's compliance with all applicable laws, regulations, and best business practices;
- Establish and maintain an investor relations program that will keep that stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or chief financial officer shall exercise oversight responsibility over the program;
- Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a system of internal checks and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness;

- Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability;
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officer, and directors, including their spouses, children, and independent siblings and parents, and of interlocking director relationships by members of the Board;
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities;
- Meet as such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent view during Board meetings should be encouraged and given due consideration;
- Keep the activities and decisions of the Board within the authority under the Articles of Incorporation, By-Laws and in accordance with existing laws, rules, and regulation;
- Appoint a Compliance Office who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

#### 2.3.2.3 Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

- To conduct fair business transactions with the Corporation, and ensure that personal interest does not conflict with the interests of the corporation;
- To devote time and attention necessary to properly and effectively discharge his duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a working knowledge of the statutory and regulatory requirements affecting the corporation, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the Commission, and where applicable, the requirements of relevant regulatory agencies;
- To observe confidentiality; and
- Internal control responsibilities of the Board.

#### 2.3.2.4 Board Meetings and Quorum Requirement

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent Directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one (1) independent director in all its meetings.

To monitor the directors' compliance with the attendance requirements, corporation shall submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board Meetings.

#### 2.3.2.5 Remuneration of Directors and Officers

The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

## 2.3.2.6 Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

### 2.3.2.6.1 Audit Committee

#### 2.3.2.6.1.1 Composition

The audit committee shall be composed of at least three (3) members of the Board, one of whom shall preferably have accounting and finance backgrounds, one of whom shall be an independent director, and another with audit experience. The chair of the Audit Committee should be an independent director.

#### 2.3.2.6.1.2 Functions

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations;
- Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the corporation, including regular receipt from Management of information on risk exposure and risk management activities;
- Check all financial reports against its compliance with both the internal financial management policies and pertinent accounting standards, including regulatory requirements;
- Perform oversight functions over its internal and external auditors to ensure that the internal and external auditors act independently from each other, and that both are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions;
- Review the annual internal audit to ensure its conformity with the objective of the corporation. The plan includes audit scope,

resources, and budget necessary to implement it;

- Prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control, and information technology security;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year, and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - Any change / s in accounting policies and practices;
  - Major judgmental areas;
  - Significant adjustments resulting from audit;
  - Going concern assumptions;
  - Compliance with accounting standards;
  - Compliance with tax, legal, and regulatory requirements
- Coordinate, monitor, and facilitate compliance with laws, rules, and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses;

The Committee shall disallow any non-audit work that will conflict with his duties as

external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report

- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee;

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties

For Philippine branches or subsidiaries of foreign corporations covered by this Code, the Internal Auditor is independent of the Philippine operations and reports to the regional or corporate headquarters

- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of the external audit.
- Perform direct interface functions with the internal and external auditors.
- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
  - A definitive timetable within which the accounting system of the Corporation will be compliant with the International Accounting Standards (IAS)
  - An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.
- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization.

#### 2.3.2.6.2 Nomination Committee

The Board shall create a Nomination Committee, which may be composed of at least three (3) voting members, one of whom shall be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

2.3.2.6.2.1. The Committee shall continually review the ownership structure of the Corporation to determine the appropriate representation to the Board.

2.3.2.6.2.2. It shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the enumerated qualifications and disqualifications.

2.3.2.6.2.3. The Nomination Committee, in determining the number of concurrent directorships that a Board member may have shall consider the following guidelines:

- The nature of the business of the corporations which he is a director of;
- Age and experience of the director;
- Number of directorships/active memberships and official appointments/executive positions in other corporations or organizations; and
- Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

2.3.2.6.2.4. The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in corporate Boards other than those within the RFM Group of Companies. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence should not be compromised.

#### 2.3.2.6.3. Compensation Committee

2.3.2.6.3.1. The Compensation Committee, which may be composed of at least three (3) voting members, one of who shall

be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy, and the business environment in which it operates.

#### 2.3.2.6.3.2. Duties and Responsibilities

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and personnel ensuring that compensation is consistently and equitably implemented in accordance with the Corporation's culture, strategy and control environment.
- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.
- Develop a Full Business Interest Disclosure form for directors and incoming officers, which among others compel all directors and incoming officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of their duties once appointed or hired.
- Disallow any director or officer to decide his or her own remuneration.
- Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
- Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirement that must be periodically met in their respective posts.

## 2.4 The Corporate Secretary

2.4.1 The Corporate Secretary who should be a Filipino citizen, is an officer of the corporation, and should:

2.4.1.1 be loyal to the mission, vision, and objective of the corporation, and must work fairly, and objectively with the Board, Management, and stockholders;

2.4.1.2 work fairly and objectively with the Board, Management, and stockholders;

2.4.1.3 have appropriate administrative and interpersonal skills;

2.4.1.4 if he is not at the same time the corporation's legal counsel, be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities;

2.4.1.5 Have knowledge of the operations of the corporation;

2.4.1.6 Informs the members of the Board, in accordance with the by-laws, of the agenda of their meeting, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

2.4.1.7 Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family, and serious accidents, prevent him from doing so;

2.4.1.8 Ensure that all Board procedures, rules and regulations are strictly followed by the members;

2.4.1.9 If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided in the Code; and

2.4.1.10 Issue certification every January 30<sup>th</sup> of the year on the attendance of directors in meetings of the board of directors, counter signed by the Chairman of the Board.

#### 2.4.2. Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- Provide the Board members with the schedule of the meetings for the current year during the first month of the year and put the Board on notice before every

meeting together with a copy of the agenda of the meeting.

- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.

## 2.5 Compliance Officer

To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer or his alternative who shall have the rank of at least a vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He shall perform the following duties:

2.5.1 Monitor compliance by the corporation with the Code, and the rules and regulations of regulatory agencies, and if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measure to prevent a repetition of the violation;

2.5.2 Appear before the Securities and Exchange Commission when summoned in relation to compliance with the Code; and

2.5.3 Issue a certification every January 30<sup>th</sup> of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same, if any.

The appointment of the Compliance Officer (and his alternative) shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondences relative to their functions as such shall be addressed to the said Officer.

## **3 ADEQUATE AND TIMELY INFORMATION**

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate, and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities.

Hence, the members should be given independent access to Management and the Corporate Secretary.

Members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

#### **4 ACCOUNTABILITY AND AUDIT**

4.1 The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position, and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

It is essential that Management provide all members of the Board with accurate and timely information that would enable the board to comply with its responsibilities to its stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- 4.1.1. The extent of its responsibility in the preparation of the financial statements, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained.
- 4.1.2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation should be maintained.
- 4.1.3. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;
- 4.1.4. The corporation should consistently comply with the financial reporting requirements of the Commission.
- 4.1.5 The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency.

4.1.6 The internal auditor should submit to the Audit Committee and Management, an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be deemed necessary or requested by the Board and Management.

4.2 The Board after consultation with the Audit Committee, shall recommend to the stockholders' external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or cease to perform his services, the reason(s) for the date of effectivity of such action shall be reported in the corporations' annul and current reports. The report shall included a discussion of any disagreement between him and the corporation on accounting principles and practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before his submission.

If an external auditor believes that the statements made in the Corporation's annual report, information statement, or any report filed with the Commission or any regulatory body filed during his engagement is incorrect or incomplete, he shall give his comments or views on the said report.

## **5 STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS INTEREST**

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as a governance covenant between the Corporation and all its investors:

5.1 The Board shall respect the rights of the stockholders as provided in the Corporation Code and By-Laws, namely:

- 5.1.1 Voting Right
  - 5.1.2 Pre-emptive Right
  - 5.1.3 Power of Inspection
  - 5.1.4 Right to Information
  - 5.1.5 Right to Dividends
  - 5.1.6 Appraisal Right
- 5.2 The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend they should be appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should consider suggestions from the minority stockholder who propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms.

The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation which could adversely affect its viability of interest of the stockholders should be publicly and timely disclosed. Such information should include, among others, earning results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate exchange mechanism and submissions to the Commission.

- 6.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer or his alternate.
- 6.2. All material information, *i.e.*, anything that could potentially affect share price, shall be publicly disclosed.
- 6.3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.
- 6.4. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
- 6.5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.
- 6.6. All material non-public information shall not be communicated to any person, unless the Corporation is ready to simultaneously disclose the material non-public information to the Philippine Stock Exchange.
- 6.7. This notwithstanding, the prohibition in Section 5.6 does not apply if the disclosure is made to:
  - a. A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; directors and officers; and

b. A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

6.8. The Board shall establish and implement internal controls that will ensure that the directors and officers, staff and any other person who is privy to the material non-public information shall comply with the prohibition on disclosure of material non-public information. (As amended on 12 April 2004 by Board approval).

## **7 COMMUNICATION PROCESS**

7.1. This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.

7.2. All directors, executives, and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

7.3. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.

## **8 TRAINING PROCESS**

8.1 If necessary, funds shall be allocated by the Chief Financial Officer or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

8.2. A director, assuming that position for the first time, shall be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

## **9 COMMITMENT TO GOOD CORPORATE GOVERNANCE**

All covered corporations shall establish and implement their corporate governance rules in accordance with the Code. The rules shall be embodied in a manual that can be used as reference by the members of the Board and Management. The manual should be submitted to the Commission for its evaluation within one hundred eighty (180) business days from the date the Code becomes effective. To enable the Commission to determine its compliance with the Code, taking into consideration the nature, size, and scope of the business of the corporation; provided, however that corporations have earlier submitted their Manual, may at their own option, continue to used the said Manual as long as it complies with the provisions of the Code.

The manual shall be made available for the inspection by any stockholder at reasonable hours on business days.

## 10 MONITORING AND ASSESSMENT

10.1. Each Committee shall report regularly to the Board of Directors.

10.2. The Board shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under this Manual.

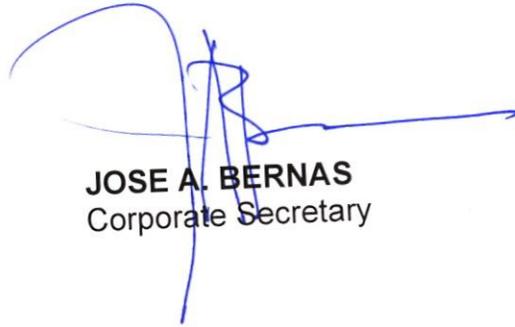
10.3. The establishment of such an evaluation system, including the features thereof, shall be disclosed in the company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by Board approval.

10.4. This Manual shall be subject to annual review.

10.5. All business processes and practices being performed within any department in Swift Foods, Inc. that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

By :

  
**JOSE S. CONCEPCION, JR.**  
Chairman / Director

  
**JOSE A. BERNAS**  
Corporate Secretary