

**MINUTES OF THE REGULAR MEETING OF STOCKHOLDERS
OF**

SAN MIGUEL CORPORATION

Held on June 14, 2022

Via livestreaming at <https://www.sanmiguel.com.ph/ASM2022>

SHAREHOLDERS PRESENT:

See Record of Attendance attached as Annex "A" to these minutes.

DIRECTORS:

Ramon S. Ang
John Paul L. Ang
Aurora T. Calderon
Joselito D. Campos, Jr.
Teresita J. Leonardo-De Castro
Jose C. De Venecia, Jr.
Menardo R. Jiménez
Estelito P. Mendoza
Diosdado M. Peralta
Alexander J. Poblador
Reynato S. Puno
Thomas A. Tan
Margarito B. Teves
Ramon F. Villavicencio
Iñigo Zobel

In attendance:

Virgilio S. Jacinto, Corporate Secretary
Ferdinand K. Constantino, Chief Finance Officer
Joseph N. Pineda, SVP-Head of Treasury
Mary Rose S. Tan, Assistant Corporate Secretary
Darwin Virocel, R. G. Manabat & Co.
Hazel Gebilaquin, R. G. Manabat & Co.
Reynabeth D. De Guzman, Head – Investor Relations

I. CALL TO ORDER

The meeting was called to order at 2:00 p.m. Mr. Ramon S. Ang, Vice Chairman, President and Chief Executive Officer of the Company presided over the meeting. The singing of the National Anthem was followed by an invocation led by Ms. Reynabeth D. De Guzman, Head of Investor Relations.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Virgilio S. Jacinto, certified that notices were duly sent to the stockholders and there are present in the meeting, in person or by proxy, 85.41% of the outstanding voting stock of the Company.

The Corporate Secretary stated that for the record, proxies for 85.32% of the outstanding common shares of the Company have been issued by the

stockholders in favor of the Chairman of the Meeting, Mr. Ramon S. Ang, authorizing him to vote for the election of the members of the Board of Directors and the approval of all corporate actions in the agenda for the meeting.

III. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING HELD ON JUNE 8, 2021

Upon motion duly made and seconded, the stockholders approved and ratified the minutes of the Regular Annual Meeting of Stockholders held on June 38, 2021.

IV. CHAIRMAN'S MESSAGE AND PRESENTATION OF ANNUAL REPORT

Mr. Ramon S. Ang, delivered the following message to the stockholders.

"Good afternoon, fellow stockholders. Thank you for joining us today.

Two years into the pandemic, it appears our country has turned the corner.

Amid the lockdowns and COVID-19 restrictions that continued in 2021, our businesses performed well and served our countrymen. Thanks to the success of our COVID-19 PCR-testing and vaccination efforts that protected our workforce and kept our operations running smoothly.

As of January this year, we fully vaccinated over 97% of 70,000 of our nationwide network.

We have also invested in various medical equipment to further support the health and wellbeing of our employees.

2021 was a good year for San Miguel Corporation. All our businesses registered significant improvement compared to previous year in terms of volume, revenues, and profits.

Some of our businesses even posted record performances.

We continued to execute our strategic programs and doubled our efforts to achieve significant milestones.

- In early 2021, we completed and opened to the public Skyway Stage 3 and the South Luzon Expressway Elevated Extension projects.
- In September, we signed a Supplemental Toll Operations Agreement for the financing, construction, operation, and maintenance of the Pasig River Expressway.
- Towards the last quarter of 2021, we took delivery of the first train sets for our MRT-7 project. We aim to start operations by early next year.
- Early this year, we began the commercial operations of our very first Battery Energy Storage System facility in Kabankalan, Negros, with a capacity of 20-MWh.
- By the end of this year, we are set to complete and operate 21 out of our total 31 BESS facilities, with the rest to be finished by next year.

- After over a year of working with global experts to ensure that the project is built sustainably, land development for our New Manila International Airport project in Bulacan finally received the support of the Dutch Government by way of an Export Credit Insurance to our contractor Boskalis of Netherlands.

There are many other projects in various stages of development throughout the San Miguel Group. What is common to all these projects is our stronger push towards nation-building and greater sustainability.

In this decade and beyond, each of our new projects will benefit both the society as a whole and the environment.

More than just building infrastructure, it is about creating better opportunities for more Filipinos and ensuring that future generations will still benefit from the natural resources we enjoy today.

Everything we do will be in support of nation-building. Every day will be a time to build. Thank you very much.”

After the delivery of the message, Mr. Ramon S. Ang requested the Chief Finance Officer, Mr. Ferdinand K. Constantino to report to the stockholders the financial performance of the Company. The report is set forth below.

“Thank you, Mr. Ang, for putting into the proper perspective our achievements thus far, and setting our company’s direction in the coming years.

I will now report San Miguel Corporation’s 2021 performance.

As mentioned by our President and CEO, Mr. Ramon Ang, 2021 was a good year for San Miguel.

We sustained our recovery momentum, which began as soon as the first pandemic lockdown was lifted in the middle of 2020.

By the end of 2021, we turned in a solid robust performance, with all our major businesses turning in higher volume, revenue, and income results.

A number of our businesses already made full recoveries, even delivering better-than-pre-pandemic results.

- Consolidated revenues rose 30% to P941.2 billion from 2020.
- Operating income reached P117.2 billion, 64% higher than the previous year, and moderately better than in 2019.
- Net income amounted to P48.2 billion, 120% higher than in 2020;
- while EBITDA was 28% higher at P160.9 billion.

Let me briefly run through the performance of our businesses:

- **San Miguel Food and Beverage Inc.** delivered consolidated revenues of P309.8 billion, 11% better than the previous year, as the Beer, Spirits and Food units all turned in solid results.
- Consolidated operating income grew 31% to P43.7 billion, while net income rose 40% to P31.4 billion--a remarkable achievement given the continued implementation of pandemic restrictions and increasing raw material prices.

Let us also take a quick look at the performance of each of the units.

- **Ginebra San Miguel Inc.** and **San Miguel Foods** both made full recoveries, with profits surging to better than 2019 levels.
- **San Miguel Brewery** also turned in higher volumes, revenues, and profits compared to 2020 despite the continued closure of on-premise outlets and implementation of liquor bans.
- **San Miguel Packaging Group** meanwhile posted higher revenues and operating income, as demand from food and beverage accounts improved.
- **SMC Global Power** posted consolidated revenues of 133.7 billion, up 16% from 2020, as industrial activities started to pick up. Operating income was also 14% better at P31.9 billion. Net income was however lower by 15% to P16 billion, as the company recorded a one-time gain from a third-party contractor arising from non-fulfillment of procurement-related obligations in 2020. Without this, recurring net income is about 5% higher.
- **Petron** posted a major recovery from the P11.4 billion net loss it registered in 2020. It delivered net income of P6.1 billion in 2021. Consolidated revenues reached P438.1 billion, up 53%, driven by the increase in international prices and higher local demand. Improved refining margins and operational efficiencies resulted to a 472% increase in operating income to P17.2 billion, an enormous turnaround from the P4.6 billion operating loss reported in 2020.
- **SMC Infrastructure**, on the other hand, recorded total revenues of P19.7 billion, mainly driven by higher average daily traffic volume at all operating toll roads, both up 35% from 2020. Operating income jumped 164% to P6.8 billion. All major projects under SMC Infrastructure, such as the New Manila International Airport, MRT-7, SLEX TR-4 and Skyway 4, and Bulacan Bulk Water Stage 3, are progressing well.

Our momentum has carried through the first quarter of 2022, with revenues reaching P316.8 billion, up 57% from the same period last year. This, despite a surge in COVID-19 cases due to the Omicron variant in January, which required another lockdown, and volatility in the global commodities market.

Consolidated income from operations rose 25% to P40.1 billion. Consolidated recurring net income amounted to P13.9 billion, up 3% from the same period last year, before the full benefits of the CREATE Law were reflected.

Group EBITDA for the first quarter was up 9% to P44.8 billion.

As Mr. Ang said earlier, with the reopening of our economy and the pandemic largely under control, recovery is well underway.

With the determined efforts of our employees, the guidance of our Board, the visionary leadership of our Top Management, and your continued support, we believe San Miguel can only get better.

Thank you very much.”

After the presentation of Mr. Constantino, the Chairman of the Meeting Ramon S. Ang opened the floor for questions. The questions that were responded to were those that were submitted ahead of the meeting via email as provided in the Company’s website.

Ms. Consuelo Ricardo of Lucena, Quezon submitted the question, as follows: “We are very happy to see San Miguel Corporation’s Healthy Recovery from the Covid-19 challenge which did well in 201. Do we expect to sustain this recovery and see continuous growth?”

To this question, the Chairman of the Meeting replied: *“Yes, I think with lesser lockdowns and being more knowledgeable about the COVID problem, I think the Company will definitely grow much stronger than last year.”*

Another stockholder Mr. Eduardo Marquez of Parañaque City, submitted the following question: “Hinihintay po naming and itinatayo ninyong bagong airport sa Bulacan. Ano po ba ang latest development nito?”

The Chairman of the Meeting replied as follows: *“Iyong pong Bulacan airport natin on full swing. In fact, naka bubble po doon ang mga empleyado ng Boskalis – there are about 1,500 employees naka bubble po sila meaning nobody is allowed to go home, in or out, at most of them are staying in a cruise ship and they are working 24/7 and they can deliver the platform of the airport to us by third quarter of 2024 and by then we will start building the runway, taxiway, apron and passenger terminal and the carpark building and all the road network will then be built, and I think the airport will be operating by first quarter of 2026, kung wala na lockdown.”*

So I think our airport is in full swing and one more very important milestone on this airport is that the Dutch Government support on our project by issuing a guarantee to the contractor. And you know, the Dutch government does not grant such guarantee without investigating the environment, the ecosystems and the people around the area. They will never finance any project that may affect any local community and the project must definitely be with national interest so now we have the seal of approval from the Dutch Government. So with that developments, I think financing can be raised for the project and the same can be completed, hopefully, by 2026. Thank you po.”

Ms. Marites Cruz of Manila submitted the question: “Kaylan po kaya maibabalik and face to face Annual Stockholders meeting natin?”

The Chairman of the Meeting replied: *“I think it is based on the COVID situation. Kung wala na bagong variant na saksakan ng lakas ay palagay ko po ay next year okay na tayo.”*

Some comments were also submitted and read during the meeting, as follows:

From Jessie Ramirez: "I would like to express my gratitude in seeing products of SMC such the San Miguel Beer and Red Horse (in cans) along with Purefoods pork products in the shelves of Qatar Distribution Company which we OFWs and other nationalities here in the State of Qatar patronizes. We do hope someday we'll see more other alcoholic and pork product in the Shelves of Qatar Distribution Company."

From Antonio Balmes of Valenzuela City: "We thank you Mr. Ang for your active support in helping clean the environment. We hope that you will not get tired in your efforts in undertaking this great initiative."

Mr. Ramon S. Ang responded to the comment, as follows: "*Alam nyo for the information of the stockholders, right now our thrust is to produce more chicken products. In fact, the Philippines only consumes 13 kilos per capita compared to our neighboring countries who on an average day, consume about 150 kilos per capita and that is the cheapest meat that anyone can produce.*"

And also if we can produce more poultry products we will be creating millions of jobs because it requires a lot of inputs coming from corn, cassava, and all these ingredients to produce feeds for poultry products. And our poultry products today unlike before which we only sell in frozen form as fresh chicken, today we are able to convert all of that into ready to eat products from chicken nuggets chicken longganisa at yung mga roast chicken so the value added to the foods business have gone up immediately. We hope we can export to the Middle East kasi po hindi natin masyado pinupush ang mga alcoholic products sa Middle East baka po ma trouble ho ang mga kababayan natin dun."

A stockholder moved to close the open forum and approve and ratify the annual report as presented. Another stockholder seconded the motion and the Chairman of the Meeting declared the motion as carried.

V. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Chairman of the Meeting proceeded to the next item on the agenda which is the ratification of all acts of the Board of Directors and corporate officers since the date of the last stockholders' meeting.

The following acts were presented to the Stockholders, namely:

- a) Shelf registration of Php60 billion fixed rate, peso-denominated bonds, to be issued for a period of 3 years, with an initial offering of Php25 billion fixed rate, peso-denominated bonds, and an oversubscription option of Php5 billion.
- b) Redemption of Series "2" Preferred Shares –Subseries C and Subseries E at a redemption price of Php75.00 per share and the payment of any accumulated and unpaid cash dividends.
- c) Extension of the period to utilize the proceeds from the public offering and issuance of the Series 2-J and 2-K Preferred Shares to December 31, 2022.
- d) Confirmation of the change in the designation of Mr. Ramon S. Ang from "President and Chief Operating Officer" to "President and Chief Executive

Officer,” as provided in the amended By-Laws approved by the Securities and Exchange Commission.

- e) Declaration of cash dividends for the common and preferred shares.
- f) Appointment of corporate officers.
- g) Approval of signing authorities and limits.

A stockholder moved to approve, confirm and ratify all acts, resolutions and proceedings of the Board of Directors and corporate officers since the June 30, 2020 regular meeting of stockholders until June 8, 2021, as set forth in the minutes of the meetings of the Board of Directors.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2022-06-14-01

“RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on June 8, 2021 until today June 8, 2021, as set forth in the minutes of the meetings of the Board of Directors be approved, confirmed and ratified.”

VI. APPROVAL OF THE DIRECTORS’ FEES

Atty. Jacinto reported that the Corporate Governance Committee favorably endorsed to the Board of Directors during meetings held on June 8, 2021, the payment of Directors’ fees for 2021 in the amount of P72.39 million. The Chairman of the Corporate Governance Committee, Independent Director Reynato S. Puno confirmed the same.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2022-06-14-02

“RESOLVED, as it is hereby resolved, that the Directors’ Fees for the year 2021 in the amount of P72.39 million, as presented, be approved.”

VII. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman of the Audit and Risk Oversight Committee, Mr. Margarito B. Teves confirmed the summary presented by the Corporate Secretary that after the evaluation of the Audit and Risk Oversight Committee, the Committee recommended the appointment of the accounting firm of R.G. Manabat & Co./KPMG, CPAs as the external auditors of the Company for fiscal year 2022.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2022-06-14-03

“RESOLVED, as it is hereby resolved, that the accounting firm of R.G. Manabat & Co./KPMG, CPAs are appointed as the external auditors of the Company for fiscal year 2022.”

VIII. ELECTION OF THE BOARD OF DIRECTORS

The Chairman of the Meeting asked the Corporate Secretary to inform the assembly of the nominations received by the Board.

The Corporate Secretary read the names of the qualified nominees for the election to the Board of Directors.

Ramon S. Ang	Director
John Paul L. Ang	Director
Aurora T. Calderon	Director
Joselito D. Campos, Jr.	Director
Jose C. de Venecia, Jr.	Director
Menardo R. Jimenez	Director
Estelito P. Mendoza	Director
Alexander J. Poblador	Director
Thomas A. Tan	Director
Ramon F. Villavicencio	Director
Iñigo Zobel	Director
Teresita J. Leonardo-De Castro	Independent Director
Diosdado M. Peralta	Independent Director
Reynato S. Puno	Independent Director
Margarito B. Teves	Independent Director

In addition, the Corporate Secretary advised that the Proxy Statement circulated to the stockholders identified the nominees for election as independent directors, namely: Reynato S. Puno, Margarito B. Teves, Teresita J. Leonardo-De Castro and Diosdado M. Peralta. This is in accordance with the requirements of the Securities and Exchange Commission.

The Corporate Secretary stated that, in the annual stockholders meeting of the Company in 2021, the stockholders, with the favorable endorsement of the Board of Directors, approved and confirmed the re-election of Messrs. Reynato S. Puno and Margarito B. Teves as independent directors of the Company.

Upon motion of a stockholder, the following resolution was passed:

Resolution No. 2022-06-14-04

“RESOLVED, as it is hereby resolved, that considering there are only fifteen (15) nominees and there are only fifteen (15) seats in the Board to be filled up, the balloting for the election of directors will be dispensed with and all fifteen (15) nominees, including Independent Directors Messrs. Reynato S. Puno and Margarito B. Teves be considered unanimously elected as Directors of the Company for the ensuing year, until their successors are elected and qualified, and that the votes of the stockholders present and represented by proxies be distributed and recorded accordingly.”

With the resolution, the Chairman of the Meeting declared all the nominees elected. The Chairman of the Meeting, on behalf of management, welcomed the newly-elected Board of Directors and thanked the stockholders for their vote of confidence.

IX. ADJOURNMENT

The Chairman of the Meeting asked if there are any other matters that any stockholder wished to bring up and there being none, entertained a motion for adjournment.

A stockholder moved to adjourn the meeting, duly seconded by another stockholder. The Chairman of the Meeting adjourned the meeting and thanked all stockholders for attending.

A copy of the voting results is attached as Annex "B".

ATTESTED BY:

RAMON S. ANG
Chairman of the Meeting

VIRGILIO S. JACINTO
Corporate Secretary