COVER SHEET

P	W	-	2	7	7				

S. E. C. Registration Number

							S	A	N										
							M	I	G	U	E	L							
			C	O	R	P	O	R	A	T	I	O	N						

(Company's Full Name)

N	O	.	4	0		S	A	N		M	I	G	U	E	L		A	V	E
M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y				
M	E	T	R	O		M	A	N	I	L	A								
P	H	I	L	I	P	P	I	N	E	S									

(Business Address: No. Street City/Town/Province)

Atty. Mary Rose S. Tan

Contact Person

(632) 632-3000

Company Telephone Number

SEC FORM

2nd Tuesday of June

1	2

Month

3	1	

Day

	I	A	C	G	R	

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

- - - - - - - - - - - - - - - - - -

S T A M P S

- - - - - - - - - - - - - - - - - -

Remarks = pls. Use black ink for scanning purposes

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2019**

2. SEC Identification Number **PW-277** 3. BIR Tax Identification No. **000-060-741-000**

4. Exact name of issuer as specified in its charter **SAN MIGUEL CORPORATION**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila** **1550**
   Address of principal office Postal Code

8. **(632) 632-3000**
   Issuer's telephone number, including area code

9. **N/A**
   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			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	**COMPLIANT**	Principle 1 and Recommendation 1.1 are embodied in the Manual on Corporate Governance of San Miguel Corporation (the "Company") as amended on 10 May 2017 (the "Manual"), specifically Section 2.2.1 [*Board of Directors*] thereof. The Manual may be downloaded from the website of the Company at: http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The academic qualifications, industry knowledge, professional experience, and expertise of directors are set forth in the Definitive Information Statement of the Company filed on 03 June 2020 (the "Definitive Information Statement"), specifically pages 8 to 11 thereof, and Annual Report (SEC Form 17-A) for the fiscal year 31 December 2019 ("SEC Form 17-A"), specifically pages 37 to 41 Part III, Item 9 [*Directors and Executive Officers of the Issuer*].	
2. Board has an appropriate mix of competence and expertise.	**COMPLIANT**		
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.	**COMPLIANT**		

		The Definitive Information Statement and SEC Form 17-A, respectively, may be downloaded from the website of the Company at: https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf The qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of their performance are specified in Section 2.2.1.5 [*Qualification and Disqualification of Directors*] of the Manual and Article III, Section 2 of the Amended By-laws of the Company as approved by the Securities and Exchange Commission (the "Commission") on 16 March 2012 (the "By-laws"). The By-laws may be downloaded from the website of the Company at: http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf	
Recommendation 1.2			

1. Board is composed of a majority of non-executive directors.	**COMPLIANT**	Recommendation 1.2 is embodied in the last paragraph of Section 2.2.1 [*Board of Directors*] of the Manual http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Compliance Officer attests that: (a) Mr. Eduardo M. Cojuangco, Jr. (Chairman and Chief Executive Officer),[1] Mr. Ramon S. Ang (Vice Chairman, President and Chief Operating Officer), Mr. Ferdinand K. Constantino (Treasurer and Chief Finance Officer)[2] and Ms. Aurora T. Calderon are Executive Directors; and (b) Eleven (11) out of the fifteen (15) members of the Board of Directors of the Company (the "Board") are Non-executive Directors.	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	**COMPLIANT**	The policy on training of directors is set out in Section 2.2.1.4 [*Duties and Responsibilities of a Director*], which states that a director shall attend a seminar or training program on corporate governance, at least once a year, which shall be conducted by a duly accredited training provider of the Commission. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	

[1] As disclosed on June 17, 2020, Mr. Eduardo M. Cojuangco, Jr. passed away on the evening of June 16, 2020.

[2] Mr. Ferdinand K. Constantino resigned as a member of the Board of Directors of the Company effective 28 February 2018.

2. Company has an orientation program for first time directors.	**COMPLIANT**	Section 6.5 of the Manual provides that the Board of Directors and key officers of the Company shall attend a continuing training on corporate governance as may be required by the Commission, which shall include courses on the developments in the business and regulatory environments, including emerging risks relevant to the Company. The said provision likewise states that first-time Directors shall attend an orientation program, to ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships. The orientation program covers SEC-mandated topics on corporate governance and an introduction to the Company's business, articles of incorporation, and Code of Business Conduct and Ethics. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Compliance Officer hereby attests that the Company conducts an orientation program for new directors which is conducted by the Office of the Chief Finance Officer, the Office of the General Counsel and the Office of the Corporate Secretariat together with the Corporate Affairs Office and San Miguel Foundation Inc. The	
3. Company has relevant annual continuing training for all directors.	**COMPLIANT**		

		presentation includes an overview of the business of the Company, most recent financial statements, results of operations, corporate social responsibility initiatives, the Code of Ethics, policy on dealings with securities, the Manual, functions and duties of the members of the Board of Directors, the Board of Directors as a collegial body and reportorial requirements as a member of the Board of Directors. The orientation sessions are conducted individually which allows the directors to ask questions. Copies of the constitutive documents of the Company, and the latest information package of the Company, if available, are also given to the new director during orientation. The undersigned Compliance Officer further attests that: In compliance with SEC Memorandum Circular No. 20, Series of 2013, the Company disclosed to the Commission the fact of attendance by the members of the Board of Directors of the Company of corporate governance training seminars conducted in 2019, as more particularly set out in Annex "A" hereof.	
Recommendation 1.4			

1. Board has a policy on board diversity.	**COMPLIANT**	Section 2.2.1.5 [*Qualifications and Disqualifications of Directors*] of the Manual states that the Board of Directors shall be composed of members from diverse backgrounds to ensure that optimal decision-making is achieved. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The members of the Board come from diverse background such as legal, finance, business and policy advocates. The Board has one female member, Ms. Aurora T. Calderon. The gender composition of the Board is set out on page 4 of the General Information Sheet of the Company as of 30 June 2020 (the "GIS"), which may be downloaded from the website of the Company at: https://www.sanmiguel.com.ph/files/reports/SMC_General_Information_Sheet_as_of_June_30_2020_07_14_2020.pdf	
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.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	**COMPLIANT**	The qualifications, duties and functions of the Corporate Secretary are set out in Article IV, Section 9 of the By-laws http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf and Section 2.2.4 of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf Atty. Virgilio S. Jacinto is the Corporate Secretary and Compliance Officer of the Company. He is also the General Counsel of the Company. His academic qualifications and professional experience are set out on page 12 of the Definitive Information Statement. https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and page 42 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf Atty. Virgilio S. Jacinto is not a director of the Company. Page 8 of the Definitive Information Statement lists	
2. Corporate Secretary is a separate individual from the Compliance Officer.	**NON-COMPLIANT**		The Manual provides that the Board shall appoint the Corporate Secretary and Compliance Officer, which positions may or may not be held by the same person. Customarily, the Board appoints the General Counsel of the Company as the Corporate Secretary and Compliance Officer, as they deem it fit that these positions be held by a person with legal knowledge, considering the nature of these functions. The General Counsel heads a department with resources and legal staff who assist the General Counsel in performing the separate functions of Corporate Secretary and Compliance Officer. The Board deems that the foregoing arrangement is effective, efficient and maximizes the resources of the Company.
3. Corporate Secretary is not a member of the Board of Directors.	**COMPLIANT**		

		the members of the Board of Directors of the Company, which list does not include Atty. Jacinto.	
4. Corporate Secretary attends training/s on corporate governance.	**COMPLIANT**	In compliance with SEC Memorandum Circular No. 20, Series of 2013, the Company disclosed to the Commission the fact of attendance by the Corporate Secretary of corporate governance training seminars conducted in 2019, as more particularly set out in Annex "A" hereof.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	**COMPLIANT**	The qualifications, duties and functions of the Compliance Officer are set out in Section 2.1 [*Compliance Officer*] of the Manual. (http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf) Atty. Virgilio S. Jacinto is the Compliance Officer of the Company. He is a Senior Vice President of the Company. His academic qualifications and professional	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	**COMPLIANT**		
3. Compliance Officer is not a member of the board.	**COMPLIANT**		

		experience are set out on page 12 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and page 42 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf Atty. Virgilio S. Jacinto is not a member of the Board of Directors of the Company. Page 8 of the Definitive Information Statement lists the members of the Board of Directors of the Company which list does not include Atty. Jacinto.	
4. Compliance Officer attends training/s on corporate governance.	**COMPLIANT**	In compliance with SEC Memorandum Circular No. 20, Series of 2013, the Company disclosed to the Commission the fact of attendance by the Compliance Officer of corporate governance training seminars conducted in 2019, as more particularly set out in Annex "A" hereof.	
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.			

Recommendation 2.1			
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**	Principle 2 and Recommendation 2.1 are embodied in Section 2.2.1.1 [*General Responsibility*] of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The undersigned Vice-Chairman of the Board of Directors and Corporate Secretary attest that the Board, during its meetings, acts on a fully informed bases, in good faith, with due diligence and care, and always in the best interest of the Company through active deliberations during said Board meetings when the topics and matters for approval so warrant.	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	**COMPLIANT**	The undersigned Vice-Chairman of the Board of Directors and Corporate Secretary attest that: (a) The Board of Directors approves the annual budget of the Company which includes the approval of the Company's objectives and strategy for the upcoming year, which approval is made on an annual basis; (b) The Chief Finance Officer, upon the direction of the	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	**COMPLIANT**		

		Chairman reports to the Board of Directors on a quarterly basis the implementation of the Company's business objectives and strategy; and (c) The Board of Directors approves the financial report and financial position of the Company on a quarterly basis as embodied in the Company's SEC Form 17-Q which is filed with the Commission. Recommendation 2.2 is embodied in Section 2.2.1.1 [*General Responsibility*] of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Company's SEC Form 17-Q may be downloaded from its website at: https://www.sanmiguel.com.ph/files/reports/SMC-SEC_FORM_17-Q_(2019-1st_quarter)_05.15_.19_.pdf https://www.sanmiguel.com.ph/files/reports/SMC-SEC_FORM_17-Q_(2019-2nd_quarter)_08.14_.19_.pdf https://www.sanmiguel.com.ph/files/reports/SMC-SEC-FORM_17-Q_(2019-3rd_quarter)_11.14_.19_.pdf	

Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	**COMPLIANT**	The vision and mission of the Company is published on its website at: http://www.sanmiguel.com.ph/page/our-vision-and-mission while the core values of the Company may be viewed at: http://www.sanmiguel.com.ph/page/our-values The undersigned Compliance Officer hereby attests that in accordance with the Company's Manual on Corporate Governance, the Board of Directors reviews the vision and mission statement of the Company on a periodic basis, at its discretion. In 2017, such discretion to review and approve the vision and mission statement was exercised through the adoption of the Company's new vision and mission statement.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	**COMPLIANT**	The Company's corporate objectives and strategy execution process are contained in its Annual Report and SEC Form 17-A. See discussion on Business and General Information on pages 2 to 29 of the SEC Form 17-A.	

		https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf Further, the undersigned Vice-Chairman of the Board of Directors and Corporate Secretary attest that: (a) The Board of Directors approves the annual budget of the Company which includes the approval of the Company's objectives and strategy for the upcoming year, which approval is made on an annual basis; (b) The Chief Finance Officer, upon the direction of the Chairman reports to the Board of Directors on a quarterly basis the implementation of the Company's business objectives and strategy; and (c) The Board of Directors approves the financial report and financial position of the Company on a quarterly basis as embodied in the Company's SEC Form 17-Q which is filed with the Commission.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	**COMPLIANT**		

		The duties and functions of the Chairman of the Board are set out in Article IV, Section 3 of the By-laws http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf and Section 2.2.3 [*The Chair, the Chief Executive Officer and the Lead Independent Director*] of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf Mr. Eduardo M. Cojuangco, Jr. was the Chairman of the Board until his passing on 16 June 2020. His academic qualifications and professional experience are set out on page 8 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and page 37 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	**COMPLIANT**	Under Section 2.2.1.2 [*Specific Duties and Functions*] of the Manual, the Board shall "appoint competent, professional, honest and highly-motivated Management Officers and adopt an effective succession	
2. Board adopts a policy on the retirement for directors and key officers.	**COMPLIANT**		

		planning program for Management and key Officers to ensure growth and a continued increase in the shareholders' value, including a policy on the retirement age for Directors and key Officers, and to promote dynamism in the Corporation". http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf Also under Section 2.2.2.1.2 of the Manual and Section 4 (d) of the Corporate Governance Committee Charter, the Corporate Governance Committee shall recommend a succession plan for the Board members and senior officers. The Corporate Governance Committee Charter may be downloaded from the website of the Company at: http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf The undersigned Compliance Officer hereby attests that: The Board of Directors has oversight responsibilities in the selection and appointment of the Chief Executive Officer who possesses the ability,	

		integrity and expertise necessary for the position. The Board likewise evaluates the proposed senior management appointments of the Company and selects qualified and competent management officers, which functions are exercised through the Corporate Governance Committee. The Corporation has a Management Development Program which identifies, evaluates and assesses individuals who, in the future, can potentially succeed in top key management positions.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	**COMPLIANT**	Under Section 2.2.1.2 [*Specific Duties and Functions*] of the Manual, the Board shall "[a]lign the remuneration of key Officers and Board members with the long-term interests of the Corporation and, in doing so, formulate and adopt a policy specifying the relationship between remuneration and performance." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The duties and responsibilities of the Executive Compensation Committee in respect of the remuneration of	
2. Board adopts a policy specifying the relationship between remuneration and performance.	**COMPLIANT**		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	**COMPLIANT**		

		corporate officers and directors were set out in Article 4.1 of the Executive Compensation Committee Charter. On 13 June 2017, the Executive Compensation Committee and the Nomination and Hearing Committee were merged as the Corporate Governance Committee. Under Section 2.2.2.1.2 of the Manual and Section 4 (i)(j) and (l) of the Corporate Governance Committee Charter, the Corporate Governance Committee shall: o Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the culture, strategy and business environment of the Company; o Designate 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; and o Disallow any director to decide his or her own remuneration.	

		(http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf) Article III, Section 10 of the By-laws provides that: "As compensation, the Board of Directors shall receive no more than two percent (2%) of the profits obtained during the year after deducting therefrom general expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties. Such compensation shall be apportioned among the directors in such manner as the Board, duly assembled as a board, may deem proper." http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf The undersigned Corporate Secretary hereby attests that, conformably with the foregoing policies, the fixed remuneration of directors is based on industry standards, and variable remuneration is based on the net income of the Company. As a matter of policy, the Company has been giving variable remuneration much lower than 2%, which is the upper limit.	

		The Company provides each director with reasonable per diem of P50,000 and P20,000 for each Board and Committee meeting attended, respectively. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			
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.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	**COMPLIANT**	The nomination and election process of the Company is set out in Article 3, Section 2 of the By-laws http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf and pages 13 to 14 of the Definitive Information Statement. https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf Under Section 2.2.2.1.2 of the Manual	
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**		

		http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf and Section 4 (g) and (h) of the Corporate Governance Committee Charter, http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf the Corporate Governance Committee shall: o Determine the nomination and election process for the directors of the Company and define the general profile of Board members that the Company may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and o Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications as provided in the Manual. Section 5.1.2 [*Voting Right*] of the Manual sets out the right of shareholders to nominate, elect, remove and replace directors and states that a director shall not be removed without cause if it will deny	
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**		

		minority shareholders representation in the Board. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The function of assessing the effectiveness of the nomination and election processes is performed by the Corporate Governance Committee. Section 6.1 of the Corporate Governance Committee Charter states that the Committee shall "assess its effectiveness periodically, with the end in view of ensuring that its performance accords with best practice. Such assessment must compare its performance with the requirements of this Charter and the Amended Manual…" http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf The Corporate Governance Committee is yet to conduct such self-assessment on the effectiveness of the nomination and election processes. Nevertheless, the Board and its individual members conduct a general self-assessment through the submission of a self-rating form.	
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.			
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**	Under Section 2.2.1.2 [*Specific Duties and Functions*] of the Manual, the Board shall formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. Such policies shall include the appropriate review and approval of material or significant related party transactions, which guarantee fairness and transparency of the transactions, and encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Related Party Transactions policy of the Company is published on the website of the Company at: http://www.sanmiguel.com.ph/page/companys-policies	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	**COMPLIANT**		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	**COMPLIANT**		

		The Related Party Transaction Committee (the "RPT Committee") was created on 13 June 2017 and tasked with reviewing all material related party transactions of the Company. The duties and responsibilities of the RPT Committee are set forth in Section 2.2.2.5.2 of the Manual and Section 4 of the RPT Committee Charter. The RPT Committee Charter may be downloaded from the website of the Company at: http://www.sanmiguel.com.ph/files/reports/SMC-Related-Party-Transactions-Committee-Charter-10-Aug-2017.pdf Note 33 of the Notes to the Consolidated Financial Statements of the Company as of the year 31 December 2019 sets out the related party transactions of the Company and outstanding balances as of the said date. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf In compliance with SEC Memorandum Circular No. 10, series of 2019, the	

		Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on 08 August 2019 (the "Material RPT Policy"). Under the Material RPT Policy, related party transactions amounting to at least ten percent (10%) of the Company's total consolidated assets as of its latest audited financial statements (including transactions with non-related parties that subsequently become a related party) shall be covered by the Material RPT Policy. A copy of the Material RPT Policy can be accessed at the Company's website: https://www.sanmiguel.com.ph/files/reports/Related-Party-Transactions-Policy.pdf	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* 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)	**COMPLIANT**	In compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on 08 August 2019 (the "Material RPT Policy").	

month period should be considered for purposes of applying the thresholds for disclosure and approval.		Part B of the Material RPT Policy defines related party transactions that are considered material and covered by the Material RPT Policy. Part F and G of the Material RPT Policy sets out the review process for Material RPTs, including, where relevant, obtaining shareholder approval as may be appropriate. Part J of the Material RPT Policy sets out the necessary disclosures for Material RPT Transactions. The full text of the Material RPT Policy may be accessed at the Company's website: https://www.sanmiguel.com.ph/files/reports/Related-Party-Transactions-Policy.pdf	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	**NON-COMPLIANT**		As provided under Article III, Section 9 of the By-laws, the vote of two thirds (2/3) of the Board constituting a quorum shall be required to approve the following: A. Contracts between the Company and one or more of its directors or officers or their affiliates provided further that: (a) the presence of such director in the board meeting in which the said contracts were approved shall not be

			considered for determining a quorum for such meeting; (2) that such director shall not vote for the approval of the contract; (3) that the contract is fair and reasonable under the circumstances; and (4) that full disclosure of the interest of the director, officer and/or affiliate involved, must be made at such meeting or if the interest is acquired subsequently, at the first meeting thereafter. An affiliate for purposes of the By-laws shall refer to an entity linked directly or indirectly to said directors or officers by means of their ownership, control or power to vote ten percent (10%) or more of the outstanding capital stock thereof. B. Management Contracts. C. The appointment or contracting or any buying or selling agent whose compensation or commission is at least 50% of the Company's respective total purchases or sales for the immediately preceding fiscal year; or the appointment or contracting of any person, whether natural or juridical, as contractor, consultant, trustee or in any other capacity, whose compensation or commission is at least 5% of the Company's total expenditure for that particular expense item or items.

			http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf Moreover, and in compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on 08 August 2019 (the "Material RPT Policy"). Part F of the Material RPT Policy provides, among others, that an individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. Part G of the Material RPT Policy likewise provides that in case the majority of the independent directors' vote is not secured as provided in Part F of this [Material RPT] Policy, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. https://www.sanmiguel.com.ph/files/reports/Related-Party-Transactions-Policy.pdf
Recommendation 2.8			

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).	**COMPLIANT**	Article III, Section 8(e) of the By-laws provides that the Board shall have the power, "[u]pon recommendation of the Chairman and Chief Executive Officer and in accordance with the applicable provisions of these by-laws, to determine and prescribe the qualifications, duties, terms of office, compensation, remuneration, incentives and other benefits of officers and/or employees. Pursuant thereto, to appoint or elect or enter into contracts with such other officers and/or employees, under such terms and conditions as the Board may determine to be in the best interests of the Corporation." Moreover, Article IV, Section 1 of the By-laws enumerate the officers of the Company that are appointed by the Board, including, among others, the Chief Executive Officer, President and Chief Operating Officer, Vice Chairman, Vice Presidents (from Senior Executive to Assistant Vice Presidents), Treasurer, Comptroller, Corporate Secretary. The said provision likewise states that "[i]n electing, appointing or entering into contracts with the officers, the Board shall seek to establish, maintain, promote and foster the continuous development of a competent, professional, loyal and honest officer corps, for the efficient,	

		stable and proper transaction of the corporate business and affairs of the Corporation." http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf Under Section 2.2.1.2 of the Manual, the Board shall "[a]ppoint competent, professional, honest and highly-motivated Management Officers and adopt an effective succession planning program for Management and key Officers to ensure growth and a continued increase in the shareholders' value, including a policy on the retirement age for Directors and key Officers, and to promote dynamism in the Corporation." Pursuant to the foregoing provisions of the By-laws and the Manual, the Board appointed the following key officers, among others: (a) the Vice-Chairman, President and Chief Operating Officer, Mr. Ramon S. Ang; (b) the Treasurer and Chief Finance Officer, Mr. Ferdinand K. Constantino; and (c) the General Counsel, Corporate Secretary and Compliance Officer, Atty. Virgilio S. Jacinto.	

		https://www.sanmiguel.com.ph/files/reports/SMC_PSE_Disclosures_2020_Organizational_Meeting_06_30_2020.pdf	
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).	**NON-COMPLIANT**		Pursuant to Section 2.2.2.1.2 [*Duties and responsibilities*] of the Manual and Section 4(b) of the Corporate Governance Committee Charter, the Corporate Governance Committee performs the function of overseeing the periodic performance evaluation of the Board and its Committees as well as executive management. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf The President likewise periodically assesses the control functions led by their respective heads.
Recommendation 2.9			
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.	**COMPLIANT**	Under Section 2.2.1.3.1 [*Internal Control System*] of the Manual, the Board shall have oversight responsibilities for ensuring the establishment of an effective performance management	

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**	framework 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. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf Moreover, the Company believes that good performance must be appropriately rewarded. There is a tight link between the Company's Performance Management System and its rewards systems. This principle supports the value of teamwork since employees are measured not only in their individual performance but also in the performance of their team, encouraging them to have an active concern for those in the team.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	**COMPLIANT**	The oversight responsibilities of the Board for ensuring the presence of appropriate, adequate, strong and effective internal control mechanisms are set out in Section 2.2.1.3.1 of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf)	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	**COMPLIANT**		

		Pursuant to the Charter of Internal Audit, the function of the Internal Audit Group encompasses the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives. http://www.sanmiguel.com.ph/files/reports/SEC_Form-17_SMC-Charter-of-Internal-Audit-03.16_.17_1_.pdf	
3. Board approves the Internal Audit Charter.	**COMPLIANT**	The Internal Audit Charter of the Company was approved by the Board on 16 March 2017. The said Charter may be downloaded from the website of the Company at: http://www.sanmiguel.com.ph/files/reports/SEC_Form-17_SMC-Charter-of-Internal-Audit-03.16_.17_1_.pdf	
Recommendation 2.11			
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.	**NON-COMPLIANT**		Pursuant to Section 2.2.1.3.2 [*Enterprise Risk Management*] of the Manual, the Board shall oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess and manage key business risks, which will guide the Board in identifying units/business lines and enterprise-level risk

			exposures, as well as the effectiveness of risk management strategies. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Company's existing risk management policies are established to identify and analyze the risks faced by the Company and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. A discussion of the major business risks faced by the Company and its businesses is found on pages 29 to 32 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf As stated in the Report of the Audit Committee for the year ended December 31, 2019, the Audit and Risk Oversight Committee reviewed and found adequate the effectiveness and sufficiency of the internal control system, specifically, reviewed and discussed the findings and assessment of the Company's internal controls, risk management systems, control and governance process, and financial reporting systems. Pursuant to the aforesaid provisions of the Manual, the Company shall endeavor to formalize its ERM Framework to guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as

			the effectiveness of risk management strategies.
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.	**NON-COMPLIANT**		Please see explanation above.
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.	**NON-COMPLIANT**		The roles, responsibilities and accountabilities of the Board in carrying out its fiduciary role are contained in Article III of the By-laws http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf and the Manual of the Company. (http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf) The purpose of the Board Charter are accomplished through the observance by the Board of the principles and policies embodied in the Company's Articles and By-Laws and the Manual of Corporate Governance of the Company, which provisions are sufficient and achieves the objectives of having a Charter for this purpose.
2. Board Charter serves as a guide to the directors in the performance of their functions.	**NON-COMPLIANT**		
3. Board Charter is publicly available and posted on the company's website.	**NON-COMPLIANT**		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	**COMPLIANT**		

		The Company's policy on dealing with securities is published on its website at: http://www.sanmiguel.com.ph/page/companys-policies	
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.	**COMPLIANT**	While the Company has no specific policy on granting loans to directors, the same is subsumed under its RPT Policy and Material RPT Policy.	
2. Company discloses the types of decision requiring board of directors' approval.	**COMPLIANT**	The By-laws of the Company specify the transactions subject to the approval of the Board, including, among others, Article III, Sections 8 and 9 thereof. http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf	
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			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	**COMPLIANT**	Principle 3 and Recommendation 3.1 are embodied in Section 2.2.2 [*Board Committees*] of the Manual, which specifies the Committees established by the Board and the composition	

		and duties and responsibilities of each of the Committees. (http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf) The Committees and their respective members are likewise published on the website of the Company at: http://www.sanmiguel.com.ph/page/board-committees	
Recommendation 3.2			
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.	**COMPLIANT**	Section 2.2.2.2 of the Manual [*Audit and Risk Oversight Committee*] http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf and Sections 2 and 4 of the Audit and Risk Oversight Committee Charter http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf set out the composition and duties and responsibilities of the Audit and Risk Oversight Committee. Pursuant to Section 2.2.2.2.2 of the Manual and Section 4(d) of the Audit and Risk Oversight Committee Charter, the appointment, reappointment, and removal of the external auditor shall be recommended by the Committee	

		and approved by the Board and ratified by the shareholders.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	**COMPLIANT**	The Chairman of the Audit and Risk Oversight Committee is Mr. Margarito B. Teves, who is an independent director. Out of the 5 members of the Audit and Risk Oversight Committee, three (3) are independent directors. The members of the Audit and Risk Oversight Committee, including their position and type of directorship, are published on the website of the Company at: http://www.sanmiguel.com.ph/page/board-committees The respective qualifications of the members are set out in pages 9 to 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and Part III, Item 9 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
3. All the members of the committee have relevant background, knowledge, skills,	**COMPLIANT**		

and/or experience in the areas of accounting, auditing and finance.		Section 2.2.2.2 of the Manual [*Audit and Risk Oversight Committee*] provides that "[t]he members of the Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance and at least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The respective qualifications of the members are set out in pages 9 to 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and Part III, Item 9 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	**COMPLIANT**	The Chairman of the Audit and Risk Oversight Committee is Mr. Margarito B. Teves. Mr. Teves is not the Chairman of the Board or of any other Committee. His qualifications are set	

		out in page 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and page 41 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	**COMPLIANT**	The Audit Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefor, and ensures that such work will not conflict with External Auditors' duties as such or threaten its independence. See also page 30 of the Definitive Information Statement. https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	**NON-COMPLIANT**		Pursuant to Section 2.2.2.2.2 [*Duties and Responsibilities*] of the Manual, the Audit and Risk Oversight Committee is empowered to meet with the Board at least every quarter without the presence of the Chief Executive Officer or other Management team members, and

			periodically meet with the Internal Audit Group Head. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf However, the Audit and Risk Oversight Committee, in its reasonable discretion, determined that there was no need for such meeting in 2019.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	**COMPLIANT**	The undersigned Corporate Secretary hereby attests that the Audit and Risk Oversight Committee (formerly the Audit Committee) held four (4) meetings in 2019. Please see also page 50 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	
2. Audit Committee approves the appointment and removal of the internal auditor.	**COMPLIANT**	Pursuant to Section 2.2.2.2.2 [*Duties and Responsibilities*] of the Manual, the Audit and Risk Oversight Committee shall "[o]versee the Internal Audit Group, and recommend the appointment and/or grounds for approval of an Internal Audit Group Head or Chief Audit Executive." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	

Recommendation 3.3			
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.	**COMPLIANT**	Section 2.2.2.1[*Corporate Governance Committee*] of the Manual (http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf) and Sections 2 and 4 of the Corporate Governance Committee Charter (http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf) set out the composition and duties and responsibilities of the Corporate Governance Committee. Pursuant to Section 2.2.2.1.2 [*Duties and Responsibilities*] of the Manual and Section 4(g) of the Corporate Governance Committee Charter, the Committee shall "[d]etermine the nomination and election process for the Corporation's Directors and define the general profile of Board members that the Corporation may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board." The undersigned Corporate Secretary hereby attests that the nomination	

		and election process for, and the qualifications of, the nominees for directors were discussed during the meetings of the (Corporate Governance Committee held on 24 January, 11 June and 08 August 2019.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	**COMPLIANT**	The members of the Corporate Governance Committee, including their position and type of directorship, are published on the website of the Company at: http://www.sanmiguel.com.ph/page/board-committees Please see also page 51 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf The respective qualifications of the members are set out in pages 8 to 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and Part III, Item 9 of the SEC Form 17-A . https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	

3. Chairman of the Corporate Governance Committee is an independent director.	**COMPLIANT**	The Chairman of the Corporate Governance Committee is Mr. Reynato S. Puno, an independent director. His qualifications are set out on page 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and page 40 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	**COMPLIANT**	The undersigned Corporate Secretary hereby attests that the Corporate Governance Committee held three (3) meetings in 2019. Please see page 51 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	
Recommendation 3.4			
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.	**COMPLIANT**	Pursuant to 2.2.2.2.1 of the Manual http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf and Section 1 of the Audit and Risk Oversight Committee Charter,	○

		http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf the Audit and Risk Oversight Committee performs oversight function over the Company's Enterprise Risk Management system. Further, Sections 4(r) and (s) of the said Charter states that the Committee shall: o Develop a formal ERM plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures; and o Oversee the implementation of the ERM plan, conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports, and assess how the concerned units	

		or offices are addressing and managing these risks.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	**COMPLIANT**	The members of the Audit and Risk Oversight Committee, including their position and type of directorship, are published on the website of the Company at: http://www.sanmiguel.com.ph/page/board-committees See also page 51 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf The respective qualifications of the members are set out in pages 8 to 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	**COMPLIANT**	The Chairman of the Audit and Risk Oversight Committee is Mr. Margarito B. Teves. His qualifications are set out in page 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf	

		and pages 41 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	**COMPLIANT**	Section 2.2.2.2 [*Audit and Risk Oversight Committee*] of the Manual provides that "[t]he members of the Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance and at least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The respective qualifications of the members are set out in pages 8 to 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and Part III, Item 9 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	

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**	Section 2.2.2.4[*Related Party Transaction Committee*] of the Manual http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf and Sections 2 and 4 of the RPT Committee Charter http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf set out the composition and duties and responsibilities of the RPT Committee.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	**COMPLIANT**	The members of the RPT Committee, including their position and type of directorship, are published on the website of the Company at: http://www.sanmiguel.com.ph/page/board-committees See also page 51 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf The respective qualifications of the members are set out in pages 8 to 11	

		of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and Part III, Item 9 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Recommendation 3.6			
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.	**COMPLIANT**	Each of the Audit and Risk Oversight Committee Charter, Corporate Governance Committee Charter, and RPT Committee Charter (collectively, the "Committee Charters") was adopted by the Board on 10 August 2017. Each of the Committee Charters set forth the respective purposes, membership and qualifications, structure and operations, access to resources, duties and responsibilities, reporting process, and performance evaluation of the committees.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	**COMPLIANT**		
3. Committee Charters were fully disclosed on the company's website.	**COMPLIANT**	The Committee Charters may be downloaded from the website of the Company at:	

		1) Audit and Risk Oversight Committee Charter http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf 2) RPT Committee Charter http://www.sanmiguel.com.ph/files/reports/SMC-Related-Party-Transactions-Committee-Charter-10-Aug-2017.pdf 3) Corporate Governance Committee Charter http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf	
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**	Principle 4 is embodied in Section 2.2.1.1 [*General Responsibility*] of the Manual. On the other hand, Section 2.2.1.7 [*Board Meetings and Quorum Requirements*] thereof states that "Directors should attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-/video-conferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness,	

		death in the immediate family and serious accidents, prevent them from doing so." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Company complies with the provisions of SEC Memorandum Circular No.15 Series of 2001 on the requirements for Board meetings through teleconferencing or videoconferencing. The record of attendance of the meetings of the Board of Directors and stockholders held in 2019 was reported to the Commission on 09 December 2019. https://www.sanmiguel.com.ph/files/reports/PSE-SMC-Advisement_Letter-Board_Attendance_for_the_year_2019_-_12.09_.19_.pdf The attendance and participation of directors to Board, Committee and shareholders' meetings are likewise set out on pages 49 and 51 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	
2. The directors review meeting materials for all Board and Committee meetings.	**COMPLIANT**	The undersigned Corporate Secretary hereby attests that the directors review the relevant materials for all Board and Committee meetings.	

3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	**COMPLIANT**	Section 2.2.1.7 [*Board Meetings and Quorum Requirements*] of the Manual provides that in Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Corporate Secretary hereby attests that the directors of the Company asked questions and sought clarifications and explanations in the course of the discussions during the Board and Committee meetings held in 2019.	
Recommendation 4.2			
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.	**COMPLIANT**	Section 2.2.1.9 [*Policy on Multiple Board Seats*] of the Manual provides that "[t]he non-executive directors of the Board should concurrently serve as directors to a maximum of five (5) 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 Corporation." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	

		The directorships of the Company's directors in other reporting companies are set out in pages 8 to 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and Part III, Item 9 of SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	**COMPLIANT**	Under Section 2.2.1.9 [*Policy on Multiple Board Seats*] of the Manual, a director should notify the Board where he is an incumbent director before accepting a directorship in another company. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Corporate Secretary hereby attests that the directors have, where applicable, notified the Board before accepting a directorship in other companies.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two			

boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.	**COMPLIANT**	The Board of Directors' meetings are scheduled and approved by the Board of Directors before the beginning of the year, on the last meeting of the Board for the prior year. For the 2019 board meetings, the Board of Directors approved the proposed schedule of meetings for 2019 on December 05, 2018.	
3. Board of directors meet at least six times during the year.	**COMPLIANT**	The Board held nine (9) meetings in 2019. The attendance of the Board at the said meetings was reported to the Commission on 09 December 2019 https://www.sanmiguel.com.ph/files/reports/PSE-SMC-Advisement_Letter-Board_Attendance_for_the_year_2019_-_12.09_.19_.pdf See also page 49 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	
4. Company requires as minimum quorum of at least 2/3 for board decisions.			The Company complies with the provisions of the Revised Philippine Corporation Code in determining the quorum for the Board of Directors. There is no basis for the Board to adopt a different quorum as the current practice which is in accordance

			with law, is effective for the purpose of approving corporate actions.
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**	Principle 5 and Recommendation 5.1 are embodied in Section 2.2.1.6 of the Manual. (http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf) Three (3) out of the fifteen (15) directors of the Company are independent directors. https://www.sanmiguel.com.ph/files/reports/SMC_General_Information_Sheet_as_of_June_30_2020_07_14_2020.pdf	The Corporation complies with the requirement under the Securities Regulation Code, which requires at least two (2) independent directors or such number as to constitute 20% of the Board, whichever is higher. The current composition of the Board allows for the exercise of an objective and independent judgment on all corporate affairs, considering that the members of the Board represent diverse backgrounds. Moreover, the extent of the relationship of the non-executive directors to the Company is limited to their respective qualifying shares in the Company.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	**COMPLIANT**	The qualifications of an independent director are set out in Section 2.2.1.6.1 of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The academic qualifications and professional experience of the independent directors of the	

		Company are set forth on page 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and pages 40 to 41 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	**COMPLIANT**	Under Section 2.2.1.4 [*Duties and Responsibilities of a Director*] of the Manual, directors shall "conduct fair business transactions with the Corporation and to ensure that personal interest does not conflict with the interests of the Corporation. A Director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same". A director shall likewise "exercise objective and independent judgment on all corporate affairs." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The undersigned Compliance Officer hereby attests that there are no shareholder agreements, voting trust agreements or other agreements that	

		constrain the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	**COMPLIANT**	Section 2.2.1.6.2 of the Manual provides that the independent directors shall serve for a maximum cumulative term of nine (9) years. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The dates when the Company's independent directors were respectively elected as such are specified on page 11 of the Definitive Information Statement https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf and pages 40-41 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	**COMPLIANT**	Section 2.2.1.6.2 of the Manual provides that "[u]pon reaching this limit [of nine (9) years], an Independent Director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent	

		director. In the instance that the Corporation needs to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
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**	None of the Company's independent directors have served in such capacity for more than nine (9) years (reckoned from 2012).	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	**NON-COMPLIANT**		The Chairman and Chief Executive Officer of the Company is Mr. Eduardo M. Cojuangco, Jr. until his passing on 16 June 2020. The position of Chairman and Chief Executive Officer is currently vacant. The President and Chief Operating Officer of the Company is Mr. Ramon S. Ang. The day-to-day functions of the Chief Executive Officer are performed by the President.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	**COMPLIANT**	Article IV, Section 3 of the By-laws http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf	

		and Section 2.2.3 [*The Chair, the Chief Executive Officer and the Lead Independent Director*] of the Manual http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf enumerate the powers and duties of the Chairman and Chief Executive Officer. On the other hand, Article IV, Section 5 of the By-laws enumerates the powers and duties of the President and Chief Operating Officer. Mr. Eduardo M. Cojuangco, Jr. and Mr. Ramon S. Ang are not related by affinity or consanguinity.	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	**COMPLIANT**	Mr. Reynato S. Puno is the lead independent director of the Company. Please refer to page 13 of the Definitive Information Statement. https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf The roles and responsibilities of the lead independent director are set out in Section 2.2.3 [*The Chair, the Chief*	

		Executive Officer and the Lead Independent Director] of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	**COMPLIANT**	The Corporate Secretary hereby attests that directors with a material interest in transactions affecting the Company have abstained from taking part in the deliberations for the same during the Board meetings.	
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**		Pursuant to Section 2.2.1.7 [*Board Meetings and Quorum Requirements*] of the Manual, the non-executive directors are empowered to have separate periodic meetings with the External Auditor and heads of the internal audit, compliance and risk functions, without any executive directors present and such meetings should be chaired by the Lead Independent Director. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf However, the non-executive directors determined that there was no need for such meeting in 2019.

2. The meetings are chaired by the lead independent director.	**NON-COMPLIANT**		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	**COMPLIANT**	Mr. Eduardo M. Cojuangco, Jr. has been the Chief Executive Officer of the Company for the past 2 years, 2018 and 2019.	
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**	Principle 6 is embodied in Section 6 [*Training and Assessment*] of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The undersigned Compliance Officer hereby attests that self-assessments were conducted for the Board and individual members, and the Audit Committee through the annual submission of a self-rating form. With respect to the Corporate Governance Committee and Related Party Transactions Committee, each of which were created on 13 June 2017, the said Committees have yet to conduct such self-assessment.	
2. The Chairman conducts a self-assessment of his performance.	**NON-COMPLIANT**		The self-assessment of the Chairman is subsumed in his self-assessment as a member of the Board.
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.	**COMPLIANT**	Pursuant to Section 6.1 of the Manual, every three (3) years, the assessment may be supported by an external facilitator. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf Considering that the Manual was adopted less than three (3) years ago or on 10 May 2017, the Company has not yet engaged an external facilitator to support the assessment.	
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**	The process of self-assessment of the Board, its Committees and individual directors are set out in Annex "B" hereof.	
2. The system allows for a feedback mechanism from the shareholders.	**COMPLIANT**	Shareholders may send their feedback to the Company through the Investor Relations Officer, Ms. Reynabeth D. De Guzman, whose contact information is published on the website of the Company.	
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	**COMPLIANT**	Principle 7 and Recommendation 7.1 are embodied in Sections 2.2.1.1	

as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.		[*General Responsibility*] and 2.2.1.2 [*Specific Duties and Functions*] of the Manual, respectively. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Company has existing policies on proper business conduct, as follows: (i) Whistle-blowing Policy (ii) Conflict of Interest Policy (iii) Policy on Dealings in Securities (iv) Related Party Transactions Policy and Material Related Party Transactions Policy (v) Policy and Data Relating to Health, Safety and Welfare of Employees, including Training (vi) Personal Data Privacy Policy The foregoing policies may be viewed on the Company's website at: http://www.sanmiguel.com.ph/page/companys-policies Moreover, the Code of Ethics and Conduct sets out the Company's policies with respect to conduct of business and fair dealings, prohibition against granting of undue personal	

		favors, respect for trade secrets and confidential information, use of Company funds and assets, among others. http://www.sanmiguel.com.ph/page/companys-policies http://www.sanmiguel.com.ph/smc_files/pdfs/SMGUpdatedCodeofEthicsandConduct.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	**COMPLIANT**	The undersigned Compliance Officer hereby attests that the Code of Ethics was properly disseminated to all directors, senior management and employees. All employees of the Company are provided a copy of the San Miguel Corporation Employee Handbook and are required to acknowledge receipt of the same. The acknowledgement states that the employee understood its contents and commits themselves to comply with the items contained therein, the core purpose and values sought to be achieved and the policies governing the Company's activities.	
3. The Code is disclosed and made available to the public through the company website.	**COMPLIANT**	The Code of Ethics and Conduct is available on the Company's website at: http://www.sanmiguel.com.ph/page/companys-policies	

		http://www.sanmiguel.com.ph/smc_files/pdfs/SMGUpdatedCodeofEthicsandConduct.pdf	
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**	The undersigned Compliance Officer hereby attests that: (a) The Code of Ethics mandate that the employee should uphold the corporate interest and not grant undue personal favors, especially in matters of awarding dealership and contracts or in hiring and similar activities. The employee must exercise utmost discretion in accepting personal favors or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery in any form. (b) The Company believes that the objective of achieving superior business results is consistent with the commitment to conduct business in a lawful and responsible manner. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with	

		the highest standards of business ethics. This includes compliance with applicable laws, rules and regulations on bribery and corruption. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	**COMPLIANT**	The undersigned Compliance Officer hereby attests that all employees of the Company are provided a copy of the San Miguel Corporation Employee Handbook and are required to acknowledge receipt of the same. The acknowledgement states that the employee understood its contents and commits themselves to comply with the items contained therein, the core purpose and values sought to be achieved and the policies governing the Company's activities. As stated in the Employee Handbook of the Company, the Company believes that the highest form of discipline is self-discipline. Discipline is not merely a restraint on one's	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	**COMPLIANT**		

		behavior but a total conditioning of oneself for the highest achievable levels of performance. The Company aims to create an environment wherein excellent performance and exemplary behavior are the preoccupation of all its employees. Each employee is expected to actively live the Company values. Consistent with the values of the Company, the Company believes in discipline as an exercise in reform rather than punishment. Employees who violate policies, rules and regulations will be given the opportunity to be heard and given due process. Corrective actions are designed to provide the employee maximum opportunity to reform and desist from further violation. However, the Company acknowledges rules may need to be enforced with authority. Thus the Company stipulates that employees violating principles, rules and regulations are given disciplinary actions in progressively increasing severity. This excludes grave offenses for which an employee may be discharged immediately following a lawful investigation. Discipline is guided by the following principles and policies: • Rules must be clearly documented and	

		communicated to all affected. • Rules should clearly state the standards of personal behavior and conduct as well as define the acts as forms of behavior prohibited and punishable. • Corresponding penalties for each violation shall also be spelled out and defined. • Investigations and proceedings shall be expeditious, transparent, and consistent with requirements of law. Disciplinary action shall be imposed immediately upon judgment. • Discipline must be imposed consistently.	
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**	Principle 8 is embodied in Section 4 [*Disclosure and Transparency Of Corporation's Corporate Governance Policies*] of the Manual. All reports and material information disclosures of the Company made to the regulators and the public are available on the website of the Company at: http://www.sanmiguel.com.ph/disclosures	

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 (as to the Quarterly Reports)** **NON-COMPLIANT (as to the Annual Report)**	The quarterly unaudited consolidated financial statements of the Company and its subsidiaries (SEC Form 17-Q) were filed and disclosed on the following dates: (a) SEC Form 17-Q (1st quarter): 15 May 2019 (45 days from March 31, 2018) https://www.sanmiguel.com.ph/files/reports/SMC-SEC_FORM_17-Q_(2019-1st_quarter)_05.15_.19_.pdf (b) SEC Form 17-Q (2nd quarter): 14 August 2019 (45 days from June 30, 2018) https://www.sanmiguel.com.ph/files/reports/SMC-SEC_FORM_17-Q_(2019-2nd_quarter)_08.14_.19_.pdf (c) SEC Form 17-Q (3rd quarter): 14 November 2019 (45 days from 30 September 2018) https://www.sanmiguel.com.ph/files/reports/SMC-SEC-FORM_17-Q_(2019-3rd_quarter)_11.14_.19_.pdf	The Company files its consolidated financial statements and interim reports in accordance with the periods required by the Securities Regulation Code. The annual report of the Company (SEC Form 17-A, including its Consolidated Financial Statements for December 31, 2019, 2018 and 2017, was filed with the Commission and disclosed to the public through the Philippine Stock Exchange ("PSE") and the Company's website, on 15 May 2020, in compliance with Memorandum Circular No. 3, Series of 2018 and Memorandum Circular No. 5, Series of 2020 which provided for the extension of the filing of SEC Form 17-A until 30 June 2020 in view of the COVID-19 pandemic. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf
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;	**COMPLIANT**	The principal risk of the exercise of controlling shareholders' voting power is the denial of pre-emptive rights to	

cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.		any issuance of common and preferred shares under the Company's amended Articles of Incorporation. See page 45 of the Annual Report https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf and Article VII of the Articles of Incorporation of the Company. http://www.sanmiguel.com.ph/files/reports/Articles_of_Incorporation_(15_July_2015).pdf In addition, the Prospectus of the Company relating to the Shelf Registration of Php60 Billion worth of Fixed Rate Bonds, which was filed with the Commission on 14 February 2017 (the "Prospectus"), specifically page 28 thereof, discusses the major risks relating to the Company and its subsidiaries, which includes the ability of the largest shareholders to influence corporate actions that require Board and shareholder approval. http://www.sanmiguel.com.ph/files/reports/SMC_Final_Prospectus_(Filed_14_February_2017).pdf Owners of more than 5% of the Company's voting securities as of 31 December 2019, and their respective	

		shareholdings, are disclosed on pages 44 to 45 of SEC Form 17-A. The cross-holdings or ownership of the Company in both listed and non-listed subsidiaries are likewise disclosed in SEC Form 17-A, specifically in Note 2 of the Notes to the Consolidated Financial Statements (Annex "B" of SEC Form 17-A) and the conglomerate map (Annex "C" of SEC Form 17-A). The controlling shareholders' voting power are proportionate to their overall equity position in the Company. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.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**	Section 4.4 of the Manual provides that all directors and officers shall disclose to the Company any dealings in the Company's shares within three (3) business days. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf On 18 February 2019, Mr. Ramon F. Villavicencio disposed 10,000 common shares of the Company. Mr.	
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**		

		Villavicencio reported the said disposition to the Commission on the same date through SEC Form 23-B, which is disclosed on the Company's website at: https://www.sanmiguel.com.ph/files/reports/SEC_FORM_23-B-Mr._Ramon_F._Villavicencio_02.19.19.pdf On 07 March 2019, Mr. Ramon S. Ang acquired 557,556 common shares of the Company through the Long Term Incentive Program granted by the Company to its employees, including Mr. Ang on 22 June 2017. Mr. Ang reported the said purchase to the Commission on the same date through SEC Form 23-B, which is disclosed on the Company's website at: https://www.sanmiguel.com.ph/files/reports/Amended_SEC_Form_23-B_of_Mr._RSA_03.07.19.pdf Moreover, the Long-term Incentive Plan for Stock ("LTIP") Options exercised by the Chief Executive Officer, Chief Operating Officer, key officers and directors of the Company in 2019 are set out on page 46 of the SEC Form 17-A.	

		https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Supplement to Recommendation 8.2			
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).	**COMPLIANT**	The number of shares comprising the Company's capital stock (all of which are voting shares) owned of record by the Chief Executive Officer, the directors, key officers of the Company, and nominees for election as director, as of 31 December 2019 are set out on pages 45 to 46 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf The conglomerate map of the Company and its subsidiaries is set out in Annex "C" of SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Recommendation 8.3			
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.	**COMPLIANT**	The directors' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, and expertise are set out on Part III, Items 9 and 11 of SEC Form 17-A	

		https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf and pages 8 to 11 of the Definitive Information Statement. https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf	
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.	**COMPLIANT**	The officers' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, and expertise are set out on Part III, Items 9 and 11 of SEC Form 17-A https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf and pages 8 to 13 of the Definitive Information Statement. https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	**COMPLIANT**	Article III, Section 10 of the By-laws provides that: "As compensation, the Board of Directors shall receive no more than two percent (2%) of the profits obtained during the year after deducting therefrom general	

		expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties. Such compensation shall be apportioned among the directors in such manner as the Board, duly assembled as a board, may deem proper." http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf Moreover, under Section 2.2.1.2 [*Specific Duties and Functions*] of the Manual, the Board shall "[a]lign the remuneration of key Officers and Board members with the long-term interests of the Corporation and, in doing so, formulate and adopt a policy specifying the relationship between remuneration and performance." (http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf) Under Section 2.2.2.1.2 of the Manual and Section 4 (i)(j) and (l) of the Corporate Governance Committee Charter, the Corporate Governance Committee shall: o Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers, and provide	

		oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the culture, strategy and business environment of the Company; o Designate 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; and o Disallow any director to decide his or her own remuneration. http://www.sanmiguel.com.ph/files/reports/SMC-Corporate-Governance-Committee-Charter-10-Aug-2017.pdf Fixed Remuneration is based on industry standards, and variable remuneration is based on the financial performance of the Company. As a matter of policy, the Corporation has been giving variable remuneration much lower than 2%, which is the upper limit. The Company provides each director with reasonable per diem of P50,000 and P20,000 for each Board and Committee meeting attended, respectively.	

		https://www.sanmiguel.com.ph/files/reports/SMC_17A_04.12_.2019_-_Full_Report_.pdf	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	**COMPLIANT**	Kindly refer to the response to Recommendation 8.4 (1) above.	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	**NON-COMPLIANT**		The Company complies with the requirement under the Securities Regulation Code Rule 12 (Annex C), which provides that: (i) the information on compensation of the Chief Executive Officer and four (4) most highly compensated officers may be provided in the aggregate; and (ii) the information on compensation for all directors and officers as a group shall be provided in the aggregate (without naming the individuals and irrespective of the amount of their individual compensation). Part III, Item 10 [*Executive Compensation*] of the SEC Form 17-A sets out the aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and senior executive officers of the Company. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring	**COMPLIANT**	Under Section 2.2.1.2 [*Specific Duties and Functions*] of the Manual, the	

transactions in their Manual on Corporate Governance.		Board shall formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. Such policies shall include the appropriate review and approval of material or significant related party transactions, which guarantee fairness and transparency of the transactions, and encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Related Party Transactions policy and Material Related Party Transactions policy of the Company is published on the website of the Company at: http://www.sanmiguel.com.ph/page/companys-policies https://www.sanmiguel.com.ph/files/reports/PSE-SMC-Related_Party_Transactions_Policy_10.03_.19_.pdf The RPT Committee is tasked with reviewing all material related party	

		transactions of the Company. The duties and responsibilities thereof are set forth in Section 2.2.2.5.2 of the Manual and Section 4 of the RPT Committee Charter. http://www.sanmiguel.com.ph/files/reports/SMC-Related-Party-Transactions-Committee-Charter-10-Aug-2017.pdf In compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on 08 August 2019 (the "Material RPT Policy"). Part B of the Material RPT Policy defines related party transactions that are considered material and covered by the Material RPT Policy. Part F and G of the Material RPT Policy sets out the review process for Material RPTs, including, where relevant, obtaining shareholder approval as may be appropriate. Part J of the Material RPT Policy sets out the necessary disclosures for Material RPTs. A copy of the Material RPT Policy can be accessed at the Company's website:	

		https://www.sanmiguel.com.ph/files/reports/Related-Party-Transactions-Policy.pdf The undersigned Corporate Secretary hereby attests that directors with conflict of interest in transactions affecting the Company have abstained from taking part in the deliberations for the same during the Board meetings.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	**COMPLIANT**	Note 33 of the Notes to the Consolidated Financial Statements of the Company as of the year 31 December 2019 sets out the related party transactions of the Company and outstanding balances as of the said date. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.		Pursuant to the Company's Conflict of Interest Policy, all officers shall accomplish and submit the Full Business Interest Disclosure (FBID) Form within thirty (30) days after their appointment. If a potential conflict of	

		interest arises at any time after submission of the initial FBID Form, the officer concerned shall report it immediately to his immediate superior by filing an Amended FBID Form within thirty (30) days from such time as the conflict of interest arises. The officer concerned shall indicate the new or additional conflict of interest situation in the Amended FBID Form. http://www.sanmiguel.com.ph/smc_files/pdfs/SMCPolicyonConflictofInterest.pdf	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	**COMPLIANT**	The Company's RPT Policy and Note 33 of the Notes to the Consolidated Financial Statements of the Company as of the year 31 December 2019 states that: "The Corporation, certain subsidiaries and their shareholders, and associates in the normal course of business, purchase products and services from one another. Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates. All related party transactions must be done on an arm's length basis to safeguard the	

		interests of the Corporation as well as the minority shareholders and other stakeholders." https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf Part C of the Material RPT Policy sets out the guidelines to ensure that all RPTs are entered into on an arm's length basis. https://www.sanmiguel.com.ph/files/reports/PSE-SMC-Related_Party_Transactions_Policy_10.03_.19_.pdf In the review of Material RPTs, the RPT Committee and the Board of Directors shall consider such factors to ensure that no preferential treatment shall be given to Related Parties that are not extended to non-related parties under similar circumstances.	
Recommendation 8.6			
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.	**COMPLIANT**	Pursuant to Section 4 [*Disclosure And Transparency Of Corporation's Corporate Governance Policies*] of the Manual, the undersigned Compliance Officer hereby attests that all material information about the Company which could adversely affect its viability or the interest of its	

		stockholders and other stakeholders, are fully, fairly, accurately and timely disclosed to the public. Such information includes earnings results, acquisition or disposal of significant assets, Board changes, RPTs, shareholdings of directors and changes to ownership. All disclosures made by the Company may be viewed at its website at: http://www.sanmiguel.com.ph/disclosures	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	**COMPLIANT**	The undersigned Compliance Officer hereby attests that the Company gets the services of Investment Banks or independent valuation experts to provide advice on the fairness of transaction price, under circumstances when they are required.	
Supplement to Recommendation 8.6			
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.	**COMPLIANT**	The undersigned Compliance Officer hereby attests that there are no shareholder agreements, voting trust agreements or other agreements that may impact the control, ownership, and strategic direction of the Company.	
Recommendation 8.7			

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	**COMPLIANT**	The Manual may be downloaded from the website of the Company at: http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
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**	The Company's Manual, as amended on 10 May 2017, was filed with the Commission on 26 May 2017, as evidenced by the stamp of the Commission on the first page thereof indicating receipt. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The adoption of the amended Manual was likewise disclosed to the PSE on 10 May 2017. http://www.sanmiguel.com.ph/files/reports/PSE-Adoption_of_New_Manual_on_Corporate_Governance_and_Reorganization_of_Board_Committees_05.10_.17_.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		a. Corporate Objectives	
f. Corporate Objectives	**COMPLIANT**		

		See discussion on Business and General Information on pages 2 to 29 of the SEC Form 17-A. b. Financial performance indicators See the Audited Consolidated Financial Statements as of 31 December 2019 and Management's Discussion and Analysis of Financial Position and Financial Performance, attached as Annex "B" and Annex "A", respectively, of the SEC Form 17-A, and the Supplementary Schedules attached as Annex "C" thereof. c. Non-financial performance indicators See discussion on Business and General Information on pages 2 to 29 of the SEC Form 17-A. d. Dividend Policy The undersigned Corporate Secretary hereby attests that dividends may be declared at the discretion of the Board of Directors and will depend upon the future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions	
g. Financial performance indicators	**COMPLIANT**		
h. Non-financial performance indicators	**COMPLIANT**		
i. Dividend Policy	**COMPLIANT**		
j. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	**COMPLIANT**		
k. Attendance details of each director in all directors meetings held during the year	**NON-COMPLIANT**		The SEC Form 17-A submitted by the Company conforms to the information required to be contained in SEC Form 17-A (Annual Report) or required by the Commission on the foregoing information. The record of attendance of the meetings of the Board of Directors and stockholders held in 2019was reported to the Commission on 09 December 2019 https://www.sanmiguel.com.ph/files/reports/PSE-SMC-Advisement_Letter-Board_Attendance_for_the_year_2019-_12.09_.19_.pdf The attendance and participation of directors to Board, Committee and shareholders' meetings are likewise set out on pages 49 and 51 of the Annual Report of the Company, which is published on the Company's website at:

		and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors the Board of Directors may deem relevant. Details on the declaration and payment of cash dividends to holders of common and preferred shares are found on pages 34 to 36 of the SEC Form 17-A. e. Biographical details of all directors See pages 37 to 41 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf
a. Total remuneration of each member of the board of directors	**NON-COMPLIANT**		Part III, Item 10 [*Executive Compensation*] of the SEC Form 17-A sets out the aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and senior executive officers and all other officers and directors as a group unnamed. The Company complies with the requirement under the Securities Regulation Code Rule 12 (Annex C), which provides that: (i) the information on compensation of the Chief Executive Officer and four (4) most highly compensated officers may be provided in the aggregate; and (ii) the information on compensation for all directors and officers as a group shall be provided in the aggregate (without naming the individuals and irrespective of the amount of their individual compensation).
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.	**NON-COMPLIANT**		In the Definitive Information Statement, specifically page 35 thereof, the Compliance Officer has certified that the Company has substantially adopted all the provisions of the Manual, which has been revised in accordance with the 2016 Code of Corporate Governance.

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.	**NON-COMPLIANT**		The SEC Form 17-A submitted by the Company conforms to the information required to be contained in SEC Form 17-A (Annual Report) or required by the Commission on the foregoing information. The undersigned Corporate Secretary hereby attests that, as stated in the Report of the Audit and Risk Oversight Committee for the year ended December 31, 2019, the Audit and Risk Oversight Committee reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance process, and ensured that, where applicable, necessary measures are taken to address any concern or issue arising therefrom.
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.	**NON-COMPLIANT**		The SEC Form 17-A submitted by the Company conforms to the information required to be contained in SEC Form 17-A (Annual Report) or required by the Commission on the foregoing information. The undersigned Corporate Secretary hereby attests that, as stated in the Report of the Audit and Risk Oversight Committee for the year ended December 31, 2019, the Audit and Risk Oversight Committee reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance process, and ensured that, where

			applicable, necessary measures are taken to address any concern or issue arising therefrom.
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**	A discussion of the major business risks faced by the Company and its subsidiaries, the measures it undertakes to address or manage the same, is found on pages 29 to 32 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
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.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	**COMPLIANT**	Principle 9 is embodied in Section 2.2.5 [*External Auditor*] of the Manual. Pursuant to Section 2.2.2.2.2 of the Manual http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf and Section 4(d) of the Audit and Risk Oversight Committee Charter, (http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf)	

		the appointment, reappointment, and removal of the External Auditor shall be recommended by the Audit and Risk Oversight Committee and approved by the Board and ratified by the shareholders. The said Manual and Charter likewise states that the Audit and Risk Oversight Committee evaluates and determines any non-audit work performed by 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.	
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**	The undersigned Corporate Secretary hereby attests that stockholders representing 84.808% of the total outstanding common stock of the Company approved the appointment of the auditing firm of R.G. Manabat & Co., CPAs as the External Auditor of the Company for the year 2019.	
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**	This is not applicable because the Company did not remove or change its External Auditor in the preceding year.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	**COMPLIANT**		

		As disclosed on page 47 of the Company's Annual Report, the External Auditor is selected and appointed by the shareholders upon the recommendation of the Board and subject to rotation every five years or earlier in accordance with the regulations of the Commission. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: 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.	**COMPLIANT**	Please refer to Section 4(e) of the Audit and Risk Oversight Committee Charter. http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	**COMPLIANT**	Please refer to Section 4(e) of the Audit and Risk Oversight Committee Charter. http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf	

Supplement to Recommendations 9.2			
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.	**COMPLIANT**	The Audit and Risk Oversight Committee has a robust process for approving and recommending the appointment or reappointment of the External Auditor, which includes a determination that the External Auditor is duly accredited by the Commission and is competent to undertake an independent audit of the Company and its related party transactions. Please refer to Section 4(d) of the Audit and Risk Oversight Committee Charter. http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	**COMPLIANT**	The Audit and Risk Oversight Committee has a robust process for approving and recommending the appointment or reappointment of the External Auditor, which includes a determination of whether the External Auditor has adequate quality control procedures. Please refer to Section 4(d) of the Audit and Risk Oversight Committee Charter. http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf	

Recommendation 9.3			
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.	**COMPLIANT**	The Definitive Information Statement, specifically page 35 thereof, discloses the amount of fees paid by the Company to the External Auditor, which include compensation for audit services and other related services such as audit review and research work. There were no fees paid to the external auditor for tax accounting, compliance, advice, planning, and any other form of tax services. There were no other fees paid to the auditors other than the above-described services. https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf	
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.	**COMPLIANT**	Section 4(g) of the Audit and Risk Oversight Committee Charter states that the Committee shall: "evaluate and determine any non-audit work performed by the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The Committee shall 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, shall be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report. The Committee shall be 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 and independence." http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	**COMPLIANT**	The Definitive Information Statement, specifically page 35 thereof, discloses as follows: "The Parent Company paid the external auditor the amount of P9 million and P32 million, respectively, for its services rendered in 2019 and 2018. Said fees include compensation for audit services and other related services such as audit review and research work. There were no fees paid to the external auditor for tax accounting, compliance, advice, planning, and any other form of tax services. There were no other fees paid to the auditors other than the above-described services." In 2019, the Company paid the external auditor the amount of Php	

		8Million for audit services and Php 1 Million for non-audit services.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	**COMPLIANT**	1. Name of the audit engagement partner: Wilfredo Z. Palad 2. SEC Accreditation No.: 0027-AR-5, Group A 3. Date Accredited: 18 September 2018 4. Expiry date of accreditation: 17 September 2021 5. Name, address, contact number of the audit firm: R.G. Manabat & Co. The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines 1226 Telephone: 8885-7000	
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).	**COMPLIANT**	As a Group A audit firm accredited by the Commission, R.G. Manabat & Co. is required to, and shall comply with, the requirements of the Commission in relation to the SOAR Inspection	

		Program. The inspection has not yet been conducted by the Commission.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
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**	Section 4.9 of the Manual states that: "The Corporation should ensure that the material and reportable non-financial and sustainability issues are disclosed. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of its business, which underpin sustainability. The Corporation shall endeavor to adopt a globally recognized standard or framework in reporting sustainability and non-financial issues. Other information that shall always be disclosed includes corporate strategy and off balance sheet transactions." In compliance with SEC Memorandum Circular No. 4, Series of 2019, the Company submitted a Sustainability Report to the Commission disclosing therein the Company's non-financial performance across economic,	

		environmental and social aspects of the Company. The Sustainability Report was submitted together with SEC Form 17-A on 30 June 2020. The full text of the Sustainability Report may be accessed at the Company's website at: https://www.sanmiguel.com.ph/files/reports/SMC_Amended_SEC_Form_17A_with_Sustainability_Report_30_June_2020.pdf	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	**COMPLIANT**	In the preparation of its Sustainability Report, the Company adopted globally recognized standards/framework in determining materiality for purposes of reporting sustainability and non-financial issues. In this respect, the Company was guided by the Sustainability Accounting Standards Board's (SASB) approach to materiality as well as the Global Reporting Initiative's (GRI) Sustainability Reporting Standards as prescribed by the Commission. https://www.sanmiguel.com.ph/files/reports/SMC_Amended_SEC_Form_17A_with_Sustainability_Report_30_June_2020.pdf	

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**	Principle 11 and Recommendation 11.1 are embodied in Sections 3.1 and 3.2 of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Company utilizes the following mode/s of communication for disseminating information: • Company disclosures All disclosures made by the Company may be viewed at its website at: http://www.sanmiguel.com.ph/disclosures • Quarterly Investors' Briefings The invitation and materials of the quarterly Investors' Briefings are uploaded to the Company's website. http://www.sanmiguel.com.ph/disclosures/ir/ir-presentations • Reports on Financial Performance This includes the following reports	

		available on the website of the Company: (i) Annual Reports http://www.sanmiguel.com.ph/financial_performance/annual_reports (ii) Quarterly Financial Statements (SEC Form 17-Q) http://www.sanmiguel.com.ph/financial_performance/financial_statements (iii) Quarterly Financial Highlights http://www.sanmiguel.com.ph/investor/financial_highlights • One-on-one meetings • Email • Telephone calls • Written correspondence Investors, shareholders and other stakeholders may contact the following: 1) San Miguel Corporation 2) Investor Relations (through its Investor Relations Officer, Ms.	

		Reynabeth D. De Guzman) 3) SMC Stock Transfer Service (for shareholder services and assistance) 4) San Miguel Customer Care Hotline The respective addresses and contact information of the foregoing are published on the website of the Company at: http://www.sanmiguel.com.ph	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	**COMPLIANT**	a. Financial statements/reports (latest quarterly) SEC Form 17-A https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf SEC Form 17-Q 1) 1st Quarter – https://www.sanmiguel.com.ph/files/reports/SMC-SEC_FORM_17-Q_(2019-1st_quarter)_05.15_.19_.pdf	
g. Financial statements/reports (latest quarterly)	**COMPLIANT**		
h. Materials provided in briefings to analysts and media	**COMPLIANT**		
i. Downloadable annual report	**COMPLIANT**		
j. Notice of ASM and/or SSM	**COMPLIANT**		
k. Minutes of ASM and/or SSM	**COMPLIANT**		
l. Company's Articles of Incorporation and By-Laws	**COMPLIANT**		

		2) 2nd Quarter https://www.sanmiguel.com.ph/files/reports/SMC-SEC_FORM_17-Q_(2019-2nd_quarter)_08.14_.19_.pdf 3) 3rd Quarter - https://www.sanmiguel.com.ph/files/reports/SMC-SEC-FORM_17-Q_(2019-3rd_quarter)_11.14_.19_.pdf b. Materials provided in briefings to analysts and media http://www.sanmiguel.com.ph/disclosures/ir/ir-presentations c. Downloadable annual report https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf d. Notice of ASM and/or SSM https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf e. Minutes of ASM and/or SSM https://www.sanmiguel.com.ph/files/reports/2019_Draft_Minutes_of_the_A	

		nnual Stockholders Meeting of SMC with vote results.pdf f. Company's Articles of Incorporation and By-Laws Articles of Incorporation http://www.sanmiguel.com.ph/files/reports/Articles_of_Incorporation_(15_July_2015).pdf By-Laws http://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	**COMPLIANT**	http://www.sanmiguel.com.ph	
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**	Principle 12 and Recommendation 12.1 are embodied in Section 2.2.1.3. [*Internal Controls and Enterprise Risk Management*] of the Manual. Page 3 of the Charter of Internal Audit states that: "San Miguel Group Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal	

		audit activity's conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The CAE will communicate to Senior Management and the Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments, and external assessments conducted at least every five years." Page 2 of the Charter of Internal Audit states that at least annually, the Chief Audit Executive will submit to Senior Management and the Audit and Risk Oversight Committee, which Committee shall endorse to the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next year. http://www.sanmiguel.com.ph/files/reports/SEC_Form-17_SMC-Charter-of-Internal-Audit-03.16__.17_1_.pdf	

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	**NON-COMPLIANT**		Pursuant to Section 2.2.1.3.2 [*Enterprise Risk Management*] of the Manual, the Board shall oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess and manage key business risks, which will guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. (http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf) The Company's existing risk management policies are established to identify and analyze the risks faced by the Company and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. A discussion of the major business risks is found on pages 29 to 32 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf As stated in the Report of the Audit Committee for the year ended December 31, 2019, the Audit and Risk Oversight Committee reviewed and found adequate the effectiveness and sufficiency of the internal control system, specifically, reviewed and discussed the findings and assessment of the Company's internal controls, risk management

			systems, control and governance process, and financial reporting systems. Pursuant the aforesaid provisions of the Manual, the Company shall endeavor to formalize its ERM Framework to guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. Risk management system is reviewed annually. The directors' criteria for assessing its effectiveness of the risk management system are whether such risk management policies reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.
Supplement to Recommendations 12.1			
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.	**NON-COMPLIANT**		The Company's Code of Ethics states that an employee should exercise corporate citizenship and protect the corporate interest by conducting business affairs in fairness, honesty and in compliance with the law. The Company believes that the objective of achieving superior business results is consistent with the commitment to conduct business in a lawful and

			responsible manner. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with the highest standards of business ethics. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed.
Optional: Recommendation 12.1			
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.			
Recommendation 12.2			
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.	**COMPLIANT**	The San Miguel Group Audit is an in-house function providing independent and objective assurance and consulting services. http://www.sanmiguel.com.ph/files/reports/SEC_Form-17_SMC-Charter-of-Internal-Audit-03.16_.17_1_.pdf	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	**COMPLIANT**	Mr. Ramon R. Bantigue is the Company's Chief Audit Executive. His duties and responsibilities are set out in	

		Sections 2.2.1.3.1 [*Internal Control System*] and 2.2.6.2 of the Manual http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf and the Charter of Internal Audit. http://www.sanmiguel.com.ph/files/reports/SEC_Form-17_SMC-Charter-of-Internal-Audit-03.16_.17_1_.pdf	
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.	**COMPLIANT**	Section 2.2.6.2 of the Manual states that the Internal Audit Group Head shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
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.	**COMPLIANT**	This is not applicable since the San Miguel Group Audit is an in-house function.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	**NON-COMPLIANT**		The risk management function of the Company is performed by the Audit and Risk Oversight Committee. http://www.sanmiguel.com.ph/files/reports/SMC-Audit-and-Risk-Oversight-Committee-Charter-10-Aug-2017.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 undersigned Compliance Officer hereby attests that the Company has available internal technical support in risk management. As such, there was no need to outsource the same to an external provider.
Recommendation 12.5			
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).	**NON-COMPLIANT**		Section 2.2.1.3.2.2 of the Manual states that "[i]n managing the Corporation's ERM system, the Corporation shall consider having a Chief Risk Officer (CRO)…" http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf As the Company is still in the process of establishing a formal ERM framework, a Chief Risk Officer has not yet been appointed.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	**NON-COMPLIANT**		Section 2.2.1.3.2.2 of the Manual states that "[i]n managing the Corporation's ERM system, the Corporation shall consider having a Chief Risk Officer (CRO)…" http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf As the Company is still in the process of establishing a formal ERM framework, a Chief Risk Officer has not yet been appointed.

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.	**NON-COMPLIANT**		The undersigned Corporate Secretary hereby attests that, as stated in the Report of the Audit and Risk Oversight Committee for the year ended December 31, 2019, the Audit and Risk Oversight Committee reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance process, and ensured that, where applicable, necessary measures are taken to address any concern or issue arising therefrom.
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**	Section 5 [*Shareholders And Other Stakeholders*] of the Manual discusses the rights of the shareholders of the Company. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	**COMPLIANT**	Basic shareholders' rights are disclosed in pages 45 to 46 of the Annual Report, which may be viewed at the Company's website at:	

		https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	**COMPLIANT**		
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 Company's common shares carry one vote per share. Series "1" and Series "2" preferred shares are not entitled to vote except in those cases expressly provided by law. The terms and features of the preferred shares of the Company are set out in Article VII of the Amended Articles of Incorporation. http://www.sanmiguel.com.ph/files/reports/Articles_of_Incorporation_(15_July_2015).pdf	
3. Board has an effective, secure, and efficient voting system.	**COMPLIANT**	A discussion of the voting procedure of the Company is found on page 6 of the Definitive Information Statement, to wit: "A stockholder entitled to vote at the meeting has the right to vote in person or by proxy. Only stockholders of record at the close of business on May 29, 2020 will be entitled to vote at the meeting.	

		With respect to the election of directors, in accordance with Section 23, Title III of the Revised Corporation Code of the Philippines, a stockholder may vote the number of common shares held in his name in the Company's stock books as of May 29, 2020, and may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, That the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected. The total number of votes that may be cast by a stockholder of the Company is computed as follows: **number of common shares held on record as of record date multiplied by 15 directors**."	

		https://www.sanmiguel.com.ph/files/reports/SMC_-_Definitive_IS_06.03_.2020_.pdf The undersigned Corporate Secretary hereby attests that the voting procedure is by poll.	
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.	**NON-COMPLIANT**		The existing shareholder voting mechanism of the Company respects the rights of shareholders and minority interests. Section 5.1.2 [*Voting Right*] of the Manual sets out the right of shareholders to nominate, elect, remove and replace directors and states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf
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.	**COMPLIANT**	Article II, Section 1 of the By-laws states that "Special meetings [of the stockholders]… may also be called by the Board of Directors, or at the written request of stockholders representing a majority of the subscribed capital stock entitled to vote." https://www.sanmiguel.com.ph/files/reports/By_Laws_(16_March_12).pdf	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	**COMPLIANT**	Section 5.1.1 [*Commitment to Respect Rights of Investors/Minority Interests*] of the Manual states that: "The Board is committed to respect the rights of the shareholders and minority interests." Such policy is further implemented by the following provisions of the Manual: • Section 5.1.2 [*Voting Right*] • Section 5.1.3 [*Pre-emptive Right*] • Section 5.1.4 [*Power of Inspection]* • Section 5.1.5 [*Right to Information*] • Section 5.1.6 [*Right to Dividends*] • Section 5.1.7 [*Appraisal Right*] • Section 5.1.9 [*Promotion of Shareholders' Rights*] http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
7. Company has a transparent and specific dividend policy.	**COMPLIANT**	The undersigned Corporate Secretary hereby attests that dividends may be declared at the discretion of the Board of Directors and will depend upon the future results of operations and general financial condition, capital requirements, its ability to	

		receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors the Board of Directors may deem relevant. See also page 179 of the Prospectus. http://www.sanmiguel.com.ph/files/reports/SMC_Final_Prospectus_(Filed_14_February_2017).pdf Details on the declaration and payment of cash dividends to holders of common and preferred shares, including the dates thereof, are found on pages 34 to 36 of the SEC Form 17-A. https://www.sanmiguel.com.ph/files/reports/SMC_17A_05.15_.2020_FINAL_.pdf	
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**	As stated on page 58 of the Annual Report, "[s]tockholders are informed at least 15 business days before the scheduled meeting of the date, time, and place of the validation of proxies. In 2019, Notices of the 2019 AGSM were sent to the stockholders on May	

		14, 2019, one month prior to the AGSM." https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf Shareholders' approval of remuneration or any changes therein were not among the items included in the agenda of the 2018 Annual Stockholders' Meeting of the Company. The notice and agenda for the 2019 Annual Stockholders' Meeting are set out on the first page of the Definitive Information Statement filed with the Commission on 10 May 2019 ("2019 DIS"). https://www.sanmiguel.com.ph/files/reports/SMC-2019_Definitive_Information_Statement_05.10_.2019_.pdf	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	**COMPLIANT**	See pages 8 to 11 of the 2019 DIS. https://www.sanmiguel.com.ph/files/reports/SMC-	

		2019_Definitive_Information_Statement_05.10_.2019_.pdf	
b. Auditors seeking appointment/re-appointment	**COMPLIANT**	See page 34 of the 2019 DIS. https://www.sanmiguel.com.ph/files/reports/SMC-2019_Definitive_Information_Statement_05.10_.2019_.pdf	
c. Proxy documents	**COMPLIANT**	See first and second pages of the 2019 DIS. https://www.sanmiguel.com.ph/files/reports/SMC-2019_Definitive_Information_Statement_05.10_.2019_.pdf	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting			
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**	The results of the vote taken during the 2019 Annual Stockholders' Meeting of the Company was disclosed on the same day of the meeting or on 11 June 2019. https://www.sanmiguel.com.ph/files/reports/PSE-SMC-Directors-External_Auditors_06.11_.19_.pdf	
2. Minutes of the Annual and Special Shareholders' Meetings were available on	**COMPLIANT**		

the company website within five business days from the end of the meeting.		The draft Minutes of the 2019 Annual Stockholders' Meeting of the Company was disclosed by the Company on 17 June 2019 or within 5 business days from the date of the said meeting. https://www.sanmiguel.com.ph/files/reports/2019_Draft_Minutes_of_the_Annual_Stockholders_Meeting_of_SMC_with_vote_results.pdf The voting results for 2019 Annual Stockholders' Meeting are as follows: 1) The directors of the Company were elected by a vote representing 84.83% of the total outstanding common stock of the Company. 2) Approval of the Minutes of the 2018 Annual Stockholders' Meeting In favor: 84.827% Against: 0.000% Abstain: 0.000% 3) Approval of the Annual Report of the Company for the year ended 31 December 2018 In favor: 84.737% Against: 0.000% Abstain: 0.091%	

		4) Ratification of all acts of the Board of Directors and officers since the 2018 Annual Stockholders' Meeting In favor: 84.756% Against: 0.000% Abstain: 0.072% 5) Appointment of R.G. Manabat & Co., CPAs as external auditors of the Company In favor: 84.808% Against: 0.019% Abstain: 0.000% The undersigned Corporate Secretary hereby attests that voting on the resolutions was done by poll. As stated in the draft Minutes of the 2019 Annual Stockholders' Meeting of the Company, there was an open forum wherein the President, Chief Finance Officer and Corporate Secretary entertained questions from stockholders.	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	**COMPLIANT**	The undersigned Corporate Secretary hereby attests that the external auditor, R.G. Manabat & Co., CPAs, and other relevant individuals were present during the 2019 Annual Stockholders' Meeting of the Company.	

Recommendation 13.4			
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.	**COMPLIANT**	Section 5.1.8 [*Alternative Dispute Resolution for Intra-Corporate Disputes*] of the Manual states that: "The Office of the Corporate Secretary addresses concerns of stockholders and potential disputes between the Corporation and stockholders." http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	**COMPLIANT**	Provide link/reference to where it is found in the Manual on Corporate Governance Section 5.1.8 [*Alternative Dispute Resolution for Intra-Corporate Disputes*] of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	**COMPLIANT**	Ms. Reynabeth D. De Guzman is the Investor Relations Officer of the Company. Her contact information are as follows: Telephone No.: 632-3752	

		Fax No.: 632-3313 / 632-3749 E-mail address: SMCInvestorRelations@sanmiguel.com.ph	
2. IRO is present at every shareholder's meeting.	**COMPLIANT**	The undersigned Corporate Secretary hereby attests that the IRO was present during the 2019 Annual Stockholders' Meeting of the Company.	
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**	The undersigned Corporate Secretary hereby attests that there are no anti-takeover measures employed by the Company and no shareholder agreements, voting trust agreements or other agreements that may impact the control, ownership, and strategic direction of the Company are in place. Moreover, the existing shareholder voting mechanism of the Company respects the rights of shareholders and minority interests. Section 5.1.2 [*Voting Right*] of the Manual sets out the right of shareholders to nominate, elect, remove and replace directors and states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.	

		http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	**NON-COMPLIANT**		The percentage of public ownership of the Company as of March 31, 2020 is 16.00%. The Company complies with the current Minimum Public Ownership requirement of the Commission and the Philippine Stock Exchange.
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.	
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**	Principle 14 and Recommendation 14.1 are embodied in Section 5.2 [*Duties to Stakeholders*] of the Manual. Section 5.2.1 of the Manual states that "Stakeholders in corporate governance include, but are not limited to, customers, employees,	

		suppliers, shareholders, investors, creditors, the community the Corporation operates in, society, the government, regulators, competitors, external auditors, among others." Sections 5.2.2 to 5.29 of the Manual further discuss the Company's policies for its stakeholders. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	**COMPLIANT**	Sections 5.2.2 to 5.29 of the Manual further discuss the Company's policies for its stakeholders.	
Recommendation 14.3			
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.	**COMPLIANT**	Ms. Reynabeth D. De Guzman is the Investor Relations Officer of the Company. Her contact information are as follows: Telephone No.: 632-3752 Fax No.: 632-3313 / 632-3749 E-mail address: SMCInvestorRelations@sanmiguel.com.ph	

		The Company's whistle-blowing policy may be viewed at its website at: http://www.sanmiguel.com.ph/page/companys-policies	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	**COMPLIANT**	Section 5.1.8 [*Alternative Dispute Resolution for Intra-Corporate Disputes*] of the Manual states that: "The Office of the Corporate Secretary addresses concerns of stockholders and potential disputes between the Corporation and stockholders." With respect to disputes between the Company and third parties, the Company, through the Office of the General Counsel, has adopted standard contracts some of which incorporate dispute resolution methods outside the courts, primarily through arbitration, either local or international. The Board of Directors designated corporate officers to amicably settle disputes with third parties, who may or may not be counterparties to a contract. With respect to disputes between the Company and regulatory authorities, the Compliance Officer is tasked to	

		appear before the Commission upon summons on relevant matters that need to be clarified. The Company as a matter of policy exhausts all possible means to amicably settle potential disputes with regulatory authorities by responding to official queries and complying with directives as may be necessary and appropriate.	
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**	The undersigned Corporate Secretary hereby attests that the Company did not seek any exemption from the application of a law, rule or regulation relating to a corporate governance issue in the preceding year.	
2. Company respects intellectual property rights.	**COMPLIANT**	The undersigned Corporate Secretary hereby attests that the Company complies with the provisions of applicable laws, rules and regulations on intellectual property rights. The Company has not been the subject of suit or controversy where it has been alleged to infringe on the intellectual property rights of third parties.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	**COMPLIANT**		

		The Company has a corporate quality policy. The Company is committed to sustain business excellence and consistently improve shareholder value by providing products and services that delight and secure the loyalty of customers, and a working environment that reflects quality as a way of life. The Company has established a dedicated customer care hotline (the details of which are disclosed on its website) to ensure feedback from its customers and to immediately address any concern that they have on the quality of the products.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	**COMPLIANT**	The Company has an established procurement cycle policy which ensures that purchasing synergies are optimized, business opportunity losses are avoided and materials and services are timely delivered. The selection of suppliers and contractors are subject to bidding with a minimum of three (3) accredited suppliers to be considered per transaction. In some instances, such as in case of strategic or recurring purchases, negotiated contracts are allowed. Adjustments in quotations after bidding must be	

		countersigned but upward price adjustments are subject to stricter requirements.	
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			
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.	**COMPLIANT**	The Company has existing policies and programs for employees covering, among others, the following: (a) health, safety and welfare; (b) training and development; and (c) reward/compensation for employees, to encourage employees to perform better and motivate them to take a more dynamic role in the Company. http://www.sanmiguel.com.ph/page/companys-policies	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	**COMPLIANT**	The Company is guided by the following principles in the design of the salaries and wages of its employees: Internal Equity The principle creates a hierarchy where positions are valued or equated based on comparable work, responsibility and output. Jobs with more complex content and	

		greater accountability receive commensurably higher pay. The Company utilizes a job evaluation system to ensure the foregoing. External Competitiveness The Company's pay scale is competitive with those of comparable companies in the business community. The objective of this principle is to attract external candidates and promote employee retention. Business Affordability Salary structures while affected by the need to be externally competitive are still anchored on the Company's financial capability to pay in order to achieve business performance and continued operations. This principle reinforced the thinking that the Company's ability to improve salaries and wages is largely dependent on its bottom-line to which every employee has a personal contribution to make. The principle promotes a personal stake from each employee to improve the Company's business performance. Performance-based The Company believes that good performance must be appropriately rewarded. There is a tight link between the Company's	

		Performance Management System and its rewards systems. This principle supports the value of teamwork since employees are measured not only in their individual performance but also in the performance of their team, encouraging them to have an active concern for those in the team. Non-financial Rewards The Company uses alternative forms of recognition to reward performance. The different business units are encouraged to develop programs such as citations, awards, performance feedback and mentoring to guide good performers.	
2. Company has policies and practices on health, safety and welfare of its employees.	**COMPLIANT**	The Company's policy and data relating to health, safety and welfare of its employees are disclosed on its website at: http://www.sanmiguel.com.ph/page/companys-policies	
3. Company has policies and practices on training and development of its employees.	**COMPLIANT**	The Company's policy and data relating to health, safety and welfare of its employees, including training, are disclosed on its website at: http://www.sanmiguel.com.ph/page/companys-policies	

Recommendation 15.2			
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.	**COMPLIANT**	The undersigned Compliance Officer hereby attests that: (a) The Code of Ethics mandate that the employee should uphold the corporate interest and not grant undue personal favors, especially in matters of awarding dealership and contracts or in hiring and similar activities. The employee must exercise utmost discretion in accepting personal favors or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery in any form. (b) The Company believes that the objective of achieving superior business results is consistent with the commitment to conduct business in a lawful and responsible manner. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with the highest standards of business ethics. This includes compliance with applicable	

		laws, rules and regulations on bribery and corruption. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed. http://www.sanmiguel.com.ph/page/companys-policies http://www.sanmiguel.com.ph/smc_files/pdfs/SMGUpdatedCodeofEthicsandConduct.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	**COMPLIANT**	The undersigned Compliance Officer hereby attests that the Code of Ethics was properly disseminated to all directors, senior management and employees. All employees of the Company are provided a copy of the San Miguel Corporation Employee Handbook and are required to acknowledge receipt of the same. The acknowledgement states that the employee understood its contents and commits themselves to comply with the items contained therein, the core purpose and values sought to be achieved and the policies governing the Company's activities.	

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**	The Company believes that the objective of achieving superior business results is consistent with the commitment to conduct business in a lawful and responsible manner. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with the highest standards of business ethics. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed. Employees are prohibited from soliciting or accepting gifts in any form in connection with their work or employment with the Company especially if it concedes an implied obligation to grant a favor or was for a favor already made. The penalty for first offense is discharge. http://www.sanmiguel.com.ph/page/companys-policies http://www.sanmiguel.com.ph/smc_files/pdfs/SMGUpdatedCodeofEthicsandConduct.pdf	

Recommendation 15.3			
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	**COMPLIANT**	The Company's whistle-blowing policy may be viewed at its website at: http://www.sanmiguel.com.ph/page/companys-policies The said policy aims to protect the whistle-blower from retribution or retaliation. The contact of the Office of the General Counsel of the Company are as follows: Office of the General Counsel Telephone No.: 632-3384 / 632-3385 Fax No.: 632-3364 / 632-3375 Email Address: vjacinto@sanmiguel.com.ph	
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.	**COMPLIANT**	The whistle blowing policy provides for procedures for interested parties to communicate, even anonymously, concerns regarding accounting, internal accounting, auditing or financial reporting matters directly to the Audit and Risk Oversight Committee through the Office of the General Counsel.	

3. Board supervises and ensures the enforcement of the whistleblowing framework.	**COMPLIANT**	The Board supervises and ensures the enforcement of the whistle blowing framework through the Audit and Risk Oversight Committee.	
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			
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.	**COMPLIANT**	Principle 16 and Recommendation 16.1 are embodied in Sections 5.2.8 and 5.2.9 of the Manual. http://www.sanmiguel.com.ph/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10_.17-Final_.pdf The Company recognizes that it has a responsibility not just to its employees but also to the communities where its businesses operate. As a socially responsible corporate citizen, the Company believes that it must provide the employees' family and surrounding communities opportunities to develop values of self-reliance. The corporate social responsibility initiatives of the Company are disclosed on its website at: http://www.sanmiguel.com.ph/page/corporate-social-responsibility	

		Please see also pages 3 to 29 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	**COMPLIANT**	The Company is committed to the protection, preservation and enhancement of the environment. The Company actively contributes toward a clean and health environment for the well-being of its employees, consumers and communities where it operates. The Company's Environmental Management System focuses on continual improvement, a key philosophy which reflects how the Company utilizes its resources and manufactures, packages, distributes and markets its wide range of products. Consistent with its mission of responsible stewardship of the environment, the Company adopts a holistic approach by exercising leadership in providing environmentally acceptable manufacturing processes, products and packaging, actively developing and implementing processes which	

		involve the sustainable use of resources, pollution prevention and waste management, consistently meeting environmental standards, and influencing key stakeholders through the sharing of the Company's environmental policy. Please see also the environmental and other programs of the Company: https://www.sanmiguel.com.ph/page/environmental-and-other-programs and pages 8 to 45 of the Annual Report: https://www.sanmiguel.com.ph/files/reports/SMC_AR2018.pdf	
2. Company exerts effort to interact positively with the communities in which it operates	**COMPLIANT**	The corporate social responsibility initiatives of the Company are disclosed on its website at: http://www.sanmiguel.com.ph/page/corporate-social-responsibility Please see also pages 3 to 29 of the Annual Report. https://www.sanmiguel.com.ph/files/reports/SMCAR_2019_0702C_finalweb.pdf	

SIGNATURES

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed under oath on behalf of San Miguel Corporation by the undersigned, in the City of Mandaluyong on JUL 2 9 2020.

By:

RAMON S. ANG
Vice Chairman-President & Chief Operating Officer

REYNALDO G. DAVID
Independent Director

REYNATO S. PUNO
Independent Director

MARGARITO B. TEVES
Independent Director

VIRGILIO S. JACINTO
Compliance Officer and Corporate Secretary

JUL 2 9 2020

SUBSCRIBED AND SWORN to before me this _____ day of July, 2020 affiants exhibiting to me their Passports, as follows:

NAME	PASSPORT NO.	EXPIRY DATE	PLACE OF ISSUE
Ramon S. Ang	P2247867B	May 21, 2029	DFA-Manila
Virgilio S. Jacinto	P3157226B	Sept. 11, 2029	DFA-NCR-East
Reynaldo G. David	P8615707A	Sept. 4, 2028	DFA-Manila
Reynato S. Puno	P0084717A	August 28, 2021	DFA-NCR NorthEast
Margarito B. Teves	P4425969B	January 16, 2030	DFA-NCR South

Doc. No. : 456;
Page No.: 93;
Book No. : IV;
Series of 2020.

PAULA KATHERINA A. GAN
Commission No. 0308-19
Notary Public for Mandaluyong City
Until December 31, 2020
SMC, 40 San Miguel Ave., Mandaluyong City
Roll No. 55983
PTR No. 4324707; 01/07/20; Mandaluyong City
IBP Lifetime Number No. 013353; 02/05/15, QC
MCLE Compliance No. VI-0019930; 04/14/22; Pasig City

PAULA KATHERINA A. GAN
NOTARY PUBLIC
ROLL NO. 55983
MANDALUYONG CITY, PHILS.

Annex "A"

Summary of Corporate Governance Seminars attended by SMC Directors, Corporate Secretary and Compliance Officer (2019)

Directors	Seminar	Date	No. of Hours	Link to Disclosure
Estelito P. Mendoza Reynaldo G. David Margarito B. Teves	Seminar on Corporate Governance conducted by SyCip, Gorres, Velayo & Co.	06 November 2019	4	https://www.sanmiguel.com.ph/files/reports/PSE-SMC_Corporate_Governance_Seminar_Training_Requirement_-_Attendance_11.08_.19_.pdf
Eduardo M. Cojuangco, Jr. Ramon S. Ang Ferdinand K. Constantino Virgilio S. Jacinto Ramon R. Bantigue	Seminar on Corporate Governance conducted by Risks, Opportunities, Assessment & Management (ROAM)	15 November 2019	4	https://www.sanmiguel.com.ph/files/reports/PSE-SMC_Compliance_Corporate_Governance_Training_Requirement_-_Attendance_11.18_.19_.pdf
Reynato S. Puno	Corporate Governance Seminar conducted by Institute of Corporate Directors	25 November 2019	4	https://www.sanmiguel.com.ph/files/reports/PSE_-_SMC_Compliance_Corporate_Governance_Training_Seminar_-_Attendance_11.26_.19_.pdf
Iñigo U. Zobel Menardo R. Jimenez Leo S. Alvez Thomas A. Tan Aurora T. Calderon Alexander J. Poblador Joselito D. Campos, Jr. Jose C. De Venecia, Jr. Ramon F. Villavicencio Ferdinand K. Constantino Mary Rose S. Tan	"Corporate Governance and Strategic Management" seminar conducted by Center for Global Best Practices	05 December 2019	4	https://www.sanmiguel.com.ph/files/reports/PSE-SMC_Compliance_Corporate_Governance_Training_Seminar-Attendance_12.09_.19_.pdf

Annex "B"

Process of Self-Assessment of the Board of Directors, its Committees and individual Directors

	Process	Criteria
Board of Directors	Annual submission of self-rating form	a) Fulfillment of the Board's key responsibilities; b) Board-Management relationship; c) effectiveness of Board processes and meetings; and d) individual performance of Board members.
Board Committees	Annual submission of self-rating form for audit committee	a) Quality and integrity of the Corporation's financial statements and financial reporting process b) Effectiveness of the Corporation's internal control systems c) Independence and performance of its internal and external auditors d) Compliance by the Corporation with accounting standards, legal and regulatory requirements, including the Corporation's disclosure policies and procedures e) Evaluation of management's process to assess and manage the Corporation's enterprise risk issues
Individual Directors	Annual submission of self-rating form, on portion on individual performance of board members	a) Understanding of the mission, values and strategies of the Corporation and awareness of expectations from the individual as a Board member. b) Awareness of the Corporation's By-laws and governing principles and policies.

		c) Consciousness of conflict of interest positions and the duty to disclose any such conflict d) Attendance at Board and Committee meetings e) Attendance at meetings on time, prepared and knowledgeable about the issues to be discussed. f) Participation in the Board discussions with independence and objectivity. g) Expression of opinions on matters presented to the Board and support all Board decisions once they are made even in case of disagreement with the decision. h) Promotion of work and the mission of the Corporation in the community.