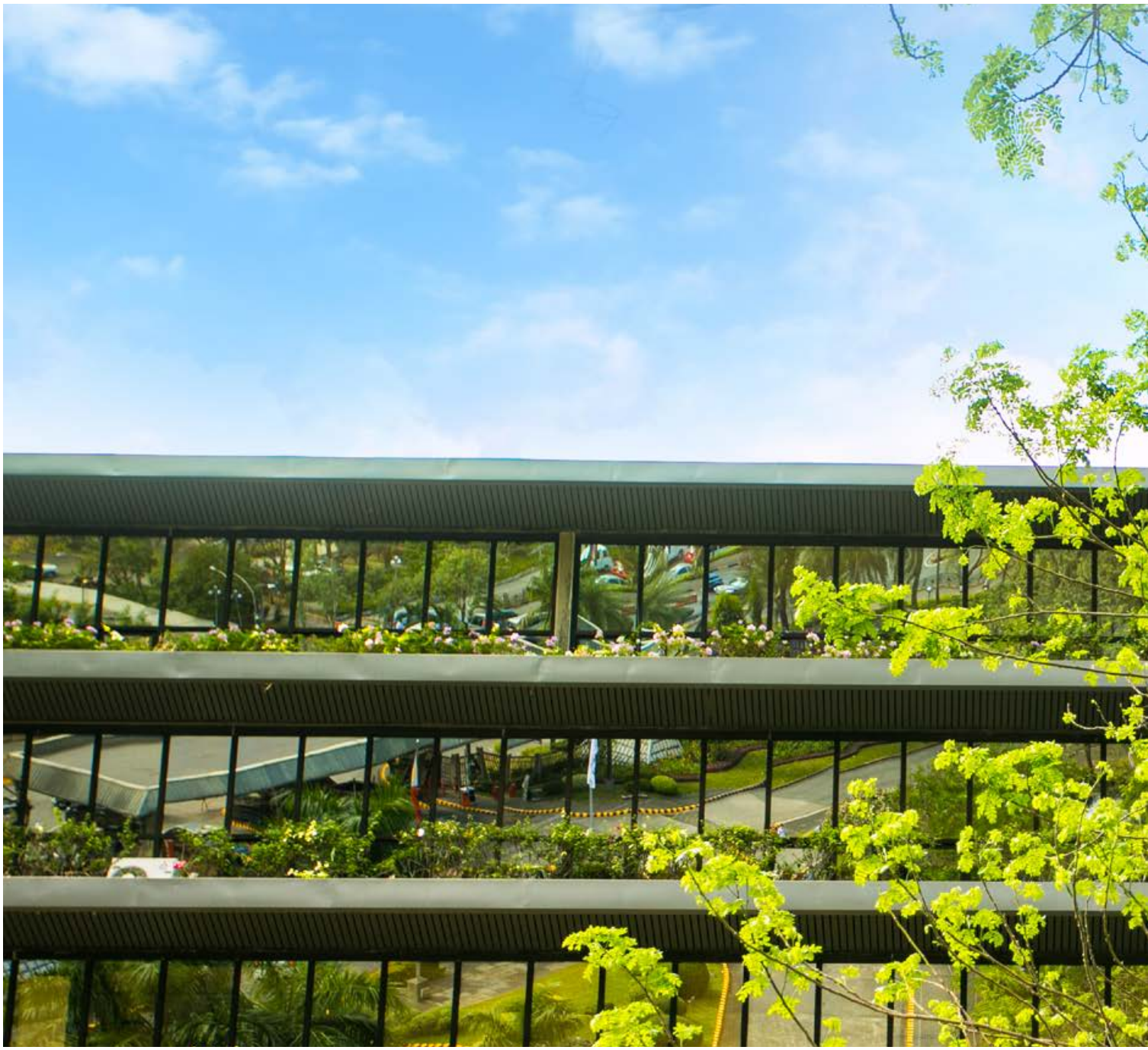
SAN MIGUEL CORPORATION

2022 SUSTAINABILITY REPORT

READY FOR TOMORROW



READY FOR TOMORROW

The title “Ready for Tomorrow” encapsulates our transformative journey toward a sustainable future. It reflects our readiness to drive change, innovate, and collaborate, as we help lay the foundation for a better world.

At its core, “Ready for Tomorrow” acknowledges the need for immediate action and the urgency to address the complex challenges of climate change, resource depletion, and social inequities. It recognizes that tomorrow's world will be shaped by today's actions.

We invite you to delve into our organization's commitment to creating positive environmental, social, and economic impacts. Through this, we hope to inspire and engage our stakeholders to join us in building a world that is not only prepared for tomorrow but thrives in it. We believe that together, we can create a sustainable legacy that stands the test of time.

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For a more comprehensive understanding of the Company's operations and impacts, we recommend a side-by-side review of this Report with our 2022 Annual Report, which you may access either through SMC's company website at https://www.sanmiguel.com.ph/annual-reports or the above QR code.

KALIKASAN KALINGA KASAGANAHAN

SAN MIGUEL CORPORATION

ABOUT THE REPORT

At San Miguel Corporation (SMC), we believe that purpose-driven investments will ultimately deliver higher and more sustainable returns.

Our 2022 Sustainability Report contains information on the environmental, social, and governance (ESG) performance topics identified as material to SMC's business and stakeholders. All the information provided in this Report covers SMC and its selected subsidiaries from January 1 to December 31, 2022.

SCOPE AND COVERAGE

With a team of sustainability champions across the San Miguel Group, we developed a standardized data collection template and monitoring process to facilitate more efficient data collection and consolidation for SMC. This Report covers the ESG data of the following key business groups:

- Food and beverage
- Packaging
- Fuel and oil
- Energy
- Infrastructure
- Cement
- Others (as specified in "Our Businesses" section of the Report)

The subsidiaries included in this Report were selected based on their scale of operations and SMC's ownership interest or level of control. SMC has majority ownership and operational control over the included entities. Please refer to the Appendices for a complete list of the subsidiaries covered by this Report.

REPORTING STANDARDS

Our approach in the preparation and presentation of this Report was based on the following frameworks.

The Philippine Securities and Exchange Commission

We prepared this Report in compliance with the Philippine Securities and Exchange Commission Memorandum Circular No. 4 Series of 2019, entitled "Sustainability Reporting Guidelines for Publicly Listed Companies." The reporting requirements include the impacts, risks, opportunities, and management approach for material ESG topics.

Global Reporting Initiative (GRI) Standards

We provided SMC's disclosures and information in reference to the GRI Reporting Standards. We ensured that the data presented in this Report meet the following GRI Reporting Principles:

- Accuracy: We ensured that the qualitative and quantitative information provided in this Report is consistent with all available data.
- Balance: We provided a fair and unbiased representation of SMC's negative and positive impacts.
- Clarity: We presented clear information, so it is easily understood by readers who have reasonable knowledge of SMC.
- Comparability: We outlined information to enable SMC and other readers to assess the Company's disclosures against our goals and targets. We also laid out information so it can be easily assessed and benchmarked by external parties as part of rating activities, investment decisions, or advocacy programs.

- Completeness: We ensured to include all sufficient information on SMC's present activities, events, and impacts for the reporting period.

We provided a GRI content index in the Appendices to help readers navigate the disclosures and information in this Report.

Sustainability Accounting Standards Board (SASB) Standards

We were guided by reporting principles in the SASB Standards and integrated globally applicable and sector-specific disclosures into our core communications. We based our SASB recommended disclosures on the following industry standards: SASB Containers and Packaging Standard, SASB Alcoholic Beverage Standard, and SASB Processed Foods Standard.

We provided a SASB index in the Appendices to easily reference SMC's financial material sustainability information.

We do not have any restatement of information in the reporting period.

CONTACT INFORMATION

We value your comments and insights. Please address your feedback on this Report and any inquiries on SMC's sustainability initiatives to:

Corporate Sustainability Office
SMC Corporate Head Office
40 San Miguel Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Telephone: (632) 8 632 3974
Email: cso@sanmiguel.com.ph

RAMON S. ANG
President and Chief Executive Officer

MESSAGE FROM THE PRESIDENT AND CEO

Every day, we endeavor to serve our country and communities guided by the vision of a brighter and more inclusive future. This has always been at the heart of what we do as a company and this Report is an affirmation of the role our company plays in wider society and in the lives of many Filipinos. It will also hold us to greater account.

Together with PricewaterhouseCoopers (PwC), our external advisor, we have developed a series of bold sustainability goals and specific targets that offer a common starting point and language to help us focus our efforts and resources. These targets draw on new and existing social and environmental models to deliver economic value for SMC while upholding our responsibilities as good corporate citizens.

In 2022, we mapped out areas of impact and material topics most important to our stakeholders, customers, our local communities, and our business. We have also made an inventory of internal processes; a good number of which are already best practice in sustainability, but many can still be improved.

Categorizing our operations alongside ESG issues is crucial to responsibly harness San Miguel's size and influence for good.

The following are our four main targets:

a. Establish a circular economy approach by 2040;
b. Net zero by 2050;
c. At least 15 million people uplifted by 2030; and
d. A fully sustainable and ethical supply chain by 2040

Not only will these targets and activities help us collectively deliver change, but they will also help measure the impact of our initiatives.

On the one hand, we recognize that this is about optimizing business to be more successful in the long run. But more importantly, it is about understanding and articulating a purpose beyond profit.

As one of the nation's largest, most diversified conglomerates with revenues equivalent to more than 7% of the Philippines' GDP (Gross Domestic Product), San Miguel has an enormous impact on the national economy and its host communities—from the people it employs, and the downstream business it generates. We play a critical role in regional and local economies across the country, supporting thousands of jobs in every region. For every peso in profit created by San Miguel, that peso generates at least an additional 2.50 PhP for the larger economy. And for every billion pesos we invest, San Miguel creates at least 1,000 additional jobs.

As a company, we have always taken an active role in solving societal issues. Our 14 billion PhP pandemic response, for instance, is just one of the many ways we put our purpose into practice.

When you combine the impact of our more than 100 facilities throughout the Asia-Pacific, with the contribution from our supply chain and hundreds of business partners in the Philippines alone, and some 200 billion PhP spent in domestic procurement costs, it is staggering to think of our reach.

As a company, we have always taken an active role in solving societal issues. Our 14 billion PhP pandemic response, for instance, is just one of the many ways we put our purpose into practice. Certainly, our social responsibility model goes beyond simply aligning our philanthropy with business objectives or creating flagship Corporate Social Responsibility (CSR) programs in relevant stakeholder areas. Over 110,700 have benefited from our outreach efforts in 2022, with at least 7,150 members of our Better World communities receiving almost daily support regarding access to food, healthcare, or training and learning programs.

Our very businesses are the best examples of corporate citizenry and civic responsibility in action. If you look at the roads and expressways we have built, the power plants, and the facilities we have put up across the country, you will see that San Miguel is an enabler of prosperity. Where we have led the way—in various parts of the country—we have opened opportunities and stimulated local economies.

We have always put our shoulder to the wheel in improving our operations, directing our efforts towards energy and water efficiency, rethinking supply chains, and transforming business models. While we have always known that these kinds of improvements have the potential to drive competitive advantage, innovation, and revenue growth, sustainability will demand we merge our core values and financial goals into a single corporate strategy.

We need to anticipate how the climate crisis will directly affect our business. We will need to build more climate-resilient business operations, adopt more aggressive energy transition strategies, and find effective solutions that can—among others—help reduce our carbon footprint.

While we have a long way to go, our four goals and sustainability roadmap will define for San Miguel a way forward in a world where supplies of basic needs like water and energy are limited and where far too many Filipinos live below the poverty line.

This Report sets out the different ways San Miguel's economic and social impacts are helping businesses and communities across the Philippines and how we are pushing the envelope in areas where our company can create the most meaningful difference. For all of our San Miguel employees, it offers us a framework for understanding our weaknesses and strengths as a company, providing a guide for relevant, urgent action.

Our four goals and sustainability roadmap will define for San Miguel a way forward in a world where supplies of basic needs like water and energy are limited and where far too many Filipinos live below the poverty line.

SMC has a portfolio of companies interwoven into the economic fabric of the Philippines, benefiting from, and contributing to the development and economic progress of the nation.

ABOUT SAN MIGUEL CORPORATION

San Miguel Corporation together with its subsidiaries (collectively with the Company referred to as "SMC"), is one of the largest and most diversified conglomerates in the Philippines by revenues and total assets, with sales equivalent to approximately 7.6% of the Philippine GDP in 2022, based on data from its consolidated revenues for the year, divided by country's total revenue, sourced from the Philippine Statistics Authority. Originally founded in 1890 as a single-product brewery in the Philippines, SMC now has six key business groups, most of which are market leaders in their respective industries, namely: (1) food and beverage; (2) packaging; (3) fuel and oil; (4) energy; (5) infrastructure; and (6) cement. In addition, SMC has investments in other businesses, such as property development and leasing, shipping & lighterage, logistics services, information technology, car distributorship, and banking services.

SMC has a portfolio of companies interwoven into the economic fabric of the Philippines, benefiting from, and contributing to, the development and economic progress of the nation.

SMC, through its subsidiaries and affiliates, has become a market leader in its businesses in the Philippines with an extensive portfolio of products that include beer, spirits, non-alcoholic beverages, poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products, a full range of refined petroleum products and cement. In addition, SMC contributes to the growth of downstream industries and sustains a network of hundreds of third-party suppliers.

SMC's Food and Beverage Division has one of the largest and most extensive distribution networks in the Philippines. Its Beer and Non-Alcoholic Beverages (NAB) Division operates more than 50 sales offices, has partnerships with close to 500 dealers, and has a presence in about 500,000 outlets. Meanwhile, its Spirits Division operates 16 sales offices situated strategically across the Philippines and coordinates with a network of 92 dealer sites covering around 156,000 outlets. On the other hand, the Food Division offers products through approximately 178,000 points of sale and has partnerships with over 800 dealers, distributors, and food service clients all over the country.

Since adopting its business diversification program in 2007, SMC has channeled its resources into what it believes are attractive growth sectors, which are aligned with the development and growth of the Philippine economy. SMC believes that continuing this strategy and pursuing growth plans within each business will achieve a more diverse mix of sales and operating income and will better position SMC to access capital, take advantage of different growth opportunities and mitigate the impact of economic downturns and business cycles.

SMC is listed on the Philippine Stock Exchange (PSE Ticker: SMC) including their publicly listed subsidiaries San Miguel Food and Beverage, Inc., Ginebra San Miguel Inc., and Petron Corporation.

SMC is headquartered in the San Miguel Corporation Head Office Complex, 40 San Miguel Avenue, 1550 Mandaluyong City 1550, and has operations in more than 100 major facilities in the Philippines, Southeast Asia, China, Australia, and New Zealand.

OUR BUSINESSES

Food and Beverage

San Miguel Food and Beverage Inc. (SMFB) is a leading food and beverage company in the Philippines. SMFB has three primary operating divisions—(i) Beer and NAB, (ii) Spirits, and (iii) Food. SMFB operates its beverage business through San Miguel Brewery, Inc. (SMB) and its subsidiaries, and Ginebra San Miguel Inc. (GSMI) and its subsidiaries. The food business under San Miguel Foods (SMF) is operated through several key subsidiaries, including San Miguel Foods, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., and San Miguel Mills, Inc. SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to almost 70 markets worldwide.

Beer and NAB Division

The Beer and NAB Division is the largest producer of beer in terms of both sales and volume in the Philippines, offering a wide array of beer products across various segments and markets. Top beer brands in the Philippines include San Miguel Pale Pilsen, Red Horse, San Mig Light, Gold Eagle, and San Miguel Flavored Beer. The Beer and NAB Division also produces non-alcoholic beverages such as ready-to-drink tea, ready-to-drink juice, and carbonates. Its flagship brand, San Miguel Pale Pilsen, has a history of over 132 years and was first produced by La Fabrica de Cerveza de San Miguel, which started as a single brewery producing a single product in 1890 and has evolved through the years to become the diversified conglomerate that is SMC.

The Beer and NAB Division operates seven production facilities that are strategically located across the Philippines. International operations are conducted through SMB's wholly owned subsidiary, San Miguel Brewing International Limited, which in turn has production facilities located in five sites outside the Philippines (one production facility each in China, Hong Kong, Indonesia, Thailand, and Vietnam). In addition to producing the core San Miguel beer brands marketed internationally, the international operations also produce Anker and Dragon, which are its local brands in Indonesia and China, respectively. Beer products are exported to more than 70 countries and territories across the globe. Third-party service providers transport the products produced from these production facilities to customers, consisting of dealers, wholesalers, retail chains, or outlets, depending on the market.

Spirits Division

Through GSMI, the Spirits Division is a leading spirits producer in the Philippines and the largest gin producer internationally by volume, according to GlobalData as of 2020. GSMI produces some of the most recognizable spirits in the Philippine market, including gin, Chinese wine, brandy, vodka, and rum. GSMI operates one distillery and five bottling plants.

Spirits products are also exported primarily to markets with a high concentration of Filipino communities such as the United Arab Emirates, Taiwan, Macau, the United States, Korea, and India. It also produces certain brands that are

for export only, which include Ginebra San Miguel Premium Gin Black, Añejo Rum 5 Years, and Tondeña Manila Rum.

Food Division

The Food Division holds market-leading positions in many key food product categories in the Philippines and offers a broad range of high-quality food products and services to household, institutional, and foodservice customers. The Food Division has some of the most recognizable brands in the Philippine food industry, including Magnolia for chicken, ice cream and dairy products, Monterey for fresh and marinated meats, Purefoods and Purefoods Tender Juicy for refrigerated processed meats and canned meats, Veega for plant-based food, Star and Dari Crème for margarine, San Mig Coffee for coffee, and B-MEG for animal feeds.

The breadth of the Food Division ranges from branded value-added refrigerated meats and canned meats, ready-to-eat cooked meals, seafood, plant-based protein, butter, margarine, cheese, milk, ice cream, flour mixes ("Prepared and Packaged Food"), and to integrated feeds, petfood and veterinary medicine products ("Animal Nutrition and Health") to poultry and fresh meats ("Protein") as well as flour milling, grain terminal handling, foodservice, and international operations ("Others").

Packaging

The packaging business is a total packaging solutions business servicing many of the leading food, pharmaceutical, chemical, beverages, spirits, and personal care manufacturers in the region. It is comprised of San Miguel Yamamura Packaging Corporation (SMYPC) and its subsidiaries (San Miguel Yamamura Fuso Molds Corporation, Can Asia Inc., and Wine Brothers Philippines Corporation), San Miguel Yamamura Packaging International Ltd and its subsidiaries, and Mindanao Corrugated Fiberboard Corp (collectively, the "Packaging Group").

The Packaging Group has one of the largest packaging operations in the Philippines, producing glass containers, metal crowns and caps, plastic crates, pallets and other plastic packaging, aluminum cans, paper cartons, flexibles packaging, and other packaging products and services such as beverage toll filling for aluminum cans, PET and glass bottles as well as logistics services.

It is the major source of packaging requirements of the other businesses of SMC and supplies packaging products to customers in the Asia-Pacific region, U.S., and Australasia, as well as major multinational corporations across the Philippines, including Coca Cola Beverages Philippines, Inc., Nestle Philippines and Pepsi Cola Products Philippines, Inc.

The Packaging Group owns and operates three glass plants, one glass and plastics mold plant, four metal packaging plants, two plastics packaging plants, one beverage filling plant, one composite plant, and one paper plant. The plants are strategically located throughout the Philippines. It also has 18 international packaging companies, located in China (glass, plastic, paper, and trading of packaging products), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags, and radiant/thermal liners), Australia (trading of packaging products, plastic manufacturing, wine closures, wine filling facilities, retail/online packaging, cargo protection, and materials handling) and New Zealand (plastic manufacturing and trading).

Energy

San Miguel Global Power Holdings Corp. (SMGP), together with its subsidiaries, associates, and joint ventures, is one of the largest power companies in the Philippines, controlling 4,719 MW of combined capacity as of December 31, 2022. SMGP benefits from a diversified power portfolio, including natural gas, coal, and renewable energy such as hydroelectric power and Battery Energy Storage Systems (BESS). Based on the total installed generating capacities reported in Energy Regulatory Commission Resolution on Grid Market Share Limitation, SMGP's combined installed capacity comprises approximately 19% of the National Grid, 26% of the Luzon Grid, and 7% of the Mindanao Grid, in each case, as of December 31, 2022. In addition, SMGP is engaged in distribution and retail electricity services and has various power projects in the pipeline.

SMGP has a portfolio that includes some of the newest and largest power plants in the Philippines. The baseload and peaking plants with diversified fuel sources of SMGP allow it to manage costs and offer more competitive baseload power rates. In addition, SMGP also has capacity from its BESS facilities, which can provide more efficient ancillary services, and has synergistic effects with renewable technologies, among other applications. BESS technologies can strengthen the stability of a grid, while improving power quality.

As of December 31, 2022, the major power assets of SMGP consist of the Sual Power Plant, San Roque Power Plant, Angat Hydroelectric Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, Masinloc Power Plant (with the Masinloc BESS), and the Ilijan Power Plant, which was turned over to SMGP after the expiration of its Independent Power Producer Agreement on June 3, 2022.

Power generated by the Sual Power Plant, Ilijan Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, and Masinloc Power Plant, is primarily used as baseload supply, and sold to customers pursuant to bilateral offtake agreements. Power generated by the San Roque Power Plant and the Angat Hydroelectric Power Plant is used as peaking supply and sold through the Wholesale Electricity Spot Market or as replacement power to affiliates. The entire capacity of the 10 MWh Masinloc BESS and the 20 MWh Kabankalan BESS are contracted to the National Grid Corporation of the Philippines and provide regulating reserve ancillary services to the Luzon Grid under an Ancillary Services Procurement Agreement.

Fuel and Oil

SMC operates its fuel and oil business through Petron Corporation (Petron), the largest integrated oil refining and marketing company in the Philippines and is a strong third player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day and refines crude oil, and markets and distributes refined petroleum products in the Philippines and Malaysia. Petron operates the only refinery in the Philippines. Located in Bataan province, the Limay Refinery is one of the most modern in the region. It has a crude oil distillation capacity of 180,000 barrels per day, processing crude oil into a range of petroleum products, including gasoline, diesel, LPG, jet fuel, kerosene, naphtha, and petrochemical feedstock such as benzene, toluene, mixed xylene, and propylene.

From the Limay Refinery, Petron moves its products, mainly by sea, to terminals and airport installations situated throughout the Philippines, representing the most extensive distribution network for petroleum products in the Philippines. The network comprises 13 terminals in Luzon, seven (7) in the Visayas and eight (8) in Mindanao, as well as four (4) airport installations in Luzon, five (5) airport installations in Visayas and three (3) airport installations in Mindanao. Through this nationwide network, Petron supplies its various petroleum products such as gasoline, diesel, and LPG to its customers. Petron also supplies jet fuel to international and domestic carriers at key airports in the Philippines.

Through its extensive network of some 1,900 retail service stations in the Philippines (as of Dec. 31, 2022), Petron sells gasoline, diesel, and kerosene to motorists and to the public transport sector. Its LPG brands, Petron Gasul and Fiesta Gas, are also available at these service stations as well as from a nationwide network of 1,500 LPG branch stores. Meanwhile, Petron's Lubes distribution network includes 47 car care centers, more than 350 active lube bays, and around 840 service stations selling lubes.

Infrastructure

The infrastructure business, conducted through San Miguel Holdings Corporation (SMHC), consists of investments in companies that hold long-term concessions in the infrastructure sector in the Philippines. Currently operating toll roads include the South Luzon Expressway (SLEX), Skyway Stages 1, 2 and 3, Southern Tagalog Arterial Road (STAR), Tarlac-Pangasinan-La Union Expressway (TPLEX), and NAIA Expressway (NAIAx). Ongoing projects include Skyway 4, SLEX-TR4, SLEX-TR5, Pasig River Expressway (PAREX), MRT-7, Northern Access Link Expressway (NALEX), Southern Access Link Expressway (SALEX), and New Manila International Airport (NMIA). SMHC also operates and is currently expanding the Boracay Airport and has investments in Manila North Harbour Phil. Inc., the concessionaire of the domestic terminal North Port of the Manila North Harbour, and Luzon Clean Water Development Corporation (LCWDC) for the Bulacan Bulk Water Supply Project.

Cement

The cement business is conducted under San Miguel Equity Investment Inc. (SMEII), which owns 100% of the common stock of Northern Cement Corporation (NCC) and 99.96% of Eagle Cement Corporation (ECC) as of end December 2022. SMC owns 100% of SMEII.

The NCC Plant is strategically located in the Province of Pangasinan that allows it to readily serve key markets in Northern Luzon, specifically in Pangasinan, Ilocos, La Union and the Cordillera Administrative Region. Its location likewise provides a positive outlook on the expansion of its market areas in Regions 2 and 3. These, together with its reliable and established dealership network, provide a significant competitive advantage in the distribution of cement in the key markets in its covered areas.

NCC distributes most of its cement products through its qualified and accredited dealers that transport the cement products from the plant to various destinations. The rest of the cement products are directly delivered to end consumers through bulk carriers managed by NCC. This enables NCC to distribute to the highest value and fastest growing markets, particularly in Northern Luzon.

The end-to-end business model of NCC has enabled it to manage cost and margins in every stage of the cement production and distribution process, allowing for higher efficiency, profitability, and operating synergy.

NCC is a holder of a Mineral Production Sharing Agreement (MPSA) granting it the rights to a total of 630.50 hectares of land in Sison, Pangasinan as a source of raw materials for its plant, with an estimated limestone deposit of approximately 715 million MT. The extensive limestone deposits provide ample supply to support the company's raw material requirements in the long term, covering both the current operations and expansion plans.

ECC is the 3rd largest cement player in the Philippines and owns a large cement plant with 3 integrated production lines, a grinding plant and a limestone pulverizing plant. Through 4 distribution centers, it serves 18 distribution areas across 5 Luzon regions. It is vertically integrated with strategic locations and on-site quarries that provide access to raw material reserves. It has 3,163 million MT of measured and indicated reserves and inferred resources of limestone and other minerals, and 2,896 hectares of MPSA coverage, that can serve operations for over 100 years.

ECC's ESG data is not yet included in this report as its acquisition was completed at the end of 2022.

Others

Real Estate

Established in 1990 as the corporate real estate arm of SMC, San Miguel Properties Inc. (SMPI) is aiming to be one of the major players in the property development sector of the country. SMPI is 99.97% owned by SMC and is primarily engaged in the management, development, sale,

and lease of conglomerate's real estate assets. SMPI offers a diverse portfolio of mid-range homes and prime lots and is expanding into the high-end market with its foray into townhouse developments and the hospitality segment through Makati Diamond Residences.

Banking

Bank of Commerce (BankCom), an affiliate of SMC, is one of the country's fast-growing commercial banks and is licensed by the Bangko Sentral ng Pilipinas. The Bank has been operating since 1963. BankCom provides innovative banking solutions and a complete range of products and services in deposit, commercial loans, credit card services, consumer banking, transaction banking, corporate banking, treasury, asset management, trust, and investments. In terms of service reach, BankCom has retail and corporate internet banking facilities, 140 branches and 259 automated teller machines strategically located nationwide as of December 31, 2022.

On March 31, 2022, BankCom completed its initial public offering and successfully listed in the PSE. On November 2, 2022, BankCom has been conferred the authority to operate as the latest universal bank in the Philippines. As a universal bank, BankCom will strengthen its presence in the domestic market and deepen its relationship with clients through a broader range of financial solutions by being able to generate and warehouse interest-bearing assets such as marketable securities and offer more investment banking products and services.

BankCom's ESG data is not yet included in this report, being an affiliate of SMC whose performance is not consolidated with the Group.

Logistics

SMC Shipping and Lighterage Inc. (SMCSL) is a subsidiary of SMC that is primarily engaged in shipping, cargo handling, warehousing, and trucking services for other businesses within the SMC Group.

San Miguel Integrated Logistics Services, Inc. (SMILSI) is another SMC subsidiary providing logistics management services to other businesses in the SMC Group. Utilizing both company-owned and leased storage facilities, transport units and material handling equipment, SMILSI provides integrated planning, coordination, operations, and maintenance services related to shipping, warehousing, and trucking activities, as well as customs brokerage and port operations services.

Information Technology

Established in 1999, San Miguel Information Technology Services, Inc. (SMITS) is one of the leading Information Technology (IT) companies in the Philippines today and is responsible for managing the IT operations of SMC. The organization employs over 500 IT professionals and business process experts, offering IT consulting, implementation and support services to the San Miguel Group and non-San Miguel clients. SMITS stands on four pillars to provide clients a more holistic approach to digital innovation:

- Enterprise Applications, including SAP;
- Emerging Technologies, including developing client or business-specific solutions;
- Infrastructure Management Services for all IT facilities; and
- Business Process Outsourcing (BPO) Services.

Cars and Motorcycles

SMC Asia Car Distributors Corp. (SMCACDC) was established in 2017. Its primary purpose is to import, buy, sell, and distribute all other kinds of motor vehicles and means of transportation, as well as spare parts, accessories, tires, tubes, batteries and other supplies, materials and appliances used in motor vehicles. SMCACDC is currently the sole importer and distributor of BMW vehicles, spare parts, and accessories in the Philippines. The Company is a 65%-owned subsidiary of SMC.

OUR AWARDS AND RECOGNITIONS

2022

- **Special recognition by the Department of Labor and Employment (DOLE)** as an exemplary Filipino company, with malasakit for its own people (SMC)

- **French Government's Legion of Honor** for Ramon S. Ang

- **Forbes Magazine, World's Best Employers List** (SMC placed 174th out of 800 companies)

- **ASEAN Corporate Governance Scorecard**
  – Three Golden Arrows as a top-performing publicly-listed company in the Philippines given by the Institute of Corporate Directors (SMFB)

- **ASEAN Corporate Governance Scorecard**
  – Two Golden Arrows for commitment to excellence in corporate governance given by the Institute of Corporate Directors (Petron)

- **The Asset Triple A Country Awards for Sustainable Finance**
  – San Miguel Global Power

- **Alpha Southeast Asia ESG/Green Finance Awards**
  – San Miguel Global Power

- **Presidential Mining Environmental Award**
  – Titanium Achievement Award for Quarry Operator Category, Northern Cement Corporation

- Consistently recognized as a **Top Taxpayer in the Local Government Units (LGUs)** where we operate and by the government's revenue collection agencies, in particular the Bureau of Customs

- **Catholic Mass Media Award for Best Digital Ad**
  – Ginebra San Miguel, Inc.

- **Monde Selection Awards: Gold**
  – Ginebra San Miguel Premium Gin, Antonov Vodka, Ginebra San Miguel, 1834 Premium Distilled Gin, GSM Blue Light Gin, GSM Blue Flavors Pomelo, Vino Kulafu

- **Monde Selection Awards: Silver**
  – GSM Blue Flavors Mojito, GSM Blue Flavors Margarita

2021

- **The Asset ESG Corporate Awards**
  – San Miguel Corporation
- **The Asset Gold Award in Excellence in Environmental, Social and Governance**
  – San Miguel Corporation
- **Catholic Mass Media Award for Best Digital Ad**
  – Ginebra San Miguel
- **Monde Selection Awards: Gold**
  – Ginebra San Miguel Premium Gin, Antonov Vodka, Ginebra San Miguel, GSMI Blue Light Gin, GSM Blue Flavors Pomelo, Vino Kulafu, GSM Blue Flavors Mojito
- **Monde Selection Awards: Silver**
  – GSM Blue Flavors Margarita

2020

- **Corporate Governance Asia**
  – San Miguel Corporation
- **10th Asian Excellence Award – Asia's Best in CSR**
  – San Miguel Corporation
- **Catholic Mass Media Award for Best Digital Ad**
  – Ginebra San Miguel
- **Asia CEO Awards**
  – Lifetime Contributor Award given to Ramon S. Ang for his leadership, contribution to the country, and the pandemic response of SMC
- **Forbes Magazine**
  – Ramon S. Ang as one of Asia's business leaders who stepped up efforts to help combat COVID-19

OUR STAKEHOLDERS

Stakeholder Engagement

As one of the largest and most diversified conglomerates in the Philippines, SMC owns businesses and has investments in various sectors that affect the everyday lives of the Filipino people. A significant part of our sustainability philosophy revolves around tackling pressing problems being encountered by our stakeholders and how our businesses can contribute to solving these problems. At the same time, we recognize that being a sustainable enterprise boosts business performance and enhances shareholder value.

We ensure that we are serving the needs of our stakeholders by constantly engaging with them in open dialogue and in various means of effective communication. At the same time, we continue to benchmark with the best practices of our peers, locally and globally, to further strengthen our ESG performance.

Shareholders and Investors

We view our shareholders and investors as our partners who support the Company's vision and strategies, providing the capital requirements that fuel the long-term business growth aspirations of SMC. As such, they play an important role in SMC's sustainable evolution and future value creation. We believe that our sustainability aspirations should be shaped together with our shareholders and investors through constant feedback and open dialogue.

To ensure open communication and transparency, we conduct monthly and quarterly meetings with our Board of Directors and various Board-level committees. We hold annual stockholders' meetings, a venue for all shareholders to hear about the company's performance and plans and to air their comments and questions. We engage with our investors through one-on-one meetings, deal and non-deal roadshows, teleconferences, and email correspondences. We release PSE and Philippine Dealing & Exchange Corp. (PDEX) disclosures on a regular basis, hold quarterly investor briefings, and send out E-newsletters. On the ESG front, SMC holds engagement meetings within the group and with external parties to discuss our ESG ratings and various initiatives we can adopt to address ESG-related concerns. The open flow of dialogue and exchange of information on our goals and strategies will ensure the Company is on the right track toward more sustainable growth.

Employees

We view our employees as the heart and soul of the Company, partners in realizing our Group's strategy and purpose and together responsible for advancing our ESG agenda. As of 2022, SMC had a total of 50,008 employees working in the domestic operations of the subsidiaries covered by this Report.

SMC employs qualified, skilled and experienced personnel to manage our business and run our operations. We offer compensation and benefits packages that are competitive within the respective industries that each business is in to ensure adequate manning of critical positions.

We have established succession planning programs for key positions to ensure continuity of leadership and preservation of technical expertise.

We realize the importance of upholding labor laws; therefore, we endeavor to maintain good labor relations by keeping an open line of communication with our employees. This we do through various employee relations and internal communications programs, including employee engagement surveys, to achieve high levels of employee satisfaction.

Customers

We recognize our customers' continued loyalty as a vital part of our Company's success. We view our customers as patrons at the receiving end of all our products and services offerings. As such, we strive to produce quality products that are affordable and services that provide the best customer care. This can only be achieved by keeping up with the customers' evolving preferences through customer satisfaction surveys, customer engagement initiatives, field visits and social media monitoring.

We use a mix of traditional and non-traditional communication channels for our products and services. We aim to be present in the minds of the everyday customer by means of product marketing campaigns, social media launches, and traditional forms of advertising such as TV, radio, and out-of-home advertising. Consistency and harmonization of our marketing and packaging efforts are of utmost importance as lack of these may send conflicting messages to our valued customers.

We secure trademarks and proprietary rights to ensure that our brands are not compromised. Our business units have skilled marketing and sales teams that handle customer relations and are trained in the right ways to receive and respond to customer feedback. All our products comply with standards set by the Department of Trade and Industry, Food and Drug Administration, and other regulatory entities.

All these allow SMC to closely monitor and ascertain that our products maintain their quality and availability to our customers.

Suppliers and Vendors

We contribute to the growth of downstream industries and sustain a network of thousands of third-party suppliers as a result of our extensive portfolio of products and services. We see our suppliers and vendors as partners in value creation who provide us with vital products and services that satisfy the Company's quality standards and requirements.

Suppliers applying for accreditation pass through our Corporate Procurement Group for audit and assessment and are screened for business ethics, environmental, health, and safety compliance, and financial capability. We also enhanced our Supplier Code of Conduct to include ESG metrics. Moreover, materials and supplies requirements undergo strict evaluation to ensure conformity with Company requirements. Finally, we conduct orientations with accredited suppliers to ensure alignment with SMC's Supplier Code of Conduct.

Local Communities

Our operations span the whole Philippine archipelago with products available from the smallest to the biggest business establishments. Our manufacturing facilities, power plants, fuel terminals, and service stations are strategically located in many communities around the country.

We engage with the communities where we operate, even as early as the planning stages of our projects. For instance, we conduct an extensive study covering Environment Impact Assessment and coordinate with LGU and barangay officials through open dialogues with the aim of building mutual trust.

SMC implements programs that foster harmonious working relationships with our host communities and LGUs. We understand that engaging with our communities is a long-term commitment that goes beyond just one-off events or programs. It is about building meaningful relationships where we help each other grow and succeed.

Through San Miguel Foundation, we strive to connect with local communities and seek mutually beneficial partnerships by providing livelihood opportunities and education and by supporting local government projects. In addition, we operate and manage community clinics to provide residents access to urgently needed health and medical services.

We are also committed to protecting the rights of indigenous peoples (IPs) in the areas where we operate in coordination with the National Institute for Indigenous Peoples. In 2022, the Group upheld its commitment to respect the rights of IPs, and there were no reported incidents of violations.

Through the SMC Global Power Foundation, we directly work with indigenous groups in the province of Zambales, particularly in the municipalities of Palauig and Botolan. Our initiatives include the Biochar Community Enterprise Development Project, where we partner with the local communities to produce and utilize biochar as an organic fertilizer that enhances the survival rate of trees. This project complements our forest rehabilitation program in the area. We also hold annual Christmas gift-giving, and medical and dental missions in these communities. In Angat, we actively engage with the local indigenous population through various livelihood, community empowerment, education, social, and health programs — all while protecting the environment and the Kabayunan Ancestral Domain.

Parallel to this is Petron Foundation, Inc. (PFI), which implements the CSR initiatives of Petron for its host communities nationwide. Under the banner of Fueling HOPE (Helping Filipino children and youth Overcome Poverty through Education), PFI is providing scholarships from elementary through college, building classrooms, and actively supporting DepEd's *Brigada Eskwela*. It also supports the government's National Greening Program through the *Puno ng Buhay* reforestation efforts, as well as contributing to relief and rehabilitation efforts in times of calamities.

Government Bodies and Regulators

We have always worked closely with the government and our regulators—whether on developmental, legal, regulatory, or legislative matters—and view them as important partners in the attainment of the country's development goals. Our regular dialogues with them consist of consultation meetings, plant visits, legislative hearings, briefings, and conferences, to name a few.

Furthermore, SMC endeavors to maintain diligent compliance with all relevant laws and regulatory requirements. We conduct financial and operational audits to ensure that we fulfill all requirements and aim to be at least at par with global standards and best industry practices.

Also, we uphold and support national growth and progress through collaboration on projects and initiatives through the government's Public-Private Partnership programs. By being a partner of the government in enhancing the country's infrastructure and transportation system along with providing stable power supply, we believe that we are contributing to the overall economy and helping to improve people's lives. We also closely monitor and hold discussions with the government about any plans that may affect our products, such as tax increases, to ensure that it will be fair and acceptable to our consumers.

As the country is moving forward from the worst of the pandemic, we will maintain our good working relationship with the government to contribute to the country's continued recovery and growth.

Financial Institutions

Financial institutions are essential partners of SMC in our mission to expand and grow our multiple businesses, with the ultimate goal of helping the nation prosper and progress. They provide the funds necessary to support our various major undertakings. They have been instrumental in successfully assisting SMC in our expansion strategy in key areas of our business, particularly in infrastructure and energy. They assist us with our funding activities via bond deals, roadshows, project financing, and loans.

We consistently communicate and engage with financial institutions through participation in economic briefings, regular market updates, credit update calls, and formal email correspondence.

Financial institutions also further our knowledge about the increasing importance of sustainability in our strategies and operations. Banks would bring in their sustainability experts to assess our sustainable practices and give valuable advice on how we can further improve our ESG performance and ratings. Through their assistance, SMC is able to better convey our ESG agenda and goals to our shareholders and investors.

Media

We view the media as partners who are central in communicating our purpose to the wider community. The Company has long-standing professional relationships with the media, in which we engage and communicate SMC's plans and performance, ensuring responsible and transparent management of issues. Press briefings, conferences and interviews constitute regular channels of engagement with SMC key officers including our President and CEO. The media are also invited to company events such as annual stockholders' meetings, the inauguration of facilities and major projects, brand launches, and company-sponsored media trainings. While in-person gatherings were suspended for the duration of the pandemic, virtual exchanges and small group meetings with top management were held.

SAN MIGUEL
BREWERY INC.

OUR APPROACH TO SUSTAINABILITY

Our Materiality Process

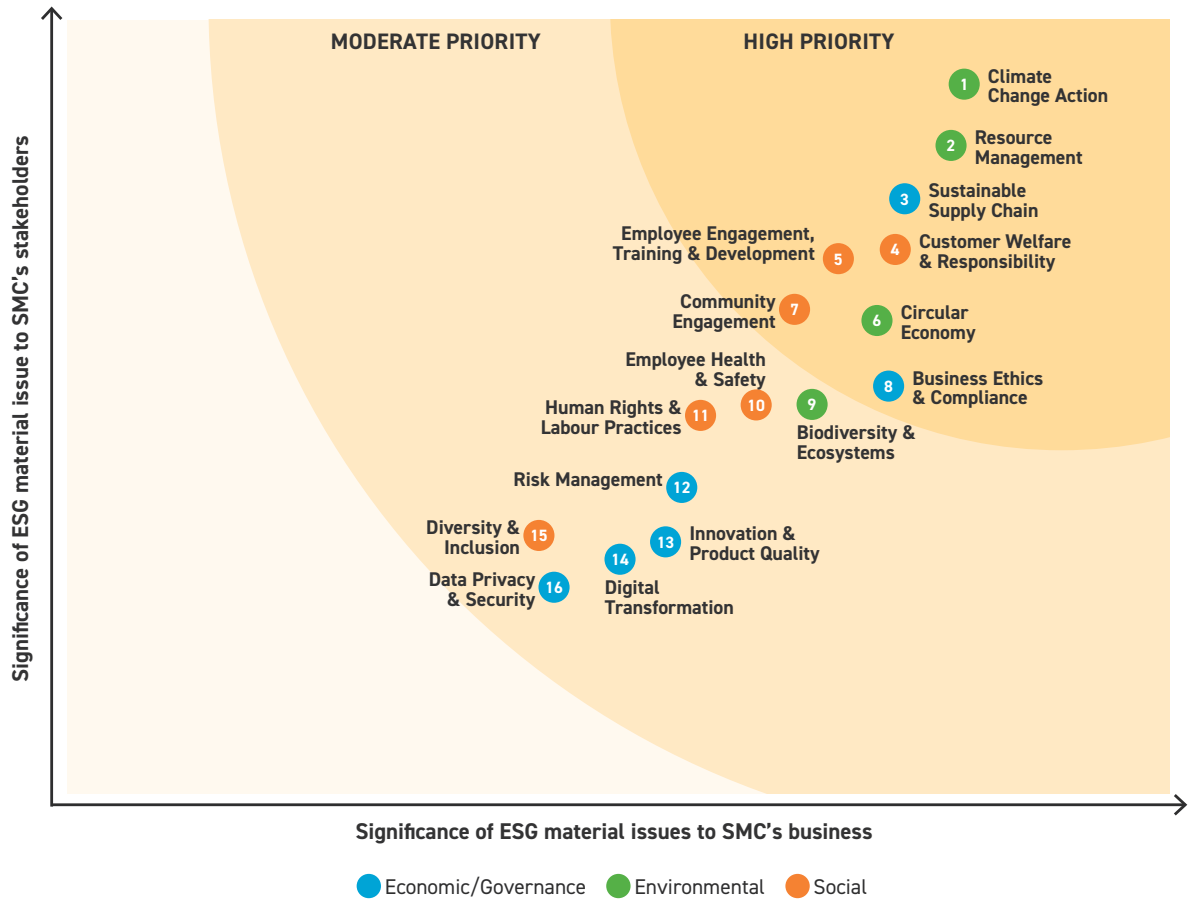
We are guided by the concept of materiality in our sustainability strategic planning and reporting processes. We define materiality as those topics and disclosures that embody SMC's significant economic, environmental, social, and governance impacts that would substantially influence the decision-making activities of our stakeholders. Our approach to materiality is in line with the principles of the GRI Standards, SASB Standards, and other ESG frameworks.

We conducted the materiality assessment exercise according to the following steps:

We developed a long list of possible material topics applicable to SMC through peer analysis and a review of globally recognized ESG standards and frameworks. We identified and selected peer companies based on similarity in size, operations, and portfolio with SMC's. This provided us with a perspective of the ESG issues deemed relevant by our global and local peers. We then triangulated the results with materiality guidelines from ESG standards and frameworks.

Afterwards, we brought the long list of material issues to our stakeholders through a series of engagement sessions to determine which ESG issues were most significant to them. This produced a shortlist of material topics, which we further prioritized through a Materiality Validation Workshop attended by SMC management.

Topics Material to Our Business



The following ESG topics were identified as being the most material to SMC and our stakeholders in 2022. The relative significance of each of these issues were determined based on stakeholder survey feedback and the business units' responses during the validation workshop.

The 8 high priority material topics are large focus areas of the Company for the next one to two years. We endeavor to create and launch sustainability strategies, programs, and initiatives around these high priority topics to be able to address the risks and priorities they present to the Group. The remaining 8 topics were identified as moderate priority issues. These topics are already embedded in the company's practices or are specific only to certain subsidiaries, rather than across all. We continue to track and monitor data related to these moderate priority issues.

Top 8 High Priority ESG material issues

Ranking	Material Issue	Definition
1	Climate Change Action[1]	Taking proactive action to build resilience to climate change impacts across the business by incorporating climate change risks and opportunities into decision making
2	Resource Management[2]	Efficiently and sustainably managing the company's resources (i.e., energy, water, waste) and other materials that are required to produce our products and services
3	Sustainable Supply Chain	Managing ESG risks within the company's supply chain and ensuring sustainable and responsible procurement practices
4	Customer Welfare and Responsibility	Managing societal expectations, ensuring a smooth customer experience, and listening and responding to customer feedback. This also includes treating customers fairly in the conduct of our business, as well as providing them with accurate, adequate, and easily understood information on the services they receive
5	Employee Engagement, Training and Development	The continued efforts of the organization to boost the performance of our employees. We aim to train and develop employees by using an array of educational methods and programs
6	Circular Economy	Reducing waste generation and optimizing the use of valuable materials. Focusing on developing a circular economy by transforming used materials into new materials and products
7	Community Engagement	Supporting community development to improve the quality of life of people and reduce social inequality
8	Business Ethics and Compliance	Includes management of risks associated with corruption, fraud, and conflicts of interest as well as compliance with all regulations and laws. It also extends to ensuring the organization's values, principles, standards, and norms of behavior (e.g., code of conduct and code of ethics) are developed and implemented

Moderate Priority ESG material issues

Ranking	Material Issue	Definition
9	Biodiversity and Ecosystems	The impact that the business has on biodiversity and natural ecosystems (both land and ocean) and any initiatives taken to mitigate adverse effects or restore the natural state
10	Employee Health and Safety	The ability to create and maintain a safe and healthy workplace environment that is free of injuries, accidents, fatalities, and illnesses
11	Human Rights and Labor Practices	Upholding human rights and labor standards in the workplace and across our supply chain, including compliance with labor laws and internationally accepted norms and standards such as the UN Guiding Principles on Business and Human Rights and the International Labor Organization (ILO)
12	Risk Management	Encompasses the processes of identifying, assessing, and controlling risks to SMC's capital and earnings. These risks stem from a variety of sources including financial uncertainties, legal liabilities, technology issues, strategic management errors, competitive moves, accidents, and natural disasters
13	Innovation and Product Quality	Innovate, produce, and improve the quality of products and services that meet customers' expectations. This also includes the incorporation of ESG considerations in the characteristics of products and services (e.g., health and safety, and management of the life cycle impacts of products and services)
14	Digital Transformation	Using technology, such as AI and robotics, and the evolving digital landscape to understand customer preferences and trends to drive efficiency and value creation
15	Diversity and Inclusion	Diversity refers to a mixed and balanced representation of workers in the organization, regarding race, gender, ethnicity, religion, and other group identities; Inclusion refers to equal opportunities for contribution and influence in the workplace
16	Data Privacy and Security	The management of customer data confidentiality, mitigation of data breach risks, and protection of personal data from unauthorized access or attacks. This includes policies with regards to collecting data, obtaining consent, and managing user expectations regarding how data is used

Economic/Governance Environmental Social

1 Merged GHG Emissions and Climate Change Resiliency
2 Merged Water Security and Energy Management
Note: Economic performance is not included in the list, as this is thoroughly discussed in our 2022 Annual Report

As we advance in our sustainability endeavor, we will engage our external stakeholders in more extensive materiality discussions.

Our ESG Data Collection and Validation Process

We commit to complete transparency and accountability for our ESG actions and disclosures to our many stakeholders. We adhere to global standards and ensure that the data disclosed in this Report are accurate, balanced, and complete.

With the support of our external adviser, PwC, we developed a comprehensive, standardized data template to capture pertinent data and disclosures on our material ESG topics from our various subsidiaries. The data template integrates standards, principles, and requirements from various frameworks, such as the SEC requirements, GRI Standards, SASB Standards, the Task Force for Carbon Related Disclosure (TCFD) Framework, and the Carbon Disclosure Project Framework. We also created a supporting template to focus more on and capture detailed data on our environmental performance.

We also conducted workshops with the sustainability teams of the different subsidiaries included in this Report to facilitate a collaborative approach in the data template development process. This allowed us to fully capture nuances in various industries where SMC is present and adjust the templates accordingly.

Data Collection Process

The sustainability teams of our subsidiaries were responsible for distributing the data templates to their respective business units, as well as for collecting, verifying, and consolidating the data before submission to the SMC parent company.

The Corporate Sustainability Office of the parent company was responsible for collecting,

We commit to complete transparency and accountability for our ESG actions and disclosures to our many stakeholders.

reviewing, analyzing, and consolidating the data submitted by the various business units. Working alongside the Corporate Sustainability Office were key representatives from the Corporate Affairs Office, Corporate Human Resources, Corporate Finance, Office of the General Counsel, and the San Miguel Foundation, together forming the SMC Sustainability Core Team. With a more extensive knowledge and understanding of the Group's activities, the Core Team ensured that the submitted data were complete and of sufficient quality before the final consolidated data were utilized as the basis of our core communications in this Report.

With the insights gained from writing this Report, we have plans to make improvements to our future Sustainability Reports. Plans are in place to enhance and automate our data collection and validation processes and to utilize data analytics to identify risks and opportunities more effectively. By the end of 2025, we look forward to obtaining external assurance on our ESG data and other non-financial metrics.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

To ensure that we have strong oversight and execution of our sustainability agenda, we have put in place a robust sustainability governance structure. Our Board of Directors provides overall direction and leadership on sustainability. Our President and CEO operationalizes our sustainability framework through a dedicated Corporate Sustainability Office. Meanwhile, a Sustainability Working Team, composed of sustainability champions across our various business units, is responsible for implementing our sustainability strategies and programs throughout our different subsidiaries.

Furthermore, we will establish a stand-alone Board Sustainability Committee in the Third Quarter of 2023 to oversee and provide guidance on the Group's sustainability strategies and practices. The Sustainability Committee will be responsible for reviewing and evaluating the Group's ESG risks and opportunities, as well as ensuring that the Group's sustainability initiatives align with our long-term business strategies.

Our sustainability governance structure plays a critical role in making sure that San Miguel is pursuing a sustainable business model and making a positive impact on society and the environment.

The **Board of Directors** provides overall direction and oversight on the entire Group's sustainability agenda. It ensures integration of ESG components into SMC's overall business strategy, operations, risk management, and culture.

The **Board Sustainability Committee** is the Board-appointed, stand-alone committee that oversees the development of the Group's sustainability strategies and the execution of programs and monitors the Group's ESG performance.

The **President and CEO** is the highest management-level position mandated to lead the successful implementation of SMC's sustainability agenda, including the management of climate change impacts.

The **Chief Sustainability Officer** supports the President and CEO in developing SMC's overall ESG strategy, direction, and action plan, including the setting of ESG targets and the monitoring of ESG performance for the Group.

The **Corporate Sustainability Office** is the dedicated unit responsible for operationalizing and embedding sustainability across the Group and for the successful delivery of ESG programs and initiatives, as well as the measurement and reporting of ESG progress, among others.

The **Sustainability Working Team** is composed of sustainability champions from the different business units (BUs) within SMC and is responsible for implementing sustainability strategies and initiatives in their respective BUs.

SUSTAINABILITY AT A GLANCE

ECONOMIC

P1,516B+
Direct economic value generated

P1,456B+
Economic value distributed

P1,131B+
Operating costs (including payment to suppliers)

P175B+
Payments to government in taxes

P103B+
Payments to providers of capital (investors and shareholders)

P45B+
Employee wages and benefits

P0.64B+
Investments in communities

ENVIRONMENT

563MW
Renewable energy investments in hydro power

1,000MWhs
BESS online or for completion in 2023

800MW
Solar POV projects in the pipeline

6.5B Liters
Fresh water saved through Water for All Project

34%
Or 5.38M MT of materials used in production were renewable

GOVERNANCE

P200.5B
Or 53% of total procurement budget spent on local suppliers

10
Corporate governance policies updated to integrate ESG principles

Supplier Code of Conduct
updated to incorporate ESG considerations

SOCIAL

90%
Solid waste diverted away from landfills

52%
Coal ash recycled

6Mn+
Trees planted through Project 747

0
complaints concerning breaches of customer privacy

P14.8B+
Total pandemic response, the largest for a Philippine corporate

90,756
Free COVID-19 vaccine doses for employees, extended workforce, and their families

70%
Personnel employed outside NCR, reflecting workforce regional diversity

1.7:1
male to female ratio in management

567k hours
Online and in-person trainings provided to employees

P744Mn
Spend on corporate social responsibility

110,740
Individuals benefitting from CSR programs

7,159
Members served almost daily by SMC's Better World Communities

11,359
Consultations in 8 community clinics nationwide

350k
Families that gained access to clean water through Bulacan Bulk Water Project

OUR SUSTAINABILITY BLUEPRINT

Sustainability has always been an integral part of our business long before it was ever a catchword and a catalyzing force for positive change. Reducing our impact on the environment, fostering social inclusion, and having robust governance practices have been thoroughly ingrained in our culture over the decades.

For most of our 132-year history, we have referred to these sustainable practices as part of our corporate value system of *malasakit*—that uniquely Filipino value of helping others without being prodded and without expecting anything in return. We manifest *malasakit* by taking care of our host communities, doing good by everyone we come by, taking only what we need, and working to make life better for people.

Our efforts in the wake of the COVID-19 pandemic were guided by malasakit. Through our "Walang Iwanan" COVID-19 response, we mounted the largest private sector efforts to respond to the crisis and mobilized over 14 billion PhP to help our *kababayan*, especially frontliners and the poorest of communities.

Clearly, the pandemic has thrown into sharp relief the important role we could play in uplifting the lives of our fellow Filipinos and in helping our nation build back better. Our goal now is to use the present crisis to leap into a future reality that is far better than where we currently find ourselves.

Thus, in 2022, we embarked on a pivotal journey to advance and elevate our sustainability performance. We worked closely with our Board of Directors, top management, and our various businesses to develop an overarching sustainability blueprint that embodies San Miguel's purpose and values as well as its hopes and aspirations for a brighter and more prosperous future for all Filipinos.

This sustainability blueprint—which presents our organizational vision and purpose together with our sustainability agenda and targets—will be our inner compass for our sustainability journey. It is a framework that will challenge us in what we can hope for and keep us accountable and committed in the decades to come. Through this blueprint, we hope to provide lasting solutions to challenges that have long beset our communities, our country, and the environment.

AARI PANG
A Boy Named
brahim

A BLUEPRINT FOR SAN MIGUEL

SAN MIGUEL CORPORATION

VISION

A resilient and globally-competitive Philippines where everyone can enrich and enjoy their lives.

PURPOSE

To lead in nation-building by creating opportunities that will uplift generations of Filipinos, enabling all to share in the rewards of sustainable development and prosperity.

CORPORATE VALUES

Malasakit. We do what is right. We believe in doing our best. We take accountability for our decisions. We think innovation. We help our people succeed. We are a good neighbor. We advocate sustainable development.

SUSTAINABLE AGENDA

We envision a world of good, where our business fosters a sustainable future that is good for the planet, good for people, and good for progress, benefiting present and future generations of Filipinos.

KALIKASAN
Good for Planet

KALINGA
Good for People

KASAGANAHAN
Good for Progress

1. Establish a circular economy approach by 2040
2. Net Zero by 2050
3. At least 15 million people uplifted by 2030
4. A fully sustainable and ethical supply chain by 2040

OUR BUSINESSES

Our Sustainability Agenda

We deeply anchor our sustainability agenda on our mandate to help in nation-building. As one of the Philippines' largest and most diversified conglomerates, we strive to use our business as a force for good, helping to create a better world that is not just good for a small few, but is good for everyone.

In all parts of the world, people are confronted with the triple threat of climate, conflict, and COVID-19. Our country ranks first on the list of global disaster risk hotspots based on the WorldRiskIndex 2022 report. Over 7 million Filipinos lost their livelihoods during the pandemic. Domestic prices of basic commodities and fuel continue to be affected by the geopolitical crisis.

Added to these are the economic and societal problems that continue to beset the Philippines as a developing nation. This makes the sustainability situation in our country severely challenging compared with more developed nations. Hence, what we need are thoughtful, nuanced solutions that will truly deliver meaningful and enduring impact for all Filipinos.

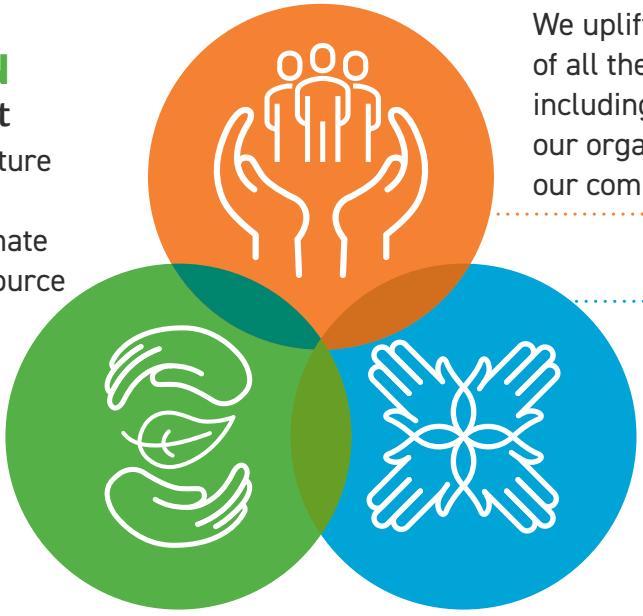
Thus, we operationalize our sustainability agenda under an overarching framework called A World of Good, which articulates our commitment to create positive returns for all our stakeholders and to operate for the long-term benefit of society, the environment, and our country.

A WORLD OF GOOD

We envision a world of good, where our business fosters a sustainable future that is good for the planet, good for people, and good for progress, benefiting present and future generations of Filipinos.

KALIKASAN
Good For Planet

We protect and nurture the environment, through urgent climate action, efficient resource management, and a circular economy approach.



KALINGA
Good For People

We uplift the well-being of all the lives we touch, including people within our organization and in our communities.

KASAGANAHAN
Good For Progress

We promote inclusive economic growth and ensure that progress occurs in harmony with nature and society, so that all may enjoy comfortable, secure, and prosperous lives.

Our Sustainability Targets

In 2022, we set out clear and ambitious goals across our focus environmental, social, and governance areas. We anchored these targets on the United Nations Sustainable Development Goals (UN SDGs) and identified major levers and plays that would help us fully realize these commitments.

Our overarching goals are supported by our Board of Directors and are envisioned over three horizons—2030 as the more urgent and interim timeline, 2040 as the intermediate outlook, and 2050 as the long-term path to a truly sustainable future.

We strive to meet these goals by leveraging ongoing sustainability initiatives and by partnering with others in exploring new, high-impact processes and technologies.

1

Establish a circular economy approach by 2040

contributing to the following SDGs

2

Net Zero by 2050

contributing to the following SDGs

3

At least 15 million uplifted people by 2030

contributing to the following SDGs

4

A fully sustainable and ethical supply chain by 2040

contributing to the following SDGs

1

Establish a circular economy approach by 2040

We are optimizing our resources by eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature.

We strive to achieve this target through the following sustainability initiatives:

IN-PROGRESS

- Recycle coal ash as an aggregate material for cement plants
- Sustain returnable glass bottle system of Beer and bottle buy-back program of Ginebra
- Recycle bottles, cullets, crates, cartons, and plastics as input materials in production
- Step up compliance with the Extended Producer Responsibility Law in managing plastic waste
- Repurpose manufacturing by-products (e.g., spent grain, spent yeast, feathers, and wheat bran / pollard) as raw materials for feeds
- Reduce reliance on scarce water by 50% by 2025 against a 2016 baseline through "Water for All" initiative
- Use desalination plants to process sea water into consumable water in operations

UNDER CONSIDERATION

- Assess the viability of using plastic waste as fuel for cement plants
- Evaluate feasibility of plastic roads, initially within company facilities
- Further expand value of spent grains from brewery operations as ingredients for cereals
- Scale up production of organic fertilizer from poultry manure coming from broiler complexes

2

Net Zero by 2050

We are minimizing our greenhouse gas (GHG) emissions by investing in clean energy technologies and carbon reduction programs toward Net Zero.

We strive to achieve this target through the following sustainability initiatives:

IN-PROGRESS

- Operate 1,000 MWh BESS project to boost grid reliability and pave the way for more renewable energy in the grid
- Expand natural gas capacity as a bridge to cleaner energy and invest in solar PV plants as renewable energy sources
- Continue and broaden initiatives to make our coal plants the most efficient and cleanest in the industry (e.g., High Efficiency and Low Emissions or HELE technology)
- Expand river rehabilitation projects in partnership with the Department of Natural Resources (DENR) to help alleviate flooding and solid waste pollution for cities and people
- Maximize nature-based solutions such as mangrove reforestation and tree planting
- Implement and enhance biodiversity conservation projects, such as coral reef rehabilitation and coastal management programs

UNDER CONSIDERATION

- Pursue transition of the existing power portfolio to significantly reduce GHG emissions, while balancing impacts on reliability, resiliency, and affordability of energy
- Explore future fuels and technologies such as the gasification of coal into hydrogen and gravity battery systems
- Upgrade building management systems and obtain LEED certification for company facilities
- Electrify a portion of the company's vehicle fleet and build charging stations to support their power requirements

3

At least 15 million people uplifted by 2030

We are creating equitable and transformative pathways to a sustainable future for our employees, our customers, our communities, our nation, and beyond.

We strive to achieve this target through the following sustainability initiatives:

IN-PROGRESS

- Build expansive and resilient road infrastructure and public transportation projects to catalyze trade, investment, and national development
- Build industrial parks and ecozones that attract investments and create jobs for adjacent communities
- Provide access to potable water at affordable rates to municipal water districts (e.g., Bulacan Bulk Water project)
- Enhance livability of our host communities by:
  - Creating livelihood opportunities;
  - Extending educational assistance and scholarship programs to schools and students; and
  - Providing food, clean water, sanitation, housing, and access to medical services
- Improve overall employee health and well-being and ensure safeguards to prevent workplace injuries and accidents
- Embed and track diversity and inclusion in all aspects of employment policies
- Continue to improve the nutritional value of food and beverage products
- Embrace digital transformation to improve workplace productivity, reduce waste, and expand customer access

UNDER CONSIDERATION

- Establish an ESG knowledge platform for employees for capability-building on sustainability
- Launch programs to help develop more STEM (science, technology, engineering, and mathematics) professionals
- Develop the next generation of farmers and agri-leaders
- Launch teacher training programs and offer scholarships for higher education

4

A fully sustainable and ethical supply chain by 2040

We are upholding sustainable best practices across our supply chain ecosystems that will benefit current and future generations.

We strive to achieve this target through the following sustainability initiatives:

IN-PROGRESS

- Roll out the Supplier Code of Conduct and Sustainability Questionnaire incorporating ESG principles, as pre-requisites to supplier accreditation and registration

NEXT STEPS

- Develop an ESG training program and conduct regular dialogues on ESG, first for the top 20 suppliers by spend in each business unit in 2023, with progressive inclusion of at least 80% of spend
- Join Global Compact Network Philippines (GCNP) to contribute to educating micro, small, and medium enterprises in ESG

KALI

KASAN

GOOD FOR PLANET

KALIKASAN

Climate Change Action

When San Miguel began its transformation journey from a food, beverage, and packaging company to a diversified conglomerate with investments in fuel, power and infrastructure, the stimulus was the need to propel the country's economic growth by providing greater access to energy resources and an infrastructure that allowed industries to be more competitive. The transformation generated a larger environmental footprint with the use of fossil fuels and the development of parcels of land into infrastructure projects, alongside increased water and raw material usage and waste generation.

Cognizant of the huge responsibility we have taken on, San Miguel is committing to twin goals in relation to the environment. First, we aim to establish a Circular Economy Approach by 2040, ensuring that more of the waste we generate is reused, recycled, or repurposed, and increasing the component of recycled materials used in our production processes. Second, in response to the urgent global call to cut carbon emissions, we align to the goal of Net Zero by 2050. This is not a commitment made lightly as we consider the balance between the need for more accessible and affordable energy and the viability and reliability of clean energy sources.

Following are the baseline data on our environmental footprint and the ongoing and planned initiatives to forge ahead toward our goals.

Greenhouse Gas (GHG) Emissions

We place paramount importance on mitigating our GHG emissions. We recognize the profound impacts that emissions from our businesses and operations have on climate change adaptation and mitigation. As a result, we have embarked on a pivotal journey to significantly reduce our GHG emissions to Net Zero by 2050.

An indispensable step toward achieving this goal is to accurately measure our emissions in line with globally accepted GHG accounting and reporting standards. Thus, we use the GHG Protocol—the most comprehensive global standardized framework to measure GHG emissions, developed by the World Resources Institute and the World Business Council for Sustainable Development—to account for and manage emissions across all activities in our Group.

GHG EMISSION INTENSITY

15.8

MT CO_2e/Mn PhP

In 2022, our GHG emissions intensity—or the amount of GHG emissions that we generate for every peso of our sales—is 15.81 MT CO2e/ Mn PhP. Our Power, Oil and Fuel, and Cement businesses are the largest contributors to our emissions intensity. Our aim is to reduce our emissions intensity by decoupling our business growth from the growth in our emissions. This we will do by employing low carbon solutions

and initiatives across our various businesses and operations.

Our power business is one of the major contributors to our nation's economic development. The energy it supplies spurs the growth of thousands of businesses, infrastructure, and investments nationwide. Cognizant of this responsibility, we uphold the government's thrust to provide reliable and affordable energy to all Filipinos. In the same breath, we also support the country's plan to have a just transition to more renewable sources of energy. Hence, we actively seek to diversify our power portfolio toward cleaner energy sources, while at the same time ensuring energy security and affordability for our customers.

COMBINED BESS PROJECTS

1,000 MWh

We plan to increase our 1,200 MW liquefied natural gas (LNG) and will complete 1,000 MWh of combined BESS projects nationwide, which together contribute to increasing the diversity of our portfolio. The planned expansion of our gas-fired generation capacity and BESS reflects our overall commitment to reduce our carbon emissions and support the government's climate policies and objectives, including the Philippines' Nationally Determined Contributions under the Paris Agreement.

Also, we have taken crucial steps to help the country's transition to renewable energy. Our combined 563 MW hydro power plant capacity is a first step toward this direction. Moreover, we are developing a portfolio of solar power projects with an initial aggregate capacity of 800 MW across various sites in Luzon including the provinces of Bataan and Isabela. The proposed solar projects will be situated in areas with moderate to high photovoltaic potential.

In February and August 2022, we obtained a Certificate of Registration from the DOE as a renewable energy (RE) developer for a solar project located in Bataan and have entered into a Solar Energy Operating Contract (221MWp) with the DOE for the development and operation of RE projects using solar energy as a renewable source ("Bataan Solar Project"). The lease agreements for the property in Bataan and in Isabela where the solar projects will be located have already been executed. Currently, the Bataan Solar Project is in the pre-development stage.

Together, these initiatives serve our overarching goal of minimizing emissions from our power business.

Meanwhile, we have been reducing our carbon emissions in our Bataan oil refinery through various initiatives, such as plant reconfiguration, replacement of thermal power plants with steam generating facilities, and recovery and maximized utilization of fuel gas in the refinery. Furthermore, our Bataan refinery and fuel product terminals have Integrated Management Systems (IMS) certification. The IMS certification we have earned combines some of the most rigorous international standards on environmental management (ISO 14001:2015), quality management (ISO 9001:2015), and occupational health and safety management (ISO 45001:2018) into a single, comprehensive, and harmonized management system. This unified approach has created important synergies, a stronger foundation for our business and facilities, and has enhanced our overall sustainability and competitiveness in the industry.

In our cement business, a substantial source of emissions is clinker production because of the carbon released by limestone and the energy required in the process. Thus, we have leveraged new technologies to develop cement products that have lower clinker factor but have the same concrete strength. To reduce the clinker component in our products, we utilize supplementary cementitious materials like natural pozzolan and fly ash. Despite the lower

We will elevate our energy conservation initiatives to include the expanded use of solar and biomass to address our energy requirements. We will also monitor, assess, and employ new energy-efficient processes and technologies that will enable us to minimize our emissions.

clinker factor, our cement products still exceed industry benchmarks and remain versatile and economical building materials used in a wide variety of commercial and industrial applications.

To further lessen our emissions from our cement business, we are also employing circularity in our operations. In 2022, our cement plant generated 4.58 MT of plastic waste from its operations and third-party contractors. To dispose of this waste responsibly and to reduce the plant's reliance on traditional fuels for its operations, the plastic waste was injected at the pyro-processing stage of cement production, harnessing its useful heat for the manufacture of clinker. At the same time, NCC recognizes that it can do more to reduce its dependence on traditional fuel sources. Currently, the company is tapping into a specific technology that would enable a higher percentage of waste to be used as alternative fuel in the pyro-processing stage. By substituting traditional fuel with alternative fuels like plastics, municipal solid waste, rubbers, and used tires, NCC aims to cut its traditional fuel usage by up to 50 percent.

Throughout the years, our cement business has garnered acclaim for managing environmental impacts and meeting the requirements set by

governing agencies like the Environmental Management Bureau (EMB) and Mines and Geosciences Bureau. It was awarded by the DENR with the Presidential Mineral Industry Environmental Platinum Award in recognition of its excellent environmental and safety performance as well as its community development programs. Our cement business also has an IMS certification, which highlights its dedication to responsible operations and its commitment to meeting international standards for sustainable practices.

We are also leveraging innovation across other parts of our businesses to further reduce our GHG emissions intensity. In our Beer and Spirits divisions, we recover the carbon dioxide (CO2) from the fermentation process and purify it for use in the manufacturing process. We sell any excess as industrial- and food-grade CO2 to other companies. To treat wastewater, we utilize anaerobic reactors which significantly reduce our carbon emissions from pure aerobic treatment. Moreover, our Beer and Spirits businesses have long-established initiatives to recover methane from the anaerobic treatment of wastewater and use the methane as biogas to fire up our boilers, thereby decreasing our consumption of fuel oil. Finally, we add limestone in our coal-fired boilers to reduce GHG emissions and employ wet scrubbers to reduce pollution. These key programs and initiatives embody our responsible stewardship not only toward our customers but also toward the environment. It underscores our commitment to sustainable development, as we have made every effort to go beyond compliance. We know there is still more to do, but we believe that we are on the right path toward achieving our goal of Net Zero.

Moreover, we continue to benefit from the energy reduction and conservation measures we have implemented across all our businesses. These include the creation of energy conservation teams in each of our business units, the inclusion of power index in key performance indicators of our businesses,

We uphold the government's thrust to provide reliable and affordable energy to all Filipinos. In the same breath, we also support the country's plan to have a just transition to more renewable sources of energy.

the conversion of our lighting to LED, the replacement of our air-conditioning units into inverter type, and the use of solar panels for our streetlights and for our office and warehouse lighting.

In our Properties business, we are employing green business solutions to reduce our energy consumption. Examples of these initiatives are the orientation of our buildings to maximize natural lighting and ventilation and the use of energy-efficient systems and equipment.

We will elevate our energy conservation initiatives to include the expanded use of solar and biomass to address our energy requirements. We will also monitor, assess, and employ new energy-efficient processes and technologies that will enable us to minimize our emissions.

Non-GHG Emissions

The health and safety of the people in our host communities is top priority for San Miguel. Hence, we protect the quality of the air the residents of our host communities breathe.

Our non-GHG emissions come primarily from our thermal power plants, oil refining plant, cement plants, and to some extent, from fuel consumption of our boilers, cookers, vehicles, and generators.

Our power plants have consistently maintained emissions way below the limits set for SOx, NOx, and PM set by the DENR and World Bank by investing in the most advanced and efficient technologies.

NON-GHG EMISSIONS

	2022	Unit
Nitrogen oxides (NOx)	11,616.77	MT
Sulfur oxides (SOx)	37,097.25	MT
Particulate matter (PM)	1,127.70	MT
Carbon monoxide (CO)	2,515.56	MT
Persistent organic pollutants (POPs)	Not being monitored	
Volatile organic compounds (VOCs)		
Hazardous air pollutants (HAPs)		

Being the primary source of our non-GHG emissions, our thermal power plants track their emissions religiously through daily emissions testing and make sure that they are well within the limits set by the DENR and the World Bank. Our thermal power plants have consistently maintained emissions way below the limits set for SOx, NOx, and PM based on data collected over the past several years. We have achieved this by investing in the most advanced and efficient technologies on the market to make our power plants environmentally friendly. We have leveraged the following forefront technologies for our power plants:

Technology	Description
High Efficiency, Low Emission (HELE) technology	Uses supercritical boilers to generate steam at higher pressure and temperature. This allows more electricity to be generated per unit of coal when compared to traditional coal power plants.
Dynamic Classifiers	Used to further improve coal fineness which allows more efficient burning of coal reducing NOx and use of lower calorific value with lower sulfur content reducing SOx
Circulating Fluidized Bed	Operates the boilers at relatively lower pressure and temperature which results in better combustion and lower NOx and material particulates
Limestone Injection	Injected to the fuel as it goes to the boiler to further reduce SOx and particulate matter emissions
Supercritical Boiler	Provides significantly better combustion process resulting in a much-improved head rate of coal which reduces required coal to produce a MW of electricity. Also allows lower calorific value and lower sulfur coal which lowers SOx emissions
Flue Gas Desulfuration	Removes up to 90% of SOx and particulate matter in the flue gas emissions
Electrostatic Precipitators	Removes particulate matter such as dust and soot
Catalytic Reduction	Further improves NOx emissions

Charting a low-carbon future

In 2022, as the Philippines takes urgent action to avert a looming power crisis owing to the impending depletion of the Malampaya gas field in 2024 and aging power plants, SMGP is expediting completion of its first and largest grid-scale BESS network in the country.

The network consists of 32 BESS facilities strategically located in provinces nationwide, with a combined capacity of 1,000 MWh. They are part of SMC's aggressive medium-term goal for power system decarbonization and resilience.

Today, lack of basic access to electricity and the reliability of supply remain common issues for millions of Filipinos. Over the decades, this imbalance in power supply has contributed to the uneven spread of growth and development, particularly in the Visayas and Mindanao regions.

Our BESS facilities will support the country's power grid by storing excess energy and injecting required power within milliseconds when needed, ensuring power quality and stability all over the country.

The BESS will address one of the major limitations of renewable energy—the intermittence of solar, wind, hydropower, and other renewables. Battery systems can support RE sources and help bring about more renewable investments in the future. In the near term, we estimate the integration of up to 5,000 MW of renewable power into the grid, due largely to our BESS facilities.

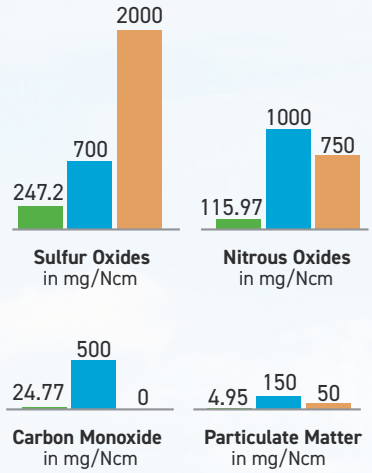
As nations around the world set ambitious goals to transition to renewables, demand for these large-scale energy storage systems will grow. BESS plays a key part in making renewables more viable for more Filipinos, and through it, San Miguel will lead the charge toward a cleaner energy future.

Balancing Act

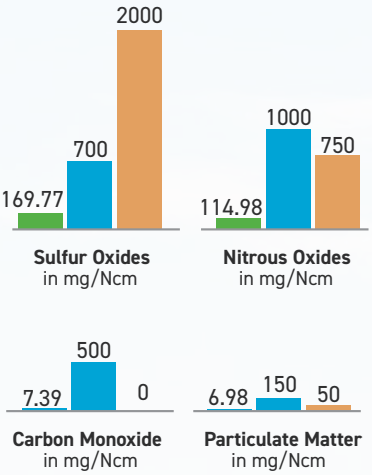
SMGP maintains a diversified portfolio of both traditional and renewable power facilities. Even at the beginning of implementing our next-stage strategies to achieve a lower carbon future—such as investing in battery storage and renewable capacities on our way to net zero by 2050—coal power remains an indispensable resource for the Philippines in the foreseeable future.

We have long recognized the crucial importance of balancing our developing nation's need for reliable and affordable baseload energy with the need to minimize our environmental impact. Our approach, particularly for coal power, has been to utilize the latest technologies that can drastically cut harmful emissions.

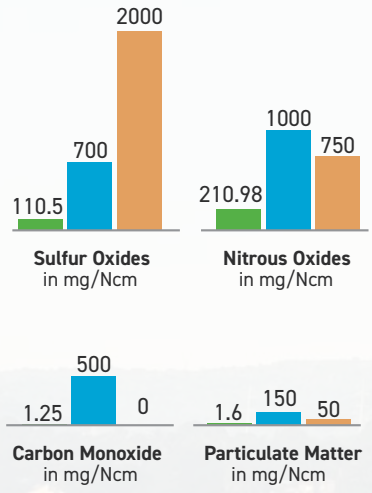
600 MW Limay Bataan



300 MW Malita, Davao Occidental



335 MW Masinloc, Zambales



HELE Technology

HELE technologies are a type of cutting-edge coal technology designed to increase production efficiency while lowering the GHG and non-GHG emissions per amount of power generated by our coal-fired power plants.

It can be achieved through a supercritical, ultra-supercritical, or advanced ultra-supercritical technology that allows the power plants to run at higher temperatures and pressures to bring about more thorough fuel combustion, resulting in increased efficiency and lower CO2 emissions. This enables coal-fired power plants to use less fuel to produce the same amount of energy, ultimately resulting in minimized environmental impact.

HELE technologies also encompass other advanced technologies, such as improved coal drying and cleaning processes, advanced air pollution control systems that aids in lowering sulfur and nitrogen oxide emissions, and improved materials for the high-temperature components in facilities.

CFB Technology

Meanwhile, circulating fluidized bed (CFB) technology, used in the combustion of solid fuels, such as coal and biomass, is another way we produce power in a more environment-friendly manner.

In a CFB, solid fuel is introduced into a furnace with bed material, such as sand or other particulate matter. Fans supply excess oxygen into the furnace so that complete combustion can take place. This causes the bed material to flow continuously inside the furnace and be kept in suspension by the flow of hot gases produced by the combustion of the fuel. This creates a fluidized bed resembling boiling liquid, allowing solid fuel particles to move freely, promoting mixing and heat transfer. The hot gases are then circulated back through the bed to maintain the fluidized state, hence the name "circulating fluidized bed."

Improving combustion efficiency and lowering emissions of pollutants like SOx and NOx are some of the main benefits of CFB. Additionally, CFBs are a flexible and eco-friendly technology because they can be easily retrofitted with scrubbers to remove pollutants. CFB's operating furnace temperature is between 850 and 950 degrees Celsius, which is just enough for complete combustion. This means that NOx cannot be produced in the furnace because that would require furnace temperatures to reach 1200 to 1300 degrees Celsius. In addition, limestone is injected into the system to capture the generated SOx as a byproduct of the combustion process.

HELE and CFB Technologies have been critical to minimizing the impacts that our coal power facilities have on the environment. Our Limay, Bataan and Malita, Davao Occidental plants, with 600 MW and 300 MW capacities, respectively, are CFBs. A third CFB facility built in Mariveles, Bataan, with an installed capacity of 600 MW, is also set to come online in 2023.

In Masinloc, SMGP operates a 335 MW supercritical coal-fired power plant. Construction is also ongoing on another supercritical plant, which would use less fuel than the conventional power plants, for the optimum generated amount of electricity.

Resource Management

We recognize the realities of our finite planet. Each year, the world marks Earth Overshoot Day, a date when humanity's demand for ecological resources in a given year exceeds what Earth can generate in that year. In 2022, this day landed on July 28, which means that the present generation liquidated resources meant for future generations during the remainder of 2022. Over the decades, the ecological footprint of humanity has worsened, leading to World Overshoot Day coming earlier and earlier each year, moving from December 25 in 1970 to July 28 last year. The goal is to move the date forward. Not doing so will exact a heavy toll not only from an environmental and ecological point of view (climate change, biodiversity loss, drought) but also socially and economically (poverty, conflicts, wars).

Thus, we in San Miguel join the rest of the world in the quest to postpone this date by ensuring the effective and efficient management of our resources. Energy and water are two of the most vital resources for San Miguel. They are indispensable in the successful conduct of our businesses, from power generation, food and beverage production, to packaging operations and infrastructure development, among others. Energy and water are key so we can continue to create value for all our stakeholders and to contribute to the growth of the Philippine economy. Across our operations, we have adopted energy efficiency and water conservation initiatives that we will continue to enhance, expand, and elevate in the coming years so that we can achieve the most sustainable use of our resources, for this and future generations of Filipinos.

Energy

Energy is the fuel of the modern industrial economy. We use energy to fuel our capacity to deliver our services and products to the market—from operating our plants, for transportation and distribution, and for the lights in our offices and other company facilities.

In 2022, the Company consumed 149.3 million GJ energy. A sizable portion of our energy consumption comes from the non-renewable fuel usage of Petron and SMGP for their operations.

OPERATIONAL SPENDING ON ENERGY

38.3%

We are determined to reduce our energy consumption. By doing so, we would also reduce our operational costs and our environmental impact. As of 2022, approximately 38.26% of the Company's operational spending is used on energy. Through various energy related programs, we were able to reduce our energy consumption by 103.3 thousand GJ of energy this year. We accomplished this by installing solar panels in various Petron gas stations and integrating the use of biomass in electrical generation in SMFB operations, among others. We are determined to continuously find new ways to be more efficient in our energy consumption and increase our use of renewable energy.

ENERGY INTENSITY RATIO

129.6
GJ / Mn PhP

Our energy intensity for 2022 is 129.6 GJ for every million PhP of net sales. We aim to reduce our energy intensity while continuing to maintain robust growth and development in the Company. We plan to do this through employing more efficient energy technologies and alternatives such as recapturing excess heat from manufacturing and implementing renewable energy sources, such as solar power, biomass, and bioenergy, across all business units.

We recognize the challenges associated with climate change and the impacts it could have on SMC's energy consumption. By effectively managing our energy consumption, we improve production reliability, lower our energy costs, and contribute to sustainable business operations.

From Flares to Fuel

As the only refining facility in the Philippines, the Petron Bataan Refinery (PBR) is critical to ensuring fuel supply security for the country. Today, it is one of the most advanced facilities in Asia-Pacific, having benefited from a major upgrade completed in 2014.

As part of the Refinery's operation, the plant may produce flare gas (waste gas) particularly during plant shutdown and startup activities and day-to-day operations. These waste gases are sent to the flare facility to ensure safe release to the environment, following strict environmental standards stipulated in RA 8749 or the Philippine Clean Air Act of 1999 and its Implementing Rules and Regulations.

In 2014, the refinery installed a Flare Gas Recovery Facility to recover the flare gas composed mainly of hydrogen, methane, ethane, butane, propane, and other derivatives, and to upgrade these to fuel that is used for the Refinery's operation. Consequently, this reduced the requirement for supplemental fuel from other sources and avoided the carbon emissions from the supplemental fuel. The facility significantly reduced the plant's flaring rate from 4.1% (as % of total GHG contributed by flaring) in 2012 to less than 0.7% since the completion of the project up to present. In 2022, actual waste gases recovered amounted to 32,330 barrels , which is equivalent to a reduction in the refinery's energy consumption of around 206,597 GJ in the same year. The waste gas recovered in 2022 alone avoided 10,123 MT of GHG emissions from flaring.

Water

Water plays a vital role in our daily reality. Out of 115 million Filipinos, more than half lack access to sustainably sourced and safe water.

Achieving water security remains a longstanding challenge for our country. We Filipinos are no strangers to water-related challenges such as water pollution, water scarcity, and insufficient access to sanitation.

Recognizing this plight, we support the government's thrust to achieve universal access to safe, sufficient, affordable, and sustainable water supply, hygiene, and sanitation by 2030. We will help create solutions and contribute to the government's efforts in resolving water security challenges in the country. Thus, we have instituted water-saving and efficiency programs across our businesses and operations.

WATER CONSUMPTION

	2022	Unit
Water withdrawn	3,070,643.37	ML
Water discharged	3,054,601.11	ML
Water stored	(5.50)	ML
Water consumed	16,036.75	ML

In 2022, 97% of our water withdrawal was seawater, which was used for cooling our equipment in our power plants and oil refinery. Approximately 98% of our total extracted water was discharged back safely to bodies of water at normal temperature after undergoing processing and treatment in our wastewater treatment facilities. The discharge of wastewater, whether to land or bodies of water, is highly regulated in the country and should satisfy the Water Quality Guidelines and General Effluent Standards of 2016 (DAO 2016-08; and updated DAO 2021-19). We ensure our full compliance with these standards by establishing wastewater treatment facilities across our operations. We designed these treatment facilities to properly handle the specific pollutants they are intended to treat, which can be by a combination of physical, chemical, aerobic, and/or anaerobic treatment. We also have in place a tertiary treatment facility in cases where we can reuse treated wastewater. Wastewater with high chemical oxygen demand or COD levels is pretreated using Upflow Anaerobic Sludge Blanket technology to generate biogas that we use as fuel in our operations.

The remaining 3% of our total water withdrawal in 2022 was consumed by the Group as part of our beverage products, in our business processes—cleaning, rinsing, steam generation—and for office operations. Of our total wastewater, we were able to recycle 1.5 billion liters in 2022 alone, which we plan to boost in the coming years.

WATER RECYCLED AND REUSED

1.5 Billion Liters

Foremost in our water sustainability initiatives is a flagship program called "Water for All," an initiative established in 2017 that aims to reduce our Group-wide use of scarce water by 50% by 2025 against a 2016 baseline.

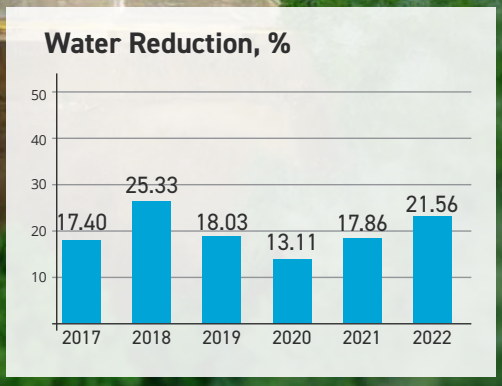
An example of a notable feat under "Water for All" comes from our cement business. As of 2022, our cement business reduced its scarce water consumption by 88% compared to 2016 values. Furthermore, it aims to minimize if not do away altogether with its freshwater usage by implementing solutions such as rainwater harvesting and full recycling. In 2022 alone, it collected 446 million liters of rainwater, which it used for its manufacturing processes.

Water for All

We may have the most trusted and well-loved brands, the best supply chains, distribution systems, and manufacturing technologies, but our businesses cease to exist without water. Water is indispensable to our daily operations, whether used as an agricultural input, as raw material for our products, or to generate steam, cool equipment, or sanitize facilities. That is why, over many decades, we have invested in processes and technologies to treat, reuse, and recycle more water and preserve vital water sources.

In 2017, even as our water management efficiency levels were already among the highest in the country, we chose to make our most significant commitment yet to water sustainability. We launched "Water for All," our Group-wide program to cut non-product, utility water use by 50% by 2025. We established the SMC Water Council, comprised of technical representatives from each of our operating businesses. They establish and monitor water-saving measures and set water consumption goals across our plants and offices nationwide.

We have since been implementing several programs across the Group to achieve our target. This includes eliminating the wastage of water by adopting stricter measures to improve water use efficiency; utilizing water-saving technologies; and implementing conservation programs. All facilities and machinery are closely monitored for any signs of leakage and malfunction that could lead to wastage. Fixing leaks has also contributed significantly to our water reduction efforts. We have increased the recycling and reuse of water across all our operations and have maximized our utilization of desalinated seawater. We have also built new rainwater collection features and retrofitted or upgraded older facilities to enable rainwater harvesting. Our businesses optimize their wastewater treatment facilities and constantly try to make greater use of treated greywater for non-essential purposes. More significantly, we continue to reduce groundwater use, even as we work with communities to protect these water sources.



SMC's various businesses continue to implement Water for All programs according to a set schedule, including making capital expenditures on improving systems in the facilities to meet their targets.

Reviving our ailing rivers

In August 2022, San Miguel Corporation completed the Tullahan River cleanup initiative, after 27 months of operations. SMC was able to extract over 1.2 million MT of silt and solid waste from an 11-kilometer stretch of the river system, spanning four major cities. In partnership with the DENR, the project represented the largest river cleanup undertaken by any private company.

This accomplishment would only be outpaced in scale and scope a year later by our next initiative—the Pasig River cleanup. By February 2023, just 20 months into the project, we reached the one million MT milestone of silt and solid waste removed from the Pasig River, long a symbol of pollution and neglect in the Philippines.

We have also begun the clean-up of Bulacan's Meycauayan river, to help alleviate perennial flooding.

Our river initiatives demonstrate SMC's willingness to go beyond what is expected. While some of our projects are located along these rivers, our efforts to improve the health of our waterways are driven by our desire to positively impact the environment and the communities we serve. In particular, the wide-scale impacts of flooding and pollution on our cities and people have compelled us to take decisive action.

In a 2021 study published in OurWorldinData.org, the Pasig River emerged as the top plastics-emitting river responsible for the world's ocean plastics. Meanwhile, the Tullahan and Meycauayan Rivers are ranked four and five on that list. Four other Philippine rivers—the Pampanga, Libmanan, Rio Grande de Mindanao, and Agno rivers—also made it in the top 10 of that same global list.

Keeping our rivers clean will help reduce the amount of plastic waste that pollutes our oceans, improve water quality, support biodiversity, and mitigate threats to traditional fishing grounds. But just as important is deepening and widening them to mitigate decades of siltation and pollution that have rendered them unable to serve their purpose of directing flood waters away from our cities.

Fully rehabilitating our rivers will of course take more than just ridding them of silt and garbage. To transform our rivers into thriving ecosystems, it will require the collective efforts of various stakeholders, including government, communities, and private sector partners. While it seems like a daunting endeavor, taking the first steps toward restoration is a crucial part and one that SMC is more than willing to take.

Hope Flows

Angat Dam, Metro Manila's main water source, may be located in Bulacan, but for many decades, the province itself did not have access to a steady, sufficient supply of potable water for its over 3.7 million residents.

Households would rely on deep wells, tapping into groundwater sources, which yielded poor-quality water. Excessive groundwater extraction over a long period, coupled with Bulacan's exponential economic and population growth, gave rise to a more pressing concern—land subsidence, said to be a contributing factor to the perennial flooding in lower-lying areas in the province.

But that would change in 2015. That year, SMC Infrastructure was awarded the contract for the Bulacan Bulk Water Supply project that would provide the province's 24 cities and municipalities with potable water, at the lowest price per cubic meter in the Philippines.

Since the project commenced operations in 2019, it now supplies treated bulk water to 12 water districts that, in turn, distribute to some 220,000 households in Balagtas, Bocaue, Marilao, Meycauayan, Obando, San Jose del Monte, Bulakan, Calumpit, Guiguinto, Malolos, Plaridel, and Sta. Maria. And true to its commitment, this water is available to water districts at less than 1 centavo per liter, the lowest bulk water charge in the country.

In 2023, we are set to begin development on Stage 3A of the project, which will make potable and affordable water from the Angat reservoir and other surface water sources available to an additional 70,000 more households by early 2025. Stage 3A will cover the water districts of Baliwag, Norzagaray, Hagonoy, Pandi, San Ildefonso, San Miguel and San Rafael. Full completion of Stage 3 will bring the total coverage to the target 24 areas.

Currently, the Bulacan Bulk Water Supply Project produces an average volume of 210 million liters per day and has a maximum capacity of 388 million liters per day.

Circular Economy

The concept of circular economy has been part of our culture even before the term was mainstreamed. Since establishing a circular economy approach is part of our topmost sustainability goals, we recognize the importance of utilizing our resources sustainably, through better efficiency and the reduction of waste.

We recognize that the Company consumes a large amount of both renewable and non-renewable resources throughout its various business activities. With our continued push toward nation building, our demand for resources will inevitably increase as the Company grows. To address this, we aim to transform our business model and to "close the loop" in order to shrink our material footprint and to prevent any adverse impacts on the environment. We have adopted practices of reduction, recycling, and recovery, as well as developed programs and policies. We strive to become more efficient in the materials we use and reduce the amount of waste we generate.

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Materials and Waste

Materials Management

34.3%

OF TOTAL MATERIALS USED WERE RENEWABLE

We used 15.7 million MT of materials in 2022 for our operations. Of this, 65.7% are non-renewable materials and the remaining 34.3% are renewable materials. Most material inputs were used by Petron and NCC in the form of crude oil, limestone, and clinker. We were able to recycle 442 thousand MT of the materials we used. These recycled items consisted mostly of glass bottles retrieved at post-consumer stage, for reuse by our beverage businesses, or broken glass cullets recycled by our packaging business. Also recycled are coal ash from SMGP's power plants used as raw material in the cement production process of NCC. In 2022, NCC successfully recycled 150,194 MT of coal ash as inputs for cement.

Solid Waste Management

We understand the importance of proper waste management to our business operations. The Company already has ongoing initiatives designed to reduce the amount of waste we generate. We accomplish this by finding ways to recirculate by-products and materials at their highest value.

SOLID WASTE DIVERTED AWAY FROM LANDFILLS

90.3%

The Company generated 330.6 thousand MT of solid waste in 2022, of which we were able to redirect approximately 90.3%. Waste classified as spent grain and spent yeast, generated by SMFB, has the largest contribution to our solid waste. Spent grain and spent yeast are protein-rich materials used by our animal feeds business, providing nutrients required by poultry and livestock for maintenance, growth, and reproduction.

The second largest contributors were glass, cullets, and jars used for our bottles and beverages, which we were able to reuse or recycle. SMB has in place a returnable glass bottle system that encourages customers to return empty bottles, which the company then retrieves from retail outlets. On the other hand, GSMI has a robust bottle retrieval system through a network of territorial bottle suppliers. Recovered bottles are subjected to thorough inspection and quality control protocols to ensure safety for reuse. Both systems greatly reduce the need to manufacture new bottles, minimizing product cost and conserving material resources.

Meanwhile, sludge and slop from wastewater treatment facilities, and manure from SMF's poultry and pig farms are converted to organic fertilizer. Metal scraps, plastic waste and other non-hazardous waste that cannot be used in our operations are sold to recyclers. The remaining solid waste that could not be recycled is sent to landfills.

The Company is prepared to be fully compliant with the Republic Act No. 11898, the Extended Producer Responsibility (EPR) Act of 2022, which became effective on August 13, 2022. The law requires obliged enterprises, such as SMFB, to recover and divert at least 20% of their 2022 plastic packaging footprint by the end of 2023 and increase this annually up to 80% by the end of 2028. In future reports, we will be providing information on their compliance with EPR.

Coal Ash Management

COAL ASH RECYCLED

51.6%

We generated a total of 566.6 thousand MT of coal combustion residuals from our power generators. We were able to redirect a portion of the coal ash and reuse these in our cement manufacturing process. The CCR that were not reused in our cement plants were sent to external companies for further recycling. As a result, we were able to recycle 51.6% of our generated coal ash in 2022.

Hazardous Waste Management

COMPLIANCE WITH LAWS AND REGULATIONS ON HAZARDOUS WASTE TRACKING, USAGE, AND DISPOSAL

100%

The Company generated 8.9 thousand MT of hazardous waste in 2022. Our hazardous waste is mostly made up of used oil and sludge from our vehicles and generators, as well as reactive chemical waste from various manufacturing processes. We were able to divert 36.2% of our total hazardous waste generated.

Hazardous waste is strictly regulated by environmental regulatory agencies. We abide by all laws and regulations regarding hazardous waste tracking, usage, and disposal. The Company has established a hazardous waste and solid waste management system that monitors the inventory, generation, and disposal of waste. Our Pollution Control Officers are tasked with data management and ensuring governmental compliance.

Turning Waste into Resource

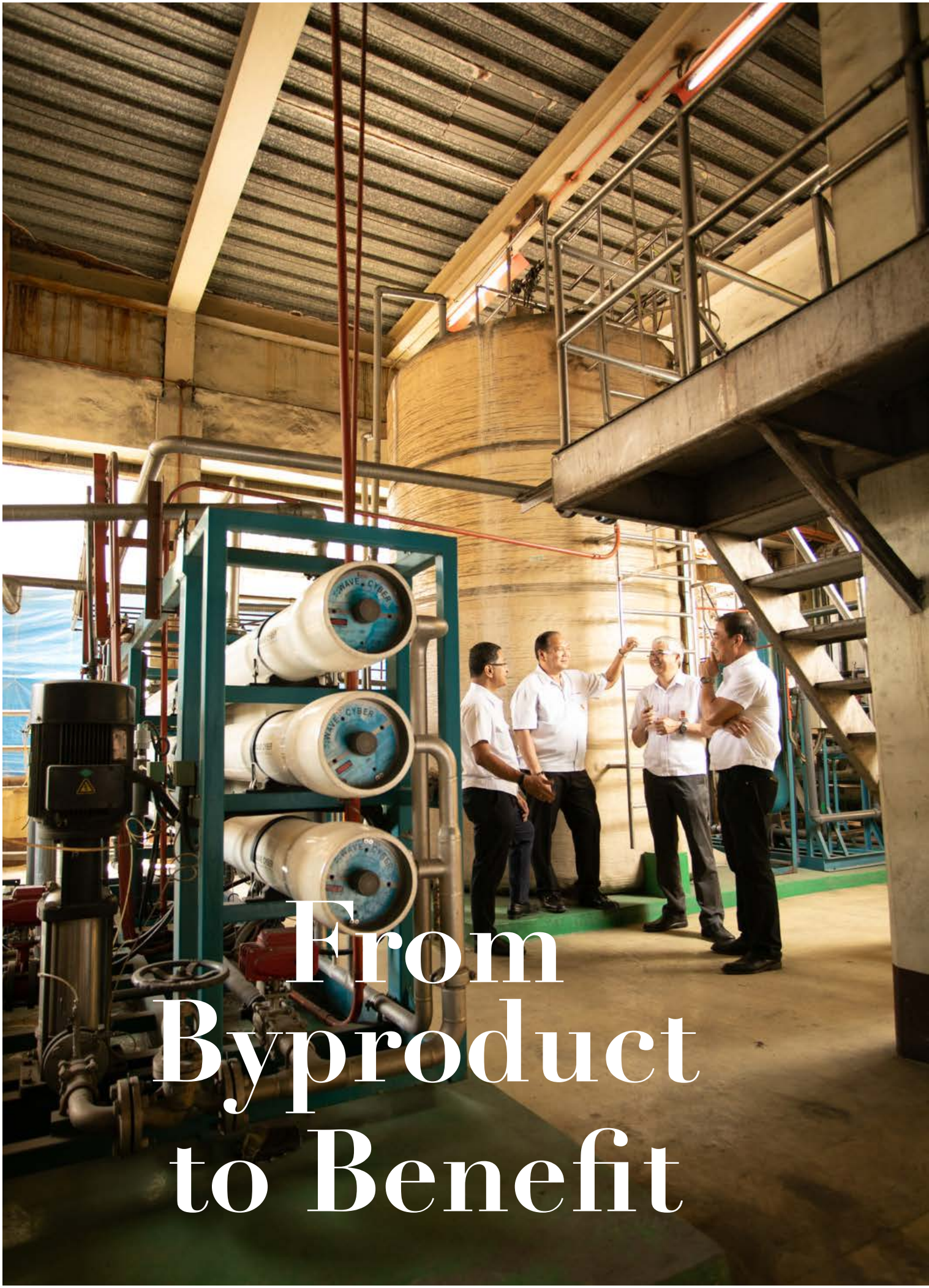
We make conscious and disciplined efforts to recycle coal combustion residuals (CCR), mainly as an aggregate material for cement manufacturing. We utilize coal ash as a supplementary material and as a substitute for clinker, an input used to strengthen cement. While coal ash cannot completely replace clinker in cement production, using it as an add-on contributes to reducing GHG emissions.

SMGP's Limay Power Plant and Malita Power Plant have been successful in recycling as much as 80-90% and 70-80% of their coal ash, respectively. This is achieved through recycling coal ash from Limay Power Plant at Petron Bataan Refinery's co-generation facility, reducing the plants' consumption of virgin inert materials (e.g. silica sand), and supplying NCC and Southern Concrete with aggregate material for cement production.

Since not all CCR can be recycled, we put significant efforts and investments in proper storage of the excess. We strictly follow and comply with the DENR's Water Quality Guidelines and General Effluent Standard of 2016 (DAO 2016-08) to ensure proper management, storage, and monitoring.

We also value the involvement of our partner communities. We carry out information, education, and communication campaigns to discuss specific measures undertaken to ensure that our activities do not cause harm to the environment and to the health of individuals.

We also employ biomats made up of biodegradable natural fibers, such as straw, coir, and jute, to cover the ash and prevent erosion and blowing away. The biomats have seedlings already planted, which provide immediate soil stabilization and protection, and strengthen vegetation on slopes. This area will eventually be covered in trees by the end of its 25-year lifespan.



From Byproduct to Benefit

As one of the largest manufacturing companies in the country, San Miguel Brewery (SMB) strives for excellence, efficiency, and sustainability. It places great emphasis on sustaining the integrity of its supply chain from sourcing to production to distribution, including managing its byproducts.

One of the ways SMB keeps its byproducts in check is by developing a system that handles them responsibly—whether for disposal, reuse, or recycling. Solid waste, particularly wastewater sludge and spent grain, are some of the major byproducts of the beverage-making process. SMB's commitment to circularity is evident as it has successfully recycled about 23 MT of these byproducts on a daily basis across its seven breweries nationwide.

Wastewater sludge accumulates during the treatment of brewery effluents. These sedimentary materials are rich in organic matter making it suitable as sanitary landfill cover (to reduce landfill-related emissions, fire hazard, and prevent blowing litter and dust) and as organic fertilizer. Spent grain, on the other hand, is the byproduct of raw materials that go through the brewing process. These are protein-rich materials used for hog feeds and other feed types, providing nutrients required for maintenance, growth, and reproduction.

SMB's production facilities handle the dewatered sludge by moving it to areas that can be transformed into fertile soil, which the company donates to various organizations in need.

Polo Brewery, located in Valenzuela, has been donating its dewatered sludge to the local DENR office since 2018 to be used as effective landfill covers for specific areas in the city.

Mandaue Brewery, located in Cebu, has partnered with the Department of Agriculture and the Metropolitan Cebu Water District in diverting its dewatered sludge as fertilizer. Most of the donations are channeled to nurseries that grow seedlings for various tree-planting activities also initiated by the brewery.

Tagoloan Brewery, located in Misamis Oriental, also began donating its dewatered sludge to the Municipal Agriculture Office in 2021. The partnership has been yielding mutual benefits for both parties, albeit still in its pilot phase.

The majority of SMB's breweries divert their spent grain directly to B-MEG under San Miguel Foods, after they go through processing in SMB's drying plants.

B-MEG was SMC's initial foray into the poultry and livestock industry and started from a one-ton feed mill adjacent to the brewery, growing into the market-leading feed brand in the Philippines today with close to 900 MT per hour rated capacity. It is thus fitting that, through the years, the feeds business has consistently utilized byproducts of beer production and, in doing so, absorbed a large volume of what would otherwise be waste materials and converted these into high-quality animal feeds.

Due to rising demand for beer products, which results in an increase in production volume, some of SMB's production facilities engage local organizations to divert their oversupply of spent grain for repurposing. These partnerships not only solve the oversupply concerns of the breweries but also aid the livelihood of local business owners by providing cost-efficient solutions to their business requirements.

While Mandaue Brewery taps business partners to purchase its extra spent grain, Bacolod Brewery in Negros Occidental partners with local cattle raisers. Since 2017, Bacolod Brewery has partnered with the United Cattle Raisers Association in Negros and Visayas (UCRAIN-V) and the Negros First Ranch under the Negros Occidental Provincial Veterinary Office. The brewery provides free spent grain, which aids these organizations in providing their livestock with consistent nutritious feeds.

"The addition of spent grains in the diet of our cattle has greatly improved the quality of our daily rations at no cost," shares UCRAIN-V President Louis Martin. "It has drastically lessened our dependence on commercial feed inputs thus lowering our total feeding cost, especially during dry season when grass growth is low. We have seen a drastic improvement in the overall condition and performance of our breeders, increases in the daily gain in weight of our fatteners and in the milk production of our milkers."

"The members of UCRAIN-V are aware that all these gains would not have happened without the spent grains from the brewery. We continue to hope and pray that this partnership will continue and grow in the future. This has also contributed to the food security program of our province."

Closing the loop

Discarded glass containers and cullets are important raw materials in a bottle-to-bottle closed loop. Glass is 100% recyclable, nonporous, and impermeable, which means it can be perpetually recycled without any real loss of quality. However, despite this, the Philippines has only managed to recycle around 40% of its glass, lagging behind other countries like Spain, Belgium, and Switzerland, which have achieved recycling rates from 73% to as high as 90%.

This is a challenge not only for the country but also for the packaging industry, a challenge which SMYPC has accepted through its long-standing and thriving practice of adopting a circular economy approach in its business model and operations.

SMYPC engages with customers and key partners to return used glass containers for recycling. The bulk of its collected glass materials come from major beverage customers, as its supply contracts include the return of up to 100% of the customers' used glass containers. In 2022, two major customers turned over 100% of their used glass containers to SMYPC.

Another initiative of SMYPC on circularity is the Balik Bote Program, which promotes the return of identified glass bottles and containers, including broken glass known as cullets, to SMYPC's glass plants.

In 2022, SMYPC intensified its support of the Balik Bote Program by launching an information and education campaign to encourage the mindset and behavior of segregating and cleaning at source or at the household level. This campaign was done in partnership with the local communities where SMYPC operates. Core programs were implemented in its own facilities, with major LGUs, and with participating schools.

Balik Bote with LGUs began in July 2022 with one of the major cities in Metro Manila. SMYPC partnered with a waste management solutions organization to expand the city's waste

management program by adding glass to their recoverable and recyclable materials portfolio. SMYPC also initiated an information campaign to instill the discipline of segregating and cleaning at the household level. Through this, SMYPC was able to significantly increase awareness on the recyclability of glass and expand its area of coverage by setting up collection sites in LGUs within the NCR.

SMYPC also spearheaded the Balik Bote Program in its own facilities. With the program already deeply integrated into the culture of SMY Glass Plant where it has been implemented for decades, the program was expanded to other non-glass manufacturing facilities of SMYPC in Cavite and Laguna, as well as to communities and public schools near their areas of operation.

To encourage participation from these communities and schools, SMYPC provides an incentive in the form of school and office equipment and supplies, based on a proportionate amount of recyclables collected throughout the year. This has resulted in a combined collection volume of 34 MT in 2022, a 52% increase from the previous year in 2021.

To date, SMYPC has recovered a total of 137,000 MT of discarded glass containers through its circular initiatives in 2022, and it continues to work with partner communities and stakeholders to further increase used bottle collection and bring the Philippines on par with leading countries in glass recycling.

GLASS BOTTLES

Where it all began

Long before sustainability and circular economy practices became bywords in modern business, San Miguel Brewery, one of the country's oldest enterprises and Southeast Asia's first brewer, was already employing its returnable glass bottle (RGB) system, which endures as a critical part of its business.

For many decades, SMB's RGB system has contributed significantly to its bottom line, minimizing costs and reducing required resources through the constant reuse and recycling of glass bottles. Under the system, customers only pay for the contents and a deposit on the bottle when they buy products. Returning the bottles to recover the deposit becomes nearly routine for customers nationwide, allowing the bottles to be brought back to the SMB system where these are washed, sanitized, and reused.

SMB's glass bottles are designed to go through this cycle 60 times or more. SMB ensures that recycled bottles follow the company's strict quality standards, which also consider the bottles' aesthetic value. Visibly worn bottles are sent to SMB's sister company, SMYPC, for recycling, along with bottles reaching their end-of-life stage. This ensures that all bottles are recycled, and none are wasted.

As glass is perpetually 100% recyclable, the system, in place for most of the company's 132-year history, has afforded both SMB and the environment incalculable benefits in lower costs, decreased extraction of new raw materials and minimized solid waste in landfills. This has also helped to ingrain a zero-waste mindset in our culture.

In many ways, glass bottle retrieval and recycling is also crucial for SMC's spirits business, Ginebra San Miguel Inc. The preference for glass bottles as packaging material stems from its inherent characteristic to preserve the quality of our products for a longer period of time as well as its high reusability and recyclability.

With an expansive network of third-party bottle suppliers that spans the whole Philippine archipelago, used bottles are retrieved, sorted and pre-washed prior to delivery at GSMI's various bottling facilities. Upon acceptance, these bottles undergo stringent quality inspections and further cleaning prior to filling with Ginebra's products. Bottles deemed unfit for reuse are transformed into glass cullet, which are then sold to SMYPC to be recycled into new bottles once again.

This highly efficient system of retrieval and reuse keeps GSMI's bottle in circulation for as long as possible to effectively reduce its requirement for brand new bottles by 72% in 2022. But more importantly, aside from minimizing production costs, it helps prevents the accumulation of solid waste and reduces the use of natural resources needed to produce new bottles. This program not only supports cost management for the company but also plays a crucial role in reducing glass bottle manufacturers' dependence on new materials, leading to a substantial positive impact on the environment.

Furthermore, both SMB and GSMI also maintain their own internal bottle retrieval programs to encourage employees to contribute to the effort to minimize the number of uncollected bottles not in their systems.

SMYPC plays a crucial role in the success of both SMB's and GSMI's circular economy programs. With its business model for discarded glass containers and cullets, SMYPC's raw materials, fuel, power consumption, and waste generation are significantly reduced.

From pallet to planet

Manila Plastics Plant (MPP) is one of the domestic manufacturing facilities of SMYPC. It manufactures durable and economical rigid plastic products such as crates, pallets, food trays, bottles, pails, and plastic flooring. With plastic being non-biodegradable, the business has found ways to reduce its impact on the environment through the adaptation of a circular economy model.

MPP has several programs for recycling collected condemned plastic products, such as the Pallet to Pallet and Crate for Crate (P2P and C4C) initiatives, wherein the business recovers damaged pallets and crates from its customers and recycles them into new pallets or crates. A similar process is implemented with post-consumer lube oil plastic bottles. Aside from minimizing plastic waste, these programs strengthen the relationship between MPP and its customers through a shared program for sustainability.

For 2022, MPP utilized 4,148 MT of recycled materials for the creation of new plastic packaging, resulting in an equivalent reduction in virgin material for production.

Biodiversity and Ecosystems

Our country is one of the most biodiverse places in the world, with at least 20,000 wildlife species which cannot be found anywhere else. Thus, conserving our ecosystems and protecting their natural habitats from significant threats should be of utmost importance, not only for the government, but also for the private sector.

In the recently held 27th UN Conference of the Parties (COP27) in Egypt, nature-based solutions were included in UN Climate negotiations for the first time. COP27 "emphasizes the importance of protecting, conserving and restoring nature and ecosystems to achieve the Paris Agreement temperature goal, including through forests and other terrestrial and marine ecosystems acting as sinks and reservoirs of greenhouse gases and by protecting biodiversity, while ensuring social and environmental safeguards."

We strongly support and welcome this positive development. We commit to the responsible conduct of our businesses to ensure that we maintain the balance of nature and that we give priority to the preservation and restoration of our natural ecosystems. We have stepped up our sustainability initiatives through multiple environmental protection and biodiversity conservation efforts.

ECOSYSTEM AND BIODIVERSITY

	2022	Unit
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside of protected areas	6	No.
Habitats protected or restored	112.74	Ha.
IUCN red list species and national conservation list species with habitats in areas affected by operations	14	No.

In 2022, we had six operational sites in the Group that were based in or adjacent to protected areas or areas of high biodiversity value. These were Petron's Bawing and Amlan terminals, GSMI's DBI, SMGP's Masinloc and Ilijan power plants, and SMHC's LCWD.

Petron's Bawing Terminal is located along the Sarangani Bay Protected Seascape, which is a proclaimed National Integrated Protected Area System (NIPAS) and also classified as a Category V Protected Area by the International Union for Conservation of Nature (IUCN). To protect the site, we developed and implemented a 10-year biodiversity conservation plan that covers 91,737 m2 of foreshore area along the seascape. The plan focuses on preventing and managing any environmental (e.g., water pollution and habitat destruction) and socio-economic (e.g., alternative livelihood) issues that may arise. We review and update this plan every 10 years or less, depending on the need, to account for developments in the area and changes in regulations.

Meanwhile, Petron's Amlan Terminal is adjacent to the Tañon Strait Protected Seascape, which is the largest Marine Protected Area in the Philippines. To help protect the site as well as the other coastlines and coastal areas where Petron's operations are located, Petron has created "Puno ng Buhay," a forest restoration and mangrove conservation program in partnership with the DENR and our host LGUs. Under this initiative, we adopt mangrove reforestation sites with the goal of protecting critical watersheds and minimizing our carbon footprint. We also train the residents of our neighboring coastal areas on how to grow and take care of mangrove forests, with the hope of providing them with an additional source of livelihood. As of 2019, we have adopted a total of 30 hectares of mangrove reforestation areas in Tacloban City, Leyte and Roxas City, Capiz, which resulted in more than 1,000 tons of sequestered carbon.

GSMI's DBI facility is located along the coastline of the Guimaras Strait, which is identified as a Biodiversity Conservation Site in Western Visayas by the DENR. In the mid-1990s, we established a mangrove reforestation area along the coastline where the distillery is located. Now measuring close to 12 hectares, the mangrove forest has an excellent survival rate of 96%, proving the area has remained

We will safeguard the well-being of the natural habitats and ecosystems where we operate. We will continue to work with others toward a world where biodiversity is valued and conserved.

healthy. These mangroves were also planted to contribute to the conservation of the natural biodiversity of the Guimaras Strait and to reduce the risk of flooding and soil erosion. We also conduct tree planting activities in the area every year.

Furthermore, we constantly monitor Guimaras Strait's coastline to ensure that the surrounding area is always kept clean. One of GSMI's longest-running biodiversity conservation activities is regular coastal cleanups in collaboration with LGUs and volunteers from nearby communities.

SMGP's Masinloc Power Plant is situated along Oyon Bay, a protected landscape and seascape by virtue of the Expanded NIPAS Act; while the Ilijan Power Plant is located by the Verde Island Passage, which is recognized as the center of global shore-fish biodiversity. SMGP has developed a biodiversity management system that safeguards the ecosystems around these protected areas. We have long-standing partnerships with environmental experts, government agencies, and local communities that implement tree planting, mangrove reforestation, and coral rehabilitation projects. One of our biggest initiatives is Project 747, which aims to plant over 7 million upland and mangrove trees over 4,000 hectares of land in at least seven provinces nationwide.

Lastly, SMHC's LCWD is near the Angat Watershed Forest Reserve, which protects the drainage basin in the southern Sierra Madre range north of Metro Manila. SMHC completed the planting of over 26,000 trees in Angat, Bulacan together with the town's Dumagat communities. In partnership with the Dumagats, SMHC was able to cover the first 16 of 55 hectares targeted for planting with dipterocarp tree species like white and red *lauan, palosapis, apitong, yakal, guijo*, and other indigenous species such as *bignai* and *narra*. This initiative is part of SMGP's Project 747. Furthermore, we also partnered with Metropolitan Waterworks and Sewerage System (MWSS) to launch an annual Million Tree Planting Challenge to replenish the forest cover of 126 hectares of the Angat Dam Watershed within three years. Under this challenge, our employees have planted 6,400 trees (including 3,200 Narra and Guyabano tree varieties) over 14 hectares at the Angat Dam Watershed since 2019.

In the coming years, we will implement more large-scale changes with both the private sector and the government to help halt biodiversity loss. We will safeguard the well-being of the natural habitats and ecosystems where we operate. We will continue to work with others toward a world where biodiversity is valued and conserved.

In 2022, San Miguel Foods launched a coral reef rescue program to help protect and preserve the rich marine biodiversity of Anilao in Mabini, Batangas, where the company's flour milling plants and grain terminal are located.

Recognizing that coral reefs are a vital ecosystem for life underwater, we identified an area close to Barangay San Teodoro, in the southern part of Mabini, as the pilot coral rescue site. Ten volunteer divers, under the supervision of a marine biologist, transplanted 100 corals at a depth of nine meters. The site is expected to achieve a survival rate of 60% and further contribute to the growth of the fish population.

The site is monitored regularly to measure the program's effectiveness in terms of fish biomass and the number of fish species in the area. As the coral community develops, the fish community and other reef-associated organisms are expected to flourish.

Coral reef rescue

PROJECT 747

Green for good

For four years and counting, San Miguel Global Power, in partnership with its foundation, has been planting over six million upland trees and mangroves nationwide under its flagship environmental initiative Project 747.

The Project is on track to meet its multi-year goal of growing seven million trees across four thousand hectares of degraded forest lands, in at least seven key provinces in the Philippines.

Growing, not just planting trees, is the main determinant of success. Close partnerships with the DENR and local communities—particularly fishers and farmers' groups- are crucial to achieving this.

It is the role of the local DENR offices and community partners to identify indigenous tree varieties to be planted, nurture young trees, and ensure their growth. Through their efforts and SMGP's continued support, survival rates of planted upland trees were at 90%, and mangrove propagules at 89%, as of January 2023.

To date, SMGP has planted 6,527,895 upland and mangrove trees across 2,000 hectares of land, in eight provinces: Albay, Bataan, Bulacan, Davao

Occidental, Negros Occidental, Pangasinan, Quezon province, and Zambales.

The list is expected to grow as SMGP is committed to reforesting areas near its BESS facilities in Albay, Bohol, Cagayan, Cebu, Davao del Norte, Davao de Oro, Isabela, Laguna, Leyte, Misamis Oriental, Pampanga, Pangasinan, and Tarlac.

Across the San Miguel Group, other major reforestation initiatives have been successfully implemented, and continue to this day. These include San Miguel Brewery's long-running "Trees Brew Life" program and similar projects by Ginebra San Miguel, Petron Corporation, and SMC Infrastructure.

Project 747 is by far the most expansive and most ambitious, yet. It targets to rehabilitate 2,800 hectares of upland forests and 1,204 hectares of mangrove forests. Tree varieties used in upland plantations include *narra*, *molave*, white *lauan*, *palosapis, agoho, batino, igang*, and *malabayabas*, while mangrove varieties include *bakawan babae, bakawan lalaki, bungalon,* and *api-api*.

The program is aligned with SMGP's thrust to help mitigate the impacts of climate change by lowering its carbon footprint through this nature-based carbon capture initiative.

Casting a safety net

The Fishnet Assistance Program launched by Distileria Bago Inc. (DBI) is a demonstration of our commitment to fostering sustainable development and uplifting the livelihoods of the FisherFolks Association in Barangay Taloc, Bago City, Negros Occidental.

Since its inception in September 2022, the program has provided members of the community with the opportunity to rent or purchase fish nets to improve their income and secure their financial future. The initiative operates as a revolving fund, with revenue generated being used to acquire more fishnets for the association's members to rent and eventually own.

In just a few months, by December 2022, the program doubled its initial investment, enabling more members to make a steady living from fishing. So far, the program has made a positive impact on the lives of 150 fishermen.

Located along the coastline of Guimaras Strait, DBI recognizes the importance of empowering individuals to build their livelihoods. By providing opportunities for the FisherFolks Association to earn a decent living, we contribute to the growth and well-being of the community.

Taking concrete steps

NCC's Environment Management Policy states, "NCC is committed to fulfill compliance obligations to protect the environment where we operate, for the prevention of pollution, sustainable use of resources, mitigation, and adaptation to climate change, and for the protection of biodiversity ecosystems. We endeavor to improve our environmental performance, taking into account the significant aspects and impacts in our business operations, the needs and expectations of our customers, and of relevant interested parties in achieving our environmental objectives and targets. We pursue improvements to our environmental management system in keeping with our corporate values, anchored on our Vision and Mission, in our desire to become a world-class cement company and a true advocate of responsible mining."

In compliance with DENR Administrative Order No. 2010-21 (the Revised Implementing Rules and Regulations of R.A. 7942, otherwise known as the Philippine Mining Act of 1995), our Environmental Protection and Enhancement Program (EPEP) is a comprehensive 25-year plan, which details NCC's methods and procedures to attain its environmental protection and management objectives over the life of the mine. Following this long-term plan, the Annual Environmental Protection and Enhancement Program (AEPEP) expounds on NCC's plans for 2022, which included the following programs:

Program	Certificate of Approval	Date Issued
Environmental Protection and Enhancement Program (EPEP)	EPEP #019-2000-04	May 09, 2000
Annual Environmental Protection and Enhancement Program 2022 (AEPEP)	AEPEP No. 1—2022	December 17, 2022
Final Mine Rehabilitation and Decommissioning Plan	019-2000-04A	August 23, 2018

1. Establishment of Reforestation Areas.
This includes establishing partnerships with various groups (private sector, the academe, LGUs, and community-based organizations) to conduct tree planting activities and re-green areas that are idle and open. For 2021 and 2022, with the assistance of City Environment and Natural Resources Office (CENRO) Urdaneta and CENRO Alaminos, the company established partnerships with people's organizations. The first is with the NAEVAM Irrigators Association Inc. located at Barangay Nangapuan, San Quintin, Pangasinan, which became the company's partner in the Expanded National Greening Program (ENGP) or Bamboo Plantation Program. NCC established a Satellite Nursery where NAEVAM can store and maintain bamboo propagules until they are ready for planting. NCC's commitment is to plant 126 hectares of bamboo, and as of December 2022, a total of 35 hectares have already been planted. Another people's organization partner is the Villacorta Greenthumb Development Association in Mabini, Pangasinan. The total area for this program is 70 hectares, for which timber, fruit bearing, and bamboo trees are to be planted.

Members of Multipartite Monitoring Team (MMT) validating NCC's environmental compliance. MMT is composed of MGB, EMB and Chairman of NCC's host and neighboring barangays.

Members of *Bangol Canit Ibaloi Samahang Tribu Sa Kaunlaran* propagating fruit bearing and timber wood seedlings in their own nursery.

Amidst the restrictions brought about by the pandemic, NCC celebrated Arbor Day on June 10, 2022 by replanting more than 1,550 assorted fruit bearing and hardwood seedlings within a 2-hectare land located at Purok 6, Barangay Nama, Pozorrubio, Pangasinan. The activity was undertaken with partners from the DENR, the

NCC celebrated Arbor Day and Environment Month through massive tree planting with its employees together with partners from various schools, government agencies, Barangay Government Units, Municipal Governments of Sison and Pozorrubio and Indigenous Cultural Communities.

National Commission on Indigenous People, NCC's host and neighboring communities, indigenous cultural communities, people's organizations, students, and teachers.

NCC also joined the national celebration of Arbor Day on June 25, 2022 by conducting tree planting and officially launching its Arboretum in a 2-hectare property located in Sapid Mini Forest. The Arboretum houses various endemic and fruit bearing trees such as *palosapis, lauan, narra, cacao, balimbing, guyabano,* and *makopa.*

As the development at the Mining Area continues, NCC ensures that topsoil is saved for reforestation. To date, a total of 4,714 MT of topsoil are stored at the stockpile area for reforestation activities and nursery use. Sapid Forest has been an area for various environmental management activities such as seedling propagation and production, seed germination, and hunting of wildings for propagation. A clonal facility, where stem cuttings are used to reproduce seedlings, has been expanded for use in research programs and propagation of citrus fruits and other dipterocarp trees.

NCC also involves local communities in its various environmental programs. This year, the company partnered with *Bangol Canit Ibaloi Samahang Tribu Sa Kaunlaran*, a community-based forest management association located in Barangay Inmalog, Sison, which is one of its neighboring communities. As part of the collaboration, NCC provided the association with the necessary resources, including a nursery and essential tools, to help them establish their own seedling production. In return, the association sells seedlings to NCC for its greening and reforestation initiatives. This mutually beneficial partnership is set to continue until 2026, during which period, NCC will purchase 35,000 seedlings from the association, while the association and its members will earn an estimated income of 1.35 million PhP.

NCC's commitment to environmental sustainability and community empowerment is further showcased by its National Greening Program and Mining Forest Program. From July 2021 to June 2022, NCC successfully planted 15,995 seedlings over 15.4 hectares, as part of its National Greening Program. Additionally, as part of its Mining Forest Program, it planted 200 seedlings over 0.8 hectares during the same period.

2. Water Resources.
To ensure that all water leaving its facility is free from harmful contaminants, NCC continuously maintains all silting ponds, draining canals, and oil and water separators, which are crucial in filtering out any pollutants from the water. Additionally, it regularly conducts clean-up drives along four creeks that receive the discharged water: Buli Creek, Bagutan Creek, Kubuar Creek, and Sapid Creek. To further guarantee the safety of its discharged water, NCC conducts monthly internal water sampling, with results consistently meeting DENR effluent standards. These results are verified through testing carried out by an external DENR-accredited testing center. Moreover, NCC also ensures the proper disposal of all hazardous waste generated during its operations. All hazardous waste is labeled, stored, and disposed properly through DENR-accredited waste haulers, with no chemicals or hazardous waste ever being disposed of in local water bodies.

3. Noise and Vibration.
To ensure that its operations are within the acceptable noise levels according to DOLE and DENR standards, NCC conducts its own ambient noise level monitoring at Sitio Saguitlang in Barangay Labayug and Barangay Inmalog. Furthermore, during blasting operations, NCC works with Delta Earth Moving Inc. to monitor vibration levels using specialized vibrometer equipment. This ensures that the vibrations caused by our operations are within the required parameters, and that any potential risks to nearby communities or infrastructure are minimized.

4. Air Quality.
To control dust and emissions generated during quarry operations, NCC uses water trucks at the Shale and Limestone Quarry to suppress dust generated during blasting operations. Additionally, it employs a vacuum truck to siphon dust along paved roads. Plans are in place to procure a new and more efficient vacuum truck, which will increase the existing equipment's capability. Furthermore, NCC conducts regular emission testing of heavy equipment involved in quarry operations. It also carries out internal monthly ambient air monitoring at all identified sampling points, in addition to confirmatory sampling conducted during Multipartite Monitoring Team visits. All test results have passed and are within the DENR parameters, indicating that NCC's measures are effective in controlling emissions

Java Sparrow, categorized as one of the endangered species, is found within NCC's Mineral Production Sharing Agreement (MPSA).

Philippine Collared Dove, categorized as Vulnerable Species, is seen roaming around NCC. Researchers believe that the surrounding area of NCC provides food.

and ensuring the air quality in the surrounding communities.

5. Conservation Values.
NCC conducts Information and Education Campaigns to raise awareness and establish volunteer programs that foster collaboration between the company and the community in conservation efforts.

6. Environmental Research
a. Inventory of Flora and Fauna
NCC upholds its commitment in identifying, conserving, and enriching biodiversity, as the preservation of flora and fauna is essential for maintaining ecological balance. To develop effective conservation and preservation programs, the company must first determine the occurrence and distribution of the various plant and animal species thriving within the NCC's MPSA. By doing so, NCC can define and implement measures that will help protect these species and their habitats.

b. Siltation Pond Efficiency
Quarry areas are sources of silt and sediments that have the potential to cause adverse impacts on aquatic ecosystems and downstream communities if not properly managed. These impacts can be mitigated through a number of techniques. During quarry operations, silt is often suspended in the water, and if left unchecked, can harm sensitive aquatic organisms. To address this, NCC conducts Siltation Pond Efficiency Research

An Information Education Communication on NCC's environmental performance is conducted to our host community. The activity is headed by Mines and Geosciences Bureau and Environmental Management Bureau of Region 1 and members of Multipartite Monitoring Team.

to assess, evaluate, and monitor the sedimentation rate of all siltation ponds. This research helps the company develop environmental programs and assess the effectiveness of its mitigating measures.

7. Training.
To stay up to date with environmental and mining regulations, NCC regularly enrolls its personnel in relevant training programs. For example, the members of the Multipartite Monitoring Team recently underwent Basic Pollution Control Orientations to update them with current trends in pollution control and enhance their knowledge and understanding of environmental programs, policies, and laws.

NCC's AEPEP, as reported in the 2022 Tenement, Safety and Health, Environment and Social Monitoring Validation, achieved physical and financial accomplishment of 89%, which is higher than the passing rate of 85%. This result demonstrates NCC's commitment to meeting and exceeding regulatory standards for environmental protection, safety, and social responsibility.

GOOD FOR PEOPLE
KALIN

GA

TOTAL EMPLOYEES

50,008

NUMBER OF EMPLOYEES BY POSITION

REGULAR EMPLOYEES
44,027
88%

CONSULTANTS
182
0.4%

PROJECT-BASED EMPLOYEES
5,799
12%

OFFICER
265
1%

MIDDLE MANAGER
1,367
3%

RANK AND FILE
42,395
85%

NUMBER OF EMPLOYEES BY GENDER

WOMEN
13,582
27%

MEN
36,426
73%

NUMBER OF EMPLOYEES BY AGE

UNDER 30 YEARS OLD
18,559 37%

BETWEEN 30 & 50 YEARS OLD
27,504 55%

OVER 50 YEARS OLD
3,945 8%

All 2022 Figures
Percentage to Total Employees

KALINGA

Our Employees

Our employees are integral to the Group's success. They are the driving force behind the Company's productivity and the fountainhead of innovative ideas that improve our various products and services. Our employees help us advance our ESG goals. They identify opportunities to conserve resources, reduce waste, and implement sustainability practices, all of which will ultimately benefit the environment and society as a whole.

As of the end of 2022, SMC's workforce was composed of a total of 50,008 employees (excluding those working in our foreign operations and the companies not in scope of this Report). Of this number, 88% are regular employees, 12% are project-based, and less than 1% are consultants.

Among regular employees, 96% are rank and file employees, the majority of whom are in sales, manufacturing, and logistics. Officers and middle managers together comprise 4% of the total population, indicating a relatively light overhead cost.

Project-based employees are hired for the duration of specific assignments, such as construction projects, and are accorded compensation and benefits aligned to the positions they occupy. Consultants are hired for their specific expertise or knowledge, and generally provide support to the management teams of the business units. They are likewise given compensation and benefits according to the value that they bring to the business.

Male employees account for most of the population at 36,426 or 73% and female employees at 13,582 or 27%, resulting in a 2.7:1 male-to-female ratio. However, among the management team, the male-to-female ratio improves to 1.7:1. The ratios notwithstanding, there is a significant number of women that occupy key leadership positions in every business unit.

Age group 30-50 years old dominates the workforce count with 55% share of total population. The next group are under 30 years old, accounting for 37%, and finally over 50 years old, 8%. Among the management team (officers and middle managers), 56% are from the 30-50 years age group, with the youngest officer aged 35.

SMC added 4,931 jobs in 2022, an increase of 11% in total employment. Most of these new jobs were created by infrastructure and power projects, and expansion facilities in SMFB.

We recognize that our employees' well-being is paramount, and we are committed to supporting them in every way. Thus, we provide a highly comprehensive and competitive remuneration package that includes competitive salaries and healthcare benefits. We also offer a range of other benefits, such as leaves, healthcare insurance, financial assistance programs, and personal and group insurance. Our holistic approach to employee compensation and benefits highlights our dedication to our people. By investing in our workforce, we ensure our employees' health, happiness, and longevity, ultimately contributing to the Company's overall sustainability and success.

The following sections further discuss how San Miguel Corporation nurtures the well-being of its employees.

SAN MIGUEL CORPORATION

174th out of Forbes' 800 World's Best Employers

In its 2022 list of the World's Best Employers, American business magazine Forbes ranked San Miguel Corporation 174th out of 800 global companies that topped its extensive annual survey. SMC was one of only two Filipino firms to make it to the top 200. The survey was conducted in partnership with market research company, Statista.

Statista surveyed 150,000 full-time and part-time employees across 57 countries working for multinationals and institutions to determine which of their employers excel in key areas, such as corporate impact and image, talent development, gender equality, and social responsibility. Survey respondents were asked to score their willingness to recommend their companies to family and friends based on these key criteria. SMC was among the 800 companies that received the highest scores from respondents.

"It is a major honor for us at San Miguel to be included in such a list, and to be ranked within the top 200 in the world, and one of the very best in the Philippines. We are also very proud to stand together with other Filipino companies that have emerged as among the best in the world in advancing the welfare of employees and workers," SMC President and CEO Ramon Ang said.

Human Rights and Labor Practices

ACTIVE CBAs

34

We respect our workers' rights to freedom of association and collective bargaining. In consonance with our values, we have consistently taken steps to maintain a harmonious relationship between labor and management. By the end of 2022, 34 labor unions were active in the SMC Group and approximately 14.8% of the Company's rank and file employees were parties to collective bargaining agreements (CBA).

Each of our subsidiaries has its own Labor Relations unit, which closely coordinates with the Corporate Human Resources - Labor Relations (CHR-LR) department. In line with our commitment to comply with labor and other related laws, we are committed to undertake the following actions:

- Educating employees about and providing copies of the Company's Code of Ethics manual and Employee Handbook, which contain the policies and guidelines governing the duties and responsibilities of every SMC employee;
- Utilizing established communication channels (i.e., labor-management councils, tool-box meetings, townhall assemblies, one-on-one coaching/counseling) in resolving organizational issues, and in case of unresolved matters, activating the escalation protocol to higher management for appropriate decision;
- Promoting active engagement and participation of legitimate labor organizations and their members in all the activities of the San Miguel family; and,
- Ensuring good faith in the exercise of our prerogatives related to employee discipline by adhering to rules-based and fair administrative investigation procedures, due process requirements, and reasonableness in the imposition of disciplinary actions.

To promote a strong culture of compliance, we provide orientation and training for new supervisors on relevant labor laws, rules, and administrative issuances of the DOLE. CHR facilitates seminars and training for new supervisors on the proper interpretation and modeling of SMC's Code of Ethics and values. Additionally, we continue to champion workers' welfare by improving programs to orient new employees on their growth opportunities, improve their quality of life through industry-competitive remuneration, and provide initiatives that will improve their integration into the SMC Group.

With the challenges brought about by the pandemic to workplaces worldwide, we came up with ways to effectively address the issues of our employees through creative means of communication. We utilized virtual meetings and conversations to ensure that no employee was left behind during the global health crisis. Our employees were also given the option to seek redress of any grievances through internal platforms such as email, Viber, and Facebook communities.

In full compliance with the Constitution and other relevant and applicable laws, we have instituted clear policies on protecting human rights and condemning child and forced labor. Likewise, we denounce all acts that encourage violation of human rights and other related laws.

An exemplary Filipino company

San Miguel Corporation was given special recognition for being an exemplary Filipino company by the Department of Labor and Employment (DOLE) for its continuous and sincere efforts to help Filipino employees and workers. The Company was able to support its workforce by hiring and regularizing about 25,000 former workers of its third-party providers, strictly complying with labor laws, and helping over 70,000 in its nationwide network throughout the pandemic. This was done even as the economy and SMC's businesses have yet to fully recover.

In particular, DOLE extolled SMC's successful completion of its Business Reintegration program—where SMC ended its service agreements with third-party providers of non-core, auxiliary operations. It enabled some 25,000 workers to become regular employees with full benefits. The employees are under its newly established Operations and Maintenance (O&M) companies.

SMC's Business Reintegration program, which had been ongoing even before the pandemic, is a clear manifestation of SMC's sincere effort and determination to use its businesses as platforms for positive change and to bring about progress for many Filipinos.

DOLE also cited SMC for institutionalizing its Group-wide Labor Laws Compliance System to ensure and strengthen labor compliance among its businesses and contractors, sub-contractors, suppliers, and business partners. SMC's strict adherence to labor laws and continuous efforts to ensure compliance, not only among its own companies but also from those in its network, is also a manifestation of the company's respect for the rights of all workers and its core value of *malasakit*.

SMC's numerous pandemic response efforts, aimed at helping its employees all over the country cope with the many impacts of COVID-19, also got the Labor Department's nod. Apart from extending various economic assistance programs and implementing adequate health and safety protocols at all its facilities and offices, SMC also invested in putting up its own RT-PCR testing laboratory to ensure continuous COVID-19 surveillance testing of its employees. It also successfully implemented a nationwide "Ligtas Lahat" employee vaccination program, which saw the company hire over 100 medical professionals who were deployed to SMC employee vaccination sites nationwide and to vaccination centers of various LGUs to help with the nationwide vaccination drive. By January 2022, over 97% of SMC's target, 70,000 individuals, were fully vaccinated, with booster administration beginning as early as December 2021.

SMC's DOLE recognition is a testament to the Group's unremitting efforts to help and support its employees, especially amid challenging times. It highlights SMC's respect for the rights of all workers and its core value of *malasakit.*

YOUR

SAMA-SAMA
SA LABAN
WALANG
IWANAN
officialsanmiguelcorp
@officialsanmiguelcorp

Employee Health and Safety

San Miguel has one of the most comprehensive medical benefits programs for employees. Both major and minor illnesses are covered through Health Maintenance Organization (HMO) packages, up to a pre-determined maximum limit depending on the business unit. Medical consultation, medicines and required medical devices may be availed of through the clinics located in each major facility of the Group.

During the pandemic, we made significant investments in deliberate steps to mitigate any possible spread of COVID- 19 in the workplace, including the following:

- Opening of an SMC COVID-19 testing laboratory and engagement of external partners to conduct RT-PCR and rapid antigen testing of employees and third-party providers working in SMC facilities and offices for free;
- Providing sanitation points and disinfection facilities (i.e., handwashing stations, alcohol dispensers, tire and foot baths), as standard fixtures in all SMC offices, plants, and other installations;
- Developing an online application for health and safety declarations of employees; and
- Having Safety Officers stationed at each business unit to consistently monitor and facilitate employee adherence and compliance with minimum health protocols.

PHILIPPINE-BASED EMPLOYEES COVERED BY OSH PROGRAMS

100%

All Philippine-based employees, including regular, project-based and consultants, are covered by the Company's OSH programs. We strive to maintain high standards for safety and health, and consistently work to strengthen a culture of safety in the workplace. Integral to this is the provision of safety and health training for our employees. In full compliance with Republic Act No. 11058 ("An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof"), all our employees undergo a DOLE-prescribed eight-hour OSH seminar upon employment.

Furthermore, we actively seek to go beyond standards prescribed by the government's OSH Administration and the DOLE in relation to general safety and health provisions, drug-free workplace, mental health, and communicable disease prevention, among others. Manuals on Worker Safety Procedures are maintained in each facility. Safety Councils and Safety and Health committees in our business units are tasked to immediately address issues in their respective facilities, including concerns raised by employees. In relation to this, 31 facilities of the Company in Petron, Power, Infrastructure and Cement are accredited under ISO 45001:2018 for their Occupational Health and Safety Management Systems.

We also conduct regular disaster and emergency drills in coordination with the local fire departments, police departments, and the Philippine Red Cross to prepare employees to properly respond in case of emergency situations.

Additionally, our facilities undergo yearly multi-functional audits by our Corporate Technical Audit unit. This group is tasked to provide independent and objective assurance services to improve the operation of the Company's plants and facilities. The scope of the technical audit includes verification of adherence to government regulations and engineering codes, reporting of significant risk exposures and control issues, and communication of scientific and technical information that would help to improve operations and workplace conditions. Findings from these audits are used to address deficiencies, upgrade facilities, and strengthen existing controls and procedures.

Putting People First

San Miguel puts front and center the health and safety of its employees, never more so than throughout the COVID-19 pandemic. Three months after the first nationwide lockdown in March 2020, the company began testing its employees for COVID-19 as part of an extensive plan to reopen its workplaces safely and continue providing essential services to the public. By July 2020, San Miguel's RT-PCR Better World EDSA testing laboratory was fully operational, processing over 1,000 tests a day.

Among those prioritized for testing were line workers and employees in the company's food manufacturing facilities as well as economic front liners and support staff.

By taking responsibility for testing its employees, the company lessened the strain on the national health system, contributing to the government's efforts to test and trace COVID-19 transmission. With fewer cases and a rapidly improving COVID-19 situation, Better World EDSA testing laboratory closed in May 2022. However, San Miguel still continues to conduct regular antigen tests on employees, through a third-party supplier, particularly in the NCR.

The company was also among the first movers and biggest supporters of the government's vaccination program. Our priority was always to create safe workspaces in all our facilities and offices nationwide: to protect our employees and to ensure that our operations would not be disrupted. SMC procured enough vaccines to cover our entire workforce and their dependents, business partners, and SMC support staff.

All told, San Miguel bought over 600,000 doses of Astra Zeneca and Moderna vaccines and donated vaccines and the services of the 160-strong San Miguel Ligtas Lahat medical team to LGUs in Metro Manila and over a dozen other urban centers across Luzon, Visayas, and Mindanao. From July 2021 to January 2022, the company was managing 14 different vaccination centers throughout the Philippines.

Even before company-procured vaccines arrived in late June 2021, the company's medical team had administered close to 180,000 doses at different government vaccination sites.

By the end of August 2021, we had vaccinated over 80% of our nationwide workforce, with more than 56,000 individuals receiving either their first or second primary vaccine doses.

By January 2022, 97 percent of our workforce were fully vaccinated, and we began rolling out the first boosters to the most vulnerable in our population—just in time for the Omicron surge by the early part of 2022.

SMC's Mental Health Support Program for employees was established in 2020, at the height of the COVID-19 pandemic. In line with the Groupwide employee wellness program, it is a proactive response to DOLE's Mental Health Workplace Policy and Program pursuant to Republic Act No. 11036 or "The Mental Health Act." The program started as a series of virtual workshops conducted by one of our program partners, the Ateneo Bulatao Center, about the importance of psychological well-being and mental health. We started with topics such as "Understanding Mental Health," with the goal of normalizing the subject among SMC employees. Lighter topics included "How pets can help relieve anxiety" and "How plants can improve our mental well-being".

SMC took the initiative further by launching the "Arugâ" Program, a Filipino word that translates to "to nurture and provide tender care." This included webinars and information campaigns but was primarily intended to provide access to mental health and psychosocial support services, such as mental health consultation, counselling, psychological and psychiatric services, through a secure online platform facilitated by mental health professionals.

Healthy minds at work

The employee wellness program is guided by the following framework:

MIND: To provide programs and activities that support mental health and well-being by harnessing mindfulness, focus, and resilience.

BODY: To promote physical fitness through programs on nutrition, exercise, rest, and relaxation. (Examples are Taichi and Dance Fitness Fridays).

HEART: To give employees emotional support through programs that encourage self-care, strengthen self-esteem, and nurture a positive mindset.

SPIRIT: To help our employees discover and define what is at the heart of what they value—connecting this to a personal purpose and to SMC's value of *malasakit.*

With this, SMC aims to keep employees engaged and active, enhancing their personal value, not only to the company, but even more to their respective families and communities.

Employee Engagement, Training, & Development

We fully recognize that engagement, learning, and development are vital for our employees to realize their full potential. As such, we strive to provide the requisite competencies and skills for them to succeed in their roles, to increase productivity, and produce a stable pool of talent for future leadership opportunities.

Upskilling and reskilling gained heightened importance in 2022 with the growing shifts in the way business is done. It became an imperative strategy for companies to enhance their learning and development programs to respond to the emerging needs of business.

LEARNING HOURS

593,000

TRAINING HOURS BY JOB CATEGORY

	Total Hours	Ave. Hours / Person
Officer	4,979	23
Middle manager	35,105	29
Rank and file	553,279	13
TOTAL	**593,363**	**14**

TRAINING HOURS BY GENDER

	Total Hours	Ave. Hours / Person
Women	163,381	13
Men	429,982	14
TOTAL	**593,363**	**14**

In 2022, our employees logged a total of over 593,000 learning hours, up by 88% compared to the previous year. Online learning increased when CHR partnered with LinkedIn Learning and Udemy, which allowed training and development to expand its reach Groupwide. Learning administrators in each business unit were trained to do content curation to develop learning pathways in the LinkedIn Learning platform. These learning pathways were assigned to identified employees for completion, resulting in more than 238,000 content completions on the platform. Learning in groups also increased as sessions on the platform were conducted in larger forums to create a sense of community among employees in our plants and sales facilities. Onboarding and learning conversations were made available as well using online collaboration tools such as Microsoft Teams and Zoom.

The development of high-potential and high-performing employees is a particular focus area in SMC. In addition to purposive career paths, coaching and mentoring, there are advanced learning programs where these employees can further hone their skills. These are the following:

- Management Development Program (MDP), run by Corporate HR;
- Leadership and Management Development Program (LMDP), run by the Ateneo Graduate School of Business;
- Executive Management Development Program (EMDP), run by the Asian Institute of Management; and
- ExecOnline, run by globally recognized institutions such as the Columbia School of Business and the University of California Berkeley.

These programs provide leadership development and continuous learning opportunities and have become a laboratory of novel ideas, producing capstone projects that are high-impact and relevant, and promoting themes related to sustainability, innovation, and future of work. Despite pandemic constraints, hybrid learning allowed managers based outside of Metro Manila and from offshore facilities to participate in meaningful learning experiences. Participants were able to collaborate and appreciate the synergies that came out of class discussions, workshops, and case studies. The MDP, which is geared toward high-potential supervisors and team leaders across SMC, has 148 graduates since 2017. LMDP has a total of 23 batches since 2016, EMDP has 3 since 2018, and ExecOnline has one since 2019, for a total of 660 graduates who have completed the more advanced courses. For 2022, the programs produced 120 projects related to San Miguel's sustainability programs such as plant-based butter, and biocoal from spent grains as a source of energy for plant facilities.

Apart from leadership and work-related competencies, programs are also offered for holistic well-being, health, and creative talent development. These are in the form of webinars, individual consultation, interest groups, and even internal competitions.

Finally, we conduct employee volunteer programs that help cultivate an engaged workforce, such as Volunteers in Action program by Petron, visitation to Saguitlang pupils by NCC, and various employee-initiated programs in provincial locations.

Apart from leadership and work-related competencies, programs are also offered for holistic well-being, health, and creative talent development.

Performance reviews are an important mechanism to drive the achievement of business goals and strategic initiatives. Given agreed goals at the start of the year, the employee's performance is rated objectively based on the achievement of these goals by year-end. Also included in the review is an assessment of the employee's strengths and areas for development, as well as developmental plans. For officers, middle managers, and non-unionized rank and file employees, the performance rating becomes the basis for salary increases in the following year. For unionized employees, salary increases are governed by their CBAs; nevertheless, some of them still undergo performance reviews.

PERFORMANCE REVIEW BY JOB CATEGORY

2022	Total No. of Regular Employees	Received Reviews	% to Total
Officer	265	219	83%
Middle manager	1,367	1,165	85%
Rank and file	42,395	20,805	49%
TOTAL	**44,027**	**22,189**	**50%**

PERFORMANCE REVIEW BY GENDER

2022	Total No. of Regular Employees	Received Reviews	% to Total
Women	11,890	7,252	61%
Men	32,137	14,937	46%
TOTAL	**44,027**	**22,189**	**50%**

While performance reviews are expected to be completed for all officers, middle managers, and non-unionized employees, the actual compliance rate is still below standard. Between women and men, a higher percentage of women undergo performance reviews. To facilitate the performance review process, San Miguel piloted the use of SAP Success Factors as its platform for human capital management in 2018 and has progressively increased both the application modules activated and the organizational units migrated to the platform. The goal of HR is not only to attain a comprehensive coverage of performance reviews, but also to enhance its value as a motivational and developmental tool.

Moving forward, one of our imperative development tasks is to raise awareness and build capability for sustainability among our employees across the Group. We are working on a combination of internal and external programs to equip our employees in ESG, including setting up a knowledge platform to serve as a group-wide repository of ESG resources and data and launching employee engagement programs to instill an ESG mindset in our workforce.

Raising the bar

For over a century, SMC has built a legacy of creating world-class products that are recognized globally. To achieve this, the company recognizes that its employees are its most valuable asset, and investing in them is key to excellence, innovation, and quality. That is why SMC has established in-house schools for its employees across various business units to develop specialized skills, keep up with industry trends, and drive innovation.

One such in-house school is the San Miguel School of Brewing, which has been the primary institute for developing future brewmasters, quality assurance professionals, technical specialists, and brewery engineers since its creation in 1975. The school has produced brewmasters and other key technical people, and today, it is an accredited provider for Continuing Professional Development (CPD) of the Professional Regulation Commission (PRC) Councils of Chemical Engineering, Chemistry, Mechanical Engineering, and Electrical Engineering. This means that employees not only gain the knowledge and skills needed to advance their careers but can also obtain necessary CPD credits to maintain their licenses.

San Miguel Foods University, on the other hand, has 16 schools offering more than 100 courses in various fields such as feed milling, poultry and meats live and processing operations, flour milling and applications technology, and basic quality assurance, among others. This in-house school not only allows employees to obtain the necessary knowledge and skills to perform their jobs well and expand their career opportunities, but also offers those in technical professions, such as chemists, chemical, electrical, and mechanical engineers, veterinarians, and food technologists, an opportunity to obtain the required CPD credits from the PRC to keep their licenses. The school has introduced digital learning to provide employees with greater flexibility in accessing educational resources at their own pace, a feature that is particularly useful for employees on manufacturing shifts.

GSMI has also established six in-house schools that cover a range of disciplines, such as manufacturing, sales, logistics, human resources, and liquor making. One of these schools is the Alcohol and Liquor Technology Institute, which focuses on developing alcohol sensory experts and honing employee skills in alcohol making. In 2022, GSMI offered a total of 35 courses with a combined 196 CPD credits. This initiative not only boosts employee morale and skill sets but also raises the bar for the industry as a whole.

In-house schools are not a new concept, but San Miguel Corporation's commitment to employee development and growth sets it apart from the rest. The in-house schools not only foster a culture of learning and innovation but also ensure that its products remain of the highest quality. With SMC's in-house schools, employees can take their careers to new heights, while the company remains at the forefront of innovation and excellence.

Diversity and Inclusion

In SMC's Human Resources Manual, Section 9 on Recruitment and Hiring, it is stated, "All applicants are considered regardless of gender, civil status, religion, or physical ability, provided that the minimum education requirement and competencies required by the position are fulfilled."

We are indeed an equal opportunity employer that hires based on the personal skills, knowledge, and capabilities of each candidate. The following standards of conduct, as codified in our Recruitment Policy, Company Rules and Regulations, and Employee Handbook, guide our hiring process:

- Respect for people: Recognize each other as individuals and commit to nurturing each other's individual capabilities.
- Integrity: Conduct business in a manner, which is ethical, fair, and right, and in all reasonable circumstances, above reproach.
- Manpower selection and placement policy: Base selection process on merits and aptitudes
- Diversity and gender equality:
  - Adhere to Republic Act No. 6725, which protects against the discrimination of women with respect to the terms and conditions of their employment.
  - Observe the Anti-Discrimination Act of 2017, which protects employees from discrimination in all operations.
  - Do not consider age, gender, religion, ethnic affiliations as bases for prospective employment.
- Do not condone the use of child labor, nor practice forced or compulsory labor.

At SMC, we value gender diversity in the workplace. We believe that promoting gender inclusivity not only benefits our employees but also contributes to the success of our business. We know that a diverse workforce brings unique perspectives, experiences, and ideas to the table, leading to greater innovation, creativity, and problem-solving. That is why we have implemented policies and practices that uphold gender equality, such as offering equal opportunities for career development and advancement, providing equal pay for equal work, and fostering a safe and supportive environment that is free from discrimination or harassment. Consistent with this, we fully comply with the Safe Spaces Act (Republic Act No. 11313), which aims to protect individuals against sexual harassment. We stand firm in our commitment to promoting a workplace free from all forms of gender-based misconduct and where everyone feels respected, valued, and protected.

We know that a diverse workforce brings unique perspectives, experiences, and ideas to the table, leading to greater innovation, creativity, and problem-solving.

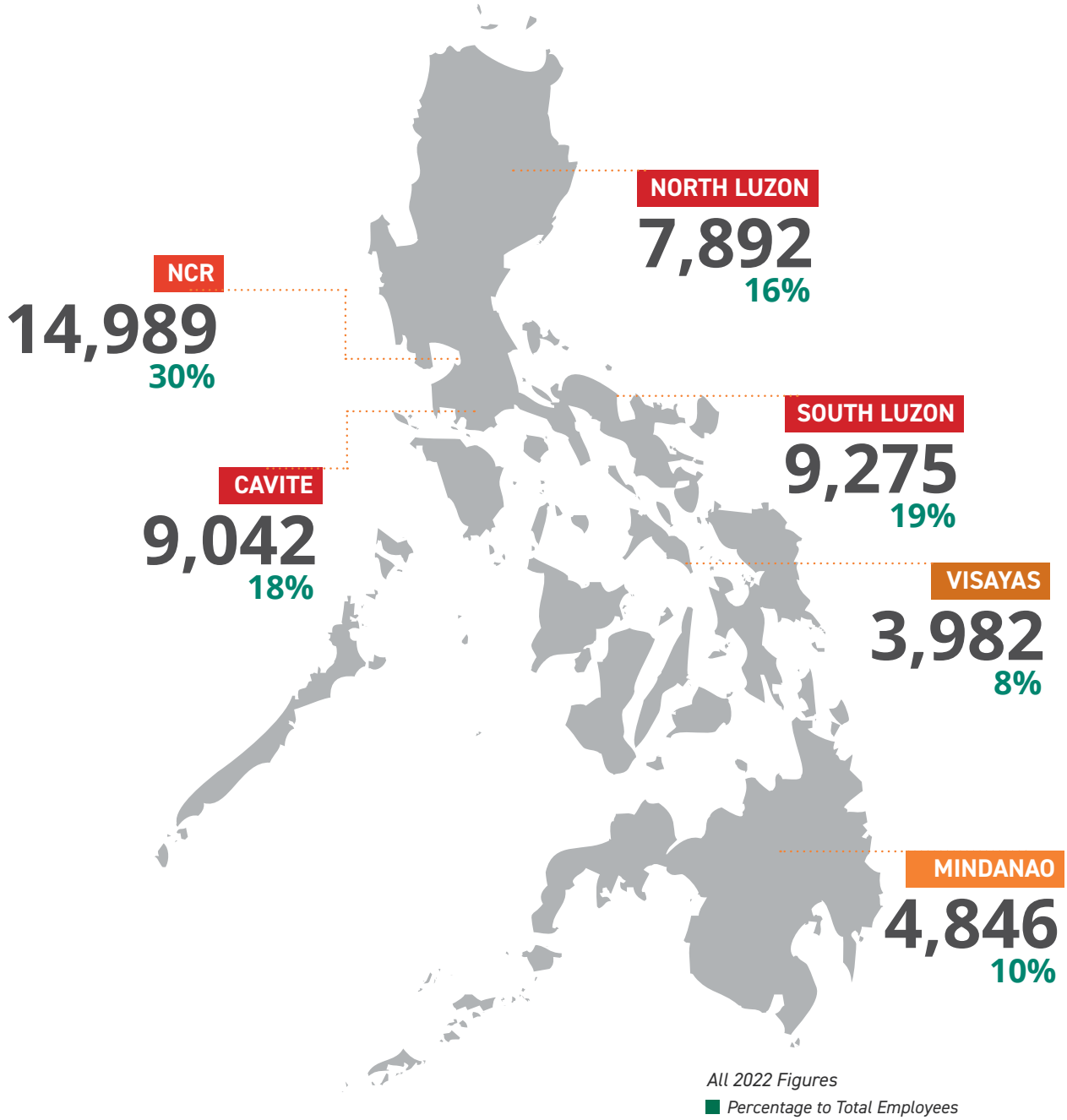
In 2022, there were no reported incidents of discrimination within the Group.

We recruit and reward employees based on merit. We give opportunities to individuals, especially those belonging to our fence-line communities, regardless of their social status. While the Company has no formal hiring policy for ethnic minority groups, we actively support the programs of our subsidiaries for their respective communities.

For instance, Petron's Bataan Refinery gives members of Aeta communities the opportunity to be employed at this facility through an apprenticeship program. A number of members of these communities have successfully finished the training program and have been gainfully employed. This has inspired other members of the indigenous group to apply for similar apprenticeships.

The distribution of work location throughout the different regions of the Philippines generally reflects the Company's size of business in these areas. We recognize the value of onsite presence in each region in terms of better understanding and quicker response to market developments, easier access to local suppliers and direct contribution to local employment. At all facilities and offices nationwide, we prioritize local hiring.

NUMBER OF EMPLOYEES BY WORK LOCATION



All 2022 Figures

Percentage to Total Employees

ABANTE BABAE

Empowerment and agency

A place where women can open up to others, learn, laugh, and, if necessary, heal. That is SMC's Better World Cubao (BWC). We opened the center in March 2022 to create a community where members have access to essential services to help them become empowered 21st-century women.

Our main programs are focused on health, empowerment, and women's recovery. Health consultations are readily available and "Abante Babae" workshops covering diverse topics such as violence against women and children (VAWC), parenting challenges, and gender equality are regularly conducted. Over nine months, we have enrolled over 420 members, ran an estimated 185 classes on health education, and conducted 2,600 workshops on empowerment.

In August 2022, we began offering members free ultrasound services, with socialized costs for extended family and referrals from neighboring barangay health centers.

Our BWC members are proof that we have been able to build a strong sense of community with over 1,600 volunteer hours logged. We have seen how women with different backgrounds are able to come together to create a safe space for themselves and break down barriers of difference, promoting confidence, self- belief, and a sense of belongingness.

Customer Welfare and Responsibility

Across the diverse business units of San Miguel, one of our priority responsibilities is to ensure the health and safety of our customers. This is a cornerstone upon which our brands have built their reputation and gained the trust of consumers. The key elements of our customer welfare and responsibility program vary according to the nature of each business.

For SMFB, compliance with the regulations of the Food and Drug Administration (FDA) is primary. This includes obtaining a License to Operate for each production facility, Certificates of Product Registration, and compliance with mandatory labelling requirements such as product name, manufacturer's name and address, nutrition information, list of ingredients, allergen declaration, serving size, net content, lot/batch number, and manufacturing and expiration dates. If applicable, storage and handling conditions, and directions for use are indicated. Additional label markings such as vitamin fortification, low-calorie, low-alcohol or no preservatives are also validated and approved by FDA. Each business monitors new guidelines released periodically by the FDA and ensures that product development personnel are informed and trained in the required compliance measures.

Prior to releasing products to market, the company diligently conducts assessment of all ingredients used in product formulations, conducts sensory evaluation with respondents matching their target market, and establishes shelf life of each product. Standard parameters of all raw materials, finished goods and packaging are fully documented. Once in the market, samples from each production batch are retained in the manufacturing plant for reference in case of any product complaint that may arise.

For Food in particular, efforts are ongoing to improve the nutritional value of our products. Recent declarations have linked obesity and non-communicable diseases such as hypertension and diabetes to processed food. To address this concern, the Food Group has been working on ways to improve the nutritional quality of its products, including fortification with vitamins and minerals, reformulation to reduce sodium and preservatives, and the launch of plant-based food. The reformulation process is painstaking and iterative as it aims to achieve target nutritional values while preserving the taste that consumers are accustomed to.

The marketing of consumer goods is likewise subject to certain regulations, more so for alcoholic beverages. All the advertising materials released through media and on digital platforms comply with the requirements of Ad Standards Council, a self-regulating organization that aims to safeguard truth in advertising and give paramount consideration to the consumer's interest. This includes a one-second frame at the end of each commercial reminding the viewer to "Drink Responsibly." The same caution is present in all outdoor advertising and merchandising materials. Thus, we do our part not to promote excessive drinking but capitalize on brand equity to promote our products.

For our cement business, NCC follows Philippine National Standards (PNS) in labelling its products. This includes product classification, specification and application, trade name, trademark of the manufacturer, batch identification number, and information on disposal of packaging, which are in accordance with PNS 07:2018, PNS 63:2019, and PNS ASTM C91:2005.

For infrastructure, a Road Safety Audit Report is produced based on two components, data collection and data evaluation. The audited

project (e.g., Skyway, NAIAx, SLEX, TPLEX, STAR Tollway) must abide by several laws and regulations, including those relating to the environment, public health, safety, municipal and provincial requirements, and internal performance standards. Laws that address process safety management, right-to-know issues, or environmental management are examples of governmental controls.

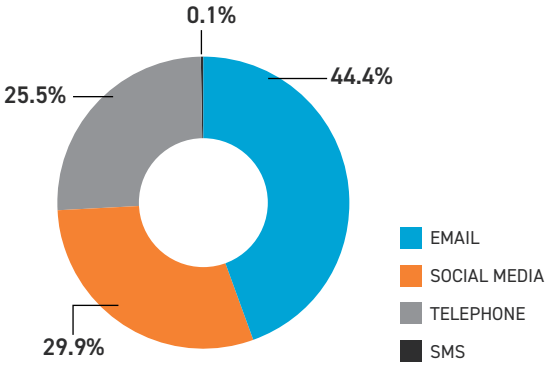
The organization and the Toll Regulatory Board (TRB) jointly inspect the tollways during an initial phase while driving a van equipped with a dashboard camera. TRB then reviews the video footage to assess the requirements for signages, their proper placement and categorization, the presence of hazardous items, and other safety-related issues. Through these parameters and procedures, the organization can then ensure safer and more convenient road use for motorists.

The Company's commitment to deliver quality products and services, and not cause any harm to people and the environment, is demonstrated by its ISO and Food Safety certifications, of which there were 134 installations with valid certificates as of the end of December 2022.

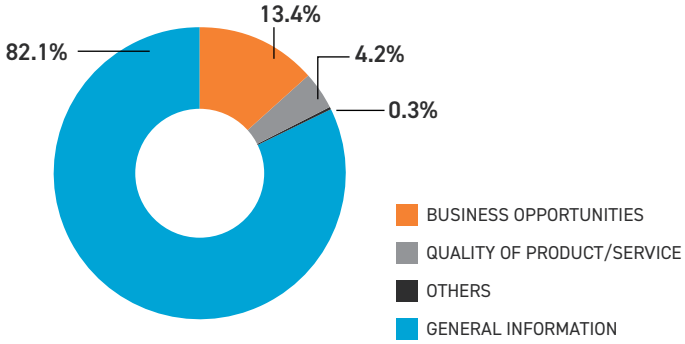
STANDARD	DESCRIPTION	BUSINESS UNITS COVERED	NO. OF CERTIFICATIONS
ISO 9001:2015	Quality Management Systems	SMFB, Packaging, Petron, Power, Infrastructure, Cement	58
ISO 14001:2015	Environmental Management Systems	SMFB, Petron, Power, Infrastructure, Cement	38
ISO 17025:2017	Requirements for the Competence of Testing and Calibration Laboratories	SMFB	1
ISO 22000:2018	Food Safety Management Systems	SMFB	1
FSSC 22000v5.1	Food Safety System Accreditation	SMFB	15
HACCP	Hazard Analysis Critical Control Points	SMFB	14
GMP	Standards for Good Manufacturing Practices	SMFB	15

Gathering and addressing product complaints is another essential element in ensuring customer welfare. The Company has a Customer Care Hotline +632 8632-2000 which is staffed by SMITS subsidiary, ProSync. We have a San Miguel Corporation Facebook page, various Facebook brand pages, company websites and email addresses through which customers and other individuals send in complaints, inquiries, and other feedback. ProSync sorts the information and sends these to the respective contact persons in charge of each business. We also employ social media monitoring tools to track any issues or posts mentioning San Miguel or our brands.

COUNT



TYPE OF TRANSACTION



Customer complaints about food, in particular, are managed by Quality Assurance specialists following a standardized procedure, with the goal of resolving them within 24 hours. In addition to their technical knowledge about the products, the specialists are given soft skills training to listen, empathize, and properly interact with customers. An escalation protocol is defined should it be necessary to involve levels of management to settle issues. The organization appreciates that customer complaints and feedback are opportunities to identify areas for improvement and further strengthen food safety controls in place.

VEEGA meat-free products

Health consciousness increased significantly during the pandemic. With products already in development for a few years prior, the heightened consumer awareness provided an impetus for The Purefoods-Hormel Company, Inc. (PHC) to launch plant-based food to offer consumers a line of delicious, easy-to-prepare and fully cooked alternatives to processed meats. Taste and affordability were the primary considerations, qualities that are not normally associated with plant-based meals.

PHC's plant-based food line is sold under the brand, Veega. The products are manufactured locally using wheat, soy, mushroom, and egg, with no preservatives added. The initial offering included five variants namely, meat-free balls, burger patties, sausages, nuggets, and *giniling* (ground meat). This was later expanded to include a vegan native line of adobo flakes, tapa, and tocino as well as vegetarian ready-to-eat viands bulgogi and spicy soy garlic balls. Hence, whether a consumer is a fully committed vegan or a flexitarian looking to incorporate healthier meals in his diet, there is something that Veega has to offer.

Veega products are available in most supermarkets, convenience stores and quick service restaurants, where it is a mainstay of healthy meals from meatless pizza to healthy nachos, salad, and pasta.

Raised without antibiotics

When it comes to the safety of its consumers, San Miguel Foods, Inc. (SMFI) adheres to a strict policy of raising its Magnolia chickens without antibiotic growth promotants, beta-agonists, hormones, or steroids. These are basic and absolute, inflexible rules of SMFI to guarantee the health of its chickens but more importantly, the safety of its consumers.

Vaccines are given to day-old chicks at the hatchery to protect them against disease. No injections of hormones or any other chemicals are given to the broiler chickens at the farms from start to harvest. In cases when antibiotics are needed for treatment, animal-only antibiotics are given under close supervision by a licensed veterinarian. An appropriate withdrawal period is strictly enforced to ensure no antimicrobial residue is present in the meat.

The living environment plays a key role in ensuring that the chickens are in good health and protected from diseases and other stressors. The company's farms use Controlled Climate Systems, environmentally controlled facilities that are maintained at five to seven degrees cooler than outside temperature. Chickens are given access to quality feeds and clean water 24/7.

By keeping the ambient temperature at an ideal level for the chickens, controlling humidity, and utilizing automated feeding and watering equipment, chickens are raised in comfortable and stress-free conditions, compared to conventional open-sided houses. Closed houses also provide better biosecurity, keep wild birds out, and protect the flock from diseases.

Don't pass the salt, please

In 2019, the Food and Nutrition Research Institute under the Department of Science and Technology reported that nearly two out of 10 Filipino adults aged 20 and above suffered from elevated blood pressure. One of the risk factors contributing to this condition is the intake of too much sodium in the diet, often attributed to eating salty foods.

In response to this development, San Miguel Foods launched its Corporate Nutrition and Sustainability Guidelines in 2020 to improve its products' nutrition profile and set the landscape for inclusive and sustainable nutrition in the country. Given the World Health Organization's recommendation of 2,000 mg per day intake of sodium for adults, the Food Group set out its sodium threshold to 667 mg per serving of processed meats and processed dairy products.

The guidelines put a formal structure to sodium reduction efforts initiated as early as 2007. With the Filipinos' penchant for *patis* (fish sauce), *toyo* (soy sauce), and dried fish, many of the Company's processed meat products catered to this flavor profile. It was a challenge to reformulate products without significantly changing its taste. Moreover, as salt is a preservative, reducing it would also affect shelf life.

Among the early achievements was a 25% sodium reduction for Purefoods Fun Nuggets using a salt replacer technology. Since then, nine more products have been reformulated to reduce sodium content by 25% to 40% through a direct reduction of salt. These are Purefoods Pork Katsu, Purefoods Chicken Katsu, Higante Chicken Franks with Cheese, Tender Juicy Cheesy Spaghetti, Tender Juicy Cheesy Pizza, Purefoods Deli Spicy Pepper Beef Franks, Purefoods Chicken Sisig, STAR Corned Beef, STAR Corned Beef Chunky Cheese, and Purefoods Classic Honeycured Bacon.

The Company continues to improve the nutrient profile of its products in line with its commitment to responsible food production.

Purpose in a bottle

The role of beer is deeply embedded within a culture that "it acts like a window into who we are as individuals and as members of larger social groups, and in so many ways shapes the cultural norms and hierarchies that pattern the society around us." (Wilson & Stone, 2022).

In the Philippines, beer is among the most celebrated alcoholic beverages, with 2.1 billion liters consumed annually*. New trends have been introduced in recent years, such as concoctions with experimental flavor profiles to accommodate the ever-changing consumer lifestyles. Still, the role of beer as the cultural glue that drives social discourse remains the same.

Ahead of the curve was San Miguel, recognizing early on the importance of beer in the social space. SMB launched in 1999 as the country's first low-calorie beer for consumers who loved to drink but disliked the bloated feeling after a night out. San Mig Light (SML) was a breakthrough in the local scene, its tagline, "Sa mahaba-habang usapan, San Mig Light," resonated deeply with the emerging drinker profile of that era.

San Mig Light would become the most visible brand in bars and gastropubs over the years, emerging as the drink of choice among young, upwardly mobile drinkers. The brand became associated with what was "present and happening," Eventually, SML would pivot into spaces where it could align with social causes. In 2017, the brand tapped into a growing inclusivity awareness among Filipinos through a campaign featuring women in male-dominated fields such as aviation, firefighting, and biochemistry. Taking the creative direction a notch higher, the brand executed podcasts and mounted round-table discussions nationwide with key opinion leaders to kickstart conversations on inclusivity and empowerment.

San Mig Light conversations have progressed beyond promoting a product and into the realm of purpose. It seeks to influence important discussions that challenge the status quo and bring up issues that people might be hesitant to talk about. This way, the brand aims to contribute to shaping a better culture.

The impact of its 2017 campaign would garner San Mig Light a win at the Asia Pacific Tambuli Awards—a recognition given to brands able to seamlessly integrate creativity and results with positive change.

The brand's messaging has evolved over the years, from simply promoting the beer's 100-calorie content, to conversations all day long, to driving conversations relevant to today's society. In so doing, the brand has been able to communicate its values not just for San Mig Light but for the entire San Miguel brand.

SML has successfully shifted its value by immersing itself into our cultural fabric, becoming an emblem of the socially conscious Filipino.

*Source: United States Department of Agriculture

Community Engagement

At San Miguel, we do not see strategy and CSR as separate. Our overarching value, malasakit, is actionable and sustainable. At the heart of the relationship between our businesses and society is not just the charitable and philanthropic deeds that we do, but business activities that are aligned with social issues. From the roads and power plants we build to the food and drink we put on people's tables, our projects support the basic needs of the Philippines as a developing economy.
The Company's social development arm, San Miguel Foundation, was established in 1972, and in the 50 years since, the Foundation has run a wide range of projects and activities in areas such as environmental stewardship, community and livelihood development, housing, education, nutrition, health, and disaster relief.

San Miguel has always been a vital first responder in times of crisis and natural disasters. Over one billion pesos went toward housing the homeless following Typhoon Sendong in 2012 and Typhoon Yolanda in 2013. Since then, San Miguel has demonstrated the same quick response in the face of calamity, donating millions of pesos in relief goods and mobilizing to help communities get back on their feet. The most recent example of its CSR efforts was in full evidence during the pandemic. Between 2020 to 2022, San Miguel donated close to 530 million PhP in food donations, and almost a billion pesos in medical donations alone.

As a company that prides itself in being a contributor to national development on the macro level, San Miguel is present at the micro level through the Foundation. Like its parent, San Miguel Foundation has taken a problem-solving approach to address important social issues. Its key aims are closely aligned with the company's social development agenda: lifting Filipinos out of poverty and strengthening community and national resilience.

Having deliberately moved away from the traditional philanthropic model of the last few decades, the foundation has tried to take a context-focused approach to corporate giving that has a greater chance of producing social benefits far exceeding those provided by individual donors or traditional foundations. In solving social problems, specifically in helping communities tackle barriers to participation and progress, the Foundation collaborates closely with government agencies, international and regional organizations, and other non-governmental actors.

A big part of our sustainability thinking is trying to understand society's big problems, and how our businesses can play a part in solving them.

Our incubators for social change, San Miguel's Better World sustainable communities make use of idle, abandoned, and vacant properties and repurpose them for community and civic uses such as green space, learning centers, and health care facilities. Most important, through committed, long-term community engagement, we are able to encourage greater civic capacity, and give the economically disadvantaged a voice in their community's future.

Better World Tondo, San Miguel's first community center, focuses on food waste, hunger, and improving learning outcomes. Member families are provided free meals and weekly groceries and after-school learning tutorials.

When public schools closed during the pandemic, our afterschool program run by the Foundation's partner AHA Learning Center innovated to keep kids safe and engaged, expanding their hours and services to help children cope with the challenges of distance learning. AHA also provides its expertise in social-emotional learning and trauma-informed care to help our students (and their parents) recover emotionally.

Local community engagements

Program	Project	2022 Coverage
Education	Scholarships	2,844 students
	Short-term courses	25 students
	Brigada Eskwela	88,800 students
		120 schools
Health	Community clinics	1,284 patients
		11,359 consultations
		8 clinics
	Feeding	76,962 meals
	1,000 Days project	340 patients
	Medical missions	9,000 patients
		9 areas
		200 hygiene kits per person
Enterprise	Livelihood assistance	74 persons
		6 areas
		11 people's organizations
Housing	Housing and water provision	280,359 houses
Infrastructure	Road access	19,644,794 vehicles or motorists
Arts and culture	Showcase	11 artists
Environmental	Restoration & conservation	58 sites
	Coral rescue program	100 square meters
		25 species
		25 kilo biomass
Better World Tondo	Membership services	1,800 persons
		365 families
		194 students
Better World Cubao	Membership services	665 women
Better World Diliman	Farmer's produce program	4,500 farmers

The impact of COVID-19 had acute effects on women, including a rise in gender-based violence amid lockdowns, women's loss of economic security, and increased demands in the home that fall largely on women.

Designed to be a safe space for women and mothers in nearby communities—a place where they can share their stories and silent struggles and find the support they need—Better World Cubao H.E.R. (Health, Empowerment, Recovery) Center is the Foundation's newest Better World initiative. San Miguel Foundation and AHA have developed a comprehensive approach to women's overall health and well-being, empowering women to advocate for themselves and one another.

As we see it, each of San Miguel's Better World initiatives helped build communities where values and citizenship, and participation matter—where people can hope for a better life and be self-propelled to seek it.

One of the keys to ending hunger and poverty in both rural and urban areas is to enhance linkages. Launched in February 2021 as a response to the disruption in supply chains, Better World Diliman serves as a ready marketplace for fruits and vegetables rescued by our partner Rural Rising.

As of June 2022, we have rescued 950,000 kg of produce and helped some 4,500 farmers throughout the Philippines. Apart from food rescue, Better World Diliman provides training and access to farming inputs and other resources to promote resiliency in the face of disruption and market shocks.

Another of San Miguel's flagship community programs is the School for Experiential and Entrepreneurial Development (SEED) Sumilao through which we strive to promote the welfare of agricultural communities while helping ensure food security. Through a partnership with SEED Philippines, we hope to raise the next generation of farmers and agri-entrepreneurs. Farmers and farm workers are undervalued in our society, driving away many of those who might otherwise be attracted to agriculture. SEED Sumilao adopts a holistic approach to teaching through classroom instruction, hands-on learning, and enterprise development. Students take on a raft of courses that center around character development, enterprise management, communications, and farming technology. During the pandemic, the school's focus shifted given the urgent need to strengthen local food production and create more resilient and reliable food systems.

Health is another major focus area for San Miguel. Through a network of community clinics, San Miguel continues to provide its host communities with better access to healthcare services. Every year, over 1,200 individuals benefit from healthcare services offered for free at San Miguel Brewery community clinics in Valenzuela, Pampanga, Davao, and Cebu, San Miguel Mills' community clinic in Batangas, and the Petron Community Health Center in Pandacan and Bataan.

These clinics, though small in scale, provide specialist care, particularly for patients with diabetes, tuberculosis, and other cardiovascular diseases. San Miguel, through the San Miguel Foundation, also runs regular medical missions and outreach programs in far-flung communities where basic healthcare services are wanting.

Another long-running, high-impact initiative of the Foundation is its First 1,000 Days project for mothers and babies, a health and nutrition intervention program starting from the mother's conception up to the child's second birthday. The program, spearheaded by San Miguel's Food group, aims to address the wasting and stunting of Filipino children by focusing on an infant's growth trajectory, providing nutritious food, promoting healthy routines and behaviors, and reducing health disparities among vulnerable children and families.

During the pandemic, guerrilla gardening initiatives became relevant as urban farming programs. Backyard Bukid is a 1,000-square-meter, volunteer-led farm located at the Company's headquarters in Mandaluyong City. The training was provided by San Miguel Foundation partner, SEED Philippines, to SMC maintenance and support staff, prioritizing organic farming methods and the production of valuable edible crops. Whatever produce is grown on the farm augments their families' daily dietary needs or allows them to earn extra income. In 2022, Backyard Bukid's volunteer farmers harvested 15 crops from okra and string beans to romaine and kale. The total harvest amounted to 475 kilograms of vegetables, with 17 member volunteers earning 4,000 PhP each over three harvests.

Seeding Self-sufficiency

Better health, stronger communities

The ambition to deliver more and better health services in the community is not new, but for a company whose portfolio of businesses does not extend to health services, San Miguel nevertheless has invested heavily in a network of six clinics in its fenceline communities throughout the Philippines: three of which are in Luzon (Valenzuela, Pampanga, Batangas); two in the Visayas (Bacolod and Cebu); and, one in Mindanao (Davao del Sur).

Managed by San Miguel Foundation in close coordination with the barangay health office, our community health services provide support across a range of needs and age groups and are most often used by children, older people, or those living with chronic conditions such as diabetes or heart disease.

SMC's clinics in San Fernando, Pampanga are secondary clinics specializing in lifestyle-related diseases. The remaining four are primary health clinics. Barangay health workers identify and endorse patients, and the clinics serve as one-stop service outlets for health, family planning, and nutrition, focused on comprehensive preventive, basic curative health services, and health education. Our clinics have earned the local community's confidence, evidenced by ever-increasing utilization. In 2022 alone, close to 900 patients were served across all six clinics resulting in 8,705 visits.

While figures in the Philippines are not readily available, it is estimated that 25% to 30% of the food that passes through our kitchens goes to waste.

This is one of the major motivations behind Better World Tondo (BWT), San Miguel's first Better World community center. Located at the epicenter of communities marred by hunger and grinding poverty, the community center primarily focuses on food waste and hunger, while also acting as a learning center that works at improving academic outcomes. Together with the hunger relief organization, Rise Against Hunger Philippines (RAHP), we distribute food that would otherwise be destined to a landfill to society's most vulnerable, where a day's meal consists of food scraps collected from a nearby dump.

Since opening in 2019, BWT has received donations worth roughly 87 million PhP. Over a three-year period, the estimated amount of food diverted from landfills donated by San Miguel is 1,768 MT. In 2022 alone, BWT received over 85 MT of food and beverage products from various companies, enough to feed 23,455 families and serve 76,962 meals.

In addition, as RAHP manages a national network of redistribution charities, SMC is also able to provide surplus food to urban centers in Visayas and Mindanao.

Food Rescue

KASAGA
GOOD FOR PROGRESS

NAHAN

Sustainable Supply Chain

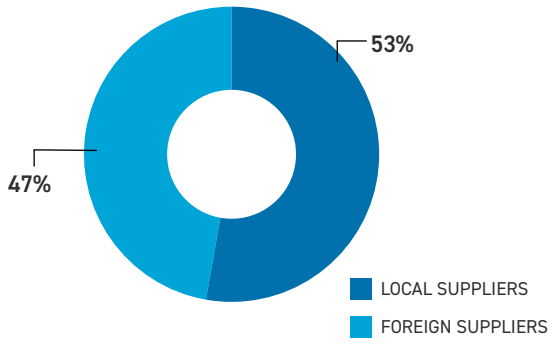
It has been said that without the last UN SDG, SDG:17 Partnership for the Goals, achieving the other 16 goals would be impossible. Forging transformative partnerships and collaborations is vital in unlocking the greatest possible impact from sustainability initiatives. It creates multiplier effects and even makes possible a systems-level reset—feats that can never be achieved by going at it alone.

In San Miguel, we strive to form positive alliances outside the four walls of our business, first within our ecosystem of suppliers. We regard our suppliers as partners in value creation and work with them in full trust and transparency. We believe that a genuine alliance with our suppliers will help us tackle industry-wide challenges, innovate, and test new technologies together, and overall find opportunities to improve lives.

To form a truly beneficial partnership, our suppliers and we help each other elevate our individual sustainability journeys by instituting initiatives that inculcate ethical and sustainable practices in our end-to-end supply chain.

Supporting Local Businesses

As one of the Philippines' largest and most diversified conglomerates, we have more than 100 major facilities all over the country and the Asia Pacific. As such, we need a steady and reliable supply of raw materials and services for our businesses to run optimally.



TOTAL SPENDING ON LOCAL SUPPLIERS

200.5
Bn PhP

In 2022, we spent 53% of our total procurement budget on local businesses, representing 200.5 billion PhP in local spending. By sourcing locally, we hope to provide a big boon to the local economy, especially to our host communities and our fellow Filipinos. We intend to build capacity at the grassroots level and create more partner businesses that will grow and thrive with San Miguel. Lastly, by tapping local suppliers, we aim to help the environment through reduced emissions and energy usage by eliminating shipping and storage associated with importation.

On Course for a Fully Ethical and Sustainable Supply Chain

To succeed in building a more sustainable supply chain, we have laid the groundwork for corporate governance in our procurement practices. We have established a group-wide Procurement Policy Manual that promotes the adoption of good governance principles among our suppliers and advances ethical principles throughout our supply chain.
Our Corporate Procurement Group centrally manages supplier accreditation for all our business units, except for Petron, which separately manages its supplier accreditation. Our supplier processes ensure superior quality, cost efficiency, and timeliness of delivery of materials and services to our various facilities.

More recently, in 2022, we took the opportunity to further embed ESG principles in our supply ecosystem by enhancing our Supplier Code of Conduct. The updated Code of Conduct underlines our strong commitment to doing business in an ethical, legal, and environmentally and socially responsible manner. It applies to all our suppliers,

personnel, agents, subcontractors, and entities engaged by our businesses to provide goods and services.

Apart from addressing compliance with anti-bribery, anti-fraud, data privacy, and fair-trade standards, our Supplier Code of Conduct has enhanced sections on environmental, occupational health and safety, and labor practices.

On environmental practices, we ask our suppliers to continually look for ways to minimize consumption of energy and resources and the generation of GHG emissions and waste in their businesses. We also require them to comply with environmental laws and regulations applicable to their operations worldwide.

On occupational health and safety, we urge our suppliers to provide a safe and healthy working environment for all their employees that includes appropriate training, a system for reporting injury and illness, medical treatment for any injuries sustained at work, and clean and safe facilities. Furthermore, we mandate our suppliers to comply with all relevant local and national laws and regulations such as DOLE's OSH requirements.

On labor practices, we expect our suppliers to treat their workers fairly and with respect and dignity. Our suppliers must comply with laws on forced labor, child labor, human trafficking and slavery, and minimum wage, to name a few. We also encourage our suppliers to exercise due diligence in selecting their own suppliers and subcontractors in order to ensure responsible sourcing throughout the supply chain.

The Supplier Code of Conduct is an important element of our supplier accreditation process. We ask our suppliers to study and agree to the Code of Conduct as a pre-requisite to registration. By virtue of this, no suppliers of SMC were identified as having significant risk of incidents related to child labor or exposing young workers to hazardous working conditions in 2022.

In San Miguel, we strive to form positive alliances outside the four walls of our business, first within our ecosystem of suppliers. We regard our suppliers as partners in value creation and work with them in full trust and transparency.

Going forward, we will request our suppliers to fill out a sustainability checklist, which is a comprehensive questionnaire on social accountability and environmental management.

To read more about our Procurement Policy Manual and Supplier Code of Conduct, please visit SMC's company website: https://www.sanmiguel.com.ph/page/company-policy.

Achieving a fully ethical and sustainable supply chain is a journey and demands constant engagement with our suppliers. In 2022, we conducted an initial engagement with the top 20 suppliers of each of our business units to survey their ESG performance, a total of 263 unique suppliers in all, accounting for 18% of spend. It is noteworthy that more than 52% of 188 respondents have external certifications such as ISO 14001: Environmental Management Systems.

In the coming years, we intend to do more. For 2023, we have set a target of over 500 suppliers (all top suppliers of SMC and accounting for over 50% of the total procurement spend) with whom we will have regular dialogues on ESG to help raise their sustainability performance for everyone's collective benefit.

Changing the landscape for corn farmers

The stories of struggle, risk, and worries of over 122 corn farmers across the country sounded all too familiar as the Company engaged them in consultation meetings. The meetings were meant to introduce them to a new way of doing business — a direct corn-buying program of SMFI that would bypass their usual channels.

As corn is one of the key ingredients of animal feeds, and with the continuing expansion of the Company's feed mills, the direct buying program is as essential to the Company's feeds business as it could be for the farmers themselves. With global feed commodity prices reaching unprecedented highs in 2022, local corn supply became more critical than ever, but a stalled economy at the end of the pandemic did not provide farmers enough capital to expand their output.

The program required a lot of pre-work, with the procurement and agribusiness development groups conducting interviews and profiling studies to determine the various parameters in corn farming. Eventually, partnerships with farmers were established and the program took off.

The program yielded better margins both for the farmers and the Company. As payment for the harvest is deposited directly to farmers' bank accounts within 2-3 days of delivery, farmers are able to immediately recover their costs and have cash available for other expenses.

During the first year, San Miguel Foods purchased over 35,000 MT of corn. As the program continues to expand, so do stories of corn farmers bouncing back from huge debts incurred during the pandemic. Today, farmers involved in the program are more liquid and better prepared for any crisis. Some were even able to purchase their own delivery trucks and more equipment. With the improvement in their quality of life, these farmers have encouraged their families and other farmers to join the program and enjoy its benefits.

Growing Hope

"Ako po ay dating OFW sa Saudi, nagsumikap po akong makabili ng sariling lupa. Nang nakaipon, nagdesisyon akong umuwi at makasama na ang aking pamilya."

Samuel Lago
Corn farmer for 25 years

"Noong 1996, ako nagsimulang magtanim. Simula noon, naranasan ko na ang iba't-ibang suliranin sa pagsasaka, katulad ng madalas na pagbagyo, mga insekto sa pananim, kakulangan sa imbakan or storage, pagpapatuyuan ng mais, madalasang pagbabago ng teknolohiya sa pagtatanim, mataas na gastusin sa pananim, mahirap na daanang farm to market roads, at ang hirap sa pakikipagtransaksyon sa mga buyers na madalas pang manipulahin ang presyo at timbang na kulang pa na pangpuhunan at kapital. Sa pag-asam ko na mapaunlad ang aking mga kagamitan sa pagsasaka nagkaroon ako ng mga utang na naging dahilan upang makontrol na ng aming pinagkakautangan or financier ang mga binebenta naming mais. Sa mababang halaga na lamang naming ito naibebenta at minsan pa kahit konting dumi lamang ay mas lalo pang binababaan pa ang presyuhan sa amin.

Naging iba ang ihip ng hangin ng makausap ko at makilala ang isang tauhan ng B-MEG na nagpaliwanag sa akin ng programang ito. Hindi ako makapaniwala dahil bilang isang simpleng magsasaka hindi ko maisip na makakapagsupply ako sa pangarap kong kumpanya (SMC). Ako'y nagagalak dahil sa 25 years kong pagsasaka ay makararanas na din ang aking pamilya ng kapanatagan at kaginhawaan.

Marami pang magandang naidulot sa aming mga farmers ang pakikipag-ugnayan at pakikipagtransaksyon sa San Miguel Foods/B-MEG. Una po rito ang kasiguraduhan ng presyo ng mais. Kampante po ako na hindi magkakaroon ng iregular or biglang pagbaba ng presyo ng aking mais. Pangalawa, ang maayos at tamang pagtitimbang at pagsusuri ng kalidad ng aming mga mais. Pangatlo po ang mabilis na transaksyon at pag-galaw ng aming mga mais.

At ang panghuli, bilang isang farmer dinanas naming madalas mabaon sa utang at mabigyan ng di makatarungang pagpresyo sa aming mga mais. Ngunit dahil sa B-MEG nagkaroon kami ng kapanatagan ng isip at motibasyon na ipagpatuloy ang pagtatanim.

Sana po ipagpatuloy ninyong suportahan ang maliliit na farmers na katulad namin. Maraming salamat."

Business Ethics and Compliance

San Miguel Corporation stands firm in its commitment to the highest standards of integrity, fairness, and honesty in all of its business affairs. Upholding these principles is not just a matter of good practice, but a fundamental pillar of the Company's success. We believe that to build a truly sustainable enterprise, a culture of good governance must permeate throughout all levels of the organization. Thus, we have implemented policies and programs that promote ethical business practices. At the heart of our efforts is our Manual on Corporate Governance, which serves as a comprehensive guide to implementing and institutionalizing the principles of good governance throughout the entire San Miguel Group.

Pursuant to this, we also established a Corporate Governance Committee, which is responsible for overseeing the implementation of our corporate governance framework, ensuring that the policies and procedures remain relevant, and periodically evaluating the performance of the Board and executive management.

DIRECTORS AND OFFICERS TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES WERE COMMUNICATED

100%

Our dedication to good governance is further evidenced by the requirement that the Board of Directors and key officers attend continuing training on corporate governance, including courses on developments in business and regulatory environments and emerging risks relevant to the Company. First-time Directors receive orientation on their duties and responsibilities, covering SEC-mandated topics on corporate governance, and an introduction to the Company's business, Articles of Incorporation, and Code of Business Conduct and Ethics.

Our Code of Ethics and Conduct reflects our unwavering commitment to ethical business practices, fair dealings, respect for trade secrets and confidential information, and the responsible use of Company funds and assets. Our Compliance Officer ensures that the Code of Ethics is properly disseminated to all directors, senior management, and employees. Furthermore, all employees are provided with a copy of the SMC Employee Handbook and are required to acknowledge receipt of the same. By acknowledging, employees state that they understood its contents and commit themselves to comply with the items contained therein, including SMC's core purpose and values and the policies governing the Company's activities.

We also have policies in place to promote proper business conduct. Our Whistle-blowing Policy encourages our employees, suppliers, and other stakeholders to report any suspected wrongdoing within the organization. This policy protects informing employees and others from retribution or retaliation by ensuring confidentiality. All bona fide cases are investigated, and if necessary, audited. Critical concerns are communicated through the proper channels, and if they are related to anti-corruption, then they are referred to the Audit Committee of the Board.

Under our No Gifts Policy, we ask our employees not to accept personal favors or gifts from individuals or entities doing business with the Group, including in matters of hiring and awarding of contracts. Transactions with the government and regulators are done with the highest level of transparency to foster trust with our stakeholders.

We have a Conflict of Interest Policy that requires all directors, officers, and employees to disclose any potential conflicts of interest. The expectation is that employees' actions are made in the best interest of the Group.

Under our No Gifts Policy, we ask our employees not to accept personal favors or gifts from individuals or entities doing business with the Group, including in matters of hiring and awarding of contracts. Transactions with the government and regulators are done with the highest level of transparency to foster trust with our stakeholders.

Furthermore, we prioritize the protection of sensitive information through our Information Security Management System. By carefully classifying and managing information, we are able to protect data against theft, cyberattacks, and other forms of malicious activity. At the same time, we recognize the importance of transparency and collaboration with our stakeholders, and we classify information as public to ensure that the right people have access to the right information.

At San Miguel, our dedication to good corporate governance is not just a matter of good practice — it is a fundamental pillar of our success. Our efforts to promote responsible and ethical business conduct, through our policies and training programs, serve as a testament to our commitment to excellence in all aspects of our business operations.

In 2022, there were zero reported incidents of corruption in the Group. Moreover, there were no legal actions regarding anti-competitive behavior and violations of antitrust and monopoly legislation that were pending or completed during the period.

Our Manual on Corporate Governance, Code of Ethics and Conduct, and other policies are found on SMC's company website at https://www. sanmiguel.com.ph/page/company-policy.

REPORTED INCIDENTS OF CORRUPTION, LEGAL ACTIONS REGARDING ANTI-COMPETITIVE BEHAVIOR, AND VIOLATIONS OF ANTITRUST AND MONOPOLY LEGISLATION

zero

Risk Management

Risk management in the current context no longer serves its sole purpose of avoiding risks; rather, it evolved to become a structure in decision making that maximizes opportunities to achieve business objectives while maintaining risks at acceptable levels for the company. We have been practicing risk management since the late 1990s but are on our way to formally adopting an Enterprise Risk Management (ERM) framework within 2023.

We have institutionalized the ERM process in SMC parent company with the assistance of SGV & Co. We collaborated with representatives from our different departments to ensure a holistic and cross-functional view of the exposures faced by the Group. We identified and prioritized critical business risks and developed risk strategies to manage or mitigate the occurrence and impact of the risks. We crafted comprehensive action plans to implement these strategies.

Our Risk Management Executive Team, headed by our Chief Risk Officer, defines our risk priorities, aligns risk policies and strategies with our overall company plan, monitors the effectiveness of our strategies, and reports the status of implementation of our action plans pertaining to risks.

As risks and opportunities emerge over time, we will make evaluations periodically to keep abreast of the exposures of the company and assure stakeholders that our management is fully updated on the potential threats surrounding the continuous operation of SMC.

A key exposure that presents significant risk to the continuity of our operations is climate change. Climate-related catastrophes—such as typhoons, droughts, and floods—may disrupt our operations and the delivery of our products and services. As such, we continue to develop initiatives to both mitigate and adapt to ongoing and possible impacts of climate change.

In today's rapidly evolving business landscape, we are committed to maintaining a robust risk management framework that enables us to seize opportunities and achieve our objectives.

Currently we are looking into how the guidelines of the TCFD can be incorporated into our current ERM structure.

Another potential risk is in the area of procuring goods and services. At San Miguel, we recognize the immense importance of procurement in our operations and the impact it can have on our business. Thus, we have established the Procurement Governance Group (PGG), which exercises guidance and oversight over procurement activities across San Miguel. The PGG is responsible for (1) reviewing existing procurement policies, guidelines, and procedures, and establishing necessary and appropriate process improvements in collaboration with all functions concerned; (2) conducting compliance and operational audits on procurement transactions; and (3) identifying training programs for existing personnel to enhance their skills in all aspects of the purchasing process. In addition, as part of our pre-emptive measures, procurement personnel are periodically rotated among different business units. This will not only serve as a preventive measure, but also provide our staff with valuable developmental opportunities.

In today's rapidly evolving business landscape, we are committed to maintaining a robust risk management framework that enables us to seize opportunities and achieve our objectives. By keeping a keen eye on emerging risks, such as climate change, and taking pre-emptive measures to address them, we are ensuring the continuity of our operations and strengthening the trust of our stakeholders in our brand.

Nothing left to chance

In a world where risk is the norm, Petron stands out as a company that refuses to leave anything to chance. That's why they have implemented a robust enterprise risk management system that focuses on identifying and managing potential risks even before they become actual issues.

Petron's approach to risk management is built on a foundation of good governance and sustainability. They recognize that managing risks not only protects their business, but also helps to ensure the safety of their employees, the communities in which they operate, and the environment.

Petron's operations follow an integrated value chain, which means risks can arise from every process and even cut across different divisions. The major risks managed by Petron are foreign exchange risk, potential operational disruptions, profit margin and cash flow risk, and regulatory risk. These risks could have a significant negative impact on the company if left unchecked.

Following a bottom-up approach, each of its divisions is required to conduct regular risk assessments to identify and map potential risks, with action plans formulated to manage them effectively. This proactive approach ensures that risks are identified and mitigated, no matter how small or large they may be. To ensure that all risks are addressed, the results of these assessments are funneled up to the Management Committee and subsequently the Board of Directors through the annual Business Planning process.

But Petron does not stop there. They have designated specific corporate units with special duties to ensure effective oversight and technical assistance. For example, the International Trade Finance Section, under the Treasurers Department, oversees foreign exchange hedging transactions. The Transaction Management Unit, operating under the Controllers Department, provides backroom support for all financial transactions. The Corporate Technical Services Group is responsible for ensuring compliance with domestic and international standards for health, safety, and environment. Lastly, the Internal Audit Department is tasked with implementing a risk-based auditing approach to ensure the effective implementation of its risk management framework.

By adopting a comprehensive approach to risk management, Petron ensures that they are not only prepared for the unexpected but also able to operate sustainably in the long run. With a commitment to good governance and sustainability, they are able to build trust with their stakeholders, create value for their shareholders, and contribute to the well-being of the communities in which they operate.

Digital Transformation

We see digital transformation as a key driver of sustainable development, whether it is in automating and digitizing processes to improve productivity or in investing in new technologies and innovation that future proof our businesses.

We began streamlining our manual processes in 1995, which led to adopting integrated Enterprise Resource Planning systems for financial consolidation, treasury, sales and manufacturing operations. Since then, we have periodically updated our systems, taking into account our business continuity and disaster recovery plans and our information security governance. In doing so, we have operated more efficiently, reduced costs, and enhanced our competitiveness in the market.

Starting in 2018, we shifted our processes to a cloud platform. This has enabled us to increase our disaster recovery capabilities, reduce reliance on on-premise infrastructure, and improve energy efficiency.

We have also implemented several IT innovations throughout the years. These include automation through workflow approval and launching various systems for management reporting, business controls, financial consolidation and reporting, and regulatory compliance.

To promote sustainable energy consumption, we procure only TCO Certified desktops, laptops, and printers. TCO Certified is the world's most comprehensive sustainability certification for IT products. Furthermore, we have undertaken initiatives to pursue consolidation of our servers through virtualization and having an energy-efficient data center. By adopting inverter-type technology for our cooling systems and modifying the DC rack design, we have reduced our power consumption from these systems by 30% and 15%, respectively. Our lower energy consumption decreased the carbon footprint from our data centers. Additionally, we ensure proper disposal of our IT assets and equipment

Starting in 2018, we shifted our processes to a cloud platform. This has enabled us to increase our disaster recovery capabilities, reduce reliance on on-premise infrastructure, and improve energy efficiency.

in compliance with the DENR EMB's Hazardous Waste Management standards.

On IT governance, we have implemented robust governance protocols to ensure compliance with policies and guidelines, thereby promoting a digitally safe work environment. Information security and cybersecurity measures are comprehensively managed through an established framework that safeguards company assets and data.

There are many other examples of initiatives within the Group that aim to digitally transform our ways of doing business for the better.

e-Commerce

We leverage online selling platforms to improve product accessibility. In 2022, we relaunched an online ordering system called San Miguel Mart as a mobile app and continued to utilize the country's top e-commerce sites to sell our products.

Digital Marketing

Our Food Division connects and interacts with our consumers through digital media in the form of ads, online baking demonstrations, live veterinary consultations and webinars. Their consistent release of relevant and engaging

digital content has effectively drawn audiences to our social media platforms. To date, our Magnolia Chicken, Purefoods Tender Juicy Hotdog, and Home Foodie Facebook pages have more than one million followers. Meanwhile, our Spirits Division has also delivered innovative and engaging campaigns across all its brands, such as cocktail making videos that showcase the unique flavors and versatility of its products. Its flagship brand Ginebra San Miguel has garnered acclaim for its digital advertising campaigns, winning the Catholic Mass Media Award for Best Digital Ad for three straight years (from 2020 to 2022).

Technical Leadership

Our Beer and NAB Division employs state-of-the-art brewing technology. Our highly experienced brewmasters and quality assurance practitioners provide technical leadership and direction to continuously improve and maintain the highest standards in product quality. New products and variants are explored and attuned to the evolving consumer profile and preferences.

Innovative Packaging

Our Packaging group maintains advanced manufacturing facilities and best practices in packaging procedures. Its glass manufacturing facility in Cavite uses robotic technology in its glass forming processes as well as highly

automated equipment for palletizing. Moreover, glass molds are produced using modern machining technologies to provide total mold and machine solutions at superior quality. The lithograph sheets used for metal crowns and lug caps utilize ultraviolet or UV printing technology to achieve long-lasting, more vibrant, and clearer labels of metal closures, while minimizing VOCs in the process. Finally, its plastic pallets and slatted plastic flooring for poultry houses have several designs that are tailored to meet the unique needs and preferences of customers.

Robotics

We are among the pioneers of robotic palletizing system in the domestic feeds industry, which can perfectly stack 42 bags of feeds in just under five minutes; hence resulting in shorter cycle times, increased productivity and less wastage from torn bags. As of end-2022, six feed mills have robotic palletizers in place.

Data Privacy and Security

Our Data Privacy and Security Office ("DPSO") was organized in 2017 to ensure the compliance of the Group to the Data Privacy Act of 2012. The DPSO primarily governs the efforts of all our business units in data privacy compliance and leads the Group in our data privacy initiatives.

DPSO is a unit under the Office of the President led by its Data Protection Officer (DPO). It works hand in hand with the SMC Compliance Officers for Privacy (COP) Council, composed of COPs of our corporate service units. The DPSO also oversees the compliance of our subsidiaries through the SMC DPO Council, which is composed of Data Protection Officers from our business units.

Compliance is monitored through the conduct of Privacy Sweeps, Onsite Visits and Privacy Impact Assessments, and regular monitoring of SMC and the businesses' compliance to data privacy.

To build a culture of data privacy in the Group, DPSO conducts regular Data Privacy Awareness training for new employees and focused groups. SMITS subsidiary, ProSync, has been accredited as a training institution for the DPO Ace Level 1 Program to train data protection practitioners of the Group as well as external participants.

San Miguel and its DPO were awarded in 2021 by the National Privacy Commission as the Personal Information Controller of the Year and DPO of the Year, respectively. In the same year, the SMC DPO Council was also a finalist under the category of Privacy Initiative of the Year.

Our DPSO and its DPO have been extending their activities including training, seminars and advisory, to affiliates and partners, as well as to the data privacy community. Our DPO is the president of the NPC Data Privacy Congress for 2023 and representative of the Retail and Manufacturing Sector in the Data Privacy Council.

We are committed to compliance with the Privacy Laws, fulfilling our accountability to data subjects, and observing ethics and governance in data protection.

COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY

zero

LEAKS, THEFTS, OR LOSSES OF CUSTOMER DATA

zero

We are committed to compliance with the Privacy Laws, fulfilling our accountability to data subjects, and observing ethics and governance in data protection. For 2022, there were no reported complaints concerning breaches of customer privacy and no identified leaks, thefts, or losses of customer data.

MOVING FORWARD STATEMENT

During these last two and a half years of the pandemic, we opened our eyes to the impacts of human behavior on climate change and how our role as a leading Philippine corporation might improve Filipinos' lives. We know that our collective action will impact the energy sector, transport, manufacturing, and supply chains.

Recognizing SMC's impact areas and ESG issues is a starting point to harness our company's influence and size for good. In this Report, we have communicated our sustainability goals and targets to you for the first time, making ourselves accountable.

While our biggest challenges remain attaining our carbon-neutral goals, we have a long tradition of successful circular and even regenerative practices. We are developing a more detailed roadmap to arrive at these targets, allowing us to benchmark or measure where and how we need to take further action to achieve our targets. We are confident this will lead to even greater innovation and advancement of our goals.

We will harness leadership, imagination, and courage to create a world of good for present and future generations, and we will work hand in hand with everyone in the over 50,000-strong San Miguel family to bring this to fruition.

Sustainability is all about embracing change, and we understand that the longer we wait to adopt sustainable practices, the narrower our choices become.

You can count on San Miguel to take an active role in solving social and environmental problems in a way that can deliver for us tangible and mutually reinforcing triple bottom-line results.

We look forward to reporting to you on our progress.

APPENDICES

Scope and Coverage of the Report

Food and Beverage

- San Miguel Food and Beverage, Inc. (SMFB)
- San Miguel Brewery, Inc. (SMB)
- Ginebra San Miguel Inc. (GSMI)
- San Miguel Foods, Inc. (SMFI)
- The Purefoods-Hormel Company, Inc. (PHC)
- Magnolia Inc. (MI)
- San Miguel Mills, Inc. (SMMI)
- San Miguel Super Coffeemix Company, Inc. (SMSCCI)
- Golden Bay Grain Terminal Corporation (GBGTC)

Packaging

- San Miguel Yamamura Packaging Corporation (SMYPC)
- Mindanao Corrugated Corporation (MINCORR)

Fuel and Oil

- Petron Corporation (Petron)

Energy

- San Miguel Global Power Holdings Corporation (SMGP)

Infrastructure

- San Miguel Holdings Corporation (SMHC)

Others

- San Miguel Properties Inc. (SMPI)
- Northern Cement Corporation (NCC)
- SMC Shipping and Lighterage Inc. (SMCSL)
- SMC Asia Car Distributors Corporation (SMCACDC)
- San Miguel Information Technology Services, Inc. (SMITS)
  - Process Synergy Inc. (ProSync)
- San Miguel Integrated Logistics Services, Inc. (SMILSI) and affiliate companies

Notes:
* A number of entities and operations are covered by the Company's 2022 Annual Report that are not in scope of this Report, namely: (a) SMC's international operations, (b) SMHC's Aerocity project, (c) Eagle Cement Corporation, and (d) Bank of Commerce.

** SMHC's Aerocity project is not in scope, as the project is still in the very early stages of development. Nonetheless, the project's ESG impacts are being governed by the International Finance Corporation according to internationally recognized standards.
*** Eagle Cement's ESG data is not yet included in this Report as its acquisition was completed at the end of 2022.

**** Bank of Commerce's ESG data is not yet included in this Report, being an affiliate of SMC whose performance is not consolidated with the Group.

ESG PERFORMANCE INDICES

ECONOMIC

ECONOMIC PERFORMANCE		
	2022	**Unit**
Direct economic value generated (revenues)	**1,515,784**	**Mn PhP**
Economic value distributed	**1,455,529**	**Mn PhP**
Operating costs (including payment to suppliers)	1,131,377	Mn PhP
Employee wages and benefits	45,090	Mn PhP
Payments to providers of capital (investors and shareholders)	103,033	Mn PhP
Payments to government (taxes)	175,388	Mn PhP
Community investments (expenses for CSR projects)	641	Mn PhP
ECONOMIC VALUE RETAINED	**60,255**	**Mn PhP**

ENVIRONMENT

GHG EMISSIONS		
	2022	**Unit**
Scope 1 GHG emissions	17,485,337.68	MT CO_2e
Scope 2 GHG emissions	728,258.25	MT CO_2e
Emissions of ozone-depleting substances	Not yet being monitored	

GHG INTENSITY		
	2022	**Unit**
GHG emission intensity (Scope 1 & 2)	15.81	MT CO_2e / Mn PhP Sales Revenue

BIOGENIC CO_2 EMISSIONS		
	2022	**Unit**
Biogenic CO2 emission (Scope 1)	84,957.13	MT CO_2e
Biologically sequestered CO2 emission	Not yet being monitored	

GHG REDUCTION		
	2022	**Unit**
Fuel reduction	3,861.21	MT CO_2e
Electricity reduction	5,730.52	MT CO_2e
Total GHG reduction	9,591.73	MT CO_2e

NON-GHG EMISSIONS		
	2022	**Unit**
Nitrogen oxides (NOx)	11,616.77	MT
Sulfur oxides (SOx)	37,097.25	MT
Particulate matter (PM)	1,127.70	MT
Carbon monoxide (CO)	2,515.56	MT
Persistent organic pollutants (POPs)	Not yet being monitored	
Volatile organic compounds (VOCs)		
Hazardous air pollutants (HAPs)		

*Excludes non-GHG emissions from mobile sources such as motor vehicles, forklifts, earth movers and other construction equipment, and ships and boats.

ENERGY CONSUMPTION		
	2022	**Unit**
Energy consumption (renewable sources)	594,842.04	GJ
Energy consumption (non-renewable)	187,776,704.90	GJ
Energy consumption (electricity, heating, cooling, steam)	3,660,396.89	GJ
Self-generated energy which are not consumed	840,099.95	GJ
Sold Energy (electricity, heating, cooling, steam)	43,575,701.56	GJ
TOTAL NET ENERGY CONSUMPTION	**149,296,342.22**	**GJ**

ENERGY INTENSITY		
	2022	**Unit**
Energy intensity ratio for the organization	129.56	GJ/Mn PhP
Absolute energy consumption	149,296,342.21	GJ
Normalization factor	1,152,307.39	Mn PhP

OPERATIONAL SPENDING ON ENERGY		
	2022	**Unit**
% Operational spending on energy	38.26	%
Operational spending on energy	88,164.87	Mn PhP
Total operational spending	230,421.20	Mn PhP

GRID ELECTRICITY		
	2022	**Unit**
% Grid electricity	2.45	%
Purchased grid electricity consumption	3,660,396.89	GJ
Total energy consumption	149,296,342.22	GJ

REDUCTION IN ENERGY CONSUMPTION		
	2022	**Unit**
Fuel reduction	67,538.26	GJ
Electricity reduction	35,789.72	GJ
TOTAL ENERGY REDUCTION	**103,327.98**	**GJ**

WATER CONSUMPTION		
	2022	**Unit**
Water withdrawal	3,070,643.37	ML
Surface water	1,288.95 *	ML
Ground water	25,467.74	ML
Sea water	2,978,058.93	ML
Rainwater	474.57	ML
Produced water	206.30	ML
Third-party water	65,146.88	ML
Water discharged	3,054,601.11	ML
Discharged as treated wastewater	2,992,631.5941	ML
Sold as clean water	61,969.70	ML
Stored water	(5.50)	ML
TOTAL WATER CONSUMPTION	**16,036.75**	**ML**
Water recycled and reused	1,457.40	ML
% Water recycled and reused	1.57	%

*Excludes fresh water passing through Angat Hydro Power Plant, which is utilized by the plant for electricity generation. This water is not under SMC's control and does not undergo any processing. Rather, the power plant converts the potential energy of the water into electrical energy. The water is primarily discharged as domestic water supply to MWSS and irrigation water supply to the National Irrigation Administration.

WATER WITHDRAWAL FROM AREAS WITH WATER STRESS		
	2022	**Unit**
TOTAL WATER WITHDRAWAL	**2,730,882.01**	**ML**
Surface water	985.94	ML
Ground water	22,447.55	ML
Sea water	2,641,733.26	ML
Rainwater	469.88	ML
Produced water	206.29	ML
Third-party water	65,039.08	ML

WATER DISCHARGE BY DESTINATION		
	2022	**Unit**
TOTAL WATER DISCHARGE	**3,054,601.11**	**ML**
Surface water	7,706.27	ML
Ground water	694.45	ML
Sea water	2,983,311.29	ML
Third-party water	62,889.10	ML
Total water discharge to areas with water stress	2,716,591.85	ML

WATER DISCHARGES		
	2022	**Unit**
Total volume of water discharges	3,054,601.11	ML
% Wastewater recycled	1.57	%

NON-COMPLIANCE WITH WATER-RELATED LAWS AND REGULATIONS		
	2022	**Unit**
Total monetary fines for non-compliance	384,000.00	PhP
Incidents for non-compliance (monetary & non-monetary)	13	No.

COAL ASH MANAGEMENT		
	2022	**Unit**
TOTAL COAL COMBUSTION RESIDUALS (CCR) GENERATED	**566,641.30**	**MT**
Weight of CCR that was reused or reclaimed	29.68	MT
Weight of CCR recycled (through treatment or processing)	1,655.26	MT
Weight of CCR sent externally for further recycling	290,797.86	MT
% of CCR recycled	51.62	%

SOLID WASTE MANAGEMENT (EXCLUDING COAL ASH)		
	2022	**Unit**
TOTAL SOLID WASTE GENERATED	**330,553.20**	**MT**
Reused	1,487.57	MT
Recycled	273,076.70	MT
Other recovery operations	24,055.73	MT
Incineration (with energy recovery)	170.50	MT
Incineration (without energy recovery)	6.30	MT
Landfilling	21,194.31	MT
Other disposal operations	10,562.09	MT

SOLID WASTE GENERATED (EXCLUDING COAL ASH)		
	2022	**Unit**
TOTAL SOLID WASTE GENERATED	**330,553.20**	**MT**
Residual, mixed	10,228.68	MT
Biodegradable, mixed	5,999.42	MT
Ferrous metal	6,476.74	MT
Aluminum	1,243.73	MT
Plastic	4,896.81	MT
Wood	1,715.42	MT
Paper and cartons	7,574.06	MT
Glass, cullets, jars	89,983.89	MT
Tires	176.96	MT
Sacks	2,228.03	MT
Mortalities	260.58	MT
Feathers, blood, offals	4,650.23	MT
Spent grains, spent yeast	165,220.74	MT
Inorganic sediment, eggshell, filter aid	11,696.26	MT
Organic sludge, scum	18,201.65	MT
Concrete debris	-	MT

SOLID WASTE DIVERTED FROM DISPOSAL		
	2022	**Unit**
TOTAL SOLID WASTE DIVERTED FROM DISPOSAL	**298,620.00**	**MT**
Residual, mixed	265.32	MT
Biodegradable, mixed	1,319.76	MT
Ferrous metal	5,912.86	MT
Aluminum	1,239.72	MT
Plastic	4,745.14	MT
Wood	1,626.70	MT
Paper and cartons	7,142.65	MT
Glass, cullets, jars	89,983.34	MT
Tires	148.96	MT
Sacks	2,202.21	MT
Mortalities	205.60	MT
Feathers, blood, offals	4,623.29	MT
Spent grains, spent yeast	165,216.64	MT
Inorganic sediment, eggshell, filter aid	886.78	MT
Organic sludge, scum	13,101.02	MT
Concrete debris	-	MT

SOLID WASTE DISPOSED		
	2022	**Unit**
TOTAL SOLID WASTE DISPOSED	**31,933.20**	**MT**
Residual, mixed	9,963.36	MT
Biodegradable, mixed	4,679.66	MT
Ferrous metal	563.88	MT
Aluminum	4.01	MT
Plastic	151.68	MT
Wood	88.72	MT
Paper and cartons	431.42	MT
Glass, cullets, jars	0.55	MT
Tires	28.01	MT
Sacks	25.82	MT
Mortalities	54.98	MT
Feathers, blood, offals	26.93	MT
Spent grains, spent yeast	4.10	MT
Inorganic sediment, eggshell, filter aid	10,809.48	MT
Organic sludge, scum	5,100.63	MT
Concrete debris	-	MT

HAZARDOUS WASTE MANAGEMENT		
	2022	**Unit**
Total hazardous waste generated	9,552.91	MT
Total hazardous waste transported	8,855.71	MT

HAZARDOUS WASTE GENERATED		
	2022	**Unit**
TOTAL HAZARDOUS WASTE GENERATED	**9,552.91**	**MT**
A-Cyanide waste	1.45	MT
B-Acid waste	29.11	MT
C-Alkali waste	26.48	MT
D405-Chromium waste	3.02	MT
D406-Lead compounds	94.09	MT
D407-Mercury and compounds	16.07	MT
D-Other inorganic chemicals	10.41	MT
E-Reactive chemical waste	2,745.98	MT
F-Inks/Dyes/Resins/Organic sludge	288.79	MT
G-Waste organic solvents	227.94	MT
H-Organic waste	127.13	MT
I-Used oil and sludge	5,585.53	MT
J-Containers	282.45	MT
K-Stabilized waste	-	MT
L-Organic chemicals	0.03	MT
M501-Infectious waste	2.99	MT
M502-Asbestos waste	0.00	MT
M503-Pharma and drugs	0.11	MT
M504-Pesticide	-	MT
M505-POPS	-	MT
M506-WEEE	111.34	MT

HAZARDOUS WASTE TRANSPORTED		
	2022	**Unit**
TOTAL HAZARDOUS WASTE TRANSPORTED	**8,855.71**	**MT**
Reused	113.89	MT
Recycled	2,548.14	MT
Other recovery operations	540.84	MT
Incineration (with energy recovery)	201.61	MT
Incineration (without energy recovery)	224.40	MT
Landfilling	60.75	MT
Other disposal operations	5,166.09	MT

HAZARDOUS WASTE DIVERTED FROM DISPOSAL		
	2022	**Unit**
TOTAL HAZARDOUS WASTE DIVERTED FROM DISPOSAL	**3,202.86**	**MT**
A-Cyanide waste	-	MT
B-Acid waste	-	MT
C-Alkali waste	-	MT
D405-Chromium waste	0.33	MT
D406-Lead compound	20.53	MT
D407-Mercury and compound	1.24	MT
D-Other inorganic chemicals	6.16	MT
E-Reactive chemical waste	0.15	MT
F-Inks/Dyes/Resins/Organic sludge	62.14	MT
G-Waste organic solvents	145.14	MT
H-Organic waste	1.54	MT
I-Used oil and sludge	2,731.37	MT
J-Containers	221.17	MT
K-Stabilized waste	-	MT
L-Organic chemicals	-	MT
M501-Infectious waste	-	MT
M502-Asbestos waste	-	MT
M503-Pharma and drugs	-	MT
M504-Pesticide	-	MT
M505-POPS	-	MT
M506-WEEE	13.10	MT

HAZARDOUS WASTE DISPOSED		
	2022	**Unit**
TOTAL HAZARDOUS WASTE DISPOSED	**5,652.86**	**MT**
A-Cyanide waste	1.34	MT
B-Acid waste	15.01	MT
C-Alkali waste	16.31	MT
D405-Chromium waste	0.78	MT
D406-Lead compounds	60.48	MT
D407-Mercury and compounds	8.49	MT
D-Other inorganic chemicals	0.42	MT
E-Reactive chemical wastes	668.02	MT
F-Inks/Dyes/Resins/Organic sludge	80.66	MT
G-Waste organic solvents	8.80	MT
H-Organic waste	78.82	MT
I-Used oil and sludge	4,691.00	MT
J-Containers	4.31	MT
K-Stabilized waste	-	MT
L-Organic chemicals	-	MT
M501-Infectious waste	2.00	MT
M502-Asbestos waste	-	MT
M503-Pharma and drugs	0.01	MT
M504-Pesticide	-	MT
M505-POPS	-	MT
M506-WEEE	16.40	MT

ECOSYSTEM AND BIODIVERSITY		
	2022	**Unit**
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside of protected areas	6	No.
Habitats protected or restored	112.74	Ha.
IUCN red list species and national conservation list species with habitats in areas affected by operations	14	No.

SOCIAL

All employee-related data exclude those of SMC personnel working in foreign operations and in subsidiaries not covered in this Report.

NUMBER OF EMPLOYEES BY POSITION			
	2022	**% to Total Employees**	**% to Regular Employees**
Regular employees	44,027	88%	100%
Officer	265	1%	1%
Middle manager	1,367	3%	3%
Rank and file	42,395	85%	96%
Consultants	182	0.4%	
Project-based employees	5,799	12%	
TOTAL EMPLOYEES	**50,008**	**100%**	

NUMBER OF EMPLOYEES BY AGE		
	2022	**%**
Under 30 years old	18,559	37%
Between 30 and 50 years old	27,504	55%
Over 50 years old	3,945	8%
TOTAL EMPLOYEES	**50,008**	**100%**

NUMBER OF EMPLOYEES BY GENDER		
	2022	**%**
Women	13,582	27%
Men	36,426	73%
TOTAL EMPLOYEES	**50,008**	**100%**

NUMBER OF EMPLOYEES BY WORK LOCATION		
	2022	**%**
NCR	14,989	30%
Cavite	9,042	18%
North Luzon	7,892	16%
South Luzon	9,257	19%
Visayas	3,982	8%
Mindanao	4,846	10%
TOTAL EMPLOYEES	**50,008**	**100%**

TRAINING HOURS BY JOB CATEGORY		
	Total Hours	**Ave. Hours / Head**
Officer	4,979	23
Middle manager	35,105	29
Rank and file	553,279	13
TOTAL	**593,363**	**14**

TRAINING HOURS BY GENDER

	Total Hours	Ave. Hours / Head
Women	163,381	13
Men	429,982	14
TOTAL	**593,363**	**14**

PERFORMANCE REVIEW BY JOB CATEGORY

2022	Total No. of Employees	Received Reviews	% to Total
Officer	265	219	83%
Middle manager	1,367	1,165	85%
Rank and file	42,395	20,805	49%
TOTAL	**44,027**	**22,189**	**50%**

PERFORMANCE REVIEW BY GENDER

2022	Total No. of Employees	Received Reviews	% to Total
Women	11,890	7,252	61%
Men	32,137	14,937	46%
TOTAL	**44,027**	**22,189**	**50%**

SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES AND PROCEDURES*

	2022	Unit
Total number of security personnel	3,224	No.
Security personnel trained in human rights	2,341	No.
% Security personnel trained	73%	%

*All security personnel are third-party contracted.

COLLECTIVE BARGAINING AGREEMENTS (CBAs)

	2022	Unit
Active CBAs	34	No.
Total members	5,837	No.
% Security personnel trained	73%	%

EMPLOYEES COVERED BY OCCUPATIONAL SAFETY AND HEALTH (OSH) MANAGEMENT SYSTEM

	2022	Unit
Employees covered by an OSH management system	45,797	No.
Employees covered by an OSH management system that have been internally audited	19,468	No.
Employees covered by an OSH management system that have been externally audited	16,816	No.

WORK-RELATED INJURIES

	2022	Unit
Fatalities as a result of work-related injuries	2	No.
% Fatalities as a result of work-related injuries	0.004%	%
High-consequence work-related injuries	44	No.
% High-consequence work-related injuries	0.1%	%
Recordable work-related injuries	593	No.
Total employee hours worked	99,908,405	Hours

WORK-RELATED ILL HEALTH

	2022	Unit
Fatalities as a result of work-related ill-health	-	No.
% Fatalities as a result of work-related ill-health	0%	%
Recordable work-related ill-health	1,454	No.
% Recordable work-related ill-health	3%	%

AVAILMENT OF PARENTAL LEAVES

2022	Count	%
Women	954	7%
Men	2,917	9%

PRODUCT AND SERVICE INFORMATION AND LABELLING

	2022	Unit
% Significant product or service categories covered by and assessed for compliance with requirements for product and service information and labelling	100	%
Total incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling	5	No.
Incidents of non-compliance with regulations resulting in a fine or penalty	0	No.
Incidents of non-compliance with regulations resulting in a warning	5	No.
Incidents of non-compliance with voluntary codes	0	No.

INCIDENTS OF NON-COMPLIANCE WITH PRODUCT LABELLING, RESULTING IN A WARNING

2022

1. Moccona Coffee Specialty Mixes – Use of a heart logo in the label was disallowed by the FDA because it implies a health claim. Product was imported from Malaysia where such logo was permitted.
2. Star Margarine Sweet Blend (30g) – Use of the product descriptor "Margarine" was disallowed due to the fat content being below the 80% minimum for margarine.
3. Bongga Carne Norte Hot and Spicy – Cited for use of old labels not declaring new ingredients. Business requested permission to deplete labels inventory as there were no food safety risks associated with the new ingredients.
4. Bongga Carne Norte and Purefoods Chicken in Broth – Cited for wrong use of dietary reference. Business advanced implementation of the 2015 Philippine Dietary Reference Intake (PDRI) while the FDA is still using the 2012 Recommended Energy and Nutrient Intake (RENI).

MARKETING COMMUNICATIONS

	2022	Unit
Incidents of non-compliance with regulations concerning marketing communications resulting in a fine or penalty	0	No.
Incidents of non-compliance with regulations concerning marketing communications resulting in a warning	0	No.
Incidents of non-compliance with voluntary codes	0	No.

PRODUCT SAFETY-RELATED RECALLS

	2022	Unit
Total product safety-related recalls, including:	0	No.
Voluntary recalls	0	No.
Involuntary recalls	0	No.

EMERGING MATERIALS AND CHEMICALS OF CONCERNS

2022

Ethylene Oxide (EtO) was recently the subject of a product recall in Europe. Among other uses, it may be a fumigant in agricultural products, specifically for spices. While EtO is banned in the European Union, other countries such as the United States, have defined maximum residue limits. It is currently not a regulated substance in the Philippines, but the Company has reached out to suppliers of materials at risk to inform us of steps taken to ensure compliance with maximum residue limits or to eliminate said substance.

PRODUCT SAFETY-RELATED RECALLS

	2022	Unit
Total notices of violation received that substantiate a violation of advisory and administrative code(s), statute(s), or other requirement(s) related to food safety	0	No.
% Notices of violations received related to food safety that was corrected.	0	%
Notices of violations corrected	0	No.
Total notices of violation received	0	No.

LOCAL COMMUNITY ENGAGEMENTS

Program	Project	2022	Unit
Education	Scholarships	2,844	Students
	Short-term courses	25	Students
	Brigada Eskwela	88,800	Students
		120	Schools
Health	Community clinics	1,284	Patients
	Feeding	11,359	Consultations
		8	Clinics
		76,962	Meals
	1,000 Days project	340	Patients
	Medical missions	9,000	Patients
		9	Areas
		200	Hygiene Kits / Person
Enterprise	Livelihood assistance	74	Persons
		6	Areas
		11	People's Organizations
Housing	Housing and water provision	280,359	Houses
Infrastructure	Road access	19,644,794	Vehicles / Motorists
Arts and culture	Showcase	11	Artists
Environmental	Restoration & conservation	58	Sites
	Coral rescue program	100	Square Meters
		25	Species
		25	Kilo Biomass
Better World Tondo	Membership services	1,800	Persons
		365	Families
		194	Students
Better World Cubao	Membership services	665	Women
Better World Diliman	Farmer's produce program	4,500	Farmers

GOVERNANCE

PROCUREMENT SPEND		
	2022	**Unit**
Procurement spend on local suppliers*	200,498.63	Mn PhP
Procurement Spend on foreign suppliers	176,372.23	Mn PhP
Total procurement spend	376,870.86	Mn PhP
% Spend on local suppliers	53%	%
% Spend on foreign suppliers	47%	%

*A local supplier is a business whose address is in the Philippines.

NUMBER OF SUPPLIERS BY CLASSIFICATION		
	2022	**Unit**
Tier 1 suppliers	263	No.
Non-Tier 1 suppliers	6,184	No.
TOTAL SUPPLIERS	**6,447**	**No.**

NUMBER OF SUPPLIERS BY LOCATION		
	2022	**Unit**
Local suppliers	5,852	No.
Foreign suppliers	595	No.
TOTAL SUPPLIERS	**6,447**	**No.**

COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES		
	2022	**Unit**
% Directors to whom the organization's anti-corruption policies and procedures have been cascaded	100	%
% Officers to whom the organization's anti-corruption policies and procedures have been cascaded	100	%

COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY		
	2022	**Unit**
Complaints received from outside parties and substantiated by the organization	0	No.
Complaints from regulatory bodies	0	No.

LEAKS, THEFTS, OR LOSSES OF CUSTOMER DATA		
	2022	**Unit**
Identified leaks, thefts, or losses of customer data	0	No.

MATERIALITY INDICES

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GRI 2: General Disclosures 2021		
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2-9	Governance structure and composition	27; The composition of the highest governance body is disclosed in the SMC Integrated Annual Corporate Governance Report found in the company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr; and in the SMC Annual Report also found in the company website at https://www. sanmiguel.com.ph/annual-reports;
2-10	Nomination and selection of the highest governance body	27; The nomination and selection of the highest governance body are disclosed in the SMC Integrated Annual Corporate Governance Report found in the company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr; and in the SMC Annual Report also found in the company website at https://www. sanmiguel.com.ph/annual-reports;
2-11	Chair of the highest governance body	27; The chair of the highest governance body is disclosed in the SMC Integrated Annual Corporate Governance Report found in the company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr; and in the SMC, Annual Report also found in the company website at https://www.sanmiguel.com.ph/annual-reports;
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2-17	Collective knowledge of the highest governance body	The profiles of the directors are disclosed in the SMC Integrated Annual Corporate Governance Report found in the company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr; and in the SMC Annual Report also found in the company website at https://www. sanmiguel.com.ph/annual-reports;
2-18	Evaluation of the performance of the highest governance body	Evaluation of the performance of the highest governance body is disclosed in the SMC Integrated Annual Corporate Governance Report found in the company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr; and in the SMC Annual Report also found in the company website at https://www. sanmiguel.com.ph/annual-reports;
2-19	Remuneration policies	Remuneration policies of the highest governance body and officers are disclosed in the SMC Integrated Annual Corporate Governance Report found in the company website at https://www. sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr;
2-20	Process to determine remuneration	Process to determine remuneration is disclosed in the SMC Integrated Annual Corporate Governance Report found in the company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr;
2-21	Annual total compensation ratio	SMC regards individual employee salaries as highly confidential data; Thus, SMC cannot disclose said information and any related information in the Sustainability Report.
2-22	Statement on sustainable development strategy	30 – 39;
2-23	Policy commitments	83 – 86; 89 – 91; 93 – 94; 112 – 113; 116 – 117; 122;
2-24	Embedding policy commitments	83 – 86; 89 – 91; 93 – 94; 112 – 113; 116 – 117; 122;
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201-3	Defined benefit plan obligations and other retirement plans	This is disclosed in the SMC FY 2022 17-A found in the company website at https://www.sanmiguel.com.ph/annual-reports;
201-4	Financial assistance received from government	This is disclosed in the SMC FY 2022 17-A found in the company website at https://www.sanmiguel.com.ph/annual-reports;
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207-2	Tax governance, control, and risk management	This is disclosed in the SMC FY 2022 17-A found in the company website at https://www.sanmiguel.com.ph/annual-reports;
207-3	Stakeholder engagement and management of concerns related to tax	11; 63; This is also dis-closed in the SMC FY 2022 17-A found in the company website at https://www. sanmiguel.com.ph/annual-reports;
207-4	Country-by-country reporting	This is disclosed in the SMC FY 2022 17-A found in the company website at https://www.sanmiguel.com.ph/annual-reports;

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CONTRIBUTIONS TO THE UN SDGS

At San Miguel, there are many ways our sustainability programs and initiatives align with the global goals. The following shows how our sustainability agenda and material ESG topics correspond and contribute to the UN SDGs.

KALIKASAN

CLIMATE CHANGE ACTION

RESOURCE MANAGEMENT

CIRCULAR ECONOMY

BIODIVERSITY AND ECOSYSTEMS

KALINGA

HUMAN RIGHTS AND LABOR PRACTICES

EMPLOYEE HEALTH AND SAFETY

EMPLOYEE ENGAGEMENT, TRAINING, AND DEVELOPMENT

DIVERSITY AND INCLUSION

CUSTOMER WELFARE AND RESPONSIBILITY

COMMUNITY ENGAGEMENT

KASAGANAHAN

SUSTAINABLE SUPPLY CHAIN

BUSINESS ETHICS AND COMPLIANCE

RISK MANAGEMENT

DIGITAL TRANSFORMATION

DATA PRIVACY AND SECURITY

MEMBERSHIP IN ASSOCIATIONS

Association of Foundations (AF)

Association of Petrochemical Manufacturers of the Philippines (APMP)

Beverage Industry Assoc of the Phils. (BIAP)

Business for Sustainable Development (BSD)

European Chamber of Commerce of the Philippines (ECCP)

Federation of Philippine Industries (FPI)

Go Negosyo

League of Corporate Foundations (LCF)

LPG Industry Association (LPGIA)

Makati Business Club (MBC)

Philippine Alliance for Resource and Materials Sustainability (PARMS)

Philippine Association of Broiler Integrators (PABI)

Philippine Association of Feed Millers Inc. (PAFMI)

Philippine Business for Social Progress (PBSP)

Philippine Chamber of Commerce and Industry (PCCI)

Philippine Chamber of Food Manufacturers Inc. (PCFMI)

Philippine Coalition on Volunteerism Inc. (PhilCV)

Philippine Council for NGO Certification (PCNC)

Philippine Disaster and Resilience Foundation Inc. (PDRF)

Philippine Institute of Petroleum (PIP)

Pollution Control Association of the Philippines (PCAP)

ACCREDITATIONS AND CERTIFICATIONS

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
ISO 9001:2015 Quality Management Systems	**GSMI**	Cabuyao Plant
		East Pacific Star Bottlers Phils. Cauayan Plant
		Distileria Bago, Inc.
		Ligao Plant
		Mandaue Plant
		Sta. Barbara Plant
	Food	B-Meg Plant - Bataan 1 & 2
		B-Meg Plant - Bukidnon
		B-Meg Plant - Bulacan
		B-Meg Plant - Cebu
		B-Meg Plant - Davao del Sur
		B-Meg Plant - Iloilo 2
		B-Meg Plant - Isabela 1 & 2
		B-Meg Plant - Leyte
		B-Meg Plant - Misamis Oriental 2
		B-Meg Plant - Pangasinan
		B-Meg Plant - Tarlac
		Purefoods-Hormel Cavite Plant
		Ready-to-Eat Plant Sta. Rosa, Laguna
	Packaging	Manila Glass Plant
		Mindanao Corrugated Fibreboard Inc.
		San Fernando Beverage Packaging Plant
	Petron	Amlan, Negros Oriental Sales Office
		Bacolod Terminal
		Batangas Terminal
		Bawing, Gen. Santos Terminal
		Davao Terminal
		Iligan Terminal
		Iloilo Terminal
		Isabel, Leyte Terminal
		Jimenez, Misamis Occ. Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legaspi LPG Facility
		Limay, Bataan Refinery
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Navotas Terminal
		Nasipit, Agusan del Norte Terminal
		New Lube Oil Blending Plant
		Ormoc Terminal
		Palawan Terminal
		Pasacao, Camarines Sur Sales Office
		Pasig LPG Facility
		Poro, La Union Terminal
		Rosario, Cavite Terminal
		Roxas City, Capiz Terminal
		San Fernando, Pampanga LPG Facility
		Subic Blending Plant
		Tacloban Terminal
		Tagbilaran Sales Office
		Tagoloan Terminal
		Zamboanga Terminal

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
	SMGP	Limay Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	NCC	Pangasinan Plant
	SMITS	SMC Data Center
	SMCSL	Harbor Center
ISO 14001:2015 Environmental Management Systems	**GSMI**	Mandaue Plant
		Sta. Barbara Plant
	Food	Purefoods-Hormel Cavite Plant
	Petron	Amlan, Negros Oriental Sales Office
		Bacolod Terminal
		Batangas Terminal
		Bawing, Gen. Santos Terminal
		Davao Terminal
		Iligan Terminal
		Iloilo Terminal
		Isabel, Leyte Terminal
		Jimenez, Misamis Occ. Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legaspi LPG Facility
		Limay, Bataan Refinery
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Nasipit, Agusan del Norte Terminal
		Navotas Terminal
		Ormoc Terminal
		Palawan Terminal
		Pasacao, Camarines Sur Sales Office
		Pasig LPG Facility
		Poro, La Union Terminal
		Rosario, Cavite Terminal
		Roxas City, Capiz Terminal
		San Fernando, Pampanga LPG Facility
		Subic Blending Plant
		Tacloban Terminal
		Tagbilaran Sales Office
		Tagoloan Terminal
		Zamboanga Terminal
	SMGP	Limay Power Plant
		Masinloc Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	NCC	Pangasinan Plant
	SMCSL	Harbor Center
ISO 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories	**SMB**	Polo Brewery - Central Analytical Laboratory
ISO 22000:2018 Food Safety Management Systems	**GSMI**	East Pacific Star Bottlers Phils. Cauayan Plant
ISO 22301:2019 Business Continuity Management Systems	**SMGP**	Malita Power Plant

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
ISO 45001:2018 Occupational Health & Safety Management System	**Petron**	Amlan, Negros Oriental Sales Office
		Bacolod Terminal
		Batangas Terminal
		Bawing, Gen. Santos Terminal
		Davao Terminal
		Iligan Terminal
		Iloilo Terminal
		Isabel, Leyte Terminal
		Jimenez, Misamis Occ. Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legaspi LPG Facility
		Limay, Bataan Refinery
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Nasipit, Agusan del Norte Terminal
		Navotas Terminal
		Ormoc Terminal
		Palawan Terminal
		Pasacao, Camarines Sur Sales Office
		Pasig LPG Facility
		Poro, La Union Terminal
		Rosario, Cavite Terminal
		Roxas City, Capiz Terminal
		San Fernando, Pampanga LPG Facility
		Subic Blending Plant
		Tacloban Terminal
		Tagbilaran Sales Office
		Tagoloan Terminal
		Zamboanga Terminal
	SMGP	Limay Power Plant
		Masinloc Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	NCC	Pangasinan Plant
	SMCSL	Harbor Center
ISO 55001:2014 Asset Management System	**SMGP**	Malita Power Plant
ISPS CODE International Ship & Port Facility Security Code	**Petron**	Bacolod Terminal
		Batangas Terminal
		Bawing, Gen. Santos Terminal
		Davao Terminal
		Iloilo Terminal
		Iligan Terminal
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Navotas Terminal
		Ormoc Terminal
		Palawan Terminal
		Rosario, Cavite Terminal
		Roxas City, Capiz Terminal
		Tagoloan Terminal
		Zamboanga Terminal

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
2022-2026 SDMP & 2022 Annual SDMP Social Development & Management Program	**NCC**	Pangasinan Plant
FSSC 22000 v5.1 Food Safety Management System	**SMB**	Polo Brewery
	GSMI	Distileria Bago, Inc.
	Food	Magnolia Plant Cavite
		Purefoods-Hormel Cavite Plant
		Ready-to-Eat Plant Sta. Rosa, Laguna
		San Miguel Mills, Inc. Mabini Plant
		San Miguel Mills, Inc. Tabangao Plant
	Packaging	Can Asia, Inc.
		Cebu Glass Plant
		Manila Glass Plant
		Metal Closure & Lithography Plant Cebu
		Metal Closure & Lithography Plant San Fernando
		Rightpak Plant
		San Fernando Beverage Packaging Plant
		San Miguel Yamamura Glass Plant
HACCP Hazard Analysis Critical Control Points	**SMB**	Bacolod Brewery
		Davao Brewery
		Mandaue Brewery
		Polo Brewery
		San Fernando Brewery
		Sta. Rosa Brewery
		Tagoloan Brewery
	GSMI	Distileria Bago, Inc.
	Food	Magnolia Plant Cavite
		Magnolia Ice Cream Plant
		Purefoods-Hormel Cavite Plant
		Ready-to-Eat Plant Sta. Rosa, Laguna
		San Miguel Mills, Inc. Mabini Plant
		San Miguel Mills, Inc. Tabangao Plant
GMP Standards for Good Manufacturing Practices	**SMB**	Bacolod Brewery
		Davao Brewery
		Mandaue Brewery
		Polo Brewery
		San Fernando Brewery
		Sta. Rosa Brewery
		Tagoloan Brewery
	GSMI	Distileria Bago, Inc.
	Food	Magnolia Plant Cavite
		Magnolia Ice Cream Plant
		Magnolia Poultry Products Plant Camarines Sur
		Purefoods-Hormel Cavite Plant
		Ready-to-Eat Plant Sta. Rosa, Laguna
		San Miguel Mills, Inc. Mabini Plant
		San Miguel Mills, Inc. Tabangao Plant

ABBREVIATIONS

BankCom	Bank of Commerce
BESS	Battery Energy Storage Systems
BU	Business Unit
CBA	Collective Bargaining Agreement
CCR	Coal Combustion Residuals
CHR	Corporate Human Resources
CO2	Carbon Dioxide
COP	Compliance Officers for Privacy
COP27	27th UN Conference of the Parties
CPD	Continuing Professional Development
CSR	Corporate Social Responsibility
DBI	Distileria Bago, Inc.
DENR	Department of Natural Resources
DOLE	Department of Labor and Employment
DPO	Data Protection Officer
DPSO	Data Privacy and Security Office
EMB	Environmental Management Bureau
EMDP	Executive Management Development Program
EPR	Extended Producer Responsibility
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
FDA	Food and Drug Administration
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HELE	High Efficiency and Low Emissions
HMO	Health Maintenance Organization
IMS	Integrated Management Systems
IP	Indigenous Peoples
IPPA	Independent Power Producer Agreement
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
LCWDC	Luzon Clean Water Development Corporation
LGU	Local Government Unit
LMDP	Leadership and Management Development Program
LNG	Liquefied Natural Gas
LR	Labor Relations
MWSS	Metropolitan Waterworks and Sewerage System
NAB	Non-Alcoholic Beverages
NAIAx	NAIA Expressway
NALEX	Northern Access Link Expressway
NCC	Northern Cement Corporation
NIPAS	National Integrated Protected Area System
NMIA	New Manila International Airport
NOx	Nitrogen Oxide
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Administration
PAREX	Pasig River Expressway
PDEX	Philippine Dealing & Exchange Corp.
PET	Polyethylene terephthalate
PFI	Petron Foundation, Inc.
PHC	The Purefoods-Hormel Company, Inc.
PNS	Philippine National Standards
PRC	Professional Regulation Commission
PSE	Philippine Stock Exchange
PwC	PricewaterhouseCoopers
RE	Renewable Energy
RT-PCR	Reverse Transcription Polymerase Chain Reaction
SALEX	Southern Access Link Expressway
SASB	Sustainability Accounting Standards Board
SEED	School for Experiential and Entrepreneurial Development
SLEX	South Luzon Expressway
SMB	San Miguel Brewery, Inc.
SMC	San Miguel Corporation
SMCACDC	SMC Asia Car Distributors Corp.
SMCSL	SMC Shipping and Lighterage Inc.

MEASUREMENTS

SMEII	San Miguel Equity Investment Inc.
SMF	San Miguel Foods (refers to the Food Division of SMFB)
SMFB	San Miguel Food and Beverage, Inc.
SMFG	San Miguel Food Group (also refers to the Food Division of SMFB)
SMFI	San Miguel Foods, Inc.
SMGP	San Miguel Global Power Holdings Corp.
SMHC	San Miguel Holdings Corporation
SMILSI	San Miguel Integrated Logistics Services, Inc.
SMITS	San Miguel Information Technology Services, Inc.
SMMI	San Miguel Mills, Inc.
SMPI	San Miguel Properties Inc.
SMYPC	San Miguel Yamamura Packaging Corporation
SOx	Sulfur Oxides
STAR	Southern Tagalog Arterial Road
TCFD	Task Force for Carbon Related Disclosure
TPLEX	Tarlac-Pangasinan-La Union Expressway
TRB	Toll Regulatory Board
UN SDGs	United Nations Sustainable Development Goals

GJ	Gigajoule
HA	Hectares
KG	Kilograms
M2	Square Meters
ML	Million Liters
Mn	Million
MT	Metric Ton
MT CO2e	Metric Ton of Carbon Dioxide Equivalent
MW	Megawatt
No.	Number
PhP	Philippine Peso

FILIPINO WORDS & ENGLISH TRANSLATIONS

Malasakit	The Filipino word "malasakit" is a term that conveys a deep sense of concern, care, and empathy towards others. It is often used to describe a willingness to go beyond what is required to achieve a goal.
Walang Iwanan	The Filipino phrase "walang iwanan" literally translates to "no one left behind". The phrase embodies collective effort, where everyone works together towards a common goal, and no one is left behind or excluded.
Brigada Eskwela	The Filipino phrase “Brigada Eskwela” is “School Brigade” in English. This refers to a national program in the Philippines that encourages volunteerism and community involvement in preparing public elementary and high schools before the start of the academic year. Prior to the start of classes, parents, teachers, students, civic groups, and volunteers come together to clean, repair, and beautify public schools in the area. They paint classrooms, repair desks and chairs, clean windows and floors, and plant trees and flowers. The program also involves the preparation of emergency kits and the conduct of disaster drills to ensure that schools are ready to respond in case of emergencies. Brigada Eskwela is a testament to the Filipinos' commitment to ensuring that every child has access to a safe and conducive learning environment.
Kababayan	The Filipino word "kababayan" is a term that refers to a fellow countryman. It is a word that fosters a sense of community and solidarity among Filipinos, whether we are in our home country or living abroad.
Kalikasan	The Filipino word "kalikasan" refers to nature or Mother Earth. It is a term that is deeply ingrained in Filipino culture, as our country is known for its diverse and rich natural resources, including its forests, mountains, and bodies of water. It highlights the importance of preserving and protecting the natural world for future generations. It is a word that evokes a sense of awe and appreciation for the beauty and complexity of the natural world, as well as a sense of responsibility to protect it.
Kalinga	The Filipino word "kalinga" is a word that connotes care or compassion for people, particularly for those who are vulnerable or in need. The concept of kalinga embodies the Filipino value of "bayanihan" or collective effort, which is the Filipino tradition of community and mutual support, especially in times of challenges. Kalinga also means protecting or guarding, especially keeping someone safe from harm or danger.
Kasaganahan	The Filipino word "kasaganahan" refers to abundance, prosperity, or plenty. It is a word that conveys a sense of great prosperity, whether in terms of resources or opportunities. Kasaganahan is a word that is often used to describe the potential for growth and development in the Philippines. The word further embodies the Filipino value of optimism and resilience, as it suggests a belief in the abundance of opportunities and resources available to those who work hard and persevere in life. Overall, kasaganahan celebrates the abundance and richness of life and encourages people to be generous and giving towards others.
Puno ng Buhay	Trees of Life

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