INTRODUCTION AND DEFINITION OF TERMS

A. Introduction

The Board of Directors, officers and employees of Universal Robina Corporation (the "Company" or the "Corporation") are committed to the principles of corporate governance contained in this Corporate Governance Manual. The Board recognizes that Corporate Governance is a necessary component of sound business management which will in turn contribute to the improvement of the value of the Corporation for the benefit of its shareholders and stakeholders.

B. Definition of Terms

1. Articles of Incorporation – refers to the Articles of Incorporation of the Corporation and all amendments thereto;

2. Board of Directors or "Board" – is the governing body elected by the Shareholders that exercises the corporate powers of a Corporation, conducts all its business and controls its properties;

3. By-Laws – refers to the By-Laws of the Corporation and all amendments thereto;

4. Compliance Officer – is the highest position in the Corporation responsible for the compliance function and is primarily liable to the Corporation and its Shareholders;

5. Corporate Governance – refers to the system of stewardship and control to guide Corporations in fulfilling their long-term economic, moral, legal and social obligations towards their Stakeholders. It is the 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 Shareholders value – to the benefit of all Stakeholders and society;

6. Enterprise Risk Management or ERM – refers to the process, effected by the Corporation's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the Corporation, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of the Corporation's objectives;

7. Exchange or Philippine Stock Exchange – refers to an organized market place or facility that brings together buyers and sellers, and executes trading of securities and/or commodities;

8. Executive Director – refers to a Director who has executive responsibility on the day-to-day operations of a part or the whole of the Corporation;

9. Independent Director – refers to a person who is independent of management and the controlling Shareholders, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director. An Independent Director refers to a person who, ideally:

    9.1. Is not, or has not been a Senior Officer or employee of the covered Company unless there has been change in the controlling interest ownership of the Company;

    9.2. Is not, and has not been in the three years immediately preceding election, a Director of the covered Company, a Director, Officer, employee of the covered Company's subsidiaries, associates, affiliates or related companies; or a Director, Officer, employee of the covered Company's substantial Shareholders and its related companies;

    9.3. Has not been appointed in the covered Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio" Director/Officer or Member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;

    9.4. Is not an owner of more than two percent (2%) of the outstanding shares of the covered Company, its subsidiaries, associates, affiliates or related companies;

    9.5. Is not a relative of a Director, Officer, or substantial Shareholder of the covered Company or any of its related companies or of any of its substantial Shareholder. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

    9.6. Is not acting as a nominee or representative of any Director of the covered Company or any of its related companies;

    9.7. Is not a securities broker-dealer of listed companies and registered issuers of securities;

    9.8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered Company, any of its related companies or substantial Shareholders, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

9.9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, Director or substantial Shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

9.10. Is not affiliated with any non-profit Corporation that receives significant funding from the covered Company or any of its related companies or substantial Shareholders; and

9.11. Is not employed as an executive Officer of another Company where any of the covered Company's executives serve as Directors.

9.12. As a rule, independent directors may serve for a maximum of nine (9) consecutive years starting from 2012, making sure however that the shareholders' legal right to vote and be as directors remains inviolable. If the Corporation wants to retain an independent director who has served for nine consecutive years, the Board shall provide meritorious justifications and advise the shareholders of such justification during the annual shareholders meeting.

10. Internal Audit – refers to an independent and objective assurance activity designed to add value and improve the Corporation's operations, and help accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;

11. Internal Audit Department – refers to the department of the Corporation that provide independent and objective assurance services in order to add value to and improve the Corporation's operations;

12. Internal Audit Head– the highest position in the Corporation responsible for Internal Audit activities;

13. Internal Control – refers to a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the Corporation's policies and procedures;

14. Internal Control System – refers to the framework under which internal controls are developed and implemented (alone or in concert with other policies and procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed;

15. Management, also referred to as Officers – refers to a group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation;

16. Non-audit Work – refers to the other services offered by an External Auditor to a Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an External Auditor;

17. Non-Executive Director – refers to a director who has no executive responsibility and does not perform any work related to the day-to-day operations of the Corporation;

18. Related Party – refers to the Company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the Company exerts direct or indirect control over or that exerts direct or indirect control over the Company; the Company's Directors; Officers; Shareholders and Related Interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies; and such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.

19. Related Party Transaction or RPT – refers to the transfer of resources, services or obligations between a reporting Corporation and a Related Party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with Related Parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party.

20. Stakeholder – 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.