



**SAN MIGUEL
CORPORATION**

ALL FOR THE GREATER GOOD

SUSTAINABILITY REPORT 2023





BETTER WORLD

SMOKEY MOUNTAIN

Matutong mangarap



ALL FOR THE GREATER GOOD

"For the Greater Good" embodies San Miguel Corporation's unwavering commitment to sustainability, reflecting our belief that true progress is measured by the positive impact on society and the environment. This title signifies our dedication to creating shared value and driving long-term growth that benefits not only our business but also the communities we serve and the planet we inhabit. Over the past year, we have aligned our Vision and Core Purpose to focus on nation-building projects, climate action, social upliftment, and governance. By fostering collaboration across our operations and engaging with stakeholders, we strive to ensure that our efforts contribute meaningfully to a sustainable and prosperous future for all.



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About the Report

At San Miguel Corporation (SMC, San Miguel, or the Company), our dedication to sustainability is ingrained in all our business operations. Guided by our Sustainability Blueprint, we aim to reduce our environmental footprint, promote social inclusion, and commit to building a stronger, more resilient, and globally competitive company.

We are pleased to present the 2023 San Miguel Corporation Sustainability Report as a testament to our long-term commitment to sustainability. This Report contains information on the environmental, social, and governance (ESG) performance topics identified as material to SMC's businesses and stakeholders.

We recommend a side-by-side review of this Report with our 2023 Annual Report for a more comprehensive understanding of the Company's operations and impacts, which you may access through SMC's website at <https://www.sanmiguel.com.ph> or the QR code below.



Scan to access
the SMC 2023
Annual Report

Scope and Coverage

GRI 2-2 | GRI 2-3

This Report provides detailed information on the consolidated ESG performance of SMC and key business groups from January 1 to December 31, 2023. The subsidiaries included in this Report were selected based on their scale of operations and SMC's majority ownership interest, and level of operational control.

This Report covers the ESG data of the following key businesses:

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

The Cement business expanded its coverage and now includes Eagle Cement Corporation and Southern Concrete Industries, Inc. Please refer to the Appendices for a complete list of the subsidiaries covered by this Report.

Reporting Frameworks and Standards

GRI 2-4 | GRI 3-1

Our approach in preparing and presenting this Report was based on the following frameworks:

The Philippine Securities and Exchange Commission Guidelines

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 impacts, risks, opportunities, and Management's approach to addressing material ESG topics.

Global Reporting Initiative (GRI) Standards

We provided SMC's disclosures with reference to the GRI Reporting Standards and ensured that this Report aligns with GRI's reporting principles. A GRI content index is found in the Appendices to help readers navigate the 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 facilitate reference to SMC's financial material sustainability information.

Greenhouse Gas (GHG) Protocol

We were guided by the GHG Protocol's Corporate Standard in accounting for and reporting SMC's greenhouse gas emissions. We followed its principles to ensure that our GHG inventories accurately represent our total 2023 emissions. By improving our understanding of our GHG emissions, we can better manage our risks, identify reduction opportunities, and monitor our progress towards achieving our Net Zero goal by 2050. We used the operational control approach to consolidate our GHG emissions.

SMC has started determining our Scope 3 or supply chain GHG emissions. Guided by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, we have begun the process of identifying which Scope 3 activities across our business units are expected to have the highest emissions, offer significant opportunities for emissions reduction, and are most relevant to our sustainability goals.

More details are found in the section on "Our Scope 3 Boundaries" in this Report.

Reporting Principles

Our Report subscribes to the following 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 that readers with reasonable knowledge of SMC can easily understand.
- **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 external parties can easily evaluate and benchmark our performance as part of rating activities, investment decisions, or advocacy programs.
- **Completeness:** We included sufficient information on SMC's present activities, events, and impacts for the reporting period.

We have restated some of our 2022 ESG data based on improvements in our data collection process. All material data restatements are noted below the relevant ESG data tables.

Contact information

GRI 2-3

Corporate Sustainability Office

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Attention: Rita Imelda B. Palabyab

Additional information on our sustainability performance is available on our sustainability microsite at <https://www.sanmiguel.com.ph/sustainability/>.

Message from the President and CEO

GRI 2-22 | GRI 203-1 | GRI 203-2

A year into our ambitious sustainability blueprint, we are already making a growing and positive impact on our business in terms of cost efficiency and resilience.

At a time when more and more companies are talking about sustainability and how it might tie into their core purpose, San Miguel has sought to define how we work with others, how we interact with the environment and our communities, and ultimately, the future we hope to create.

As a starting point, over the last year, we revisited our vision and core purpose statements—the building blocks that reflect our corporate culture and direction—and sought to align those of our subsidiaries with our vision to build a better Philippines where prosperity is widely shared, and every Filipino can reach his highest aspirations.

Our newly created Corporate Sustainability Office has settled into its role, providing the additional rigor, support, and challenge to ensure sustainability is top of mind among the estimated 50,000-strong San Miguel family. Employees for whom sustainability is not a

full-time role or who have recently been given responsibility to study and address the issues, have embraced this new mindset with much enthusiasm. We have seen colleagues from various departments contributing to our sustainability agenda, including logistics, manufacturing, procurement, and human resources. They have moved beyond ad-hoc and project-based activities, pursuing long-term impact by engaging in strategic and collaborative activities. It is heartwarming to see how everyone, regardless of their role in the corporation, believes they can play a part in making a positive impact on customers, co-workers, shareholders, and society through sustainable practices.

Many of the capstone projects in our management leadership programs now seek solutions to water scarcity, identify and adopt processes that use less energy and fewer materials, circular approaches, and even social

inclusion. Today, sustainability is a common thread in many of our employees' day-to-day projects and initiatives, and growing numbers are beginning to understand that San Miguel is responsible for everything done in our name.

Over the last year, we have identified the issues that matter most to our company and stakeholders. We have converged on agreed-upon priorities and developed clear milestones and key indicators for our four sustainability goals: circularity, upliftment, governance, and net zero emissions. We are setting time-bound metrics for each goal and creating a roadmap to which we will be accountable.

Climate change is the defining crisis of our time, happening much more quickly than we could have ever anticipated. This will fundamentally change the shape of our business, causing us to reconfigure our energy, transportation, manufacturing,



RAMON S. ANG
President and CEO

Climate change is the defining crisis of our time, happening much more quickly than we could have ever anticipated.



and food systems. From the resources we use, to how we make, sell, and move our products; engage with communities; to the expectations we set for our business partners and suppliers—everything we do from this point onward forms part of the social and environmental legacy we hope to craft for ourselves.

In our inaugural report, we identified our Scope 1 and Scope 2 emissions and are finding ways to decarbonize our operations, from implementing energy efficiency measures, retrofitting our plants to use more solar power, to continuing our transition to cleaner energy through additional Battery Energy Storage System (BESS) facilities. While we are still gathering data on our Scope 3 GHG emissions, we have already engaged our supply base by working to set metrics, arrive at shared terminology, and collect data from our biggest suppliers to allow us to understand better the impact of our products and processes. We fully intend to share our progress across all reporting parameters based on the best available data, and to improve our level of disclosure each year.

Today, we have a once-in-a-generation opportunity to help ensure future generations have the same, if not better, opportunities than those at present.

Our Tullahan river rehabilitation and flood mitigation project, which was launched in 2020, has since expanded to the Pasig and San Juan Rivers and further north to Bulacan province, the site of our international airport project. We are also extending rehabilitation efforts to neighboring river systems, including the Pampanga River, Maragondon River and related tributaries in Cavite; waterways in Navotas City and the San Pedro River in Laguna. As of May 2024, SMC's river clean-up program has removed over 6.0 million tons of waste from approximately 100 kilometers of river systems.

Alongside our environmental initiatives, we continue to roll out social impact projects, the newest of which is Better World Smokey Mountain Pangarap Para sa Pamilya center. Our four Better World centers repurpose idle, abandoned properties for community use, such as green space, learning, and healthcare facilities. Through committed, long-term engagement, we encourage greater civic

participation and capacity and give the economically disadvantaged a voice in their community's future.

Yet, there is a lot more that still needs to be done.

Indeed, the journey to becoming more sustainable is not straightforward for any organization, particularly not for one as big and as diversified as ours. However, as one of the Philippines' leading conglomerates, we will set the standards that others follow because the big issues facing the world today, from climate change to social inequality, demand that businesses redefine their societal role.

We have always had a strong sense of social, environmental, and economic responsibility and an understanding that our success depends on the success of society at large. This is one of the core values we live by. When our colleagues, customers, suppliers, or communities are in need, we help.

Today, we have a once-in-a-generation opportunity to help ensure future generations have the same, if not better, opportunities than those at present. As San Miguel, we are determined to make a long-lasting, positive contribution to our country and the world we inhabit as a whole.

About San Miguel Corporation

Company Overview

GRI 2-1 | GRI 2-6 | GRI 203-1 | GRI 203-2

San Miguel Corporation is one of the largest and most diversified conglomerates in the Philippines in terms of revenues and total assets. In 2023, its consolidated revenues, when divided by the country's total revenue as reported by the Philippine Statistics Authority, amounted to approximately 6.0% of the country's Gross Domestic Product (GDP). Originally founded in 1890 as a single-product brewery, SMC has operated for over 130 years. Today, it owns market-leading businesses in various key sectors, including Beverages, Food, Packaging, Fuel and Oil, Energy, Infrastructure, Cement, Property Development and Leasing, Car Distributorship, Insurance and Banking services. SMC's portfolio of companies is interwoven into the economic fabric of the Philippines, benefiting from and contributing to the nation's development and economic progress.

Through its core subsidiaries and extensive product portfolio, SMC has maintained long-standing leadership positions in various categories, including in beer, spirits, non-alcoholic beverages (NAB), poultry, animal feeds,

flour, fresh and processed meats, dairy products, coffee, various packaging products, and a full range of refined petroleum products. Moreover, SMC's aggressive expansion into growth industries such as power generation, cement, and infrastructure, has also led to its leadership in these industries over the last decade.

The bulk of SMC's operations are in the Philippines. It also has international operations, mainly in Malaysia, Singapore, Australia, China, Indonesia, and Vietnam, and through exports, which collectively contributed 29% of consolidated sales in 2023.

Through the decades, SMC's traditional core businesses have sustained their market-leading positions, due in large part to continuous innovation, diligent product enhancement resulting from rigorous consumer and market research, and meticulously planned marketing initiatives and brand-building activities.

Since its business diversification program in 2007, SMC has also channeled much of its resources into sectors that are

crucial to Philippine economic growth and development. SMC maintains that its strategy of continuous value creation through investing in nation-building projects, extracting synergies and efficiencies across its portfolio, and pushing for greater sustainability, redounds to a stronger financial performance, wider access to capital, more growth opportunities, and resilience against economic downturns and cyclical business challenges.

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

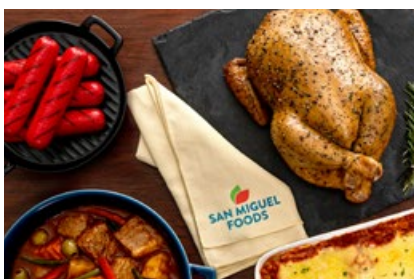
SMC is headquartered in the San Miguel Corporation Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550. The company operates over 100 major facilities in the Philippines, Southeast Asia, China, Australia, and New Zealand.



Our Businesses

GRI 2-1 | GRI 2-6 | GRI 203-1 | GRI 203-2

Food and Beverage



SMFB is a leading food and beverage company in the Philippines.

SMFB has three primary operating divisions—(i) Beer and Non-Alcoholic Beverages (NAB) through San Miguel Brewery, Inc. (SMB) and its subsidiaries, (ii) Spirits through Ginebra San Miguel Inc. and its subsidiaries, and (iii) Food and Animal Nutrition through San Miguel Foods, Inc. (SMFI) and its related companies. SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to about seventy (70) markets worldwide.

The brands under which SMFB produces, markets, and sells its products are among the most recognizable in the Philippines, holding market-leading positions in their respective categories. These include San Miguel Pale Pilsen, San Mig Light, and Red Horse for Beer, and Ginebra San Miguel and Vino Kulafu for Spirits. Under its Food business: Magnolia for chicken, dairy, ice cream, flour mixes, and salad aids; Monterey for fresh and marinated meats; Purefoods Tender Juicy for hotdogs; Purefoods for other processed meats, ready-to-eat meals, and seafood line; Veega for plant-based protein products; Star and Dari Crème for margarine, and B-Meg for animal feeds.

SMFB has an extensive, complementary product portfolio featuring 32 brands in six categories, with something to offer for every segment of the growing domestic market.

With seven beer production

facilities strategically located across the Philippines and close to consumer markets, SMFB can serve all regions and transport beer products to market within five to seven days of production, thus ensuring product availability and freshness. Spirits, on the other hand, are produced from fine alcohol obtained from a centralized distillery in Negros Occidental, the Philippines' largest molasses-producing region, and are bottled at five domestic facilities across the country. Additionally, SMFB operates a nationwide network of facilities, including breeding and growing farms, state-of-the-art feed mills, poultry processing and food manufacturing plants. These facilities are located in close proximity to the markets that they serve and an efficient cold chain ensures optimal shelf life and preserves the quality and freshness of its products. Equipped with modern technology, SMFB's facilities rank among the most efficient in the country, maintaining high quality standards and optimal production costs.

The Beer and NAB Division operates over 50 sales offices, partnering with approximately 450 dealers, with products in over 500,000 outlets. The Spirits Division operates 14 sales offices strategically located across the Philippines and coordinates with a network of 93 dealer sites covering approximately 158,000 outlets. The products of the Food Division are offered through approximately 160,000 points of sale, partnering with over 1,300 dealers, distributors, and food service clients.

SMFB is expanding its production capacities and manufacturing facilities in strategic areas to meet growing demand in its various food segments. Over the last six years, we have built new feed mills and processing plants for poultry, refrigerated and canned processed meats, and ready-to-eat food. In October 2023, the Food Division inaugurated its first mega poultry farm in Hagonoy, Davao del Sur, equipped with controlled climate technology, automated feeding and watering systems, an air quality monitoring system, and an automated harvesting system. Over the next

ten years, the Food Division is set to build a number of mega poultry farms across the country, each capable of producing up to 80 million birds per year at full capacity. Employing the latest technology in poultry farming and best practices in animal health and nutrition, the farms are expected to consistently produce premium quality chickens to meet consumer demand for safe and affordable products. This effort aims to bring down production and logistical costs and support SMC's larger plan to boost the country's food security.

Packaging



The packaging business began operations in 1938 with the establishment of a glass plant that supplied glass bottles for the beer and NAB products of SMC. Today, the Packaging Group has one of the largest packaging operations in the Philippines, producing glass, molds, metal and plastic closures, aluminum cans, plastic bottles, pallets and crates, flexibles, paper, and other packaging products. It also provides beverage filling in aluminum cans, PET and glass bottles, and logistics services. It is comprised of San Miguel Yamamura Packaging Corporation (SMYPC) and San Miguel Yamamura Packaging International Ltd, along with their respective subsidiaries. These entities are joint venture companies between SMC and Nihon Yamamura Group, one of Japan's largest glass and plastic packaging corporations. The group further includes SMC Yamamura Fuso Molds Corporation, the sole manufacturer of glass and plastics molds in the country; Can Asia Inc., a pioneer in producing two-piece aluminum cans; Mindanao

Corrugated Fibreboard, Inc., a corrugated carton manufacturer; and Wine Brothers Philippines Corp., involved in the sale and distribution of wine products.

The Packaging Group is a market leader across all its product formats in the domestic packaging industry, offering total packaging solutions to clients. It continuously innovates to enter new markets and segments with novel products, while developing eco-friendly processes.

The Packaging Group owns 18 international packaging companies, mainly located in China (glass, plastic, paper packaging products, and trading), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags and radiant/thermal liners), Australia (trading of packaging products, including retail/online packaging, cargo protection, materials handling products, plastic manufacturing, provision of wine closures, and wine filling services), and New Zealand (plastic manufacturing and trading of packaging products).

Serving as the principal supplier of packaging needs for other SMC businesses, these facilities also allow the Packaging Group to serve the packaging requirements of SMB breweries in China, Vietnam, Indonesia, and Thailand. In addition, it

caters to other customers in the Asia-Pacific region, the U.S., and Australasia, as well as to major multinational corporations in the Philippines, including Coca-Cola Beverages Philippines, Inc., Nestle Philippines, and Pepsi Cola Products Philippines, Inc.

Energy



SMC operates its energy business through its wholly owned subsidiary, San Miguel Global Power Holdings Corp. (SMGP) which, together with its subsidiaries, associates, and joint ventures, is one of the largest power companies in the Philippines. As of December 31, 2023, SMGP controls a combined capacity of 4,789 MW. SMGP benefits from a diversified power portfolio that includes natural gas, coal, and renewable energy, such as hydroelectric power and BESS. Based on the total installed generating capacities reported in the Energy Regulatory Commission (ERC) Resolution on Grid Market Share Limitation, SMGP's combined installed capacity represents approximately 19% of the National Grid, 25% of the Luzon Grid, and 7% of the Mindanao Grid as of December 31, 2023. In addition, SMGP is involved 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. Its baseload and peaking plants with diversified fuel sources allow SMGP to manage costs effectively and offer more competitive baseload power rates. SMGP also has capacity from its BESS facilities, which can provide more efficient ancillary services and has synergistic effects with renewable technologies, particularly the

ability to strengthen the stability of a grid and improve power quality.

As of December 31, 2023, the major power assets of SMGP consist of the Sual Power Plant, San Roque Power Plant, Angat Hydroelectric Power Plant, Limay Greenfield Power Plant, Malita Greenfield Power Plant, Masinloc Power Plant (with the Masinloc BESS), and the Ilijan Power Plant, which was turned over by the Power Sector Assets and Liabilities Management (PSALM) to SMGP following the expiration of its Independent Power Producer Agreement on June 3, 2022.

The power generated by the Sual Power Plant, Ilijan Power Plant, Limay Greenfield Power Plant, Malita Greenfield Power Plant, and Masinloc Power Plant, is primarily used as baseload supply and sold to customers under bilateral offtake agreements. The power generated by the San Roque Power Plant and the Angat Hydroelectric Power Plant serves as peaking supply. It is 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, providing regulating reserve ancillary services to the Luzon Grid under an Ancillary Services Procurement Agreement.

SMGP is well-positioned to leverage opportunities from the continued growth of the Philippine electricity market and an expected power supply shortage in the country. The latter is exacerbated by an existing base of aging power plants which are over 20 years old--and are thus prone to unscheduled shutdowns--as well as a large base of seasonal power supply, such as hydropower plants in Mindanao. To address this, SMGP has a defined roadmap to increase capacity by developing greenfield power plants and pursuing opportunities to invest in renewable energy projects, particularly in hydroelectric power and solar power projects and complementary technologies such as BESS.

SMGP closely supervises, controls, and processes improvements in the power plants it owns and operates to ensure that emissions comply with applicable

environmental standards. SMGP utilizes Circulating Fluidized Bed (CFB) technology in its Limay Greenfield Power Plant and Malita Greenfield Power Plant. CFB technology transforms coal into a fuel source with relatively low pollutant emissions. These low emissions are made possible by processes that are used only in CFB power plants, such as chemically washing minerals and impurities from coal, gasification, treating flue gases with steam to remove sulfur dioxide, employing carbon capture and storage technologies to capture carbon dioxide from the flue gas, and dewatering lower-rank coals (brown coals) to improve calorific value, thereby improving electricity conversion efficiency. In addition, CFB plants incorporate other features that reduce emissions, such as fine coal grinders, limestone injections, and electrostatic precipitators to capture dust particles that escape the boiler.

Fuel and Oil



SMC operates its fuel and oil business through Petron Corporation (Petron), the Philippines' market leader and operator of the only integrated oil refinery in the country. It is also a leading player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day, refining crude oil and marketing and distributing refined petroleum products in the Philippines and Malaysia. In the Philippines, Petron operates the Petron Bataan Refinery, with a production capacity of 180,000 barrels per day. Petron's products are primarily sold to customers in the Philippines and Malaysia, and the company exports various petroleum and petrochemical products, including low-sulfur waxy residue, naphtha, mixed

xylene, benzene, toluene, and propylene to other customers in the Asia-Pacific region.

Petron maintains 40 terminals and airport installations throughout the Philippines to serve its domestic markets, representing the country's most extensive distribution network for petroleum products. This network comprises 13 terminals in Luzon, seven in Visayas, and eight in Mindanao, as well as four airport installations in Luzon, five in Visayas, and three in Mindanao. The terminals have marine receiving facilities, multiple product storage tanks for liquid fuels and Liquefied Petroleum Gas (LPG), drummed products storage, and warehouses for packaged products, such as

lubricants and greases. Refined products from the Petron Bataan Refinery are distributed to the various terminals and direct large consumer accounts using a fleet of contracted barges and tankers, as well as to service stations and industrial accounts through a fleet of contracted tank trucks. The barges and tankers are chartered on term or spot contracts from third-party ship owners. Bulk products are hauled from the storage terminals to service stations and industrial accounts by tank trucks owned by Petron and third parties.

As of December 31, 2023, Petron has a network of more than

1,800 retail service stations in the Philippines, with most stations located in Luzon where demand is heaviest. Through its extensive network, 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 and from a nationwide network of 1,700 LPG branch stores. Meanwhile, Petron's Lubes distribution network includes 45 car care centers, more than 350 active lube bays, and approximately 1,100 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), Cavite-Batangas Expressway (CBEX), Nasugbu-Bauan Expressway (NBEX), and the 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 for the Bulacan Bulk Water Supply Project.

SMHC has become one of the major infrastructure companies in the country, with concessions in toll roads, airports, mass rail transit, and bulk water supply. SMHC's concession rights cover approximately 1,048.5 kilometers of total road length, serving Metro Manila and other fast-growing regions of Luzon.

SMHC aims to address gaps in our country's infrastructure and transport network by building expansive, resilient road infrastructure and public transportation projects. These efforts are designed to catalyze trade, investment, and national development, supporting growth and progress through collaboration on projects under the government's Public-Private Partnership (PPP) programs. By partnering with the government to enhance the country's infrastructure and transportation, SMC Infrastructure contributes to the overall economy and helps improve people's lives.

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 Southern Concrete Industries, Inc. (SCII) and 99.96% of Eagle Cement Corporation (ECC) as of the end of December 2023. SMC owns 100% of SMEII.

The Cement business has grown in size and contribution to SMC with the addition of ECC as of the end of 2022. Together, NCC and ECC have established a strong market presence in Luzon, building reputable names in cement production and domestic sales. The cement group operates plants with integrated cement manufacturing lines showcasing sustainable, environment-friendly, world-class, and state-of-the-art equipment capable of producing high-quality cement that is above and beyond prescribed specifications.

In 2023, SMC expanded its market presence in Mindanao by establishing a cement grinding facility through SCII, which adopted the processes, technologies, and strategies of NCC.

The cement group owns and operates various facilities: ECC has a fully integrated cement

production facility, a limestone, shale, and pozzolan quarry, and a Limestone Pulverizing Plant in San Ildefonso, Bulacan, and a grinding and packaging facility in Limay, Bataan. NCC has a fully integrated cement production facility and quarry in Sison, Pangasinan, while SCII operates a grinding plant in Santa Cruz, Davao Del Sur. Overall, the cement business has a combined annual rated production capacity of approximately 17.53 million metric tons per year (MTPY) of finished cement.

It continues to develop and improve plant capacity and operational efficiency through innovative technology and measures to increase the supply of cost-efficient cement products. This includes adapting environment protection and enhancement programs, promoting innovative high-quality products, strict monitoring and enforcement of regulatory compliances, strengthening of customer technical and mobile laboratory services, and implementing social development and management programs. Additionally, the cement business offers programs for Indigenous Cultural Communities, and undertakes employee welfare and holistic people development programs to create a resilient and engaged workforce.

Real Estate



Established in 1990 as the corporate real estate arm of SMC, San Miguel Properties Inc. (SMPI) aims to become one of the major players in the country's property development sector. SMPI is 99.97% owned by SMC and primarily manages, develops, sells, and leases the conglomerate's real estate assets. SMPI offers a diverse portfolio of

mid-range homes and prime lots. It is expanding into the high-end market with its foray into townhouse developments and the hospitality segment through Makati Diamond Residences. Furthermore, SMPI is considering entering integrated township developments and sustainable tourism projects.

Banking



Bank of Commerce (BankCom), an affiliate of SMC, is one of the country's fastest-growing universal banks 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 consisting of

140 branches and 242 automated teller machines, strategically located nationwide as of December 31, 2023.

BankCom aims to strengthen its presence in the domestic market and deepen its relationship with clients through various financial solutions focused on supplier and customer relationships within conglomerates.

BankCom's ESG data is not 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 70% owned subsidiary of SMC that primarily operates 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 company-owned and leased storage facilities, transport units, and material handling equipment, SMILSI offers integrated planning, coordination,

operations, and maintenance services related to shipping, warehousing, trucking activities, and 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. It is responsible for managing SMC's IT operations. The organization employs over 700 IT professionals and over 1000 business process experts and offers IT consulting, implementation, and support services to the San Miguel Group and non-San Miguel clients.

SMITS is built on four pillars to provide clients with 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.

SMITS manages SMC's IT operations and offers IT consulting, implementation, and support services to the San Miguel Group and external clients.

Cars and Motorcycles



SMC Asia Car Distributors Corp. (SMAC) was established in 2017 and is 65% owned by SMC. Its primary purpose is to import, buy, sell, and distribute all 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. It is currently the sole importer and distributor of BMW vehicles, spare parts, and accessories in the Philippines.

Our Awards and Recognitions

GRI 2-22

Our commitment to integrating sustainable practices across all aspects of our business operations is reflected in the diverse array of accolades we received in 2023. These recognitions underscore our unwavering dedication to environmental stewardship, social responsibility, and corporate governance, aligning with our agenda to create a positive impact on society and the environment.

2023

■ San Miguel Corporation

- The Asset ESG Corporate Awards (Titanium)
- The Asset Best Initiative in Environmental Responsibility: BESS
- 2023 3G CSR Championship Award
- Alpha Southeast Asia 13th Institutional Investor Corporate Awards 2023
 - » Strongest Adherence to Corporate Governance
 - » Most Consistent Dividend Policy
 - » Best Strategic Corporate Social Responsibility
- 2023 Philippine Chamber of Commerce and Industry (PCCI) Presidential Recognition for Outstanding Achievement on Environment / Climate Initiatives
- 2023 PCCI Nation Builders' Award to Ramon S. Ang and San Miguel Corporation
- 2023 ASEAN Corporate Governance Scorecard (ACGS) Recognition Award: One Golden Arrow
- Forbes 2023 World's Best Employers
- Time World's Best Companies 2023

■ San Miguel Food and Beverage Inc.

- 2023 ACGS Recognition Award: Three Golden Arrows

■ Ginebra San Miguel Inc.

- The Green Organization 2023 International CSR Excellence Award – Bronze
- 20th Philippine Quill Awards – Award of Excellence for “Huling Patak ng Bagong Tapang” under the Marketing, Advertising, and Brand Communication Category
- TESDA 2023 National Kabalikatan Awards – Industry Category
- Monde's World Quality Awards – Gold
 - » Ginebra San Miguel 350ml (Round), 350ml (Frasquito) and 700ml (Frasco); GSM Premium Gin, Antonov Vodka; Vino Kulafu 350ml and 700ml; 1834 Premium Distilled Gin
- Monde's World Quality Awards – Silver
 - » GSM Blue Mojito, Pomelo, Margarita, Light Gin, and Primera Light Brandy

■ Petron Corporation

- 2023 ACGS Recognition Award: Two Golden Arrows

■ San Miguel Global Power Holdings Corp.

- Asian Power Awards 2023 – Battery Storage Project of the Year – Philippines (BESS Facilities)
- Asian Power Awards 2023 – Innovative Power Technology of the Year – Philippines (BESS Facilities)
- Asian Power Awards 2023 – Smart Grid Project of the Year – Philippines (BESS Facilities)
- Asian Power Awards 2023 – Water Conservation Initiative of the Year – Philippines (Limay Power Inc.)



- Asian Power Awards 2023 – Diesel-Fired Power Project of the Year – Philippines (Malita Power Inc.)
- Asian Power Awards 2023 – Power Plant Upgrade of the Year – Philippines (Malita Power Inc.)
- Asian Power Awards 2023 – Information Technology Project of the Year – Philippines (Malita Power Inc.)

■ Packaging Group

- Excellence Award from the International Quality and Productivity Convention
- Success Story Award from the Pollution Control Association of the Philippines

■ Eagle Cement Corporation

- 2023 ACGS Recognition Award: One Golden Arrow
- Presidential Mineral Industry Environment Award from the Department of Environment and Natural Resources (DENR)
- 2nd runner-up for Best Mining Forest Award from the DENR

■ Northern Cement Corporation

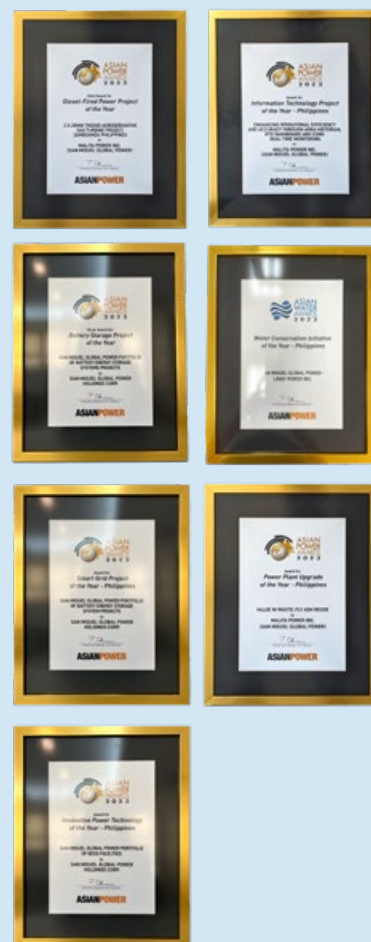
- Best Environmental Partner from the DENR

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
- ACGS Recognition Award: Three Golden Arrows (SMFB)
- ACGS Recognition Award: Two Golden Arrows (Petron)
- Presidential Mining Environmental Award: Titanium Achievement Award for Quarry Operator Category (NCC)
- Catholic Mass Media Award for Best Digital Ad (Ginebra San Miguel)
- Monde Selection Awards: Gold (GSMI)
 - » Ginebra San Miguel Premium Gin
 - » Antonov Vodka
 - » Ginebra San Miguel
 - » 1834 Premium Distilled Gin
 - » GSMI Blue Light Gin
 - » GSM Blue Flavors Pomelo
 - » VINO Kulafu
- Monde Selection Awards: Silver (GSMI)
 - » GSM Blue Flavors Mojito
 - » GSM Blue Flavors Margarita

2021

- The Asset ESG Corporate Awards (SMC)
- Gold Award in Excellence in Environmental, Social and Governance (SMC)
- Catholic Mass Media Award for Best Digital Ad (GSMI)
 - » Ginebra San Miguel
- Monde Selection Awards: Gold (GSMI)
 - » 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 (GSMI)
 - » GSM Blue Flavors Margarita



Our Stakeholders

Stakeholder Engagement

GRI 2-12 | GRI 2-16 | GRI 2-25 |
GRI 2-26 | GRI 2-29

With its extensive portfolio of businesses, SMC significantly impacts the daily lives of Filipinos who depend on us not only for the provision of goods and services but also for our responsible and conscientious approach to doing business. Our commitment to

sustainability is centered on addressing the key challenges our stakeholders face, harnessing the power of our businesses to offer meaningful solutions. We recognize that adopting sustainable practices benefits our stakeholders and enhances both business performance and shareholder value.

Transparent and open communication is crucial for recognizing the diverse needs of

our stakeholders. We prioritize engaging in continuous dialogue with our stakeholders through various effective communication channels, ensuring that their needs are met. Additionally, we actively benchmark our ESG performance against the best practices of our peers, both locally and globally, to further strengthen our commitment to sustainability.

Our Stakeholder Groups

GRI 2-12 | GRI 2-16 | GRI 2-25 | GRI 2-26 |
GRI 2-29 | GRI 411-1 | GRI 413-1 | GRI 413-2

Shareholders and Investors

SMC considers its shareholders and investors to be integral partners, supporting the Company's vision and strategies by supplying the essential capital needed for long-term business growth. They are pivotal in driving sustainable evolution and future value creation, influencing the Company's corporate behavior and commitment to sustainable practices. Our sustainability goals and targets are shaped by constant feedback and open dialogue with shareholders and investors, aligning with their needs and expectations. This approach fosters trust, transparency, and accessibility for all stakeholders and investors.

Our communication channels are well established, including monthly and quarterly meetings with the Board of Directors and various Board-level committees.

Annual stockholders' meetings offer a platform for shareholders to learn about the Company's performance and plans, and to voice their comments and questions. We maintain ongoing communication through one-on-one or group meetings, roadshows, teleconferences, calls, email correspondences, and regular Company disclosures to the SEC, PSE, and Philippine Dealing & Exchange Corp. (PDEX). Additionally, quarterly investor briefings and E-newsletters are part of our communication strategy.

Social media platforms further enhance our outreach by disseminating news on performance, developments, and milestones.

In the realm of ESG, SMC engages in meetings within the Group and with external parties to discuss ESG ratings and potential initiatives addressing ESG-related concerns. The open flow of dialogue and information exchange on goals and strategies ensures the Company's trajectory towards more sustainable growth and value creation.

Government Bodies and Regulators

SMC continues to work closely with the government and regulators on developmental, legal, regulatory, or legislative matters, viewing them as important partners in attaining the country's development goals. Our regular dialogues include consultation meetings, plant visits, legislative hearings, briefings, and conferences, to name a few.

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

Additionally, SMC supports national growth and progress through collaboration on projects and initiatives through the government's Public-Private Partnership program. By being a partner of the government in enhancing the country's infrastructure and transportation systems, and providing a stable

power supply, we believe we are contributing to the overall economy and helping to improve people's lives. We also closely monitor and engage in discussions with the government regarding any plans that may affect our products, such as tax increases, to ensure that it will be fair and acceptable to our consumers.

Road infrastructure is a prime example of SMC's willingness to collaborate with national and local government units. The Company holds numerous consultations with relevant agencies, addressing the impacts of the road network and devising plans to address these impacts adequately. This includes implementing appropriate and robust mitigations, compensating those who stand to lose their homes, or providing access to opportunities that expansion would bring, such as new jobs and apprenticeships.

For Republic Act (R.A.) No. 11898, also known as the Extended Producer Responsibility (EPR) Act which became a law in August 2022, SMC representatives attended industry association meetings and participated in industry consultations with the DENR leading to the passage of the bill that placed responsibility for post-consumer plastic waste squarely on the shoulders of manufacturers. Along with other companies, SMC supported the plan and helped ensure that the implementation mechanism would be a viable and practical approach to reducing the volume of plastics that leak out into the environment.

Engagements with government and regulators in the ESG space are critical for creating an environment conducive to sustainable and responsible business practices. Collaboration between the public and private sectors is essential for achieving meaningful progress in the ESG landscape.

Customers

SMC recognizes its customers' continued loyalty as vital to the Company's success. As such, we strive to produce quality products that are safe and affordable and services that provide the best customer care. This is by keeping up with customers' evolving preferences through customer satisfaction surveys, customer engagement initiatives, immersion, field visits, and social media monitoring.

SMC uses both traditional and digital communication channels for its products and services. We aim to remain present in the minds of everyday customers using 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 a lack of these may send conflicting messages to our valued customers.

SMC continues to increase the use of social media platforms to engage directly with consumers, ensuring that all private messages regarding its products are responded to and addressed promptly. We regularly monitor feedback from our consumers on promos implemented to ensure that these are relevant and adjust consumer promo mechanics as needed. These are monitored through consumer promo and novelty items surveys conducted quarterly or twice a year.

To provide easier and faster access for our products and services, our customers can place orders through "<https://www.sanmiguelmart.ph/>" and "<https://www.smbdelivers.com/>", which deliver directly to their doorsteps. We also have our Customer Care contact, "+63 2 8632-2000", where customers can make

inquiries, give feedback, and inform us of any complaint they may have.

Specifically for our Fuel and Oil business, Petron provides avenues for customers and stakeholders to provide feedback via the following platforms: the Petron website (www.petron.com); Petron's various social media platforms such as Facebook (facebook.com/PetronCorporation), Instagram (instagram.com/petroncorporation/), and X (twitter.com/Petron_Corp); the Petron Customer Interaction Center where various customer concerns, inquiries, and complaints on orders, facilities, and prices are attended to; and the feedback program at service stations where posters in place indicate a hotline number for feedback via SMS. These platforms offer accessible mechanisms to collect, record, and address complaints or grievances.

Suppliers and Vendors

SMC contributes significantly to the growth of upstream industries, fostering a wide network of third-party suppliers for our portfolio of products and services. We view our suppliers and vendors as valuable partners in creating shared value, supplying essential products and services that meet the Company's stringent quality standards and requirements.

Supplier accreditation involves a thorough audit and assessment by our Corporate Procurement Group, screening for adherence to business ethics, environmental standards, health and safety compliance, and financial capability. Having enhanced our Supplier Code of Conduct in 2022 to incorporate ESG metrics, we continue to orient suppliers to ensure their understanding and alignment with the revised Code. Corporate Procurement has

drafted a multi-year engagement plan, cognizant that suppliers are in different stages of their own ESG journeys. For suppliers, mostly large foreign companies, which are quite advanced in their sustainability practices, the objective is to learn from them and understand what work has been done towards obtaining valued certifications. For suppliers who are still setting up their programs, or who may not even be aware of ESG concerns, training workshops will be conducted. As a preliminary step, training sessions were held for our own procurement teams to ensure that they understand ESG concepts and can properly communicate on the topic with suppliers.

To assess suppliers' sustainability practices, SMC enhanced the survey questionnaire administered last year and will involve an additional 500 suppliers in the next run, increasing coverage to 10% of total suppliers of the SMC Group. Finally, we are evaluating at least three vendors offering solutions for monitoring and validating ESG compliance among our suppliers.

Employees

SMC views our employees as the heart and soul of the Company, partners in realizing our strategy and purpose, and together, supporting the advancement of our ESG agenda. As of 2023, SMC had 53,357 employees in the domestic operations of the subsidiaries, as 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 industries of each business to ensure the adequate manning of critical positions. We have established succession planning programs for key positions to ensure leadership continuity and the preservation of technical expertise.

SMC realizes the importance of upholding labor laws, maintaining mutual respect and promoting a harmonious labor-management environment. Keeping open lines of communication is essential and this is achieved through several programs: 1) Grievance Machinery is a process stipulated in Collective Bargaining Agreements (CBAs) through which unionized employees can air their complaints or concerns regarding their employment; 2) Labor-Management Councils are organized at plant level to provide a venue to discuss issues and work together on programs for the benefit of the employees.

For non-unionized employees, town halls or speak-up occasions are organized, usually on a bi-monthly or quarterly basis. These vary in form and practice across the different businesses, but in general, town halls are for major announcements or program launches while speak-ups are held for small groups of employees, either with their second-level manager or with the division or business head. Speak-ups are usually free-wheeling discussions on issues or suggestions from employees.

Other than these, the Human Resources managers in each business unit also serve as a sounding board for their fellow employees and are expected to raise important concerns brought to their attention to higher management for action or resolution.

Local Communities

SMC has operations across the entire Philippine archipelago, with farms, manufacturing facilities, power plants, fuel terminals, service stations, and warehouses positioned in various communities nationwide.

At the initial planning stage of any project, we actively engage with the communities where we intend to operate. Preliminary dialogues are held with the LGU in charge of the area, asking for their input and support and building mutual trust. The process then calls for a presentation of the proposed project to the host barangay/s giving the directly affected community an opportunity to raise concerns and the Company, to respond to these concerns. The resolution of this back-and-forth process serves as input to an Environmental Impact Assessment report which is submitted to the DENR for approval, along with project design. Throughout the construction period, meetings with the LGU or the barangay/s are held to raise and resolve any problems that may arise.

SMC strives to cultivate positive relationships with host communities and LGUs. We recognize the significance of sustained long-term commitments beyond isolated events or programs. Thus, each facility has a designated person in charge of maintaining community relations. This may be the Plant Manager, the HR Head, Area Sales Manager or other personnel with authority in the facility. They are supported by counterparts on a regional level, and further by dedicated External Relations Managers at division level. Part of the job is to periodically attend barangay council meetings,

and municipal and provincial gatherings on various socio-economic and industrial topics.

Since many locations where SMC operates are in rural areas or similarly under-privileged communities, part of keeping a positive relationship with the community is providing materials or services that they need. These may include provision of water, feeding programs, education and livelihood opportunities, and health and medical services through community clinics. Initiatives such as road widening, street lighting and drainage cleanup are also done.

In areas with Indigenous Peoples (IP), such as the power plant in Masinloc, Zambales or the cement plant in Sison, Pangasinan, the Company ensures the protection of IP rights in collaboration with the National Commission on Indigenous Peoples. Engagement with IPs in these areas include nursery development and reforestation, community development projects, and annual outreach events.

Financial Institutions

Financial institutions are essential partners of SMC in our drive to develop and expand our businesses, with the ultimate goal of contributing to national development and prosperity. They provide the funds necessary to support our major undertakings. They provide us with advisory services, insights on financial strategies, market trends, and regulatory compliance, which help us make informed decisions and navigate complex financial environments in our funding activities. They have been instrumental in successfully assisting SMC with

our expansion strategy in key areas of our business, particularly in infrastructure and energy, through debt or equity financing via bonds, preferred shares, or perpetual securities deals, roadshows, project financing, and loans. These efforts have provided us with a menu of options to raise capital, manage cashflow, and support the Company's ambitious growth.

SMC consistently communicates and engages with financial institutions through economic briefings, regular market updates, credit update calls, discussions on different financial instruments, and formal email correspondence.

Financial institutions also expand our knowledge about the increasing importance of sustainability in our strategies and operations. Banks bring in their sustainability experts to assess our programs and practices and offer valuable advice on improving our ESG performance and ratings. Through their assistance, SMC has been assessing financing instruments such as green, social or sustainability-linked loans to help us achieve the Company's sustainability goals and targets. They have also aided us in effectively communicating our ESG agenda and goals to our shareholders and investors.

Media

The media are essential to how we communicate with all our stakeholders, including investors, customers, communities, and the public at large. As such, SMC maintains professional relationships with both traditional and online media practitioners. Through official releases, press briefings, and personal and

online interviews, our President and CEO, as well as key officers, keeps the media updated on the company's plans, performance results, and other relevant business updates.

The media are also invited to company events such as our annual stockholders' meetings, the inaugurations of facilities and major projects, brand launches, and listing ceremonies in the SEC, PSE, and PDEx, among others. SMC endeavors to provide information on a regular basis in a timely, responsible, and transparent manner and has expanded the ways it delivers information with the rise of digital and social media.

The SMC Corporate Affairs Office and Media Affairs Group take the lead in providing the media and the public with information about the company's sustainability agenda. Through press releases and postings on the company's website and social media platforms, the Company keeps the media updated on the development of major sustainability programs. The media are invited to visit project sites and interview personnel and community members where warranted. The President and CEO also meets with media stakeholders to update them on key projects, such as the company's river rehabilitation initiative. All these efforts help ensure that the media, and by extension, the public, investors, and other stakeholders, have a clear picture of the Company's performance, strategies, and governance.



Our Approach to Sustainability

Our Materiality Process

GRI 3-1

Transparency and accountability remain the bedrock of our sustainability reporting, guiding our communication and engagement with stakeholders.

No material changes have occurred in our Company's activities, relationships, or broader business context over the past year. This continuity has allowed us to anchor our sustainability efforts in the findings of our earlier materiality assessment, which continues to accurately reflect the critical ESG challenges and opportunities facing our organization.

With the consistent relevance of these identified material topics,

our efforts have increasingly focused on the deeper implementation of initiatives designed to address these areas.

Although a comprehensive materiality reassessment was not undertaken this year, we remain committed to continuously monitoring the evolving internal and external landscape, ensuring that our materiality assessment remains dynamic and responsive to emerging trends and shifts. Furthermore, our adherence to globally recognized standards, including the GRI and SASB, ensures our materiality process is robust, comprehensive, and aligned with best practices.

Our Materiality Assessment Process

Our 2022 materiality assessment process was comprehensive, beginning with identifying

potential material topics. This was achieved by analyzing peer entities and reviewing internationally recognized ESG standards, ensuring a complete understanding of relevant ESG issues within global and local contexts.

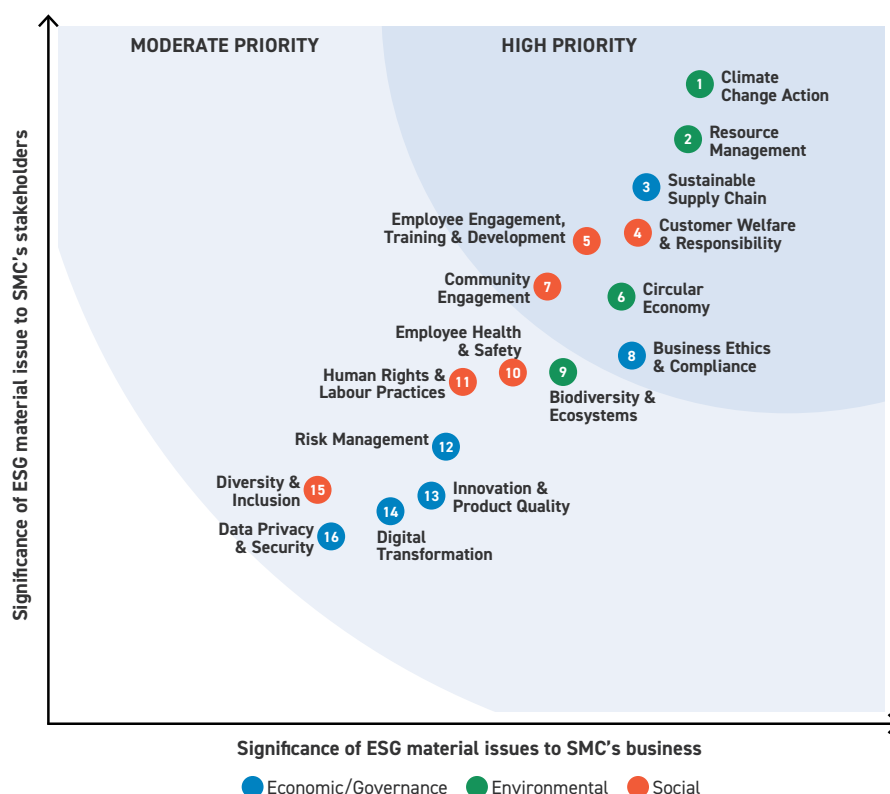
Following this, we engaged with our stakeholders through targeted sessions, aiming to refine and prioritize these topics according to their impact to stakeholders and our business. This culminated in a Materiality Validation Workshop, attended by SMC's senior management, where these topics were thoroughly examined and prioritized, affirming our commitment to aligning our sustainability initiatives with stakeholder expectations.

Transparency and accountability remain the bedrock of our sustainability reporting, guiding our communication and engagement with stakeholders."

Our Material Topics

GRI 3-2

SMC identified key ESG topics that are central to our sustainability agenda. Eight topics were highlighted as primary focus areas for the coming one to two years, directing the development and execution of sustainability strategies and initiatives to address ESG-related risks and opportunities. Another set of eight topics was deemed of moderate priority, reflecting areas already integrated into SMC's operational practices or applicable only to certain subsidiaries. For a complete description of each of the material topics, please refer to the Appendices of this Report.



Our ESG Data Collection Process

GRI 2-5

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

We have improved our 2022 standardized data template and expanded the boundaries to include a wider range of data on our material ESG topics from our various subsidiaries. We have strengthened the data template to better align with various ESG frameworks, such as the SEC requirements, GRI Standards, SASB Standards, the Task Force

for Carbon Related Disclosure (TCFD) Framework, GHG Protocols and the Carbon Disclosure Project Framework.

Data Collection Process

The Sustainability Working Teams from the business units collected, verified, and consolidated data at the business unit level before submission to the SMC parent company. The Corporate Sustainability Office was responsible for reviewing and analyzing the data, ensuring that the submitted data was complete and of sufficient quality before the final consolidated data were utilized as the basis of our core communications in this Report. Working alongside the Corporate Sustainability Office were 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.

Plans are in place to improve and automate our data collection and validation processes and employ data analytics to identify possible risks and opportunities better. Additionally, we intend to achieve external assurance for our sustainability reporting within the next three years.

Our Sustainability Governance Structure

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-12 |
GRI 2-13 | GRI 2-14

In keeping with our enduring commitment to sustainability, San Miguel Corporation has developed a robust governance framework to ensure effective oversight and implementation of our sustainability agenda. This framework ensures that sustainability is a key part of our operations at every level, encouraging a company-wide culture of environmental and social responsibility.

The Board of Directors stands at the core of our governance structure, setting the strategic vision and direction for sustainability within the SMC Group. The Board ensures the integration of ESG principles into the broader business strategy, risk management framework, and corporate values.

Supporting the Board is a Board Sustainability Committee. This

independent committee oversees the Group’s sustainability strategies and the execution of related initiatives, and closely monitors our ESG performance.

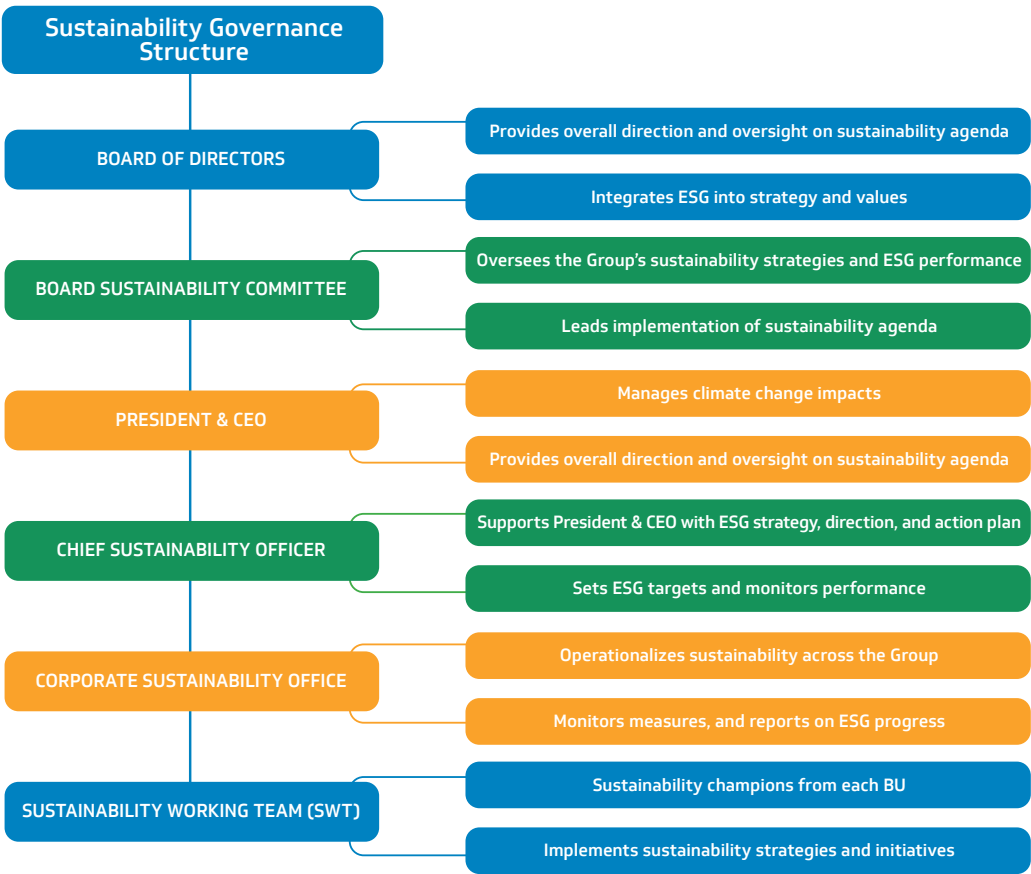
The President and CEO spearheads our sustainability efforts at the executive level, tasked with the crucial role of implementing the Group’s sustainability agenda. This responsibility includes addressing the broader impacts of climate change.

The Chief Sustainability Officer (CSO) assists and supports the President and CEO and plays a key role in shaping our overarching sustainability strategy, establishing ambitious goals, and tracking our ESG performance. The CSO is essential in transforming our sustainability agenda into

actionable targets and programs moving the organization forward.

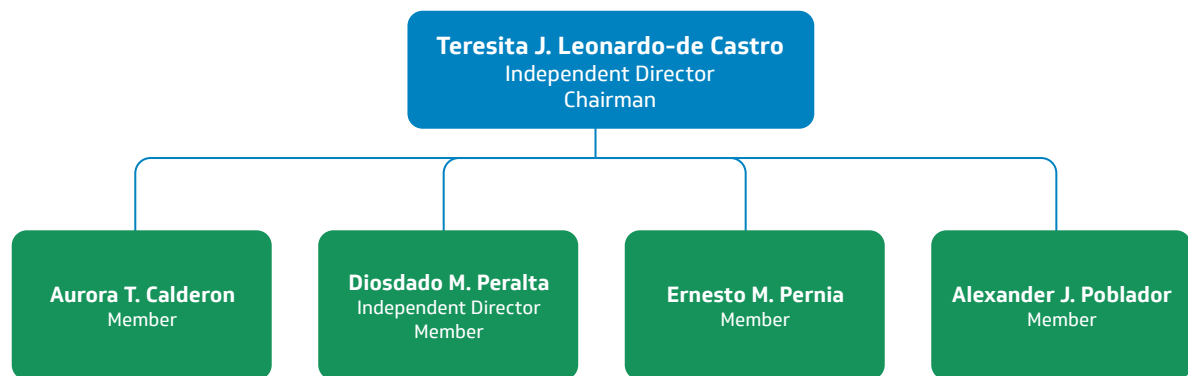
At the operational level, the Corporate Sustainability Office is a dedicated unit that implements our sustainability agenda throughout the Group. It is responsible for monitoring, measuring, and reporting on ESG progress.

The Sustainability Working Team, comprised of sustainability champions from SMC’s various business units, drives the execution of ESG strategies and initiatives within their respective businesses. Their role ensures that sustainability is actively pursued within each business unit of the Group and that every part of the Company is working towards our sustainability goals.



Our Board Sustainability Committee

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-12 | GRI 2-13 | GRI 2-14



In July 2023, San Miguel took a significant step forward in its sustainability journey by establishing a dedicated Board Sustainability Committee. This initiative marks a deeper embedding of sustainability into our corporate governance, weaving it into our strategic decision-making and everyday operations.

Purpose and Vision

The Board Sustainability Committee was created to assist the Board of Directors in embedding sustainability throughout our organization, helping shape a present where environmental stewardship, social responsibility, and governance excellence drive our every decision.

Responsibilities and Strategic Objectives

Armed with a definitive mandate, the Committee is at the heart of our efforts to realize our bold sustainability aspirations, namely: establishing a circular economy approach by 2040, reaching Net Zero emissions by 2050, uplifting 15 million people by 2030, and

ensuring a fully sustainable and ethical supply chain by 2040. It plays a pivotal role in steering the Group towards these goals, while managing ESG risks and leveraging opportunities.

Within the SMC Group, San Miguel Food and Beverage, Inc. (SMFB) has also established its own Board-level committee, integrating the responsibility into its Board Risk Oversight and Sustainability Committee, aligning with the commitment and goals of the parent company.

Composition and Expertise

The Committee is made up of five Board members. Each member has a rich diversity of knowledge, experience, and perspectives, enhancing the Committee's effectiveness in guiding the SMC's sustainability agenda.

Functions, Duties, and Initial Actions

The Committee's responsibilities include the review of sustainability policies and strategies, monitoring and advising on ESG performance, and enhancing stakeholder

engagement. In its first ever meeting in July 2023, the Committee laid out a clear roadmap for SMC's sustainability journey, deliberating on plans, priorities, and next steps. This proactive approach 'demonstrates the Committee's readiness to lead and sets a tone of action and accountability.



Our Sustainability at a Glance

GRI 2-17 | GRI 201-1 | GRI 203-1



ECONOMIC



P1,461 B+
of economic value
generated



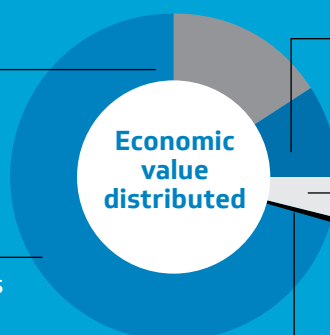
P1,418 B+
of economic value
distributed



Payments to
governments in
taxes
P227 B+



Operating costs
including payments
to suppliers
P1,002 B+



Payments to
providers of
capital

P136 B+

Employee wages
and benefits

P51 B+

Investments in
communities

P0.54 B+



ENVIRONMENT



11%, 7%, & 6%
Decreases in GHG emissions
intensity for Power, Petron,
and SMC's lower-carbon
business units



87%
Of solid waste
diverted away from
landfills



55 Species
Of coral transplanted
through coral reef
rehabilitation



22% or 5.85 MT
Of total materials used
were renewable



6.5Mn+
Trees planted through
Project 747



34%
Increase in total
water recycled
and reused



6Mn MT
Of silt and waste removed
from Pasig, Tullahan, San
Juan, and Bulacan rivers



7.5B Liters
Freshwater saved through
"Water for All" project



90%
Of beer bottles
recycled



3%
Lower spending
on energy



7,400 MT
Reduction in solid
waste generated



P81k
Revenues generated
from expanded
Backyard Bukid
initiative



GOVERNANCE



63%

Total procurement budget spent on local suppliers



100%

Of SMC's major business units crafted and launched Vision and Core Purpose statements integrating a sustainability commitment



100%

Of Directors and Officers received training on anti-corruption policies and procedures



23 and 35

Directors and Executives, respectively, trained with the Ateneo Institute of Sustainability



zero

Complaints concerning breaches of data privacy



SOCIAL



70%

Personnel employed outside NCR, reflecting workforce regional diversity



1.3Mn Hours

Online and in-person trainings provided to employees



46

Executives and staff completed the Sustainability Management Certification Program and delivered 10 capstone sustainability projects



1,500

Users reached by digital sustainability courses on LinkedIn Learning and Udemy



1,197

Employees participated in various sustainability programs and campaigns, including sustainability trade fairs and immersion in Better World communities



13,061

Employee volunteers



9,911

Members served almost daily by Better World communities



13,700

Consultations in eight community clinics nationwide



24,860

Volunteer hours of service



242,466

Families granted access to clean water through Bulacan Bulk Water project

A Blueprint for San Miguel

GRI 2-12 | GRI 2-22

Given global warming, more frequent extreme weather events, resource scarcity, and the rise of hunger and poverty post-pandemic, companies can no longer deny their impact on climate change and are more aware of how important it is to take action for a healthy environment and work toward greater equality in society and prosperity for all.

Sustainability has always been an integral part of our business long before it was ever a catalyzing force for positive change. Reducing our impact on the environment, fostering social inclusion, and having robust governance practices have been ingrained in San Miguel's corporate culture for many years.

For much of our 134-year history, we have referred to these sustainable practices as part of our value system of *malasakit*. We manifest *malasakit* by taking care of our host communities, doing good for everyone we come by, taking only what we need, and working to make life better for people.

In 2022, in collaboration with consulting firm PricewaterhouseCoopers, top management representatives from across the businesses conducted a baseline review, identifying each business's material impacts and creating a sustainability strategy to help San Miguel plan for the future.

Armed with a detailed understanding of the business and the Company's long-term sustainability ambitions, in 2023, we embarked on a journey to further embed sustainability into our organization and day-to-day work lives through a series of peer review workshops designed to draw together the many interconnecting issues and strands to a common starting point from which San Miguel could develop a strategy to reduce its impacts and agree on sustainability goals.

Part of this journey required crafting a new vision and core purpose. Senior management participated in a series of workshops, and in May 2023, the Board of Directors approved the

new San Miguel Vision and Core Purpose Statement.

This vision encapsulates the role we have set out for ourselves: a nation-builder whose businesses build a more resilient and globally competitive Philippines and whose investments create better-paying jobs and economic opportunities that inspire Filipinos to work toward a better future.

Embedded in this vision was our sustainability agenda, a World of Good, and the four goals of establishing a circular economy model by 2040, net zero emissions by 2050, uplifting 15 million people by 2030, and a sustainable and ethical supply chain by 2040.

To build the knowledge, capabilities, and behavior required by the new vision, core purpose, and sustainability statements, a series of town halls, the final one attended by SMC President and Chief Executive Officer Ramon S. Ang, was held from September to November 2023 to encourage a common mindset that will bring sustainability and the culture of

A series of town halls, the final one attended by SMC President and CEO Ramon S. Ang, was held to build the knowledge, capabilities, and behavior required by the new vision, core purpose, and sustainability statements.

malasakit to bear in every San Miguel employee's day-to-day decision-making.

San Miguel's major subsidiaries drafted their vision and core purpose statements to align with the parent company's to further instill a sense of ownership in their companies. Since then, each subsidiary has conducted separate cascades reinforcing the

precepts of a shared company purpose and ensuring SMC's vision and sustainability agenda are embedded in the subsidiary's existing culture.

On an employee level, we are coming up with more ways to help them get involved in sustainable practices, for example, by getting involved in our Better World Communities, learning

more about sustainability and how each individual's behavior has a fundamental impact on the climate through workshops and seminars, and encouraging employees to come up with their own innovative, eco-friendly alternatives for everyday work life.



SMC TOWHNALL MEETING

Where Vision, Purpose, and Commitment meet

Vision and mission statements typically capture a company's aspirations and goals, set against the challenges and circumstances of the time.

For example, in the early 2000s, when we were set to expand our Food and Beverage businesses regionally, our thrust was to "make everyday life a celebration". Meanwhile, as we completed major projects under our diversification in 2017, we proudly declared: "We are San Miguel" and we "set the pace of progress" in the country.

No one could have foreseen how vastly different the world would be, when it came time for us to rewrite our Group Vision and Core Purpose in 2022.

The global pandemic was still ongoing. The economy was still in recovery mode, following lockdowns. As an organization, we were still finding our footing, overcoming operational challenges no one could have imagined before.

Against this backdrop, our new vision—of a resilient and globally competitive Philippines, where everyone can enrich and enjoy their lives—and core purpose—of leading in nation-building, and creating opportunities to uplift Filipinos—were born.

On top of this, our experiences during the pandemic further highlighted the increased importance of a more expansive and purposive sustainability strategy—which we had begun developing before the pandemic. In 2023, we focused on



establishing milestones for our four sustainability goals which are essential steps to crafting a detailed roadmap.

As daunting as the months-long process of arriving at a cohesive, Group-wide VCP was, the bigger challenge in 2023 was ensuring these were embedded in the consciousness of every San Miguel employee.

A Townhall meeting in October 2023—the first official gathering of leaders across the San Miguel Group since the pandemic—became a watershed moment for the organization, providing a launchpad not just for a set of words, but a new mindset.

Led by our President and CEO Ramon S. Ang, the event not only solidified support around the new vision and core purpose, but also brought to fore the wider paradigm shift on sustainability across our businesses.

"The world is changing very fast, and it is necessary for us to change and adapt to new realities," said Mr. Ang.

"Today, we are not just concerned about the availability of food, but also equitable access to food and food security. We don't just need new power facilities to support economic growth, our country's power sources must also be diversified," he said.

“With increasing global instability, our fuels business must continue to manage supply security for our country. In infrastructure, our concerns go well-beyond addressing traffic congestion; we need to bring connectivity to less developed regions, to fully unlock regional development,” he continued.

“We must build for tomorrow. The bar for doing good as a company—and for doing good for our country—has been raised. I have no doubt that all of us are up to the challenge,” he closed.

Following that townhall meeting, our businesses lost no time developing their own vision,

purpose, and sustainability statements, enlisting the same process utilized by SMC Management.

Beyond words strung together, it is the initiative of each business unit’s management team to come together, discuss the challenges of the future, and share with one another their individual and collective aspirations, that puts us in a much stronger position today, to bring to life our vision, core purpose, and sustainability commitments.



San Miguel Corporation's Blueprint



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

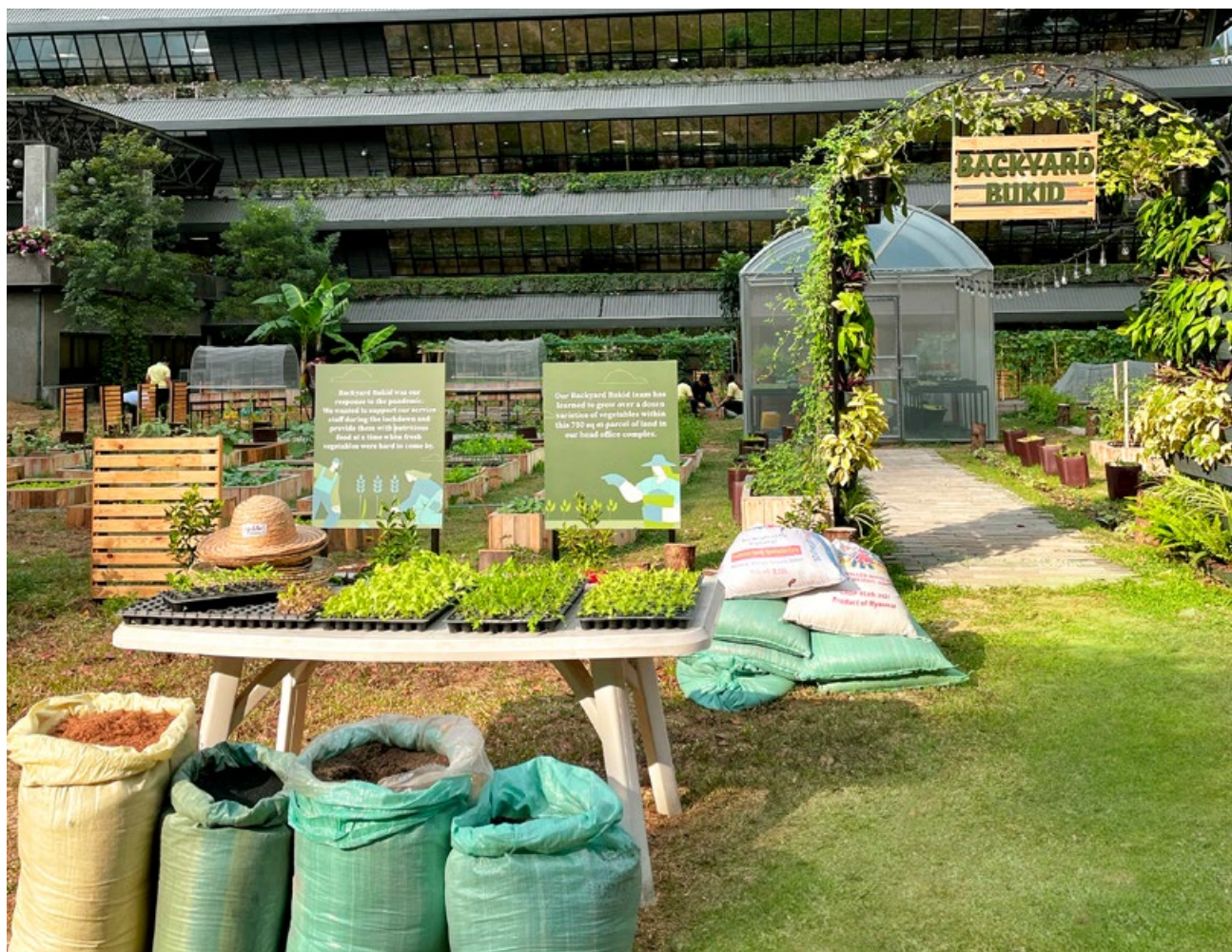
OUR BUSINESSES





Our Sustainability Agenda

GRI 2-22



At San Miguel, we recognize our profound responsibility as one of the Philippines' largest and most diversified conglomerates. Our commitment to sustainability is deeply anchored in our core mandate of nation-building. We believe that businesses should serve as a force for good, creating a world that benefits not just a select few, but everyone. This vision drives our sustainability agenda, ensuring that our operations and initiatives contribute meaningfully to a sustainable future.

In 2023, a Pulse Asia survey revealed that 65% of Filipinos have observed a “big change”

in their area's climate over the past three years. This sentiment was consistent across Luzon, Visayas, and Mindanao regions, emphasizing the widespread impact of climate change on the Philippine archipelago. In the same survey, 69% of Filipinos voiced concern over climate change, labeling it a significant threat to the nation. This sentiment was closely mirrored in their concerns for their family's safety, with 71% acknowledging the peril climate change poses to their loved ones. These findings are part of a growing, global recognition of the far-reaching impacts of the climate crisis on food security, human health, and social equity.

In 2023, the world convened at the United Nations Climate Change Conference (COP28) in Dubai, UAE, a gathering characterized by its ambitious agenda to tackle the pressing issues of climate change. COP28 stood out for its landmark decisions, including a unified pledge by nearly 200 countries to transition away from fossil fuels. This commitment, a first in COP's history, aimed at achieving “deep, rapid, and sustained reductions” in GHG emissions. The conference also underscored climate finance challenges, the imperative to triple renewable energy capacity, and the much-needed focus on climate adaptation and resilience.

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, benefitting 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.

A World of Good: San Miguel's Sustainability Agenda

Against this backdrop, San Miguel reiterates its commitment to delivering impactful and lasting solutions that resonate with the needs of all Filipinos. Our sustainability agenda, encapsulated in our "A World of Good" firmly declares our intent to foster positive returns across

all facets of our operations, stakeholders, and the broader society.

Our sustainable agenda is built on three foundational pillars: Kalikasan (Good for the Planet), emphasizing our dedication to environmental stewardship; Kalinga (Good for People), reflecting our commitment to social equity and community

welfare; and Kasaganahan (Good for Progress); underscoring our role in driving economic growth and innovation.

Through "A World of Good," San Miguel aims to deliver nuanced, impactful solutions that address the urgent needs of our planet and people, reinforcing our commitment to sustainability and nation-building.

Our Sustainability Goals

GRI 2-22

In 2022, San Miguel embarked on redefining sustainability within our operations and across our value chain. With a clear sustainability agenda anchored in the United Nations Sustainable Development Goals, we established goals that resonate with our commitment to our planet, our people, and our shared prosperity. This vision is not just aspirational but operational, with our Board of Directors and top management playing a crucial role in charting a course towards a sustainable future.

Setting Our Sights on 2030, 2040, and 2050

Our sustainability strategy is framed within three strategic horizons—2030, 2040, and 2050—each marking critical milestones on our journey towards sustainability. These timelines reflect our comprehensive approach, addressing immediate challenges while laying the groundwork for long-term ambitions.

In 2023, we have built upon the solid foundation set the previous year, focusing on the development of actionable roadmaps for our sustainability goals. This process has been a collaborative endeavor, engaging every business unit within the SMC family. Together, we have mapped out initiatives that span short to long-term horizons, ensuring that each step taken is a step towards our overarching goals.

Our Commitment to Transparency and Impact

In the sections that follow, we detail the major milestones and metrics that will guide our progress across each of the four goals. These metrics are a reflection of our commitment to transparency, allowing us to measure and share our achievements and challenges alike. Through this rigorous approach, we aim to meet and exceed our sustainability ambitions, driving positive impact for our planet, people, and prosperity.



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



Major Milestones for Our Sustainability Goals

GRI 2-22

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.

		SHORT-TERM	MID-TERM	LONG-TERM	
MAJOR MILESTONES		2023 - 2025	2026 - 2030	2031 - 2040	METRICS
1	GLASS RECOVERY AND RECYCLING				
1.1	Expand Supplier Networks (GSMI): Work on expanding territorial bottle suppliers and install centralized bottle washing facilities in key areas				Percentage of reused glass bottles to total bottles used
1.2	Strengthen Retrieval Systems (SMB, SMYPC): Reinforce the "Balik Bote" program to improve recovery of used glass containers and cullets through partnerships with LGUs, waste collectors, companies, schools and communities				Volume of waste glass retrieved and % recycled component in new glass bottles
1.3	Recovery and Recycling Improvements (SMB): Improve recovery processes for used glass containers to enhance the quality of empty bottles retrieved				% acceptance of bottles vs. total received
1.4	Scale Up Recycling Efforts (GSMI): Strive to increase the percentage of glass retrieved and recycled, with a target of reaching a 75% retrieval rate by 2026				
1.5	Packaging Facility: Explore and set up modern cullet processing plants for post-consumer glass containers				
1.6	Efficiency Improvements: Continue to optimize recovery and recycling processes				
2	PLASTIC REDUCTION AND RECYCLING				
2.1	Reduction of Single-Use Plastic (ALL): Bring our own water bottles, cups, food containers and utensils				Plastic footprint reduction
2.2	Sustainable Products (SMYPC): Introduce mono-material flexibles packaging				Reduction in single-use plastic items within the company vis-a-vis baseline
2.3	Reduction of Plastic in Packaging and Development of Sustainable Alternatives (SMFB, Petron): Aim for a reduction in the plastic footprint through design modifications and collaboration with suppliers				Volume of plastic waste diverted from landfill and oceans through recycling or other means
2.4	Recycling of Lube Containers (Petron): Implement a recovery program for lube containers through programs involving service stations, car care centers and customers				Volume of plastic waste used and % coal replaced
2.5	Recycling of Plastic Sacks (SMF): Develop more partnerships to facilitate recycling of plastic sacks				
2.6	Packaging Facility (SMYPC): Set up a Sustainability Center in Laguna for recycling rigid plastics				
2.7	Plastic Use Reduction in Transportation (SMILSI): Implement strategies to reduce the use of plastic in transportation and logistics.				
2.8	Collaboration and Partnerships: Foster stronger relationships with LGUs, suppliers, communities, and other stakeholders to secure a consistent supply of recyclable materials.				
2.9	Use of Plastic Waste to Replace Coal (Cement): Establish the viability of different co-processing systems to convert plastic waste to energy				

		SHORT-TERM	MID-TERM	LONG-TERM	
MAJOR MILESTONES		2023 - 2025	2026 - 2030	2031 - 2040	METRICS
3	REPURPOSING OF MANUFACTURING BY- PRODUCTS				
3.1	Repurposing of spent grains and spent yeast (SMB): Rehabilitate or install new dryers to increase volume transferred to animal feeds				Volume and value of each type of by-product diverted from landfill and percentage to total materials used
3.2	Use of company by-products for animal feeds (SMF): Develop additional by-products as feed ingredients and maximize the use of spent grains, spent yeast, pollard, rendered poultry offal and feathers in feeds				Number of plants capable of recovering CO ₂
3.3	CO ₂ Recovery (SMB, GSMI): Recover CO ₂ generated by fermentation for sale to beverage companies				Volume of CO ₂ recovered and reused
3.4	Coal ash recycling (Cement): Maximize use of coal ash to replace clinker in cement				Volume and % of coal ash reused or recycled
3.5	Organic Fertilizer: Scale up the production of organic fertilizer from poultry manure coming from broiler complexes				Volume of fertilizer produced from poultry manure
4	WASTE MANAGEMENT AND SEGREGATION				
4.1	Waste Segregation (ALL): Reinforce company-wide waste segregation practices to minimize landfill use				Waste Segregation Compliance: Verify facility compliance with waste segregation policies
4.2	Eco-brick Project (Cement): Collaborate on the creation of eco-bricks as a sustainable waste solution				Eco-bricks Produced: Volume of eco-bricks produced, % inclusion of recycled material
5	HAZARDOUS AND NON-HAZARDOUS WASTE DISPOSAL				
5.1	Safe Disposal of Hazardous Waste (Multiple BUs): Ensure proper treatment and disposal of hazardous waste in compliance with regulations				Verify that all hazardous waste storage and disposal meets legal and regulatory standards
5.2	Hazardous waste storage facilities (Petron): Establish facilities for the safe storage of hazardous materials at service stations				
6	WATER CONSERVATION AND WASTEWATER RECYCLING				
6.1	Rainwater harvesting systems expansion (Multiple BUs): Deploy rainwater harvesting to reduce reliance on scarce water sources				% of scarce water used vs. projected demand based on baseline
6.2	Water treatment and recycling initiatives (Multiple BUs): further develop systems to treat and reuse water within company operations				Volume of rainwater used and percentage contribution to total water consumption
6.3	WWTF installation at service stations (Petron): Install wastewater treatment facilities to enhance environmental protection				Volume of water treated and reused and percentage contribution to total water consumption.
6.4	Groundwater recharging (SMB): Track progress of ongoing trials				
6.5	Desalination plant feasibility studies (Cement, Power, SMB): Assess the viability of desalination technology for water supply				Document feasibility studies and action steps
7	LEADERSHIP AND CONTINUOUS IMPROVEMENT				
7.1	Sustainability Leadership: Cement SMC's position as a leading company in circular economy practices, outperforming recycling and waste reduction targets				
7.2	Continuous Improvement: Persist in the innovation and enhancement of recycling and recovery processes, keeping pace with technological advancements and market trends				

Net zero by 2050

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

		SHORT-TERM	MID-TERM	LONG-TERM	
MAJOR MILESTONES		2023 - 2030	2031 - 2040	2041 - 2050	METRICS
1	ENERGY EFFICIENCY				
1.1	Replacement of Aging Equipment: Upgrade to more efficient motors and equipment				Reduction in energy consumption and energy intensity
1.2	Energy-saving Device Use: Install variable frequency drive controllers and other energy-saving devices				Percentage of total energy use from renewable sources
1.3	Maintenance Program Improvement: Enhance maintenance for energy efficiency at all plants				Reduction in total GHG emissions and intensity
1.4	Lighting and Air Conditioning Upgrade: Shift to LED lighting and use of inverter-type air-conditioning for energy conservation				Decrease in GHG emissions from the electrification of the Company's vehicle fleet
1.5	Solar Panel Installation: Fit solar panels in offices for renewable energy use				
1.6	Fleet Electrification: Acquire hybrid and electric vehicles (EV) to reduce emissions				
1.7	Green Data Center: Implement energy-efficient technologies in data centers				
1.8	BESS: Complete a 1000 MWh system for optimal energy utilization				
2	TRANSITIONING FROM FOSSIL TO CLEANER FUELS				
2.1	Alternative Fuels: Use cleaner fuels and biomass alternatives for boilers and generators.				Amount of alternative fuel used to replace traditional fuels
2.2	Biodiesel: Complete the Petron Coco Methyl Ester (CME) plant to increase biodiesel supply				Volume of production and % inclusion in diesel fuel
3	RENEWABLE ENERGY INITIATIVES				
3.1	Waste to Energy Projects: Develop projects that convert waste to usable energy				Total installed capacity of renewable energy projects
3.2	Solar Energy Expansion: Solar energy projects in multiple sites				Total annual energy output from renewable sources
3.3	Hydroelectric Projects: Expand existing sites and establish viable sites for new hydroelectric power plants				
3.4	RE Expansion: Explore other emerging technologies and innovations that may emerge (e.g., ammonia)				
4	OFFSETTING CARBON EMISSIONS				
4.1	Nature-Based Solutions: Engage in large-scale tree planting and mangrove restoration and quantify CO ₂ emissions captured				Number of trees planted and the estimated carbon sequestration
4.2	River Rehabilitation: Extend river clean-up efforts to identified rivers in Central and Southern Luzon to mitigate flooding				Volume of waste removed from rivers, kilometers cleaned
4.3	Coral Restoration and Fish Sanctuary: Implement coral restoration and fish sanctuary projects to protect marine biodiversity				Number of corals planted, fish biomass and no. of species vs. baseline
5	RESEARCH AND DEVELOPMENT				
5.1	Carbon Capture, Utilization, and Storage (CCUS): Research and develop CCUS technologies to mitigate remaining emissions				Monitor the adoption and impact of new sustainable technologies introduced
5.2	Sustainable Aviation Fuel (SAF): Research on SAF technologies that may fit Philippine requirements and conditions				Track the progress in developing and deploying CCUS technologies














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.

		SHORT-TERM	MID-TERM	
MAJOR MILESTONES		2023 - 2025	2026 - 2030	METRICS
1	FAIR LABOR PRACTICES			
1.1	Improvement of Working Conditions: Ensure fair and safe working conditions for all employees			Ensure all business operations and partners adhere to fair labor practices
2	EMPLOYEE ENGAGEMENT AND DEVELOPMENT			
2.1	Employee Volunteerism and Training: Encourage employee participation in community projects and provide essential training			Number of volunteers and total hours of volunteer work completed by employees Qualitative feedback from participants
3	SAN MIGUEL FOUNDATION BETTER WORLD PROGRAMS			
3.1	Feeding: Sustain food rescue and feeding programs for enrolled families			Number of beneficiaries of feeding programs
3.2	Capacity Building Initiatives: Implement various training and educational programs to empower individuals and communities			Number of participants in capacity building programs and their families
4	HEALTH AND WELLNESS			
4.1	Health Services Expansion: Provide community clinics, medical missions, and health education to underserved areas			Number of operational health clinics and successful medical missions; number of patients served
5	EDUCATION SUPPORT			
5.1	Scholarship Programs: Offer college scholarships and short-term courses to enhance educational opportunities			Number of scholarships awarded and course completions Number of scholars and course graduates who are gainfully employed or engaged in business
6	LIVELIHOOD AND SKILLS DEVELOPMENT			
6.1	Agricultural and Entrepreneurship Training: Provide training in agriculture and small business management to increase local livelihood opportunities			Number of individuals completing livelihood and skills training Number of individuals who are gainfully employed or engaged in business
7	GROWTH OF MSMEs			
7.1	Business Development: Direct engagement with farmers for the supply of corn and cassava; provision of generic glass containers for small businesses; community reseller program			Increase in revenue and sustainability of supported MSMEs
8	CUSTOMER WELFARE AND RESPONSIBILITY			
8.1	Product Improvement and Accessibility: Develop and market healthier and more affordable product options			Number of healthier product alternatives developed and volume sold
9	INFRASTRUCTURE DEVELOPMENT			
9.1	Bulacan Bulk Water Project: Provision of potable water to communities within the served area of the project			Economic and social benefits are measured per project; may include increase in physical mobility of people and products, reduction in the cost of goods delivered, enhanced productivity and others
9.2	Tollways and Mass Rail Transit: Building transportation infrastructure to increase access, enhance productivity and spur economic growth			
9.3	Tollways: Expand the benefits of transportation infrastructure to farther provinces north and south of Luzon			
9.4	Airports: Provide a long-term solution to air traffic congestion and promote tourism, business and investments in the country			
9.5	Ecozones: Develop selected areas in close proximity to Company operations into industrial parks or ecozones to attract investments and create new jobs			
10	EXPANSION OF INITIATIVES			
10.1	Continue to expand and scale the initiatives started in the short-term phase, with a focus on increasing reach and impact to reach the goal of uplifting 15 million people by 2030			

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.

		SHORT-TERM	MID-TERM	LONG-TERM	
MAJOR MILESTONES		2023 - 2025	2026 - 2030	2031 - 2040	METRICS
1	CORPORATE POLICY ADOPTION AND ENGAGEMENT				
1.1	Adoption and Implementation of Corporate Policies: Reinforce awareness of corporate policies, particularly in areas like business ethics, whistleblowing, and diversity, and institute programs to support implementation				Percentage of employees reached and frequency of refresher training Number of initiatives done to promote awareness of specific policies Number of reported policy violations and adequacy of resolution
2	SUPPLIER ENGAGEMENT AND SUSTAINABILITY TRAINING				
2.1	Supplier Categorization and Engagement: Categorize suppliers based on spend and criticality				Number and percentage of suppliers engaged; percentage of spend represented
2.2	Sustainability Training for Buyers and Suppliers: Develop and implement training modules				Completion and attendance rates of sustainability training programs
2.3	Sustainability Dialogues and Supplier Collaboration: Facilitate discussions to encourage collaboration on sustainability initiatives				Number of sustainability projects initiated with suppliers
3	SUPPLIER PERFORMANCE AUDITING AND INCENTIVES				
3.1	Audit Plans and Social Compliance: Establish and conduct supplier audits to ensure ESG compliance				Percentage of suppliers audited for ESG compliance and their performance ratings
3.2	ESG Maturity in Supplier Selection: Include ESG performance in the supplier selection process				Incorporation rate of ESG criteria in supplier selection processes
3.3	Incentive Program for Supplier Sustainability: Develop and monitor criteria for rewarding sustainable practices				Number of suppliers recognized under the sustainability incentive program
4	DIGITALIZATION FOR EFFICIENCY AND TRANSPARENCY				
4.1	Automation of Internal Processes: Streamline and automate internal processes to increase efficiency				Reduction in transaction processing time and increase in user satisfaction
4.2	Business Portal for Efficient Transactions: Develop a platform to streamline vendor and distributor transactions				Successful migration to S4/HANA with improved data management capabilities
4.3	ERP Migration to Advanced Systems: Upgrade ERP systems to S4/HANA for enhanced data management				
5	DIGITALIZATION TO DRIVE BUSINESS INTELLIGENCE				
5.1	Analytics and KPI Monitoring: Utilize analytics for performance monitoring				Number of data analytics projects implemented; benefits of each
5.2	B2B eCommerce Platform for Distribution: Implement online commerce solutions for distributors and community resellers				Adoption rate and transaction volume on the B2B eCommerce platform
6	SUPPLY CHAIN TRACEABILITY AND SAFETY				
6.1	Tighter Safety and Efficiency Monitoring: Implement robust automated systems for monitoring safety and efficiency across all operations				Reduction in safety incidents across operations Efficiency improvements realized through tighter safety and efficiency monitoring systems





KALIKASAN

Good for Planet



Climate Change Action

GRI 305

Scientists have declared the year 2023 to be the hottest year on record, with the Earth experiencing an average land and ocean surface temperature 1.19°C higher than in the previous century. This phenomenon has induced extreme climate events such as destructive floods, heavy snows, severe storms, heat waves, and wildfires.

In the wake of such devastating events, the urgency of addressing climate change has never been more apparent. Developed countries, having reaped the benefits of industrialization powered by fossil fuels, now face the imperative to reduce their emissions drastically. However, the situation is far more complex when considering the needs of developing countries striving to drive economic growth and improve the lives of their citizens.

A balanced approach is essential amidst this complexity. While the world collectively seeks sustainable pathways to development, the immediate priority lies in building resilience to cope with the impacts of climate change. Nowhere is this urgency more palpable than in countries like the Philippines, which are particularly vulnerable to the ravages of climate change due to our geographical location,

exposure to natural hazards, socio-economic conditions, and limited adaptive capacity.

In the Philippines, a phasedown of fossil fuels may require an extended period. In the short term, it is essential to provide a reliable source of energy to stimulate growth, improve economic equity and uplift the lives of many poverty-stricken Filipinos.

In this context, San Miguel is exerting efforts to ensure that fossil fuels are used as efficiently as possible and that emissions are minimized by adopting advanced technologies. Strategies are being implemented in sectors such as power generation, oil refining, cement production and consumer goods manufacturing, where energy utilization and emissions are being optimized in relation to the corresponding output.

In the immediate term, the Company has outlined a roadmap focused on energy efficiency, development of biofuels and the setup of waste-to-energy facilities. These initiatives aim to mitigate emissions, while simultaneously bolstering energy sources. Furthermore, there is a concerted effort to ramp up capacity for renewable energy generation, including hydro,

solar and wind power, alongside the implementation of BESS to enhance grid stability.

Looking ahead to the midterm, San Miguel envisions a significant expansion of renewable energy capacities, gradually reducing reliance on coal and other fossil fuels. By investing in clean energy infrastructure and fostering innovation, the Company aims to transition towards a more sustainable energy mix that aligns with its long-term Net Zero goal.

Ultimately, the journey towards sustainability requires a multi-faceted approach, balancing the immediate needs of economic development and energy security with the imperative of addressing climate change. Through concerted efforts and strategic planning, San Miguel is charting a course towards a more resilient and sustainable future, where the phase-out of coal plants becomes not just a possibility but a reality.

Greenhouse Gas (GHG) Emissions

GRI 305-1 | GRI 305-2 | GRI 305-4 | GRI 305-5

Global energy related GHG emissions increased by 1.1% according to a 2023 Report by the International Energy Agency (IEA). This estimate is based on the IEA's detailed, region-by-

Ultimately, the journey towards sustainability requires a multi-faceted approach, balancing the immediate needs of economic development and energy security with the imperative of addressing climate change.

region and fuel-by-fuel analysis of the latest official national energy data, supplemented by data on economic and weather conditions. In the same report, emissions reached 37.4 Gigatons (Gt), representing an increase of around 410 million tons, which continued the recent trend of GHG emissions growing more slowly compared to global economic activity.

San Miguel fully understands the need for stronger climate action. With this in mind, and in line with our sustainability goals, we have created a Net Zero Roadmap to 2050. This is our Company's response to the global call to curb GHG emissions and play our part in achieving the 1.5°C global target.

SMC's roadmap to Net Zero outlines our clear pathway to achieving Net Zero GHG emissions and represents our significant contribution towards helping our country meet its Nationally Determined Contribution (NDC) under Decision 1/CP.21 of the Conference of Parties of the United Nations Framework Convention on Climate Change. In 2021, the Philippines committed to reducing and avoiding 75% of GHG emissions, with 2.71% being unconditional, for the 2020-2030 period.

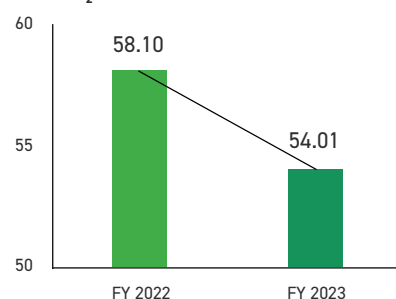
Our Net Zero initiatives are categorized as follows: 1) energy efficiency; 2) replacing coal with cleaner fuels; 3) renewable energy projects; 4) offsets; and 5) research & development. These categories will guide our business units in crafting their strategies to contribute to our concerted efforts towards the Net Zero target.

For 2023, we are reporting our GHG emission intensity by breaking out three energy-intensive businesses that account for 95% of total emissions and aligning their measurement to industry peers. The balance of 5% of our GHG emissions are reported based on intensity per million pesos of revenue.

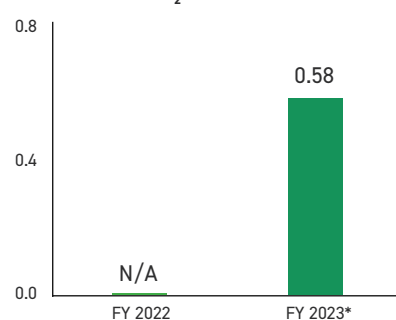
Our Fuel and Oil business decreased its GHG emission intensity by 7% based on the volume of crude oil processed into different fuel products. The decrease comes from efficiency improvements owing to higher refinery utilization to serve increasing fuel demand in the country.

Following the drafting of our Net Zero Roadmap, we have initiated various energy efficiency programs as well as renewable energy projects to mitigate GHG emissions of our business units.

FUEL & OIL
(MT CO₂e / MB of Crude Processed)

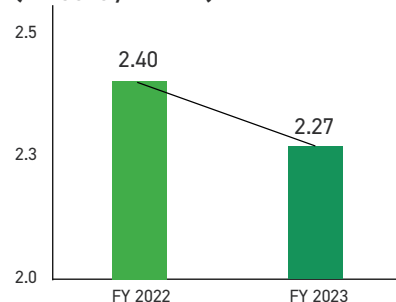


CEMENT (MT CO₂e / MT Volume)



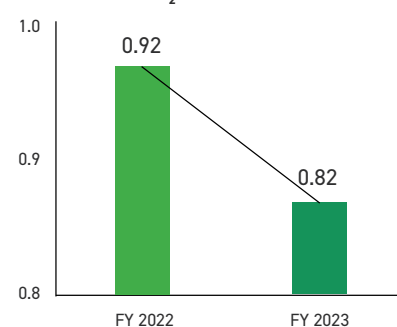
* 2023 scope includes ECC and SCII, in addition to NCC.

OTHER BUSINESSES IN SCOPE
(MT CO₂e / Mn PhP)*



* This includes Food and Beverage, Packaging, Infrastructure, Properties and others.

POWER (MT CO₂e / MWh)



Our Power business is transitioning to low-carbon and cleaner sources of energy, recognizing the global energy 'Trilemma'—environmental sensitivity, affordability, and stable supply.

We have installed a flare gas recovery system (FGRS) at our Petron Bataan Refinery (PBR) since 2012. The FGRS recovers the by-product gases from the petroleum refining process and reuses them as feedstock in the refinery. This system minimizes the amount of flare gas that our refinery must burn and significantly reduces GHG emissions. PBR set a goal to reduce GHG emission intensity by 25% by 2025, using 2018 as a baseline. To date, they have already achieved a 31.8% reduction in GHG emissions, significantly ahead of target.

Petron's storage and distribution terminals utilized 126 MWh of electricity from solar energy, contributing to the overall reduction of CO₂ emissions. We have also started the first phase of the 175 kWp solar panel installation in our New Lube Oil Blending Plant. The terminals are already using solar-powered lamps and will install an additional 503 kWp of solar panels at five locations this year.

For our Power business, the switch to more efficient and environmentally friendly technologies affirms our Net Zero commitment. Our Masinloc Thermal Coal-Fired Power Plant in Zambales demonstrates this.

The power generated by this plant comes from three units with a combined designed capacity of 995 MW, but over time, two units deteriorated due to age, wear and tear, bringing power output down to 575 MW. Masinloc took this opportunity to improve the plant's performance and simultaneously upgrade its fuel flexibility and emission reduction capabilities by switching to a modernized design and configuration of its steam turbines, replacing traditional static classifiers with the more advanced dynamic type rotary separator, leading to higher boiler efficiencies. This brought the plant's power capacity to more than 1,000 MW. In addition, it achieved a fuel efficiency improvement of more than 700kWh/BTU and an 11% GHG emission reduction, surpassing the 7.5% target. With the success of these initiatives, the plant is considering replicating these efforts in the remaining unit and the planned additional two expansion units.

From 2020, our Power business established an ESG Roadmap to ensure sustainability is integrated into every aspect of its operations. To advance the Net Zero agenda, SMGP's strategy is anchored on the Collaborative Action for a

Resilience-focused Enterprise (CARE Pathways) framework. CARE Pathways clearly outline the economic, environmental, social, and governance objectives of our Power business. Foremost among the environmental goals is ensuring that emission reductions along its supply chain and operations adhere to and support the international agreements to which our country is committed. Our Power business unit, while still the biggest contributor to our GHG emissions, lowered GHG intensity by 11% compared to 2022, from 0.92 to 0.82 MT CO₂e/MWh.

Our Power business is transitioning to low-carbon and cleaner sources of energy. Cognizant of our country's plan to reduce GHG emissions, we also fully recognize the global energy 'Trilemma'—that is, the need for an energy system that is not only environmentally sensitive but also provides an affordable and stable energy supply for the benefit of all Filipinos. Balancing these three goals, our Power business has increased the use of LNG and has already installed 580 MWh across 16 sites as part of the 1000 MWh BESS project initiated by SMC. This project will support our country's ancillary service and grid stability and provide the necessary

The rest of our businesses combined brought down their emissions intensity by 6% through various energy efficiency programs coupled with an increase in their total sales revenue.

infrastructure for our expansion into additional renewable energy capacities. Power has also started the technical assessment and integration of other renewable energy sources, such as solar, into our current power portfolio, marking a significant step in our energy transition pathway.

GHG emission intensity for our Cement business remains within target despite including ECC and SCII in our reporting coverage for 2023.

Cement has implemented the following energy efficiency initiatives: i) use of variable frequency drives (VFDs); ii) use of capacitor banks; iii) metering of motor control centers; iv) optimization of compressed air utilization; and v) preparation for our cement-wide implementation of an Energy Management System based on ISO 50001. Implementing these initiatives resulted in a total reduction of 263,639 GJ of fuel and electricity. In addition, overall optimization of cement manufacturing operations is ongoing across all our cement plants. We continuously improve by operating only the efficient cement production lines and performing regular maintenance activities on less efficient facilities to reduce energy consumption and GHG emissions. Moreover, we

use solar energy in our offices and roadways further supporting our transition to the long-term use of renewable energy.

The rest of our businesses combined brought down their emission intensity by 6% compared to last year. This was achieved through various energy efficiency programs coupled with an increase in their total sales revenue.

The Spirits division, through Ginebra San Miguel's distillery and bottling facilities, was able to reduce a total of 536.7 MWh of electricity utilization. The savings of GSMI were achieved through a combination of the following initiatives: i) switching to more energy-efficient equipment and technology such as VFD motors and LED lighting fixtures; and ii) using solar-powered lamps for illuminating streets, roadways, perimeters, emergency routes, warehouses, offices, and restrooms in all of their manufacturing facilities.

Similarly, the Food division reduced its energy utilization by 32,660 GJ in existing facilities, intensifying its energy conservation initiatives by strictly adhering to energy-saving measures in its offices and manufacturing areas. Increasing

renewable energy use, such as biomass and solar, combined with using more energy-efficient and environment-friendly equipment for air conditioning, air compressors, and warehouse/storage activities, such as electric fork lifts, contributed to the overall energy savings achieved by these facilities.

Our Scope 3 GHG Emissions Boundaries

GRI 302-2 | GRI 305-3

SMC has begun the process of reviewing the indirect emissions resulting from our value chain activities in order to develop the Company's full GHG footprint. We used the GHG Protocol Scope 3 Standards as guidance for this boundary-setting activity. The screening process was undertaken in collaboration with business leaders and a team of sustainability champions across the SMC group to determine which of the 15 categories would be included in our initial Scope 3 boundary. Each category was reviewed for its relevance to the business units' operations, estimated size, and the accessibility of data.

Scope 3 GHG Categories

1

PURCHASED GOODS AND SERVICES

This category covers the cradle-to-gate emissions from the materials and services procured by SMC. Many of our businesses rely on input raw materials for their manufacturing processes. Some examples include agricultural commodities used in Food and Beverage companies and raw materials such as limestone and crude oil used in the Cement and Fuel and Oil companies. Also included here are the third-party tolling services used by the Food group to process some of their products.

2

CAPITAL GOODS

This category covers the cradle-to-gate emissions from the capital goods acquired by SMC. This will be reported by capital-intensive businesses such as Packaging, Power and Properties, while the other business units consider how to develop reliable data for this category.

3

FUEL AND ENERGY RELATED ACTIVITIES

This category covers the cradle-to-gate emissions from the capital goods acquired by SMC. This will be reported by capital-intensive businesses such as Packaging, Power and Properties, while the other business units consider how to develop reliable data for this category.

4

UPSTREAM TRANSPORTATION AND DISTRIBUTION

Category 4 are the emissions generated from third party transportation services paid for by SMC. This can include the emissions from the transportation of goods from suppliers to our plants and between our facilities. And from the use of third-party warehouses for raw materials.

9

DOWNSTREAM TRANSPORTATION AND DISTRIBUTION

This category covers the emissions generated from third party transportation paid for by SMC to deliver goods to our customers or from the use of third-party warehouses to store finished goods, whether for an intermediate customer or the end consumer.

11

USE OF SOLD PRODUCTS

This category includes emissions from the use of goods sold by SMC such as the gasoline and diesel products sold by our Fuel and Oil company.

During our initial scoping exercise, it was determined that category 11 emissions would contribute a very significant portion of our total Scope 3 emissions.

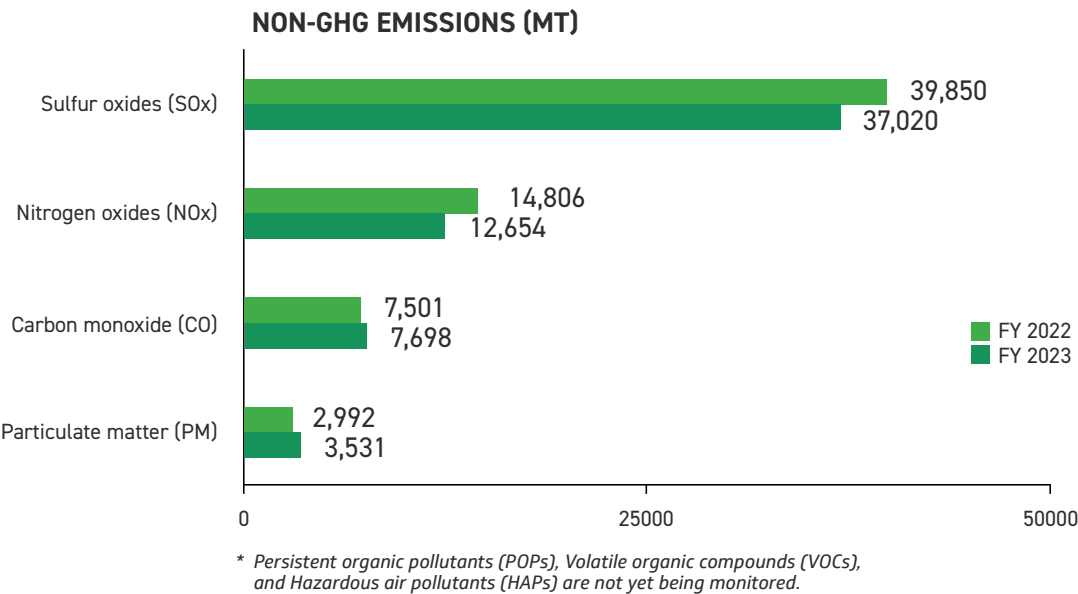
13

DOWNSTREAM LEASED ASSETS

Emissions from assets owned by SMC but operated by third parties fall under this category. Part of our Properties business is leasing out office spaces to third party companies.

Non-GHG Emissions

GRI 305-6 | GRI 305-7



Mitigation of non-GHG emissions is also an important endeavor that San Miguel takes into consideration. We understand that these gases can have significant environmental and health impacts if not properly managed.

In 2023, our NOx and SOx emissions decreased by 14.5% and 7.1%, respectively. On the other hand, there was an 18% increase in particulate matter emitted. Two newly built facilities used rice husk as fuel for boilers, aligning with the mandate to shift to renewable energy utilization. Regular monitoring of emissions and the installation of air pollution control devices are ongoing in these facilities to ensure they meet the air quality standards set by government regulators.

Our Power and Fuel and Oil businesses, highly aware of the environmental and health

hazards caused by these non-GHG emissions, continuously implement good air pollution control practices. In the refinery, we ensure adequate capacity at the back end to process acid gas. We also conduct our gas flaring activities in a manner consistent with international air pollution control practices to minimize emissions. Flaring is an engineering practice that allows process equipment to release gases to a device (a flare) where they can be quickly and safely incinerated. Flares prevent damage, fires, and explosions, and most importantly, injuries to our employees. Flaring also converts noxious and odorous gases released in emergencies into less hazardous and objectionable emissions by burning the gases. At Petron, flares are used optimally in process areas to prevent hydrocarbons and waste gases from being released directly into the atmosphere.

Our power plants are fitted with state-of-the-art air pollution control devices such as flue gas desulfurizers, electrostatic precipitators, limestone injectors, and catalytic reducers. We use supercritical boilers that operate at higher temperatures and pressures for more efficient power generation coupled with a CFB to ensure lower CO2 emissions.

The supercritical boilers we installed allow our power plants to accommodate supercritical throttle pressures along with an increase in throttle temperatures, resulting in cost reductions in fuel usage and handling, flue gas treatment, and ash disposal. They are designed to take full advantage of variable pressure turbine operation.

CFB technology, on the other hand, provides a way for us to indirectly burn the fuel and heat the bed instead, which produces

less emissions and pollutants in the combustion process. Moreover, our power plants are equipped with Continuous Emissions Monitoring Systems (CEMS) that provide us with instant monitoring and real-time adjustments to ensure that our emissions remain well below the limits set by government regulators and global benchmarks, such as the DENR and World Bank, respectively.

In 2023, our CO emissions increased by 2.6%, due to the increased utilization of non-renewable fuel across our business units. This increase was driven by our businesses' eager response to regain the economic losses wrought by the pandemic and to contribute to our country's economic recovery. San Miguel ensures that we more than adequately manage our businesses' emissions by continuously investing in energy-efficient and environmentally sound technologies and adopting international best practices to reduce and/or avoid them as much as possible. This commitment is part of our Company's effort to preserve air quality, as outlined in our sustainability framework.



Shaping the Future of Electric Mobility

In 2013, when electric vehicles were still a novel idea, BMW went against the grain and caught the world's attention by launching the i3, introducing us to its vision of electromobility.

The i3 played a pivotal role for the BMW Group: It created new possibilities in lightweight design, holistic sustainability, and digitalization—all of which influenced subsequent BMW Group products.

Fast-forward to the present and the “i” range and electromobility have gained momentum globally. Many have embraced the idea, and customers now see how electric vehicles can seamlessly integrate into their everyday lives. As such, BMW saw the need to provide customers with a vehicle with the look and feel of the brand, combined with the latest technologies.

Enter the BMW iX.

BMW launched the first- ever iX through its official importer and distributor in the Philippines, SMC Asia Car Distributors Corp. (SMAC). Not long after, it released four other fully electrified models: the iX3, i7, i4, and i5. Introducing these automobiles effectively made BMW the brand with the largest range of battery electric vehicles (BEVs) in the country. SMAC intends to maintain this leadership with two more BEVs lined up for 2024.

BMW expects the continued rise of BEVs, given the fast pace of technology development, the implementation of government incentives and policies, and improving infrastructure across the Philippines. To help support this growth, the brand will expand its BEV distribution network, tapping more independent dealers. It is also planning a destination charging program outside Metro



Manila to enhance the skills of its sales and after-sales workforce.

It's important to note that sustainability for BMW is not just about producing electric vehicles. It is also about reducing emissions across its entire value chain. This includes everything from sourcing the right materials to using them in a socially responsible manner.

With this guiding principle, BMW has produced some of the most sustainable vehicles in the world. Each vehicle, including its battery cells, is manufactured using green power. All the brand's plants worldwide run on 100% renewable energy; the BMW Group Plant Dingolfing (Germany) in particular, where the iX is produced, is powered by hydroelectricity.

BMW electric cars are also made with a high proportion of recycled material – from secondary aluminum used to manufacture the castings, to recycled fishing nets for the floor coverings and mats. For instance, every BMW iX uses up to 50% secondary aluminum, 20% recycled thermoplastics, and 60kg recycled plastic. Moreover, the interior uses FSC (Forest Stewardship Council)-certified wood, while the leather is tanned with olive leaf extracts.

The BMW Group procures the required cobalt and lithium for the high-voltage batteries directly from controlled sources in Australia and Morocco, and delivers these to the battery cell manufacturers. This ensures the group has full

perspective and responsibility over the production process. Most importantly, the batteries are produced in a CO₂-neutral manner, as the BMW Group works towards CO₂-free production.

BMW also reduces its overall usage of rare earth metals in the design of electric motors by avoiding their use in the drive system rotors. At the end of the vehicle's life, the battery has a second life, serving stationary purposes, such as energy storage units. The battery is also up to 96% recyclable—including graphite and electrolytes—for future production of other batteries responsibly.

Eyes on the Environment



Petron's terminal operations are crucial to its value chain and pursuit of excellence. Situated strategically across the Philippine archipelago, these terminals do more than store petroleum products; they support economic growth and environmental stewardship within their host communities.

Launched in 2004 and fully implemented across all terminals by 2014, Petron's Terminal EcoWatch Program builds on the Industrial EcoWatch Rating System (IERS), an initiative under the Department of Environment and Natural Resources (DENR) Administrative Order 2003-26, which encourages self-regulation among industries to improve environmental compliance and performance through a rating system. While the IERS mainly focuses on improving air and water quality, Petron's EcoWatch Program goes further by assessing the environmental performance of its terminal operations. Specifically, it evaluates the maturity of Petron's management programs in several areas, including Wastewater Quality, Air Quality, Solid Waste, Toxic and Hazardous Waste, and Environmental Impact Assessment and Environmental Management System.

The EcoWatch Program is supported by Petron's Corporate Technical Services Group - Environment, Operations Health, Safety, Security, and Environment, and its Environment Council. These groups diligently monitor and assess each terminal's adherence to local and global environmental standards, including those stipulated by the DENR's Revised IERS and the GRI Standards on Sustainability Reporting. The terminals are rigorously reviewed for compliance with a suite of environmental laws, ensuring a comprehensive approach to sustainability.

Terminals are evaluated and awarded color-coded ratings annually, with the highest being a Platinum Plus, recognizing terminals that maintain sustained excellence over three years. In 2023, Bawing, Mandaue, Roxas, and Tacloban terminals achieved this prestigious rating.

For instance, the Tacloban Terminal has significantly integrated solar power to reduce power consumption and greenhouse gas emissions. This initiative complements other sustainable practices, such as rainwater harvesting and vegetable farming, which support the terminal's

environmental goals and benefit the local terminal personnel by providing essential resources.

Moreover, these terminals continue to conserve water and manage waste effectively. Quarterly water audits and the use of portable Oil Water Separators during vital operational processes are examples of how these terminals strive to meet the stringent requirements of the Clean Water Act, while minimizing hazardous waste.

The journey towards environmental excellence continues. Each terminal faces the ongoing challenges of adapting to climate change, new regulations, and the evolving demands of environmental stewardship. However, the results speak volumes: no significant monetary fines for non-compliance in 2023 and an overall improvement of 91.6% compared to the 2014 baseline.

Through its EcoWatch Program, Petron remains steadfast in its commitment to sustainability, consistently integrating it into its business operations to support its overarching vision and mission.

Resource Management

GRI 302 | GRI 303

Our Sustainability Agenda is aligned with the United Nations Sustainable Development Goals (UN SDGs) and with our country's Ambisyon Natin 2040.

The UN SDGs were adopted by the United Nations in 2015 as a worldwide call to end poverty, protect the planet, and ensure that by 2030, all people enjoy peace and prosperity. Ambisyon Natin 2040, on the other hand, represents the Philippines' vision and aspiration for our country's future, characterized by Matatag (stable), Maginhawa (comfortable) and Panatag na Buhay (secure life).

San Miguel's A World of Good encompasses both sets of goals. Under this overarching framework, SMC has integrated efficient resource management into its business strategy, believing that responsible stewardship of natural resources goes hand in hand with business profit. We are implementing various programs on energy, water, and our natural ecosystem to mitigate the impacts across all of our business activities.

Our Company has been implementing the "Water for All" program since 2017. This program includes reduction of water consumption and the conservation and efficient use of our water resources. SMC's businesses continuously find ways to integrate the recovery of

wastewater, increase collection of rainwater, and utilize desalinated seawater in their operations. Moreover, we continue to find ways to address the impacts of our water conservation efforts to ensure responsible and equitable use of water that is both environmentally and socially sustainable.

For energy, our business units have formed their own energy conservation teams to closely monitor each unit's energy utilization. We have invested in energy efficiency, from switching to higher-efficiency equipment and devices, to adopting the best available technologies for a smooth, cleaner energy transition. These efforts are foremost in our Net Zero agenda and demonstrate how our organization prioritizes energy efficiency as a decarbonization strategy.

For our natural ecosystem, SMC initiated the revival of major river systems in 2020. Three major rivers—Tullahan, Pasig, and San Juan—in the metropolis, were dredged and cleaned up, with the aim of deepening and widening them to mitigate decades of siltation and pollution that rendered them unable to direct flood waters away from our cities. A total of 2.6 million MT was removed from a 44 km span along these rivers. Moreover, the project is helping to transform the rivers back to vibrant and healthy ecosystems with less stagnant water, reduced foul odor and return of aquatic life.

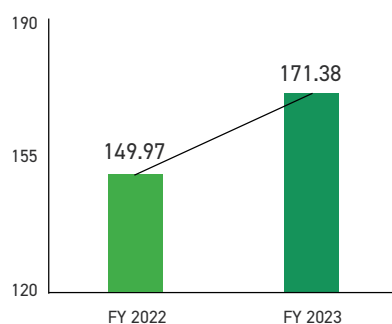
Inspired by the positive outcome of these initiatives, SMC expanded the river clean-up activities to

the province of Bulacan in 2023, targeting the Marilao, Guiguinto and Pamarawan Rivers. To date, 3.4 million MT of silt and waste have been removed from these rivers. And the efforts continue, with identified rivers in Pampanga and around Laguna Lake coming next.

A. Energy Management

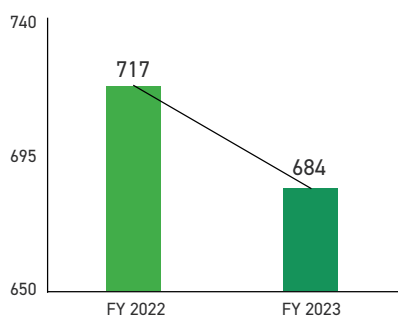
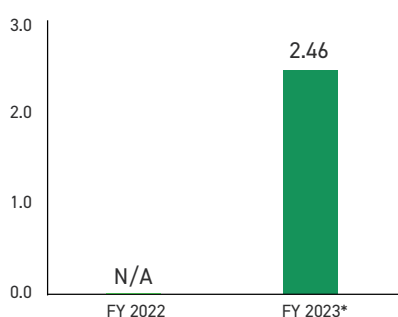
GRI 302-1 | GRI 302-3 | GRI 302-4

ENERGY CONSUMPTION (million GJ)

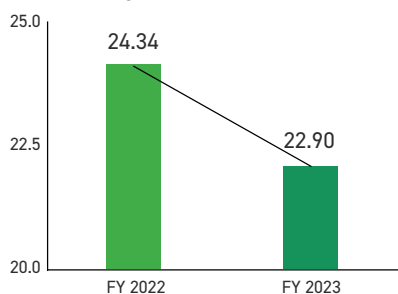


In 2023, our Company consumed 171.4 million GJ of energy, which is a 14.3% increase compared to the previous year. The increase was brought about by the improving economic situation due to the waning effects of the pandemic and the inclusion of ECC and SCII. Furthermore, there was a 13% increase in non-renewable energy usage, mostly from our Power, Cement, Fuel and Oil, and Food and Beverage businesses to meet the heightened energy requirements of economic recovery.

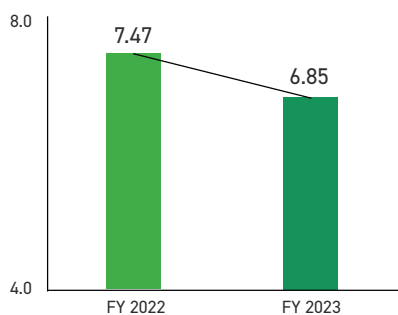
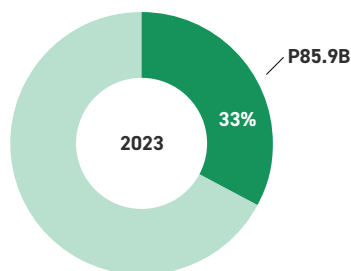
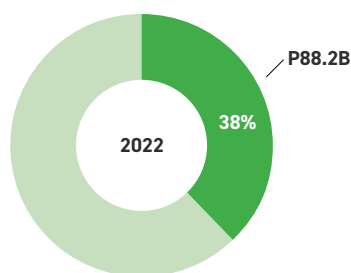
Our electricity consumption increased by 52%, while the use of renewable energy rose by almost 6% across our business operations. Electricity and renewable energy comprised 2.6% and 0.3%, respectively, of our Company's energy consumption in 2023.

FUEL & OIL (GJ / MB of Crude Processed)**CEMENT (GJ / MT Volume)**

* For 2023, ECC and SCII were included, in addition to NCC.

OTHER BUSINESSES IN SCOPE (GJ / Mn Php)*

* This includes Food and Beverage, Packaging, Infrastructure, Properties and others.

POWER (GJ / MWh)**OPERATIONAL SPENDING ON ENERGY**

Our energy intensity for 2023 showed improvements compared to 2022. This is due in large measure to energy reduction initiatives implemented across different businesses.

For Petron, refining is a complex system of multiple operations, which depend on the properties of the crude oil to be processed and its array of products. Thus, Petron operates in its own unique way, ensuring that its refinery produces quality petroleum products while operating in the most energy-efficient and environmentally friendly manner possible.

In 2023, Petron used an additional 4 million GJ of energy to process more than 50 mil barrels (MB) of crude oil needed to drive economic recovery in the country. The corresponding energy intensity of our refinery and co-generation facility amounted to 684 GJ per MB of

crude processed, 4.6% lower than 2022.

Highly aware of the need to abate our emissions in line with San Miguel's sustainability targets, Petron managed to reduce their energy consumption by saving 66,543 GJ in operating their terminals and distribution network throughout the country.

Petron moves its products via ships through 32 strategically located terminals. In 2023, these terminals managed to save 294.8 MWh of electricity through our various energy conservation initiatives, such as upgrading to LED lamps and installing air conditioning units equipped with inverter technology. Petron installed 472 kWp of solar panels in its lube oil and blending plant, marking the first phase of their renewable energy utilization. Plans are underway for the second phase of its RE project, which involves installing an additional 503 kWp of solar panels in five terminals in 2024, bringing our total RE capacity to 982 kWp.

The energy intensity ratio of our Power business decreased by 8.3% in 2023 to 6.85 GJ per MWh. Energy conservation initiatives in 2023, focusing on "no and low cost" (NOLO) measures that mostly require changes in existing practices and involve very small investments, contributed to a substantial reduction in energy and fuel utilization.

No-cost initiatives implemented by South Premiere Power Corp. (SPPC) are operational, such as the adjustment in the frequency and duration of emergency generators and auxiliary boiler testing. This initiative saved

about 112,790 liters of diesel fuel, while the adjustment of the air conditioning temperature setting in offices from 17°C to 23°C saved around 9 MWh of electricity.

A low-cost initiative, such as undergoing ISO 50001 Energy Management System standard certification, brought tremendous energy savings of about 1,955,400 GJ, with Malita Power Inc. leading the way. Our Power business is looking towards certification of each unit to reap the benefits of a standardized energy management system and, at the same time, comply with the Energy Efficiency and Conservation Act of 2019 (RA 11285).

In the near term, we will also explore and consider the costs, benefits, and trade-offs of hydrogen production among our Power business units through projects that are economically, socially, and environmentally sustainable for all our stakeholders. Being involved in the energy business, our Power business continues to find ways to manage their energy utilization in accordance with our Net Zero goals and remain committed to reducing their carbon footprint.

Cement is used in a variety of construction projects such as roads, bridges, homes, hospitals, walkways, and water structures. In the Philippines, the annual demand for cement is around 35-36 million tons per annum (MTPA). With the recent surge in government-led infrastructure projects in 2023, and the aggressive campaign by the Cement Manufacturers Association of the Philippines (CeMAP) to promote locally

manufactured cement, demand is foreseen to exceed 36 MTPA in the coming years.

Our Cement business is one of the major manufacturers of cement in the country. In 2023, with the inclusion of ECC and SCII, energy consumption increased by 15 million GJ while energy intensity was at 2.46 GJ per MT of cement produced.

Under our Net Zero Roadmap, our Cement business has already began implementing energy reduction initiatives to bring down their energy intensity. Plans are underway to adopt the energy management system based on ISO 50001 Energy Management Standard. Initially, we have already saved a total of 263,639 GJ of fuel and electricity from the use of more energy-efficient equipment and facilities.

We are also considering the use of alternative materials, such as plastics and municipal solid wastes, to mitigate our fuel-related energy intensity and its corresponding CO₂ emissions. However, we are making considerable efforts to study and analyze whether these alternative fuels will not cause further environmental and social harm in areas where we operate. Our Company understands that energy and material efficiency, as well as low-emission fuels such as natural gas, are key measures in achieving our short-term goals of reducing our energy intensity and CO₂ emissions. Consistent with our Net Zero target, we will intensify our research and development activities as well as partnerships to further lower energy consumption and implement long-term solutions,

such as innovative technologies like cement made from alternative raw materials.

The combined energy intensity of our other businesses decreased by 6% to 22.9 GJ per million Php, thanks to energy conservation initiatives implemented in 2023.

San Miguel's Beer and NAB Division reduced energy consumption by a total of 46,245 GJ. Optimizing energy systems, such as steam and compressed air, and switching to more advanced and energy-efficient equipment and machinery saved 4,140 MWh of electricity and 767,582 liters of fuel across their brewing and processing operations.

San Miguel Yamamura Packaging Corporation and its subsidiaries, have implemented an energy management system based on ISO 50001 Energy Management Standard since 2015. In 2023, the group was able to reduce their electricity usage by 5,597 MWh by applying the basic requirements of the energy management system, prioritizing their significant energy uses (SEU) to continuously improve the group's overall energy performance.

The combined energy saved by the other businesses such as the Food, Properties and Integrated Logistics amounted to 814,229 liters of oil and 3,903 MWh of electricity consumption. Our Company will continue to address and monitor our energy performance to ensure that our energy intensity remains manageable across our business units.

Powering Up Efficiency

In 2023, the Ilijan Power Plant, operated by San Miguel Global Power, through South Premier Power Corporation (SPPC), embarked on an ambitious journey to sharpen its energy conservation efforts. This initiative was not only in response to the Energy Efficiency and Conservation Act (RA 11285) but also a testament to the company's deep-rooted commitment to sustainable practices. The goal was clear: implement non-capital-intensive strategies that optimize existing operations to slash energy and fuel consumption without sacrificing performance.

One cornerstone strategy employed involved a tactical reduction in the operational testing frequency of key equipment like the auxiliary boiler and the emergency diesel generator. This adjustment was made following comprehensive consultations with the Operations & Maintenance Department.

By scaling back daily auxiliary equipment operation hours significantly—from approximately 100 MW to just about 35 MW—remarkable energy conservation was achieved. Moreover, this reduction in testing frequency showed no detrimental effects on the reliability or performance of the equipment, proving that efficiency can go hand in hand with efficacy.

Furthering their energy-efficient agenda, the plant introduced several other measures. A key adjustment to the gas turbine load combinations allowed for higher power generation at minimized fuel use, optimizing the plant's heat rate. Additionally, a facility-wide replacement of outdated lighting with more efficient LED solutions helped diminish maintenance costs and cut down auxiliary power usage.

2023 also saw the Ilijan Power Plant make strides in administrative energy conservation. A simple yet effective adjustment to the temperature settings in the SPPC Ilijan Admin Building led to a 60% reduction in its initial energy consumption. This measure alone conserved approximately 9,072 kWh of energy, according to theoretical calculations. In 2024, the plant plans to install energy meters across its buildings. This installation will serve as a baseline to accurately quantify and further enhance energy conservation in the coming years.

Through these initiatives, SMGP not only complies with national regulations but also leads by example in the energy sector, demonstrating that operational improvements can result in substantial energy savings.



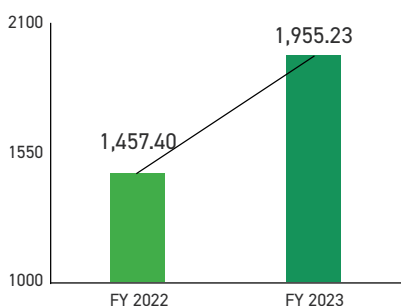
San Miguel's "Water for All" program saved more than 7.5 billion liters of water in 2023 alone, demonstrating our commitment to responsible water management.

B. Water Management

GRI 303-1 | GRI 303-2 | GRI 303-3 |
GRI 303-4 | GRI 303-5

San Miguel understands the need to reduce water consumption, which is why our Company has embraced a more comprehensive approach to water management. San Miguel's water stewardship program, "Water for All," is a Group-wide initiative that looks beyond water scarcity. It is a water stewardship program that considers environmental and financial risks for our Company's main stakeholders—the communities where we operate our businesses, the consumers of the different products we produce, and the investors and shareholders who put their trust in our business operations.

WATER RECYCLED & REUSED (ML)



In 2023, San Miguel engaged Sustainalytics, a firm that provides high-quality analytical ESG research, ratings, and data to institutional investors and companies. Sustainalytics works

with hundreds of companies worldwide and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects.

Under Resource Use, Sustainalytics rated our Company a perfect score of 100% for both Water Risk Management and Water Management Programs, substantiated by our close to 19% reduction in our total water consumption.

For Water Risk Management, Sustainalytics recognized that SMC has integrated water scarcity into its regular risks assessment and business strategy and reports on water metrics in detail. For Water Management Programs, they found that San Miguel has a policy and initiatives to reduce fresh water use, specific targets and deadlines, and regular measurement and reporting of results.

Utilization of desalinated water was, by far, the biggest contributor to reduction in scarce water use. This was implemented at Petron Bataan Refinery and Limay Power Plant where desalination plants remove mineral salts before the water is used for cooling processes in these plants. Interceptors remove contaminants then the water is cooled down before returning to

the sea. A combined total of 3.4 million ML of ground water was saved through this initiative.

For NCC, the key to water conservation is its rain catchment pond which has a 315 ML capacity. NCC used 250 ML of rainwater, representing 64% of its total water consumption. The business is planning to expand the pond's capacity with an additional 63 ML rainwater catchment facility to achieve their goal of zero fresh water usage.

San Fernando Beverage Packaging Plant installed a reverse osmosis ultrafiltration (RO-UF) water recovery system which saved the company about 36 ML in 2023. Previously, bleed water went directly to the drainage and was wasted. With the recovery system, the plant's filtration waste is reused in the water treatment facility. In addition, the plant recovers the rinse water which, combined with the water from RO-UF, supplies the steam generation and cooling systems of the plant.

Ginebra San Miguel's Mandaue Plant recovers spent rinse water during the soaking process of their products and saved more than 51 ML of water in 2023.

The Purefoods-Hormel Company (PHC) implemented the recycling of chilled water used in the water shower to cool down the product coming from the heat zone. The company invested in a recirculating water shower system and saved 15.6 ML of water in 2023.

Many other projects across various manufacturing facilities contributed to water conservation. Among these are: addressing water leaks, recovery of wastewater for utilities and ground maintenance, switching to more water efficient fixtures, and

installation of water meters for better control. Other initiatives such as installation of rainwater and raw water harvesters and regular maintenance of water piping systems added significant savings as well.

All told, our water management program, “Water for All,” saved more than 7.5 billion liters of water in 2023.

Our Company’s continuous efforts to reduce our water consumption are deeply rooted in our commitment to responsible resource utilization. San Miguel’s

sustainable water agenda, focusing on the conservation and efficient use of our water resources, will always be at the forefront and center of our Company’s sustainability goals.





Rainwater to the Rescue

San Miguel Corporation's "Water for All" program has set an ambitious goal to cut water usage by 50% across all its business units by 2025. Northern Cement Corporation (NCC) has embraced this goal and has implemented a series of innovative water stewardship strategies that span stakeholder engagement, biodiversity conservation, education campaigns, and operational efficiencies.

For NCC, preserving vital water resources is key. Its use of rainwater harvest technology allows it to capture rainwater for essential use, as well as help ensure its communities and nearby educational institutions—such as the Labayug Elementary and National High Schools, and the Sison Bamboo Growers' Association—have reliable water supply even in times of drought.

Harvested rainwater also aids in nurturing bamboo propagules, crucial for local industries, minus the high costs associated with traditional water use.

In addition to rainwater harvesting, NCC has also established four quarry siltation ponds designed to capture silt during the rainy season, to prevent this from reaching rivers and farmlands. These ponds mitigate environmental impacts, provide water for dust suppression in the dry months, and support the local ecosystem.

A Centralized Sewage Treatment Plant is another key initiative of NCC. With a capacity of 100 cubic meters per day, it treats wastewater to prevent contamination, then repurposes this for dust suppression and irrigation at NCC's plantations. This aligns with environmental standards set by the DENR.

The Rain Catchment Pond further demonstrates NCC's innovative

approach to water management. Positioned strategically within quarry and manufacturing areas, it supplies water year-round and at the same time recharges groundwater levels, crucial for sustaining local communities and ecosystems.

In 2023, these concerted efforts led to a remarkable reduction of water usage for NCC: 95.55% or 446.54 million liters compared to the 2016 baseline. The success of NCC's "Conserve to Preserve" program has also raised community awareness about sustainable water use, proving that even industries as water-intensive as cement manufacturing can operate efficiently on rainwater.

As NCC looks to the future, plans are already underway to expand rainwater harvesting facilities and enhance water conservation measures. These steps are not just about meeting targets but recommitting to a sustainable, water-secure future for all.

Project H2O

Groundwater is a major source of water supply in the Philippines, accounting for over 50% of potable water and 85% of piped water supply across the country. Recognizing its critical importance, the Philippine government has actively campaigned for sustainability, implementing significant measures like banning deep-well extraction in Greater Metro Manila through NWRB Resolution 001-0904.

The Limay Power Plant's Project H2O, launched in 2018 as part of SMC's "Water for All" initiative, is a major initiative that supports the preservation of groundwater supply.

Project H2O encompasses an array of key activities aimed at halving the plant's water consumption. Under the program are several key initiatives:

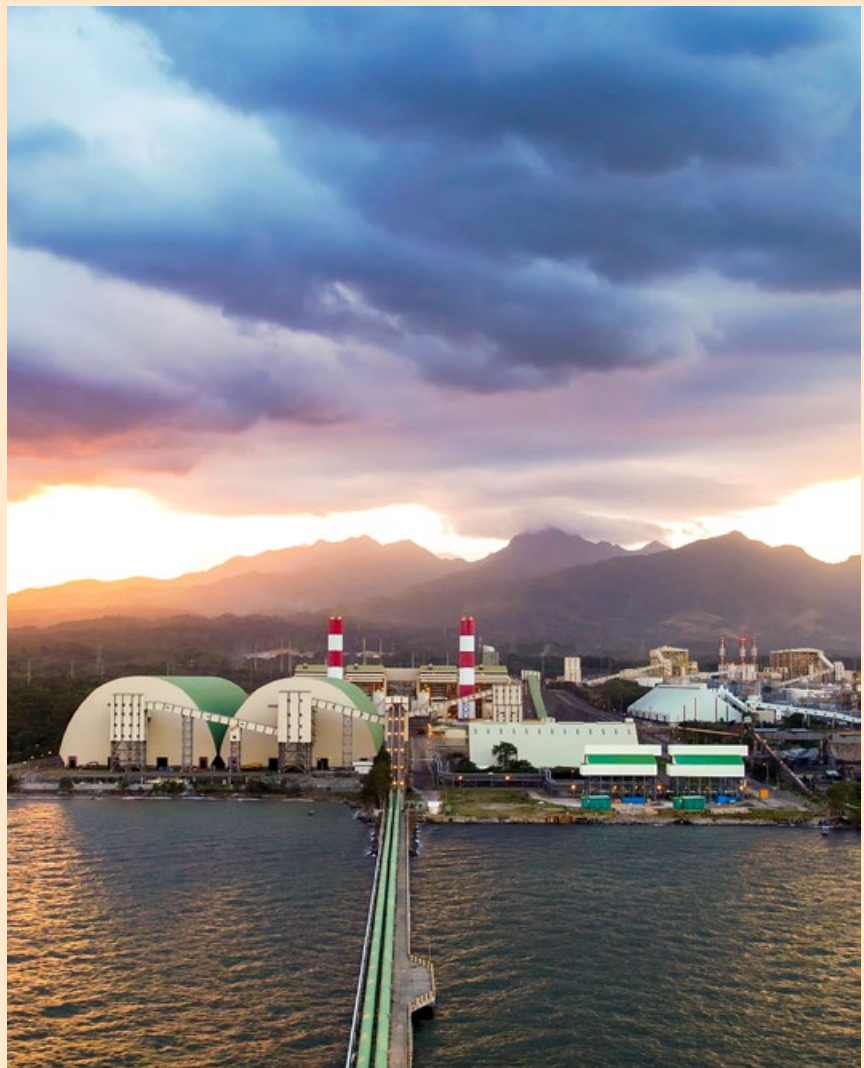
- **Technical Working Group Formation:** A specialized team from various fields was assembled to ensure all facets of water conservation are addressed.
- **Water Monitoring Implementation:** Limay has installed numerous water meters and monitoring devices to meticulously track water usage.
- **Flowrate Tests and Leak Detection:** By identifying and rectifying unnecessary water loss, these measures directly contribute to water conservation.
- **Effluent Recycling:** Since inception, Project H2O has repurposed 27,740 cubic meters of effluent water for dust suppression and irrigation, underscoring its commitment to sustainable resource use.
- **Process Optimization:** The plant has fine-tuned its operations to restore the reverse osmosis

system's design recovery rate, keeping demineralized water consumption at an efficient 1.16 cubic meters per day per MWh per unit.

- **Rainwater Harvesting:** Utilizing the abundant annual rainfall of about 2,456 mm in Bataan, the plant captures rainwater for various uses such as sanitation and irrigation.
- **Incremental Improvements:** Even small enhancements like installing faucet aerators and garden hoses with nozzles contribute to the overall water savings.
- **Future Plans:** A desalination plant is on the horizon to further secure and sustain the groundwater reserves.

The results speak for themselves. Since its launch, Project H2O has progressively achieved significant reductions in water usage, with a 47.33% reduction as of July 2023, nearing its target by a mere 2.77%. This equates to a significant reduction of over 3.6 million cubic meters of groundwater consumption.

Limay Power Plant's collective effort not only aligns with national sustainability campaigns but also sets a benchmark for responsible water management in the power industry.



No Longer a Pipe Dream

Despite its proximity to the Angat Dam, the people of Bulacan had always been dependent primarily on deep wells for their household water use. This was largely because its water districts lacked the means to tap into the dam. As such, access to potable water on their taps seemed like a farfetched idea.

But in 2015, the government sealed what was touted as the first major water public-private partnership when the Metropolitan Waterworks and Sewerage System (MWSS) awarded the Php 24.4 billion Bulacan Bulk Water Supply Project (BBWSP) to SMC Infrastructure.

Tapping the expertise of Korea Water Resources Corp., SMC posted the lowest bulk water charge of Php 8.50 per cubic meter in its first two years of operation, which in turn benefits over 350,000 households in the province. Through efficient resource management, the talent and skills of its personnel, and the use of state-of-the-art technology, SMC is able to provide clean, potable water that Bulakenyos can easily afford, which translates to roughly less than one centavo per liter of water.

Commercial operations of the BBWSP, which is under the watch of Luzon Clean Water Development Corp. (LCWDC), commenced in 2019 upon the completion of Stages 1 and 2 of the project.

The project now supplies treated bulk water to 12 water districts in Bulacan, which in turn, distributes to over 240,000 households in Balagtas, Bocaue, Marilao, Meycauyan, Obando, San Jose Del Monte, Bulakan, Calumpit, Guiguinto, Malolos, Plaridel and Sta. Maria.



In January 2023, LCWDC began preliminary works for Stage 3 of BBWSP, which aims to cover the remaining 12 towns of the province. The company is focused on completing the detailed engineering designs, geotechnical investigations, and related preparatory works as part of the requirements by the MWSS.

For SMC President and CEO Ramon S. Ang, completing the BBWSP shows the company's commitment as a development partner of the province, which is home to a lot of its game-changing projects such as the New Manila International Airport, MRT-7, and Angat Hydroelectric Power Plant, on top of planned expressways that promote connectivity.

"With the growing population in the province, we expect a greater demand for water in the coming years. As such, our BBWSP teams are working double time to further expand our coverage areas to allow more households to benefit from reliable, affordable, clean, and potable supply of water," said Ramon S. Ang, SMC President and CEO.

"We still have a long way to go given the delays brought about by the pandemic, but with the support of local government units, water districts, and the Metropolitan Waterworks and Sewerage System, we are confident we can meet our targets on time," he added.

Malasakit Flows

In April this year, we marked an important milestone in our now four-year mission to clean up major rivers in Metro Manila and neighboring provinces: Our efforts, which have spanned nearly 100 kilometers of river channel, crossed the six million-ton threshold for silt and solid wastes removed.

The milestone is significant because half of that, over three million tons, were extracted from 50 kilometers of river systems throughout Bulacan province, where several of our biggest infrastructure projects are located. These include rivers traversing the cities and towns of Meycauayan, Obando, Bulakan, Bocaue, Marilao, Balagtas and Guiguinto.

The output, collectively the largest we have netted from one province, was also achieved in record time—within less than two years.

Our previous efforts to clean up the Tullahan River, Pasig River, and

San Juan River—which yielded 1.1 million tons, 1.2 million tons, and 320,000 tons of wastes respectively, to date—have given our teams the expertise and capability to work faster even in different settings.

Our continued partnership with the DENR—which oversees the proper sorting and disposal of extracted wastes—and the cooperation of local governments, has also helped fast-track our progress. Today, the impacts of our efforts on communities along rivers we have cleaned up, is now more widely felt.

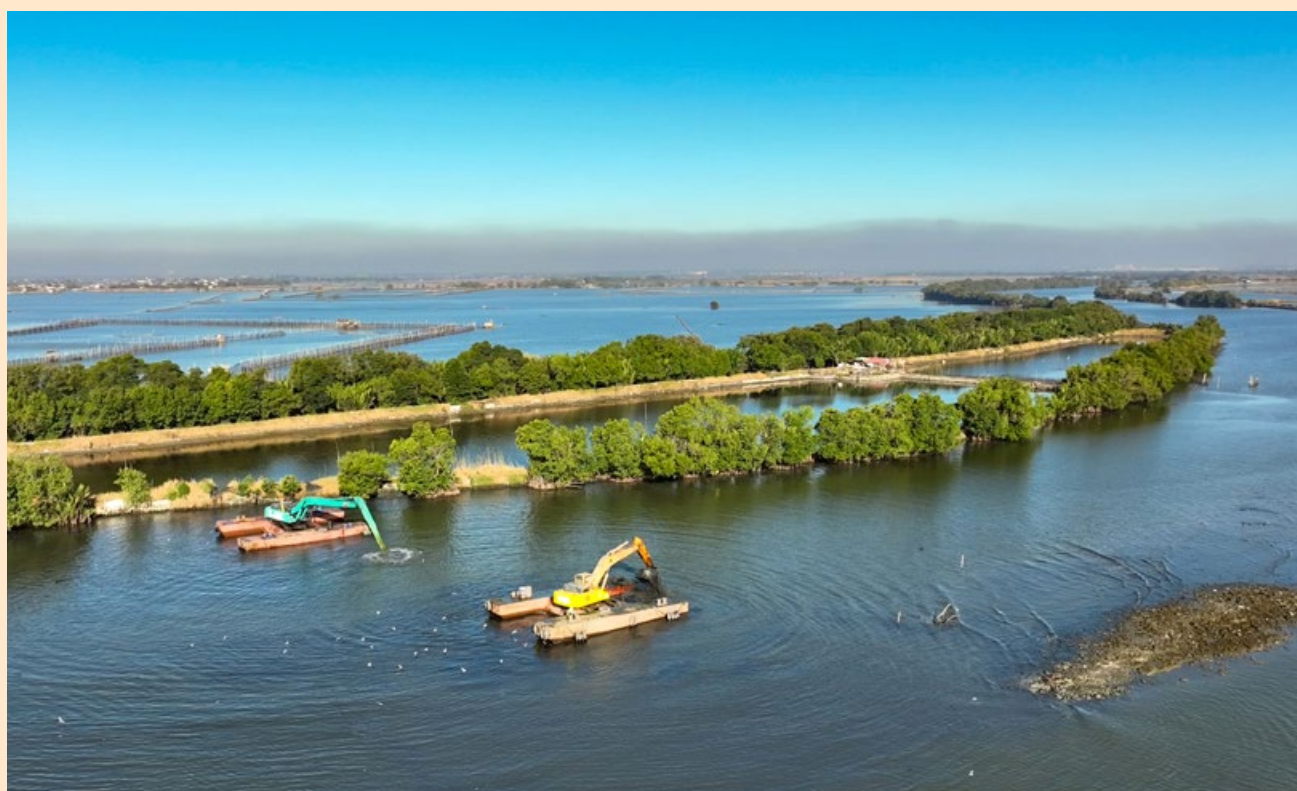
Ruth Ebdani, a barangay leader in San Juan City, says that it used to take longer for floods in their area to subside, but that since San Miguel cleaned up the San Juan river, conditions have greatly improved.

Coast Guard Lieutenant Mizar Cumbe, Deputy Commander of the Coast Guard Station in Malacañang, City of Manila, said our efforts

are a huge help in improving the navigability of the entire stretch of the Pasig River. Apart from removing maritime hazards, he described the Pasig River as now being more visibly clean, with no unpleasant smell.

In Bulacan, Meycauayan fisherman Roberto Diaz recounted that in the past, when floods set in, they could not even go out of their homes because water would reach up to chest level in their barrio. According to him, this is no longer the case, and even their catch of shrimps and fish has improved because of our river rehabilitation efforts.

In October 2023, we announced the expansion of our initiative, not just in Bulacan, but also to Pampanga, Navotas, Laguna and Cavite, in partnership with the DENR, the Department of Public Works and Highways, and the local government. *Malasakit* continues to flow for our rivers and communities.



Caring for Our Creeks

Over the years, San Miguel Brewery (SMB) has consistently dedicated itself to protecting and preserving the environment, particularly in its host communities. In addition to its annual tree-planting program, the company engages in yearly creek cleanups, specifically in Barangay Quebiawan, San Fernando City, Pampanga, and in Barangay Tipolo, Mandaue City.

San Fernando Brewery has partnered with the Barangay Council of Quebiawan, the City of San Fernando's Community Environment and Natural Resources Office and Environmental Management Bureau, and the DENR Provincial Environment and Natural Resources Office for the annual clearing and desilting of the 1.5-hectare Quebiawan Creek. This project is one of the company's primary environmental initiatives due to the creek's importance as the main outfall for the brewery's effluent. The Brewery's effluent meets the standards set by the Philippine Clean Water Act.

In addition, the cleanup project also supports the host community by providing a temporary source of income for people in the barangay. The annual financial support from SMB to Barangay Quebiawan for the creek cleanup includes labor fees and meals, the cost of fuel for transporting collected waste from the barangay to the city's transfer station, and clearing implements.

For 2024, SMB provided 300,000 used sacks to the barangay council to be used as containers for the collected waste.

Similarly, in Mandaue City, SMB has established the Annual Tipolo Creek Cleanup Program. This collaboration with Barangay Tipolo has spanned over two decades, reflecting a shared commitment to keeping local waterways free from debris. The cleanup is crucial to ensuring that the outfall from the plant's wastewater treatment facility remains clear, preventing blockages that could affect plant operations and local water quality.

The Mandaue Brewery not only sponsors this important environmental work but actively participates in the quarterly cleanups by providing personnel, meals, and funding for materials and heavy equipment. By the end of 2023, this initiative successfully removed 11,449 kg of garbage from the creek.



The demand for resources is poised to escalate as our business expands into nation building. In response, we are committed to “closing the loop” to shrink our material footprint and prevent any adverse impacts on the environment.

Circular Economy

GRI 301 | GRI 306

SMC has set a key goal of embracing a circular economy approach by 2040 across its operations, acknowledging the paramount importance of sustainable resource utilization by optimizing resource efficiency and minimizing waste. The demand for resources is poised to escalate as our business expands into nation building. In response, we are committed to “closing the loop” to shrink our material footprint and prevent any adverse impacts on the environment.

We have adopted practices of reduction, recycling, and recovery, as well as developed policies and programs. These testify to our commitment to sustainability, as we strive to be more efficient with the materials we use and to reduce the amount of waste we generate, fostering better environmental stewardship.



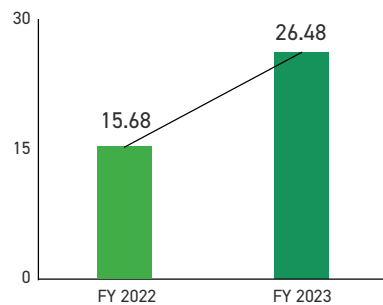
22.1%

Renewable
Materials Used

A. Materials Management

GRI 301-1 | GRI 301-2

MATERIALS USED (million MT)



A total of 26.5 million MT of materials was used in 2023 for our operations, marking a 69% increase year-on-year. The increase comes mainly from the inclusion of ECC and SCII, which contributed 9.2 million MT to the total amount. SMC’s expansion of our other businesses resulted in a 10% increase compared to 2022. Of the 26.5 million MT of material usage, 77.9% consisted of non-renewable materials, with the remaining 22.1% from renewable materials. Similar to last year’s data, most of the non-renewable material usage was attributed to our Fuel and Oil and Cement businesses, in the form of crude oil, limestone, and clinker. This accounted for 97% of the non-renewable materials used this year.

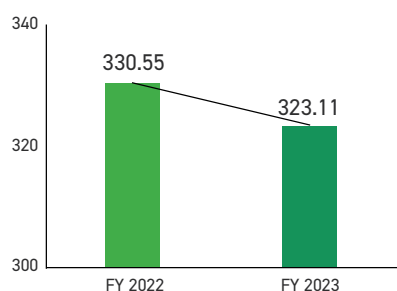
The percentage of our renewable material usage decreased compared to last year; however, the total weight of materials actually increased by 8.7% due to volume growth of our businesses. Most of our renewable materials originate from Food and Beverage, in the form of raw materials for their manufacturing processes. Together, they contributed 81% of all renewable materials used this year.

Consistent with our circular economy goal, we were able to recycle 1.03 million MT of materials in 2023, more than double the amount of recycled materials used last year. This significant increase can be attributed to ECC, which recorded a substantial amount of recycled fly ash and synthetic gypsum. Without ECC, the increase in recycled material would be only 7%. Other recycled items included glass bottles sourced from post-consumer stages for reuse by our Beverage businesses, or broken glass cullets recycled by our Packaging division.

B. Solid Waste Management

GRI 306-1 | GRI 306-2 | GRI 306-3 |
GRI 306-4 | GRI 306-5

SOLID WASTE GENERATED (thousand MT)



Our Company's initiatives under the ecological solid waste management law bore fruit by reducing our 2023 solid waste generation by 2.2%. We acknowledge the importance of proper waste management to our business operations and achieve this by finding ways to recirculate by-products and materials at their highest value.

The majority of our waste is comprised of spent grains and yeast, along with glass cullets and jars, which are 44% and 32% of the total waste generated. These materials were diverted back into our operations, where spent grains and yeast were repurposed into animal feeds, while recovered broken glass cullets and jars were mixed with virgin raw materials to produce recycled glass bottles. In 2023, the total amount of solid waste diverted from disposal reached almost 282 thousand MT, while our plastic waste decreased by 39% compared with 2022.

We recognize the significance of effective waste management in our business operations and currently have active initiatives to minimize the waste we produce. This is achieved through

strategies focused on maximizing the recirculation of by-products and materials at their optimal value.

SMC is committed to full compliance with the EPR Act of 2022 (RA 11898). EPR is an environmental practice and policy approach which assigns brand owners and producers the responsibility for retrieving and recycling post-consumer wastes, driving the adoption of a circular economy. The law mandates that the Company recover a minimum of 20% of our plastic footprint by the end of 2023, with incremental increases leading up to 80% by 2028.

Among the business units of SMC, the obliged enterprises under the EPR law are SMFB, Petron, and the Cement businesses, given the plastic packaging used for food products, plastic caps and seals for beverages, plastic containers for lubes, sacks for cement, and promotional materials used for marketing activities. In total, the estimated plastic footprint of these companies amounts to 26.9 thousand MT, of which 5.6 thousand MT, or 20.8%, have been retrieved and recycled in 2023. Third-party audits of the footprint and diversion are being finalized prior to submission of the EPR compliance report for 2023 to DENR.

To comply with the law, SMFB tapped the Philippine Alliance for Recycling and Materials Sustainability (PARMS) as their designated Producer Responsibility Organization (PRO) to facilitate compliance with reporting requirements and work in synergy with other



87%

Of Waste Diverted
Away from Landfills

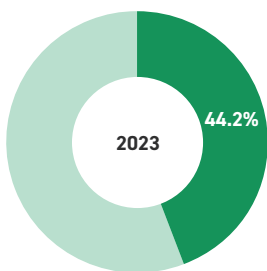
obliged enterprises in developing the waste diversion industry in the country. For the initial year, SMFB, Petron, and the Cement businesses purchased credits from Plastic Credit Exchange (PCX) to ensure 100% compliance. By doing so, these enterprises effectively support PCX's waste diversion network which includes waste collectors, and contracted facilities for transport, segregation, shredding, and co-processing of flexible plastics as fuel in cement operations. Processing rigid plastics into flakes or pellets for use as recycled feedstock in new plastic products is also part of PCX's network.

In addition, we are proactively developing other initiatives within the Group to reduce our plastic footprint and build the capacity to divert our own plastic wastes. These include redesigning cap-seals for beverage bottles, shifting food packaging from multi-layer to monolayer, reducing packaging weight, developing alternative materials for advertising tarpaulins and promotional items, and others. Standards for the labelling of packaging to facilitate classification for recycling are also being implemented. Our Packaging business is actively working on sustainable packaging materials and increasing recycled content, while Cement evaluates co-processing of plastic waste as an alternative to coal.

We reduced hazardous waste generation by 17.3% and successfully diverted 50% of the hazardous waste transported.

Coal Ash Management

% COAL ASH RECYCLED

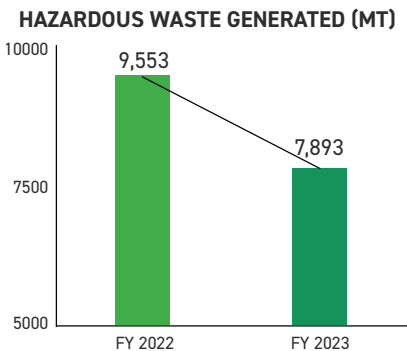


In 2023, the coal ash generated by our businesses increased by 9%. This was mainly generated from SMGP’s power plants and Petron Bataan Refinery’s co-generation facility.

The coal ash was successfully diverted to SMGP’s Limay Power Plant and Malita Power Plant, where it was used as a substitute for virgin inert materials in their CFBs, and to our Cement business as aggregate material for cement production. We balance the beneficial reuse of coal ash in our business processes with potential environmental impacts and make sure that our recycling practices are appropriate and done in an environmentally acceptable manner. We employ biomats made up of biodegradable natural fibers, such as straw, coir, and jute, to cover the ash, and prevent erosion and wind dispersal. This way, we ensure that minimum CCR goes to the surrounding environment

while the excess is properly stored in compliance with DENR requirements.

Hazardous Waste Management



In 2023, the Company generated a total of 7.9 thousand MT of hazardous waste, representing a notable decrease of 17.3% compared to the previous year. Consistent with previous years, the predominant components of our hazardous waste were used oil and sludge derived from our vehicles and generators.

We transported a total of 10.5 thousand MT of hazardous waste. The difference between the quantity of waste generated and transported can be attributed to our practice of collecting and storing hazardous waste until it reaches a certain threshold before it is properly disposed of. This approach allows for more efficient and cost-effective transportation and disposal. By consolidating waste shipments, we optimize

logistical operations, while maintaining our commitment to responsible hazardous waste management and environmental protection.

We successfully diverted 50% of the total hazardous waste transported this year through various strategies. The used sludge and oil were repurposed as quenching liquid in our refinery process, primarily through the delayed coker units. The organic waste generated by Food and Beverage was transported by a third-party hauler to a designated bioreactor facility. At this facility, the organic waste underwent a controlled biological process within the bioreactor, resulting in the production of high-quality fertilizer.

Hazardous waste is subject to stringent regulations enforced by environmental regulatory agencies. We are fully committed to adhering to all pertinent laws and regulations governing hazardous waste tracking, storage, usage, and disposal. We maintain rigorous compliance measures to ensure that our handling of hazardous materials aligns with regulatory requirements and industry best practices.

Future-proof Packaging

GSMI has taken strides to ensure that sustainability is at the core of its operations, shifting towards even more eco-friendly practices in product design. The redesign of its GSM Blue packaging is proof of its commitment.

Previously, GSM Blue products featured plastic pourer caps—a spout integrated into the bottle cap designed to control the flow of liquids, enhancing convenience when serving. While these caps added user-friendliness, they also increased the use of plastics in packaging.

Conscious of plastic's long-term detrimental impacts on the environment, GSMI made a pivotal decision to eliminate these plastic components from their packaging and reduce overall material usage. By September 2023, all GSM Blue bottles were produced under the new design. This design change not only aligns with global sustainability goals, but also enhances the product's profitability through cost savings.

A further step towards reducing environmental impact, the new bottles utilize 24% less aluminum in their Roll-on Pilfer Proof caps.



What Goes Around, Comes Around

At 134 years, San Miguel Brewery Inc. (SMB) has indeed mastered the art and science of brewing and bringing its finely-crafted beers to consumers nationwide through a highly developed distribution system. Serving over 500,000 outlets all over the country, this robust network ensures that consumers can enjoy a superior beer experience anytime, anywhere.

Key to SMB's expansive reach is an efficient supply chain that maximizes value for the company and stakeholders and also prioritizes sustainability. A key element of SMB's operational efficiency is its Returnable Glass Bottle system. Beer in glass bottles remains the most popular choice of consumers in the Philippines, constituting the majority of SMB's sales. In 2023, over 90 percent of its used returnable glass bottles were collected and reintegrated into the packaging cycle.

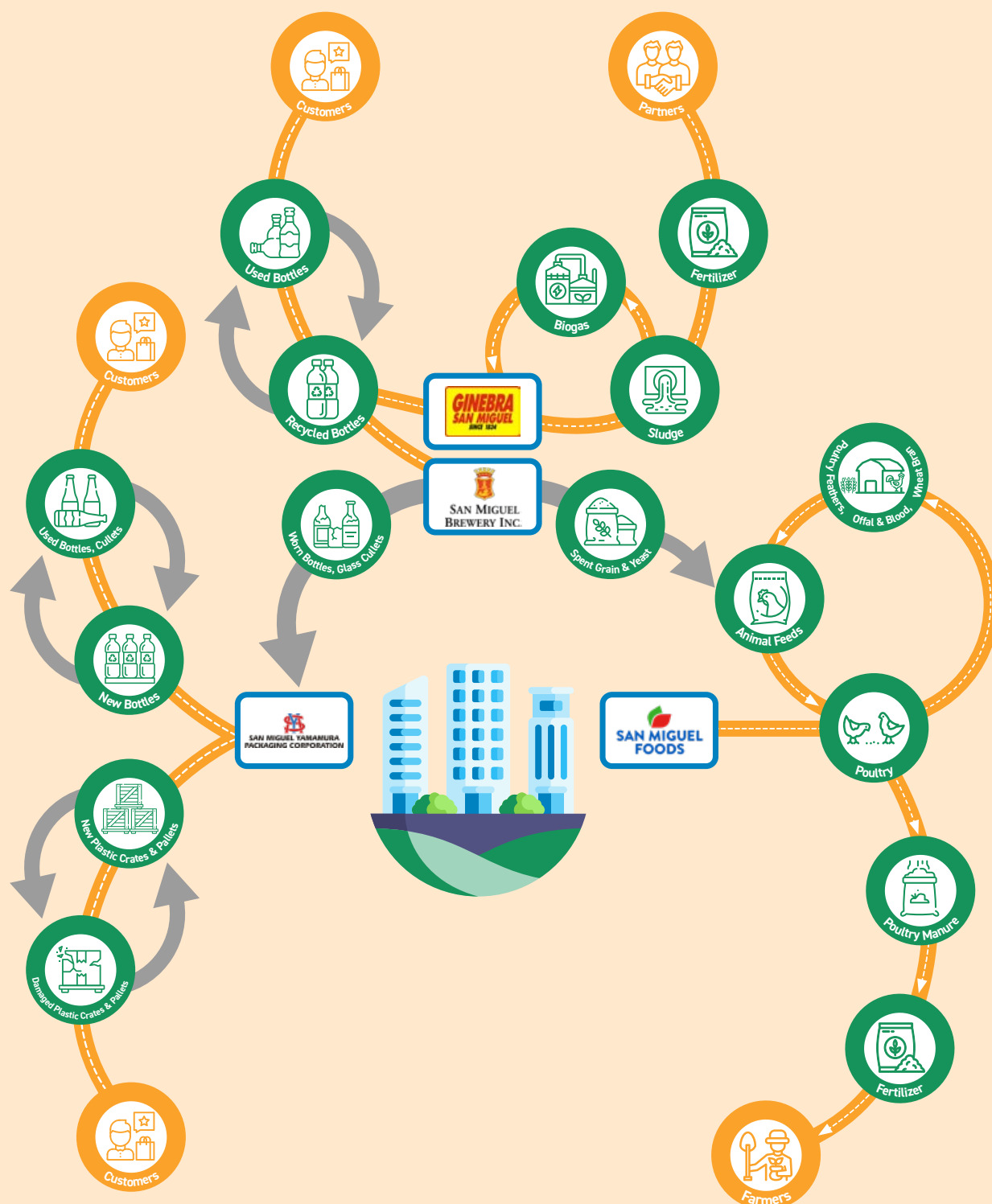
As part of continuing efforts to sustain high bottle recovery rates, SMB employees led efforts to institutionalize SMB's Bayanihan Balik Bote program. This program encourages the return of empty bottles and plastic crates not just from trade outlets but also from consumers and third-party materials recovery facilities. Participants receive a cash deposit value in return, enhancing the existing bottle retrieval system.



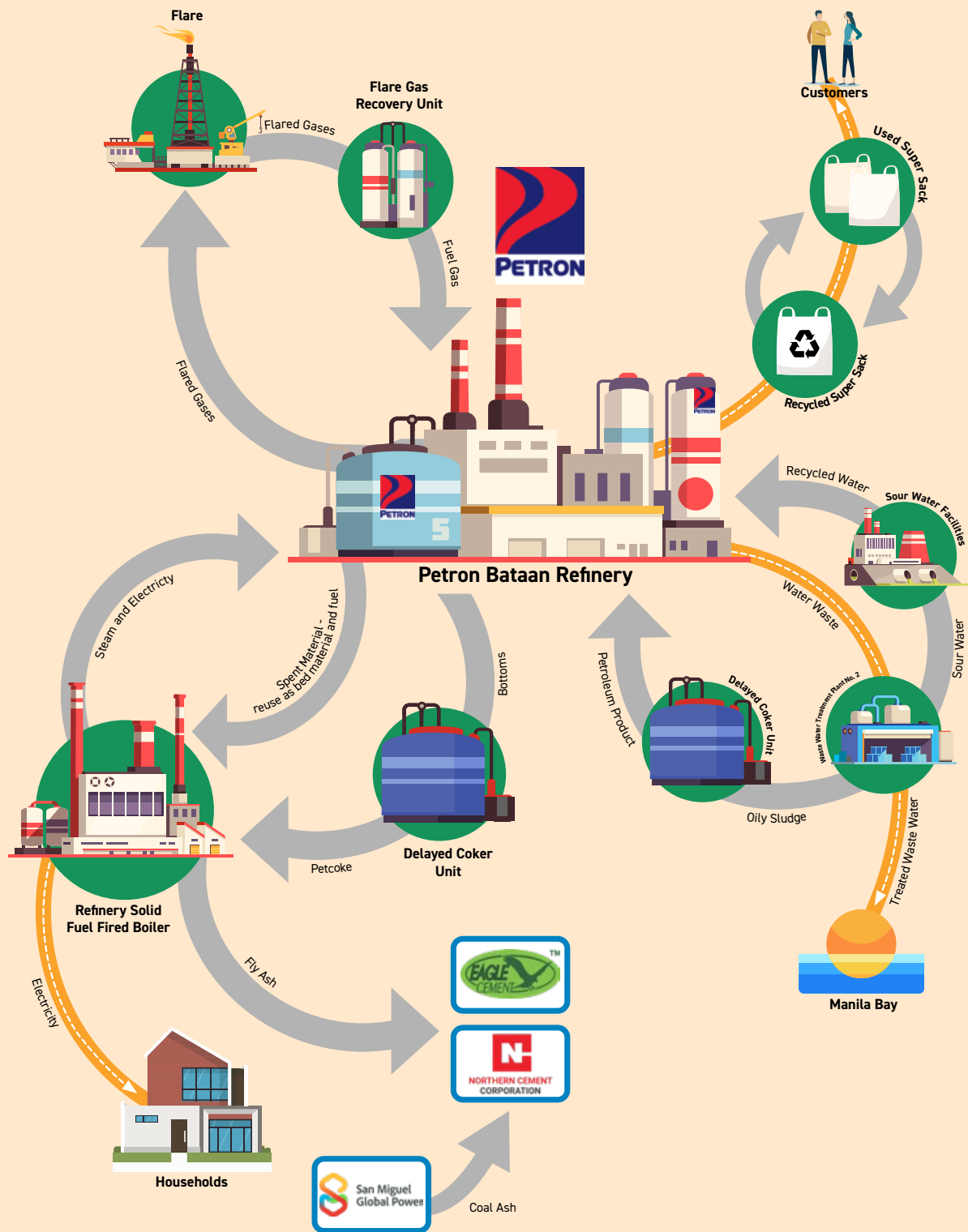
Launched during the 2020 pandemic, the Bayanihan Balik Bote program initially collected over 144,497 cases of glass bottles. By 2021, collections surged to 689,497 cases and by 2022, it rose further to 966,487 cases—a hefty 40% increase. The momentum continued into 2023, with a record 1,316,858 cases recovered, marking a 36% increase from the previous year.

Moreover, the program has transformed consumers and employees into active proponents of sustainability. By integrating the bayanihan spirit or community action into the campaign, SMB has fostered a culture of environmental consciousness within its workforce, and enabled employees to contribute significantly to the company's sustainability initiatives.

San Miguel's Circular Economy Model



The above diagram illustrates the circular economy models in operation among and within SMC's traditional businesses of SMFB and SMYPC.



Within Petron Bataan Refinery, flare gases, various spent materials and wastewater are recycled to produce energy or other products. Coal ash from the refinery as well as from SMGP's power plants are sent to SMC's cement plants for use as aggregate materials.

San Miguel supports the global goal of halting and reversing biodiversity loss by 2030 and the vision of living in harmony with nature by 2050. We are committed to safeguarding biodiversity and ecosystems, with a sustainability agenda that prioritizes the protection and restoration of nature in all our business operations.

Biodiversity and Ecosystems

GRI 304 -1 | GRI 304-2 | GRI 304-3 | GRI 304-4

ECOSYSTEM AND BIODIVERSITY			
	2023	2022	Unit
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside of protected areas	11	9*	No.
Habitats protected or restored	1,861.8	112.74	Ha.
IUCN red list species and national conservation list	29	14	No.

* 2022 numbers were restated. Previously reported 6; the additional areas are in Malita, Davao Occidental; Ilijan, Batangas; and Mangkayan, Benguet.

The sustainable use of natural resources and the preservation of nature are among the main pillars of our Company’s sustainable agenda. SMC strongly supports and commits to including the protection of nature in all our business activities. We are highly aware of nature-related risks and have taken steps to mitigate them in our business operations.

In December 2022, governments adopted the post-2020 Global Biodiversity Framework, which presented a plan of action to combat biodiversity loss and provided direction to all sectors of society on the urgency of the issue and the need for collective action. San Miguel supports

this global goal of halting and reversing biodiversity loss by 2030 and the shared vision of living in harmony with nature by 2050.

Moreover, our Company enthusiastically responded to the national government’s call for a reforestation program to plant 1.5 billion trees under the National Greening Program (NGP) of the DENR. In 2019, our Power business launched Project 747, with the goal of planting seven million trees over four thousand hectares of deforested lands in seven vulnerable provinces in our country. Though it presents a daunting challenge for our Power business, we are committed to

contributing to the NGP and supporting the international call for nature-based solutions. To date, we have planted more than 6.5 million trees, nearing our target well ahead of schedule, replanting 2,800 hectares of upland and 1,200 hectares of mangrove forests. This project prioritized native and diversified reforestation species for planting to ensure more carbon is stored and, at the same time, to increase the productivity and survival rates of reforested areas. SMC supports mixed reforestation species, as this approach increases resilience to perturbation, is more stable in response to climate extremes, and results in lower tree mortality rates.

The significant increase in the hectarage of protected areas near or adjacent to our operational sites is attributed to the B-MEG feed mill plant in Impasug-ong, Bukidnon, which is two kilometers from the Center for Ecological Development and Recreation (CEDAR) in Barangay Impalutao. Initially a reforestation site, CEDAR has evolved into an ecological park, covering approximately 1,703 hectares and hosting four major falls namely: Gantungan Falls, Natigbasan Falls, Dila Falls, and Makabayot Falls.

Declared a protected area for its high indirect biodiversity value as an eco-tourism site, CEDAR is jointly managed by the LGU of Impasug-ong and the DENR.

The International Union for Conservation of Nature (IUCN) is an acknowledged authority on species extinction risk and serves as an authoritative compendium of information on the global conservation status of species. The IUCN Red List tracks and reports on the status and trends of wild species worldwide, encompassing all major species groups such as plants, fungi, invertebrates, reptiles, and fish.

From 2017 to 2020, the IUCN Red List of Threatened Species expanded its coverage of the world's biodiversity by 51%

and currently includes 128,918 species, of which 35,765 (28%) are threatened with extinction.

In 2022, SMGP, through South Premiere Power Corporation (SPPC), resumed operations of the Ilijan power plant located in Batangas after its temporary shutdown. The plant is the largest natural gas facility in the Philippines, with a rated capacity of 1200 MW. It is the first power facility in the country to use the 500 kV switchyard system and a reverse osmosis (RO) desalination system. The RO system installed is the largest and most sophisticated of its kind in the country, ensuring that the seawater used for cooling the power plant does not alter the salinity and aquatic environment of Ilijan, which is a 16-hectare

area declared a fish refuge and sanctuary by the Ilijan LGU.

In 2023, SPPC conducted coral reef monitoring activities in the waters of Ilijan to determine if the species hosted by the bay were included in the IUCN Red List. SPPC monitored a total of 210 species, 81% of which were fish species and the remaining 19% coral species.

The monitoring activity also discovered two species of turtles, the Hawksbill Sea Turtle and the Green Sea Turtle, which are categorized under the IUCN Red List as Critically Endangered and Endangered, respectively, in Ilijan. In addition, one species of Tridacna (Giant Clam) is also recorded and is categorized as Vulnerable on the list.

ILIJAN CORAL REEF SURVEY

Species	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concern	Data Deficient	Not Evaluated
Fish	-	-	-	1	127	6	36
Corals	1	1	10	6	17	2	-
Reptiles	1	1	-	-	-	-	-
Invertebrate	-	-	1	-	-	-	-
Total	2	2	11	7	144	8	36

According to the IUCN, species in the Vulnerable, Endangered and Critically Endangered categories are collectively described as 'threatened.' The IUCN Red List does not include Not Evaluated species; and although Least Concern species have a lower risk of extinction, they still play an important role in global biodiversity. The identification of 15 'threatened' species has increased our previous total to 29 in our 2023 Report. San Miguel will continue to monitor and protect the identified threatened species and their habitats near or adjacent to

our business operations. We also partner with the communities and other relevant stakeholders in the areas where we operate to safeguard our country's biodiversity and ecosystem.

Other business units, such as Food and Beverage, Infrastructure, Cement, and Fuel and Oil, have their own reforestation initiatives for upland, lowland, and mangrove forests, as well as coral reef restoration projects. We have engaged academe-based third-party assurance to scientifically measure and quantify the carbon

sequestration of our reforestation and mangrove restoration initiatives and to verify the actual amount of carbon stored by the various species of flora we have planted.

San Miguel believes that biodiversity loss and climate change are inextricably linked and mutually reinforcing, thus we committed to adopting nature-positive strategies and innovative solutions that will improve the quality of life, achieve sustainable prosperity, and ensure that our planet remains hospitable to human life.

A Legacy in Flight



Since 2010, Eagle Cement Corporation has been a stalwart ally of wildlife conservation in the Philippines, partnering with the Philippine Eagle Foundation (PEF) to protect one of the country's most majestic creatures, the Philippine Eagle. This collaboration took flight with the adoption of Chick 23, christened Viggo, a symbol of hope and survival now featured on the new polymer one-thousand-peso bill.

Eagle Cement's support has provided Viggo with a sanctuary and serves a pivotal role in the PEF's breeding program, contributing significantly to the conservation of the Philippine Eagle population. This partnership showcases the powerful impact of collaboration between corporate entities and nonprofit organizations in wildlife preservation.

Celebrating over a decade of partnership, Eagle Cement reaffirms its commitment to biodiversity conservation and environmental stewardship. This year, the company is set to deepen its support by adopting three more eagles, further strengthening efforts to nurture and protect these iconic birds of prey.

Project BLUE Corals

San Miguel Global Power (SMGP) is deepening its commitment to both environmental stewardship and community development through Project BLUE (Balanced and Healthful Life Underwater Ecosystem) Corals. Launched by the SMGP Foundation, this initiative is a vibrant new chapter in the company's ongoing Ridge to Reef Conservation Program.

Project BLUE Corals is dedicated to protecting marine biodiversity in the coastal communities where SMGP operates. This initiative weaves marine conservation, community engagement, and sustainable resource management together into one cohesive program aimed at protecting marine ecosystems and empowering local populations.

Central to the project is the collaboration with communities, local government units, and environmental organizations to forge effective conservation initiatives. This includes the formation of People's Organizations focused on environmental stewardship,



which are instrumental in developing sustainable management strategies for coastal and marine resources. The communities in Mariveles and Limay in Bataan, Malita in Davao Occidental, and Masinloc in Zambales are involved in this effort, which promotes habitat rehabilitation, conservation, and protection. Additionally, Project BLUE Corals includes direct actions like coral transplantation using artificial reef modules to restore and rehabilitate degraded coral reef ecosystems in these areas.

The SMGP Foundation's primary goal is to foster sustainable economic growth alongside environmental protection in its operational areas. The commitment to this initiative was formalized on October 26, 2023, when SMGP senior management and heads of LGUs convened in Masinloc, Zambales for a Memorandum of Agreement Signing.

With additional MOA signings scheduled across other SMGP areas in 2023, the project is poised to commence and fully materialize in 2024.

Stewards of the Coast

Mangrove reforestation is critical to preserving biodiversity, protecting coastal regions from erosion, and enhancing carbon sequestration. That is why Distileria Bago, Inc. (DBI) and Petron Corporation have taken a proactive stance in integrating these environmental effort into their operations, demonstrating how business activities can coexist with and even enhance environmental conservation.

DBI's Long-Standing Commitment

Since the mid-1990s, the mangroves at DBI have flourished under the care of dedicated DBI employees and local community members. This area, spread across 14 hectares, features an impressive 90% survival rate for the 52,417 seedlings nurtured to maturity, a testament to the meticulous care employees have given them over decades.

Periodic planting of new seedlings and frequent coastal clean-up campaigns have also been key to DBI's success. These efforts are strengthened by strong collaboration among DBI, the local government, and two volunteer groups—the Multi Tripartite Monitoring Team and Bantay Katunggan. Together, they ensure

the health and growth of this vital ecosystem, monitoring the coastline adjacent to the plant to maintain the mangrove's vitality.

The involvement of DBI's employees and local communities has not only preserved these habitats but has also cultivated a deeper sense of environmental responsibility and advocacy among all participants. This shared commitment has helped the mangroves thrive and serve as a buffer against environmental threats.

Situated along the Guimaras Strait, an area recognized by the DENR as a Biodiversity Conservation site in Western Visayas, these mangroves play a critical role in sustaining the rich coastal ecosystem. They provide numerous ecological benefits, including reducing the risk of flooding and soil erosion and serving as a natural barrier against waves and storm surges.

DBI's mangrove initiative stands as the longest-running corporate social responsibility program of the distillery. Through this program, DBI not only contributes to biodiversity conservation efforts but also reinforces its role in safeguarding the environment and



maintaining the natural beauty and balance of the Guimaras Strait.

Petron's Expansive Efforts

Petron's unwavering dedication to environmental stewardship shines through its mangrove reforestation program, a cornerstone of the company's "Puno ng Buhay" initiative launched in 2016. This program exemplifies Petron's commitment to integrating business operations with environmental conservation, highlighting the important role companies play in sustainable development and climate action.

The program targets strategic reforestation across the Philippines, adopting 85 hectares for mangrove planting in key locations in Puerto Princesa, Palawan, and Nasipit, Agusan del Norte, with expansions in Tacloban, Roxas, and Limay.



These mangroves are vital for coastal protection, acting as natural buffers against storm surges and coastal erosion, while also serving as significant carbon sinks and biodiversity hotspots.

Petron plans to extend its efforts to 48 more hectares of upland sites, planting over 120,000 mangroves. These efforts are reinforced by partnerships with the DENR and academic institutions to rigorously measure the carbon sequestration capabilities of these sites, providing vital data for future conservation strategies.

Community engagement is a key component of the program's success. In April 2023, Petron inked an agreement to adopt and rehabilitate a 20-hectare mangrove site in Hagonoy, Davao del Sur, over the next five years, focusing on both reforestation and the measurement of carbon capture. This initiative is mirrored in a November agreement with the local government of Ivisan, Capiz, to plant approximately 62,500 endemic mangrove species over 25 hectares.

The mangrove reforestation program also fosters community development by providing livelihood opportunities for locals. The restored mangrove ecosystems support marine life vital for local fisheries, thus contributing to the economic stability of the communities involved.

Looking forward, Petron is committed to expanding these initiatives, continuously seeking new ways to enhance its reforestation efforts. In support of the National Greening Program, Petron aims to plant more trees, harvesting sustainable benefits for both the community and the broader environment.

Trees Brew Life

As it marked the 14th year of its environmental flagship initiative, Trees Brew Life, San Miguel Brewery (SMB) has significantly expanded its nationwide tree planting program. In 2023, SMB rallied a record number of 1,291 employee volunteers alongside government and media partners to plant a total of 109,557 trees.

The year's activities began with the Mandaue Brewery spearheading the initiative in August at the Eco-Learning Center in Mandaue City. This marked the start of a series of tree-planting efforts that included the Mananga Watershed and various sites across Eastern Visayas, culminating in the planting of 22,128 seedlings and 80,000 mangrove propagules in Carmen City, Cebu.

Similarly, the Bacolod Brewery initiated its tree-planting drive in August, resulting in 2,059 assorted fruit-bearing seedlings planted by 185 employee volunteers over three months. In Luzon, 183 employees from the National Office, Polo Brewery, and GMA & Key Accounts Group Operations joined forces in October at the Marikina Watershed, planting 2,000 saplings for the second consecutive year to support Marikina City's mitigation strategies and Rizal province's climate resiliency efforts.

Concurrently, the San Fernando Brewery and South Luzon Area operations hosted tree-planting events in October. San Fernando Brewery's team of 283 volunteers planted 2,000 seedlings in Floridablanca, Pampanga, while South Luzon Area's 268 volunteers added 458 seedlings to the landscape of the Dualtech Training Center in Calamba, Laguna.

In a focused effort to engage with indigenous communities, Davao Brewery partnered with the Euro Generic International Philippines Foundation to aid in the reforestation of the Obu-Manuvu ancestral domain in Carmen, Davao City—a recognized Key Biodiversity Area. This initiative saw 100 Davao Brewery employees planting 627 seedlings, comprising a mix of forest trees, fruit trees, and non-forest timber products.

Meanwhile, the Tagoloan Brewery launched its planting activity in December 2023 with 54 employee volunteers, setting a target to plant 1,000 seedlings by the second half of 2024.

Since its inception in 2009, the Trees Brew Life program has planted nearly 1.5 million seedlings across SMB's operational regions. Looking forward, SMB aims to plant an additional one million seedlings by 2030, significantly scaling up its positive environmental impact.





Unearthing Biodiversity Gains

Northern Cement Corporation (NCC) has integrated innovative environmental solutions into its quarry operations, a testament to its commitment to “malasakit sa kalikasan.” This commitment is reflected in the company’s strategies for environmental conservation that enhance and protect the rich biodiversity within and around its operational sites.

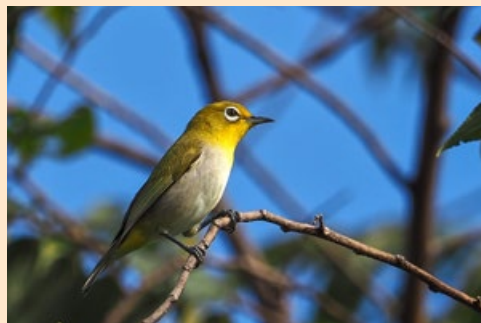
Biodiversity Conservation at the Core

NCC has implemented several key initiatives aimed at nurturing and preserving local ecosystems, focusing on both immediate and progressive measures. These include the planting of 2,530 Ipil-ipil and Acacia trees across 4.02 hectares at the Shale Quarry and enhancing the natural landscape with around 200 Caballero and Acacia trees at the Limestone Quarry berms.

NCC’s reforestation efforts are as well extensive, with 47.75 hectares planted with fruit-bearing trees, timber, wood seedlings, and bamboo propagules in partnership with local organizations to ensure a survival rate of over 85%. These initiatives are part of NCC’s contribution to the National Greening Program, with the company having planted over 72.342 hectares to date.

A unique aspect of NCC’s biodiversity efforts is the establishment of a reference ecosystem at Sapid Forest. This area, rich with endemic flora and fauna, serves as a vital research and conservation site and includes an artificial wetland within the Bettac Siltation Pond. This pond, spanning 5,221 square meters, supports a variety of life forms, from migratory birds to freshwater aquatic species and even potential bioremediation plants like Cattail, known for its water-purifying capabilities.

The company’s efforts extend beyond planting. They also encompass topsoil conservation, with 3,766 MT of nutrient-rich soil stockpiled this year for future use in rehabilitation and re-greening efforts. This stockpiled soil plays a crucial role in balancing the survival of plant life, vital for maintaining ecological stability.



Community and Biodiversity

NCC’s initiatives go beyond environmental impact; they also aim to enhance community engagement and development. The programs support local biodiversity, which in turn supports local communities through sustainable practices that provide both livelihood and environmental benefits.

By continually innovating its approaches to quarry operation, NCC not only aligns with the preservation and conservation of biodiversity but also sets a standard for sustainable practices in the industry.

Recognizing the Philippines' vulnerability to extreme weather events, our climate risk management integrates mitigation and adaptation strategies to safeguard operations, communities, and the environment.

Climate-related Risk Management

GRI 2-12 | GRI 201-2

In recent years, the Philippines has faced a relentless onslaught of climate-related disasters, with Typhoon Odette (Rai) in December 2021 being a stark reminder of the country's vulnerability to extreme weather events. As one of the countries most susceptible to the impacts of climate change, the Philippines ranks high on the list of countries at risk, with its geographical location making it a hotspot for typhoons, floods, and rising sea levels. These events wreak havoc on infrastructure, disrupt lives and livelihoods, and pose significant challenges to economic stability and growth. The reality of climate change in the Philippines underscores an urgent need for comprehensive climate risk management strategies that are not only focused on mitigation but also on adaptation to the changing climate.

In response to these escalating challenges and recognizing the substantial risk that climate change poses to our operations, communities, and

the broader environment, SMC is implementing a comprehensive approach to tackle climate-related challenges. This approach involves governance, strategic planning, risk management, and the establishment of clear metrics and targets.

Governance

In line with the principles of sustainable development and responsible corporate governance, we are instituting a robust framework to meticulously oversee our risk management processes. The Audit and Risk Oversight Committee of the Board of Directors plays a crucial role in ensuring the effectiveness and integrity of our ERM system.

Each business within SMC is responsible for identifying and managing its risks, with the level of maturity varying based on inherent risks of the industry they are in. For example, Petron, our Fuel and Oil subsidiary, has a mature risk management process guided by its Petron Risk Management (PRiMS) Policy Statement. They systematically identify, assess, measure, and monitor risks and opportunities with a focus on minimizing their carbon footprint and prioritizing

health and safety through detailed environmental programs.

Several other businesses have formally integrated ERM into their management systems and are expanding coverage across the different areas of their operations.

Strategy

Recognizing the significant risks posed by climate change to our operations and facilities and our vulnerability to external factors, we integrate these considerations into our annual and long-range strategic planning and budgeting processes. Each business aligns with our sustainability goals, refining initiatives based on business nuances and quantifying targets using agreed metrics.

Risk Management

The Audit and Risk Oversight Committee, with the guidance of the Board, is exploring the integration of the TCFD guidelines into our ERM structure. Additionally, each business unit has dedicated teams evaluating environmental and social issues, leveraging expertise to understand risks and opportunities, propose viable and

effective programs, and prepare scenarios.

SMC defines a “substantive financial or strategic impact on business” as effects that directly influence the Company’s bottom line, long-term stability, and growth. We have identified inherent climate-related risks that could have such an impact:

Current and emerging

regulations: SMC recognizes that global efforts to mitigate climate risk will influence government policies, consumer preferences and costs of doing business. In response, we are embedding sustainability into our strategies and operations, leveraging our strengths and resources towards economic prosperity for the country and investing in low-carbon technologies and renewable energy.

Acute physical climate risks:

Like any company, SMC is vulnerable to extreme weather conditions, such as droughts, typhoons and floods, which can damage facilities, disrupt operations and supplies, and cause logistical challenges. We incorporate resilient design standards into our infrastructure projects, invest in river cleanup to mitigate flooding and maintain drainage systems for road operations.

Chronic physical climate risks:

Risks such as water scarcity and changing weather patterns can impact our supply chain and operations. We undertake comprehensive water risk assessments and implement

water saving measures. We have ample procurement and inventory strategies to adapt to changing conditions. In addition, we focus on energy efficiency measures to reduce operational costs and GHG emissions.

Metrics and Targets

San Miguel is unwavering in its commitment to transparency and accountability. We are advancing our environmental stewardship by developing, measuring, and monitoring a comprehensive set of climate-related metrics and targets.

Emissions Management: Our approach encompasses both GHG and non-GHG emissions. We track our Scope 1 and Scope 2 GHG emissions in absolute terms and intensity. Moreover, we monitor our non-GHG pollutants, including NO_x, SO_x, particulate matter, and various other hazardous emissions.

Resource Efficiency: Energy and water management are pillars of our resource efficiency strategy. By measuring our energy consumption and intensity, we are identifying opportunities to enhance efficiency and reduce costs. Similarly, our water stewardship focuses on consumption, withdrawal, and discharge metrics, aiming for sustainable utilization and minimal environmental impact.

Waste Management and

Biodiversity: We track material use, waste generation, and diversion efforts. Moreover,

we assess our impact on biodiversity, habitats, and species conservation. These measures not only mitigate our operational footprint but also contribute to broader ecological preservation.

For an in-depth discussion of our metrics, please refer to Section 7: Kalikasan of this Report. For the metrics we are establishing in pursuit of our four overarching sustainability goals, see Section 6.4.A: Major Milestones for our Goals.







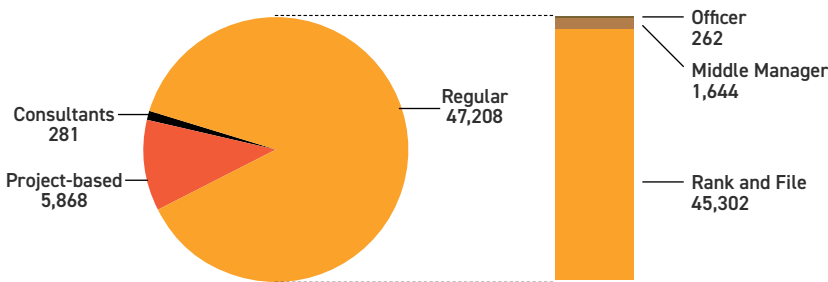
KALINGA
Good for People



Our Employees

GRI 2-7 | GRI 401-1

NUMBER OF EMPLOYEES BY POSITION



Our employees are integral to the SMC Group success. They are the driving force behind the Company’s productivity and the source 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 benefit the environment and society.

As of the end of 2023, the Group’s workforce reached 53,357 employees, excluding those working in our foreign operations and BankCom, which

are not in scope of this Report. Regular employees account for 88%, while 12% are classified as project-based and 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 only 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 position

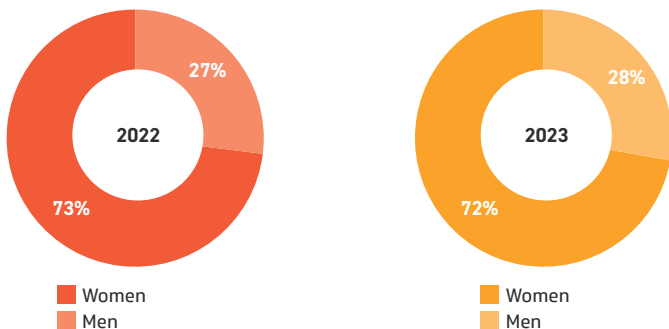
they occupy. Consultants are hired for their specific expertise or knowledge, and generally provide support to the management teams of the business units. They are likewise given compensation and benefits according to the value that they bring to the business.

SMC added 3,349 jobs in 2023, an increase of 7% in total employment. Most of these new jobs were created by Infrastructure and Power projects, and expansion facilities in SMFB.

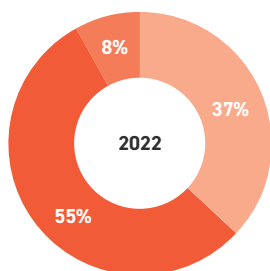
Alongside the increase in the SMC Group total employee population is an increased representation of women in the workforce. The number of women employees grew by 11%, compared to 5% for men. Male employees still account for most of the population at 38,346, or 72%, and female employees at 15,011, or 28%, resulting in a 2.6:1 male-to-female ratio from 2.7:1 in 2022. Among the management team, the male-to-female ratio is 1.9:1. The ratios notwithstanding, there is a significant number of women who occupy key leadership positions in every business unit.

The composition of our workforce reflects a notable trend toward an increasing number of younger

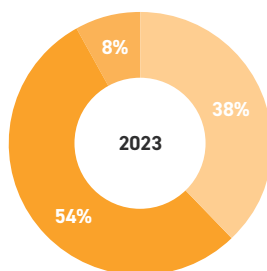
EMPLOYEES BY GENDER



EMPLOYEES BY AGE



■ Under 30 years old
 ■ Between 30 and 50 years old
 ■ Over 50 years old



■ Under 30 years old
 ■ Between 30 and 50 years old
 ■ Over 50 years old

employees. While individuals aged 30-50 years old dominate with a 54% share, there is a significant representation of those under 30 years old, comprising 38% of the total workforce. This trend suggests a growing influx of young talents into our organization, bringing fresh perspectives, innovative ideas, and a drive for continuous improvement.

In the upcoming sections, we elaborate on how San Miguel Corporation nurtures and promotes the holistic well-being of our employees.

Human Rights and Labor Practices

GRI 2-16 | GRI 2-23 | GRI 2-24 | GRI 2-30 | GRI 408-1

We uphold the rights of our workers to freely associate and engage in collective bargaining. Aligned with our principles, we continuously foster a cooperative atmosphere between labor and management. As of the conclusion of 2023, the SMC Group has existing bargaining agreements with 34 active labor unions, with around 9.5% of our employees being covered by CBAs.

Within SMC, every subsidiary has its own Labor Relations team, closely collaborating with the Corporate Human

Resources - Labor Relations (CHR-LR) department. In 2023, the following key programs were undertaken to preserve and further enhance labor and management relations, as well as to ensure compliance with labor laws and regulations:

- Enhanced assessments of the General Labor Standards (GLS) and Occupational Safety and Health (OSH), including for 3rd party contractors. Tabletop assessments for GLS covered 472 facilities and 550 facilities for OSH.
- Launched the 2023 SMC GLS and OSH Compliance Awards, an initiative to incentivize compliance through recognition rather than policing, by SMG units and contractors. A total of 101 plaques of recognition were handed out in 5 GLS award categories, while 467 awards were recognized for the Safety Milestone award.
- Enhanced safety preparedness through the conduct of the 2023 Fire Brigade Skills Exhibition. Instead of a competition format, the skills exhibition is an approach designed to enhance and maximize participation across the Group. A total of 149 teams, each with 10 members, participated in the exhibition, bringing the total



34

Active CBAs

active participation to 1,490 employees.

In a proactive effort to empower our workforce with essential knowledge regarding their rights, our Corporate HR organized Labor Education Seminars in collaboration with the DOLE. These seminars served as a vital platform for 5,028 employees to gain insights into fundamental labor rights, including security of tenure and freedom of association, directly from the authoritative source, DOLE. By participating in these educational sessions, employees were equipped with the necessary understanding to navigate the complexities of the labor landscape, fostering a workplace environment grounded in awareness, empowerment, and mutual respect.

In strict compliance with the Constitution and pertinent laws, we have established clear policies that emphasize the importance of human rights and expressly denounce child labor. Throughout the year, we have conducted learning workshops to guarantee that all employees share our commitment to adhering to laws that safeguard human rights and related regulations.

World Class

In 2023, San Miguel Corporation climbed 131 spots up Forbes Magazine's annual World's Best Employers list, landing number 43 out of 700 firms all over the world that made it to the global rankings.

Eight Philippine firms made the list, and San Miguel emerged as the only one in the top 50, improving from no.174 last year.

According to Forbes.com, rankings were determined through an independent survey conducted by market research firm Statista, which covered more than 170,000 employees who work for various multinational companies and institutions from over 50 countries worldwide.

For the survey, Forbes and Statista rated companies on various criteria, including talent development, remote working options, parental leave benefits, diversity, work-life balance, and pride in the product or services that company offers.

"It's a great honor to make it to this list of the world's 700 best employers. This goes to show that Filipinos can compete and run proudly with the very best in the world. It also shows that given the right training, motivation, support, and a higher purpose, the Filipino workforce is highly motivated, effective, dedicated, and therefore fulfilled in their work," said SMC President and Chief Operating Officer Ramon S. Ang.



While grateful for the honor this year, Ang said the company has always put a strong emphasis on nation-building, its core value of malasakit, and taking decisive and impactful actions related to sustainability—actions he believes truly resonate with SMC employees.

He said the company also always strives to provide employees an environment where they can learn, realize their full potential, build good relationships with colleagues, and become part of something bigger.

The Forbes citation is the second time this year that SMC has ranked high in an independent global business survey. In September, it placed in the top 50% of Time Magazine's list of the World's Best Companies for 2023, ranking 347 overall, and making it to the top two of just six Filipino firms that made it to the list.

Ang said these favorable rankings signify that San Miguel is still

one of the companies that many Filipinos admire and want to work for.

This is especially relevant as the company aims to create new employment opportunities through its various major projects.

It has also renewed a partnership with the Technical Education and Skills Authority (TESDA), to expand a joint skills training partnership to train more workers for upcoming job opportunities at major SMC projects nationwide.

Apart from competitive compensation and benefits, SMC has various programs to help employees hone their skills to advance in their careers and maintain their health and well-being.

The company also provides employees with opportunities to give back to the community through a strong volunteerism program, "Team Malasakit".

Employee Health and Safety

GRI 403-1 | GRI 403-2 | GRI 403-3 | GRI 403-4 |
GRI 403-5 | GRI 403-6 | GRI 403-7 | GRI 403-8

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM				
	2023		2022	
	Number	%	Number	%
Total number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization	44,063		45,797	
i. the number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	44,063	100%	45,797	100%
ii. the number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited	39,880	91%	19,468	43%
iii. the number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party	33,478	76%	16,816	37%

San Miguel boasts one of the most comprehensive medical benefits schemes for its employees, offering coverage for both major and minor health issues through Health Maintenance Organization (HMO) plans. These plans include a maximum coverage limit that varies by business unit. Employees can access medical consultations, medications, and necessary medical devices at clinics within each major facility, ensuring comprehensive health support.

Despite the relaxation of some Covid-19 restrictions in 2023, our commitment to maintaining stringent safety measures and protocols to safeguard our workforce remains unwavering. Our proactive steps include:

- Offering free rapid antigen testing for employees and third-party service providers at San

Miguel facilities and offices, which continued until the fourth quarter of 2023.

- Establishing sanitation stations and disinfection services, including handwashing stations and alcohol dispensers, across all SMC offices, manufacturing sites, and other premises.

Our OSH programs extend to all employees in the Philippines, encompassing regular staff, project-based teams, and consultants. Our commitment is to uphold superior safety and health standards, continuously fostering a safety-centric culture within our work environment. A key component of this commitment involves providing comprehensive safety and health training to all employees. In strict adherence to RA 11058, which mandates compliance with occupational safety and health standards, we ensure every employee participates in

a DOLE-mandated eight-hour OSH seminar as part of their onboarding process.

We are dedicated to surpassing the minimum OSH requirements set by the government and the DOLE, covering areas such as general safety and health, maintaining a drug-free workplace, mental health support, and the prevention of communicable diseases. To this end, we maintain up-to-date Manuals on Worker Safety Procedures in every facility. Furthermore, our Safety Councils and Health and Safety Committees across various business units play a crucial role in promptly addressing facility-specific issues and concerns raised by employees.

In testament to our unwavering dedication to workplace safety and health, 37 of our facilities across Petron, Power,

San Miguel implements one of the most comprehensive occupational health and safety management systems, covering 100% of employees and workers, and 76% have external certification or audits.

Infrastructure, and Cement sectors proudly hold ISO 45001:2018 accreditation for their Occupational Health and Safety Management Systems. This underscores our continuous effort to not just meet, but exceed, global standards in protecting the well-being of our workforce.

In addition, we regularly organize disaster and emergency preparedness drills in collaboration with local fire departments, police departments, and the Philippine Red Cross.

These exercises are designed to equip our employees with the necessary skills and knowledge to respond effectively to emergency situations, ensuring their safety and preparedness.

Our facilities are also subject to comprehensive annual audits conducted by our Corporate Technical Audit team. Part of the responsibility of this independent group is to verify the health and safety status of our Company facilities in coordination with the Safety and Health Committee of the facility. The review covers

the compliance with reportorial requirements of DOLE, work accidents and injuries, availability of health facilities and medical personnel, training conducted and emergency preparedness protocol, fire protection and control and a review of workplace hazards and permits. The audit team then recommends the necessary action steps to improve workplace conditions and ensure the health and safety of all employees and contractors working in the facility.



Nurturing The Heart, Mind, Body, And Spirit

Engaged employees are committed and enthusiastic about their work and actively involved in achieving their company's business goals and interests. Having this in mind, San Miguel's Employee Engagement Programs are crafted to encourage active participation as well as create enthusiasm among San Miguel employees in their work and workplace. These programs aim to promote a positive attitude towards the organization and its values and provide opportunities to foster employee connections with their colleagues to improve work relationships.

As we emerged from pandemic restrictions and re-established in-person activities alongside virtual events, we were able to restore the programs that supported our employees' journey to self-care. The focus was on providing wellness programs and activities aligned with nurturing the aspects of well-being: Mind, Body, Heart, and Spirit, which make up the framework for our San Miguel Group employee program offerings.



MIND

Guided by this framework, our Employee Relations (ER) programs and activities are designed to support employees' physical, mental, and spiritual well-being. One such initiative is CHR's mental wellness program, Arugâ, which translates as "to nurture and provide tender care." This program encompasses webinars, town halls, and information campaigns aimed at fostering positivity and providing essential care for our minds and bodies. These sessions also serve as a vital step towards equipping our employees with

the necessary tools to navigate life's various challenges, fostering mindfulness, focus, and resilience.

To ensure the well-being of everyone, CHR initiated Arugâ Check-in Sessions in collaboration with mental wellness experts. These monthly sessions focused on various topics related to holistic well-being, catering to the diverse members of the San Miguel Group Community, especially those facing unique challenges. Topics ranged from "Caring for the Carers: Tools and Strategies for Care Providers" to "Bayanihan: A Stress Management Workshop through Laughter Practices." Conducted by mental health professionals via Zoom, these two-hour virtual sessions reached San Miguel plants and facilities nationwide, fostering a supportive environment for wellness and personal growth.



BODY

Building on the successes of the Nutrition Month activations in July 2022, a series of Nutrition Month activities were organized in 2023 across the SMC Head Office Complex and other SMC plants and facilities. The objective remained to emphasize the importance of making informed food choices and cultivating healthy eating habits alongside regular physical activity. Key initiatives include the following:

- **HEALTH TALKS** – Hybrid sessions (in-person and online) featured nutritionists and medical experts who shared their knowledge on these topics: Obesity and Pre-diabetes in the Workplace and the Principles of Mindful Eating; Polycystic Ovary Syndrome (PCOS); Head and Neck Cancers; FAQs on Hypertension

and Heart Attack; Focus on Women's Health; and Men's Health Focus. Our employees interacted with the nutritionists and medical specialists, who answered questions from both in-person participants and those who joined via Zoom. Initially intended as a Nutrition Month activity, due to the warm reception from employees, it has now become a monthly and sometimes bi-monthly program.

- **NUTRITION COUNSELLING PROGRAM** – SMC provided one-on-one consultation services with a registered dietitian/nutritionist to design nutrition programs for employees to protect health, prevent allergic reactions, and alleviate the symptoms of many types of disease. Additional menu offerings of healthy food choices (grilled seafood, meat and poultry, vegetable salads, among others) were made available and are now daily offerings at the canteen.
- **SELF-DEFENSE CLASSES** – These sessions aimed to enrich the life skills of our employees, with a particular focus on mastering self-defense techniques for both men and women. Tailored to accommodate diverse levels of proficiency, these programs were designed to suit all participants. Our instructors, selected from the prestigious Black Panther Yoshinkan Aikido Club, bring expertise honed through training law enforcement and military personnel in effective self-defense techniques.
- **SPORTS TOURNAMENTS & RE-OPENING OF THE HOC GYM** – Year after year, the sports tournaments stand out as one of the most anticipated employee

programs. Encouraging active participation in these sports-related activities not only boosts employee well-being but also fosters a sense of unity, camaraderie, and enthusiasm within the Company. In 2023, we successfully revived the San Miguel Groupwide Tournaments, featuring beloved games like Chess, Darts, Table Tennis, Badminton, and Bowling. Additionally, our gym classes, including Zumba, Dance, and access to gym facilities, were reinstated, reinforcing our commitment to promoting a healthy work-life balance and an active lifestyle among employees.



HEART

HR experts emphasize that employees who cultivate strong, positive relationships with their co-workers tend to be more engaged in their workplaces, with interpersonal connections being a significant contributing factor. To encourage such connections, we created opportunities for our employees to work together and get to know one another better through the following programs.

- **THEMED EMPLOYEE GET-TOGETHERS** – These activities provided new employees fun bonding experiences at a safe venue where they could relax and unwind while strengthening camaraderie and teamwork. Well-received themed get-togethers included a Trivia Game Night in celebration of the National Language Month (Buwan ng Wikang Pambansa), a Halloween trivia night, and a Halloween Costume Contest.
- **SMC'S 133rd ANNIVERSARY CELEBRATION** – We commemorated our 133rd anniversary with a fun

celebration showcasing our flagship brands alongside exciting new offerings to the San Miguel community. Designed to promote a deep sense of pride and belonging among employees by reinforcing their connection not only to their specific business units but to the broader San Miguel family, this shared pride underscores the collective identity and unity within San Miguel, enhancing employee morale and loyalty.



SPIRIT

Nurturing the spirit in the workplace is a key component in promoting the holistic well-being of employees, transcending the basic needs of professional development and compensation.

- **CELEBRATING MILESTONES** – In 2023, we celebrated various professional and personal milestones of our employees, such as birthdays and work anniversaries with the Company, through personalized birthday cards and gifts; Valentine's Day, Mother's Day, and Father's Day through thoughtful tokens; to a major event to honor their years of dedicated service with the Company at the much-anticipated annual Employee Service Awards Ceremonies. This event highlighted the dedication and commitment of long-tenured employees, recognizing those with 15, 20, 25, 30, 35, and up to 40 years of service. In both small and significant ways, we are able to show our employees how much they are valued.
- **EMPLOYEE VOLUNTEERISM** – Over the last few years, we observed an increase in employees, especially millennials, actively seeking employers who contribute positively to

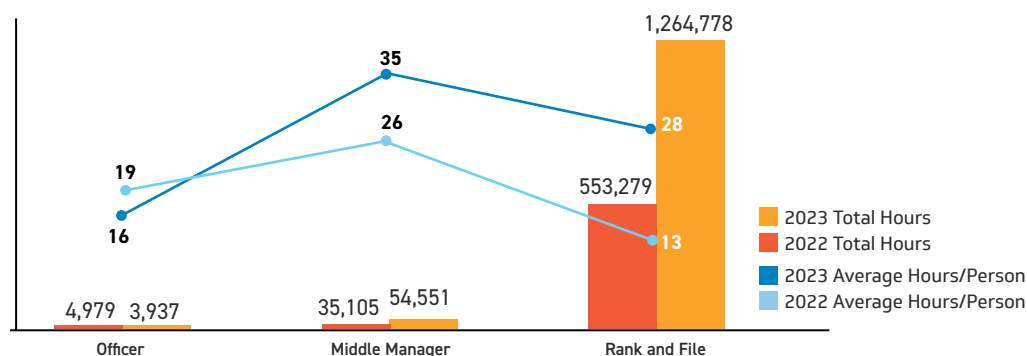
the community. At San Miguel, numerous opportunities enable employees to feel they are part of something meaningful. Our Company's dedication to "giving-back" goes a long way in promoting employee engagement. In 2023, this was vividly demonstrated through the following initiatives.

- » Participation in Team Malasakit activities for the environment such as the Coastal Clean-up Drive and The Good Deed Day Activity at Better World Smokey Mountain, where employees distributed Noche Buena items for underprivileged families. Additionally, volunteers from various facilities across the country also gave up precious weekends volunteering at Better as individuals or in groups
- » As part of San Miguel's Employee Volunteerism Program, CHR and the San Miguel Foundation conducted blood donation drives in partnership with the National Red Cross and the Veterans' Memorial Medical Centre. This campaign offers our San Miguel Group employees the chance to fulfill their civic duty and ensures reliable source of blood products for employees and their dependents.

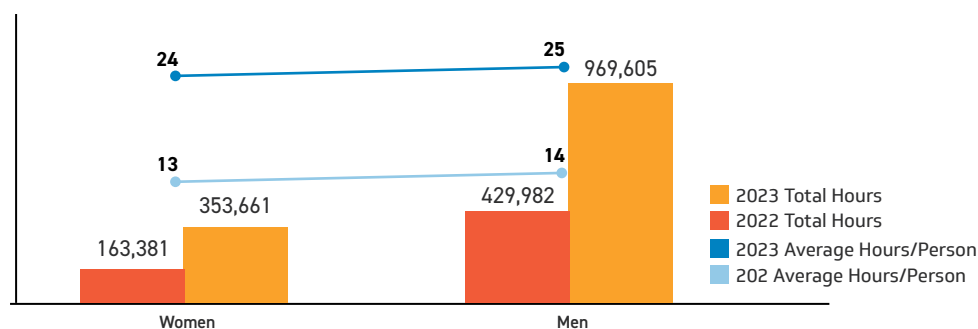
Employee Engagement, Training, and Development

GRI 2-17 | GRI 404-1 | GRI 404-2 | GRI 404-3

TRAINING HOURS BY POSITION



TRAINING HOURS BY GENDER



We fully recognize the critical role that engagement, learning, and development play in unleashing the full potential of our employees. At San Miguel, we are dedicated to equipping our team members with the essential competencies and skills necessary for success in their roles. By prioritizing their growth, we aim to boost productivity and cultivate a robust talent pipeline for future leadership positions.

Our commitment to employee development is evident through the significant increase in training hours from 2022 to 2023. The overall training hours more than doubled to 1.3 million in 2023 from 593 thousand in 2022, with the average hours per employee increasing from 14 to 28. Officers

experienced a slight decrease in total training hours, suggesting a more targeted training approach. Middle managers saw a remarkable increase in training hours, with the average hours per head rising from 26 to 35. Rank and file employees received a significant boost in training, with total hours increasing to 1.2 million, reflecting a comprehensive initiative to enhance the skills of the broader workforce.

Women received a substantial increase in total training hours, with the average hours per employee rising from 13 to 24, demonstrating a commitment to supporting women's professional growth. Men also saw a significant increase in training hours, with the average hours per head increasing

from 14 to 25, indicating a balanced enhancement in training opportunities for men within the Company.

The realities and demands of the post-pandemic world have reshaped the landscape of employee training and engagement. The shift towards hybrid classrooms, digital and on-demand learning content, and changing behaviors of our employees and leaders towards capability building have underscored the importance of adaptability and agility in the way we deliver learning interventions.

More than 238,000 learning modules were completed on LinkedIn Learning and Udemy, with content curated by business unit learning administrators.

SMG TRAINING DELIVERY ECOSYSTEM



In response to the evolving learning needs and preferences of our employees, we have transitioned to a hybrid model for instructor-led training and workshops. This approach combines face-to-face sessions with virtual training setups, offering the best of both worlds. On-the-job training, shadowing, and real work immersions were reintroduced in 2023, allowing our employees to gain more learning

opportunities compared to the previous year when face-to-face interactions were still limited. In 2023, our employees logged a total of 1.3 million learning hours, up by 123% compared to the previous year. The number of subscriptions for online learning also increased by 50% in 2023.

Learning administrators in each business unit were trained to curate content and develop

learning pathways on the LinkedIn Learning and Udemy platforms. These learning pathways were assigned to identified employees for completion, resulting in more than 238 thousand 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 offices. Onboarding

San Miguel collaborated with the Ateneo Institute of Sustainability to design the Sustainability Management Certificate Course, providing executives and staff with a deeper understanding of sustainability.

and learning conversations were available using online collaboration tools such as Microsoft Teams and Zoom.

In addition to our existing programs aimed at fostering the growth of high-potential and high-performing employees and leaders, 2023 marked a significant milestone with the introduction of our Corporate Sustainability Capability Academy. Launched in June 2023, the academy's flagship program, the Sustainability Management Certificate Course, was designed in collaboration with the Ateneo Institute of Sustainability. A total of 46 executives, managers, and key staff have so far participated in the program, which culminated in 10 capstone projects with themes focused on the Company's sustainability commitments. The academy's programs also included the following sustainability awareness campaigns:

- SDG 2030 workshops – an interactive workshop aimed at promoting an integrated understanding of the 17 SDG goals. The workshop utilizes a card game technique developed in Japan that is now being used all over the world. So far, 143 employees have participated in this workshop.

- Sustainability Executive Session – a half-day hybrid workshop facilitated by the Ateneo Institute of Sustainability, participated in by 23 Directors from San Miguel Corporation and Bank of Commerce, and 35 Executives of the Company.

We also updated the curricula of our established executive leadership programs, in collaboration with the Asian Institute of Management and the Ateneo Graduate School of Business, to include comprehensive sustainability modules. These updates ensure that the content is in sync with the Company's sustainability commitments. Moreover, we have aligned the capstone projects within these programs to directly contribute to our sustainability objectives, thereby integrating

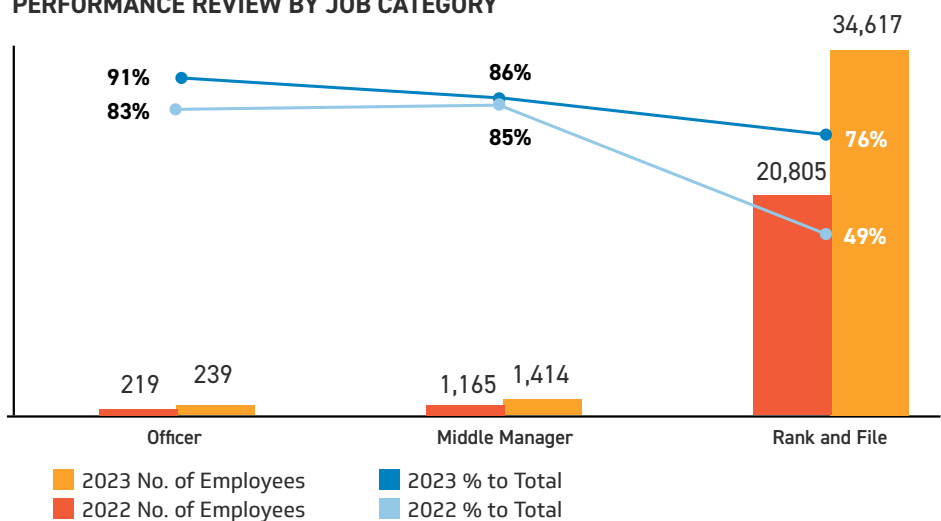
leadership training with our strategic environmental and social goals. This initiative underscores our dedication to integrating sustainability into the core of our leadership development.

The enthusiastic uptake of our employee learning programs, particularly in sustainability, represents a significant stride in our journey toward corporate growth and responsible stewardship. The impressive increase in our training hours for 2023 is a testament to our collective commitment to excellence and sustainability. As we move forward, these learning initiatives will continue to be a cornerstone in developing a workforce that is not only skilled and knowledgeable but also aligned with our vision for a sustainable future.

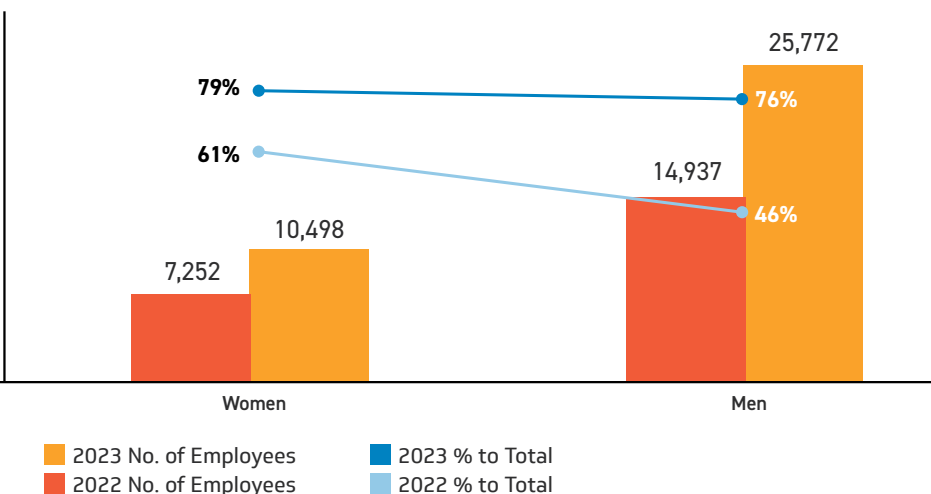


Performance And Development Reviews

PERFORMANCE REVIEW BY JOB CATEGORY



PERFORMANCE REVIEW BY JOB CATEGORY



In 2023, the total percentage of regular employees receiving performance reviews climbed to 77% from 50% in 2022, mirroring the comprehensive improvements observed across job categories and genders. Officers saw a noticeable increase, with 91% in 2023 compared to 83% in the previous year. Middle managers also experienced an uptick in review completion, from 85% in 2022 to 86% in 2023, indicating enhanced managerial feedback mechanism. The Rank-and-file

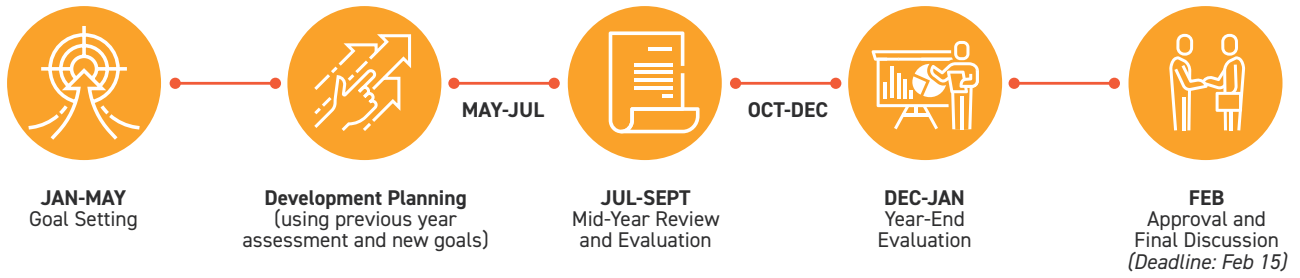
category witnessed a significant improvement, with 76% receiving reviews in 2023 from the 49% in the year prior.

On gender-specific data, women saw their review rates improved from 61% to 79%, slightly exceeding that for men at 76%, which also increased significantly from 46%.

Performance reviews serve as a crucial tool for advancing the attainment of business objectives

and strategic initiatives. At the beginning of each year, goals are set in collaboration with the employee, and their performance is objectively evaluated at year's end based on the accomplishment of these objectives. In 2023, we resumed to migrate our manual performance management process to a cloud-based platform powered by SAP SuccessFactors. This will ensure more streamlined and transparent goal setting and appraisal processes.

COMMUNICATING PROGRESS OF WORKS AND ACTIVITIES DURING THE YEAR



Throughout the performance management process, we prioritize open communication and constructive feedback between employees and managers to cultivate an environment of accountability and ongoing enhancement. This approach is designed as a continuous conversation, dedicated to bolstering the success of our employees. It is a collaborative effort that not only evaluates performance but also actively supports personal and professional growth, ensuring that both individual and company objectives are met.



Spreading the Message of Sustainability

San Miguel Corporation is making sustainability a core part of its corporate culture. San Miguel Foods (SMF), Petron and SMC Asia Car Distributors Corp. (SMAC) have launched compelling initiatives aimed at engaging employees in environmental stewardship, demonstrating an effective blend of education, engagement, and action.

Cultivating an ESG Culture at San Miguel Foods

Achieving ESG outcomes entails transforming organizational culture to ensure that the motivation for supporting sustainability goals extends beyond mere compliance.

SMF has adopted a proactive approach to cultivating an ESG mindset among its employees. This initiative includes engaging activities to educate employees, promote sustainable practices, and empower them to advocate for initiatives that align with environmental, social, and organizational objectives.

Immediately following the launch of SMC's new Vision and Core Purpose in September 2023, SMF's Corporate Affairs Group initiated a series of sustainability cascades. Initially conducted for the SMF Head Office-based Division Offices and business units, these online sessions disseminated the Group's Vision, Core Purpose, and Sustainability Roadmap to a broad audience. The roadshow provided an engaging experience with dynamic presentations, short videos, interactive activities, and lively group discussions. Attendees offered positive feedback and shared insights on how the UN Sustainable Development Goals relate to their personal experiences and aspirations, inspiring collective action for the company and the country.



The initial cascade phase, involving almost 700 employees from the Head Office, concluded at the end of the year. Its success sets the stage for future roadshows to reach regional facilities and external stakeholders like suppliers and distributors. This ensures a comprehensive understanding and appreciation of sustainability and its importance to the organization.

In October, SMF hosted the first Sustainability Fair at the C5 Complex. This two-day event featured a waste collection drive, encouraging employees to contribute to a greener future. Employees brought in recyclable materials in exchange for merchandise or environmental points equivalent to cash. The program, supported by GSMI and SMB's Balik Bote program and Basic Environmental Systems and Technologies, Inc.'s (BEST) Trash to Cashback campaign, resulted in over 115 kg of recyclables, primarily plastic waste.

The Sustainability Fair also offered a unique marketplace where employees could purchase sustainable, eco-friendly products. These included plastic-free personal and home essentials, upcycled products made from flour sacks, and items that support local communities. The fair served as a platform to promote and encourage sustainable practices among employees.

Building on this momentum, SMF hosted the first Environment Forum, gathering more than 80

employees, including members of SMF's Environment Council and Plant Managers from company-owned facilities across the country. The forum facilitated knowledge sharing on water, energy, and waste management, enabling participants to exchange best practices and stay updated on pertinent environmental policies. Through collaborative brainstorming sessions, teams developed action plans to address environmental challenges within their respective facilities, fostering a spirit of cooperation and shared responsibility.

Through these initiatives, SMF fosters a culture of sustainability and instills in each employee a sense of purpose and accountability. This empowerment transforms them into active participants in the company's ESG journey, laying the foundation for a more sustainable future.

Fostering Environmental Stewardship at Petron

Petron is equally committed to fostering environmental stewardship among its employees. The Petron Environment Summit was initially a virtual forum for the company's Management Committee, Managing Heads, Pollution Control Officers, and select participants within the San Miguel Group. The summit's goal was to cultivate a shared understanding of pressing environmental issues and explore best practices for business continuity and sustainability. Due to its success, the summit was

expanded to include more key officers and personnel, providing a platform to showcase the best environmental management practices across various Petron facilities and benchmark with other SMC units.

In 2023, the Petron Environment Summit, organized by CTSG-Environment, took place in November to align with National Environmental Awareness Month, National Climate Change Consciousness Week, Clean Air Month, and National Day for Youth in Climate Action. This year's theme, "Sustainability through Circularity and Climate Resiliency," attracted distinguished speakers from DENR, DOE, and leaders from SMC and Petron. Topics covered included plastic pollution, global treaties to end it, an energy transition plan for fuels, and updates on sustainability programs from SMC and Petron's various units.

Driving Sustainability at BMW

SMAC, the authorized importer and distributor of BMW in the Philippines, is steering towards a sustainable future with initiatives designed to cultivate eco-friendly practices among its employees and streamline operations. The company champions simple yet impactful strategies to promote environmental responsibility.

On August 18, 2023, San Miguel Corporation conducted a sustainability orientation for BMW employees, aiming to embed the group's green goals into the daily operations and decision-making processes at BMW. This educational session is part of a broader effort to ensure all team members are proactive and accountable in supporting the company's sustainability objectives.

A standout initiative in BMW's eco-friendly arsenal is the introduction of company-issued reusable food containers, or "baonera," to combat plastic pollution. This simple switch is a practical step towards reducing the consumption of single-use plastics, a significant environmental hazard. Each baonera bears the slogan "BMW's Green Way: Inspired by nature,



driven by sustainability," serving as a constant reminder of the brand's commitment to environmental stewardship.

These efforts are transforming BMW into a model of sustainability, demonstrating how targeted actions can foster a culture of conservation and influence both internal and external stakeholders towards greener behaviors. As BMW Philippines progresses, it

not only optimizes its operations but also shapes a sustainable ethos that resonates beyond the corporate realm.

Championing Strong Voices and An Undaunted Media

In the Philippines, many will agree that traditional journalism and media practice is under threat—not just from risks related to the job, but also, the seismic industry shifts caused by the growing power and influence of social and online media.

With many major media outfits already closing in the past couple of years, often overlooked are the direr challenges faced by provincial journalists in print and radio, independent content creators: from shrinking audiences, the closure of community papers, the spread of fake news, the constant threats of libel suits, to unethical practices, and the like.

For the past five years, San Miguel has been advancing an advocacy aimed at capacitating regional media practitioners, content creators, public information officers, even journalism students in the provinces—many of whom do not have easy access to learning opportunities.

As of end-2023, the program has produced 17 media seminars in 14 provinces throughout Luzon, Visayas, to Mindanao. Close to a thousand participants have benefitted from the experience and expertise of resource speakers from various fields.

Among them are veteran print, broadcast, and online journalists; experts in digital and social media management and content development; media executives; and foremost authorities on a myriad of topics such as the Cyberlibel Law, weather data interpretation and communication, culture and heritage conservation, gender sensitivity, digital research, science journalism, and disaster coverages and media safety, among others.

SMC President and CEO Ramon S. Ang, addressing some of the speakers that have helped the advocacy, stressed the importance of having “strong voices” and an independent and undaunted media, to the overall development of the country.

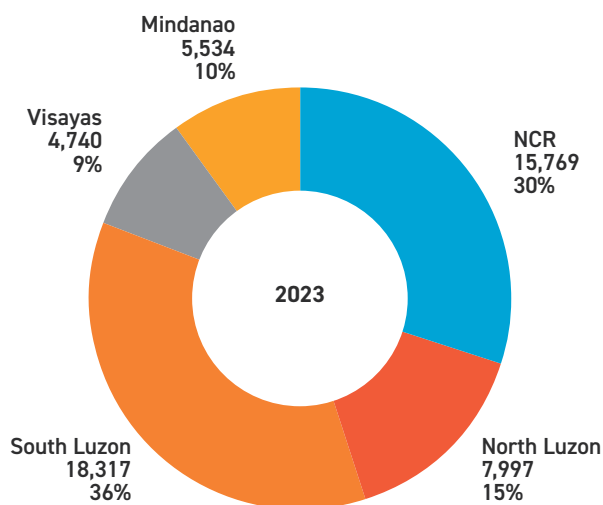
Nowadays, when choosing topics for the seminars, participants commonly request a mix of traditional and new media disciplines, reflecting the changing media landscape. These editions of the seminar reflects how media practitioners, especially those whose jobs and livelihood and mode of coverage have been affected by the shift to social and online—can adapt and effectively utilize new platforms.

Given the rise in popularity of social media, which competes for viewer attention and is at times utilized to peddle fake news, Ang says that keeping true to the tenets of responsible journalism, ethical practices, and maintaining integrity, are key to the growth, revitalization, and sustainability of the media profession—regardless of platform.



Diversity, Equity, and Inclusion

GRI 2-23 | GRI 2-24 | GRI 405-1 | GRI 406-1



At San Miguel Corporation, we are steadfast in our commitment to fostering an inclusive and diverse workplace, as outlined in Section 9 of the SMC Human Resources Manual regarding Recruitment and Hiring. It clearly states that all candidates are considered for employment without bias towards gender, civil status, religion, or physical capabilities, ensuring they meet the job's educational and competency requirements.

We pride ourselves on being an employer of choice, valuing the unique skills, knowledge, and abilities of each applicant. Our recruitment process is guided by core principles embedded in our Recruitment Policy, Company Rules and Regulations, and Employee Handbook, emphasizing:

- **Respect for Individuals:** We cherish and aim to enhance the individual capabilities of our team members.
- **Integrity in Actions:** We maintain ethical, fair, and unquestionable conduct in all business dealings.
- **Merit-based Selection:** Our workforce selection and

placement policies are founded on individual merits and abilities.

- **Commitment to Diversity and Equality:** We actively promote diversity and gender equality in the workplace by:
 - » Enforcing laws like Republic Act No. 6725 to prevent discrimination against women and ensuring equal employment terms and conditions.
 - » Adhering to the Anti-Discrimination Act of 2017 to safeguard employees from workplace discrimination.
 - » Eliminating considerations of age, gender, religious, and ethnic affiliations in hiring decisions.
 - » Strongly opposing child labor, forced, or compulsory labor in any form.

Our dedication to gender diversity is a testament to our belief in its substantial benefits to our employees and the organization's overall success. We understand that a diverse workforce introduces a wealth of perspectives, enhancing innovation, creativity, and problem-solving

capabilities. To this end, we have instituted policies ensuring gender equality, equal career advancement opportunities, equitable compensation, and a workplace environment devoid of discrimination or harassment. Our adherence to the Safe Spaces Act (RA 11313) underlines our zero-tolerance policy towards sexual harassment, ensuring a respectful, valued, and secure workplace for all employees.

During the last reporting period, there were no incidents of discrimination across the SMC Group, reinforcing our commitment to a merit-based recruitment philosophy. We aim to empower individuals from all walks of life, particularly those from fence-line communities, to thrive in our organization without regard to their social background.

In line with this, initiatives like Petron's Bataan Refinery demonstrate our efforts to integrate members of the Aeta communities through apprenticeships, with many securing employment post-training. This not only motivates further participation from the

Our operational presence in various regions ensures a deep understanding of market dynamics, fosters local supplier relationships, and significantly contributes to regional development, aligning with our mission to develop a workforce that is both skilled and reflective of the diverse communities we serve.



indigenous communities but also reflects our commitment to local hiring across the Philippines.

Our operational presence in various regions ensures a deep understanding of market dynamics, fosters local supplier relationships, and significantly contributes to regional employment, aligning with our mission to develop a workforce that is both skilled and reflective of the diverse communities we serve. Our 2023 workforce data underscores our strategic emphasis on geographical

diversity and regional development. NCR experienced a modest increase in employee numbers, accounting for 29% of the total workforce, indicating a stable yet growing presence in the country's economic hub. North Luzon saw a steady rise in its workforce, maintaining a consistent 16% share of the total. South Luzon demonstrated significant growth, holding a 37% share of the total workforce and marking it as a critical operational center for the Company. Visayas recorded an increase in employees and an increase in the

proportion of total workforce, underscoring SMC's focused expansion and development initiatives in the region. Mindanao also experienced growth, with its workforce expanding to 5,534 from 4,846, indicating a balanced approach to regional expansion. Overall, these improvements highlight a strategic focus on fostering regional strengths and capabilities across the Philippines, ensuring a robust and geographically diverse operational footprint.

Breaking Boundaries

In the vibrant heart of Mindanao, Petron is revolutionizing education and opening doors of opportunity. Since 2002, the company's Tulong Aral Program (TAP) program has empowered nearly 18,000 scholars across the Philippines, offering not just school supplies and meal allowances, but a beacon of hope in communities hosting Petron terminals. This initiative supports students from elementary through college, currently emphasizing engineering and business studies.

2023 was a landmark year as Petron expanded its support to college education in Mindanao for the first time. Scholars like Christopher Valiente and Remier Sardeñola, who have been with the TAP program since first grade, are now pursuing Mechanical Engineering at Mindanao Polytechnic University. This expansion reflects Petron's deep commitment to nurturing homegrown talent. Both students aspire to join Petron post-graduation, eager to give back to the community that raised them. Their scholarships alleviate the financial strain of higher education, fueling their academic and professional ambitions.

Christopher and Remier's stories are emblematic of the transformative impact of Petron's TAP scholarships. Christopher expresses profound gratitude, acknowledging the significant support Petron has provided, which he hopes will expand to assist even more students. Remier shares this sentiment, valuing the scholarship as a critical step towards achieving his dreams.

The program's influence extends to Tagoloan Community College, where scholars like Joana Mae, Cher Mae, and Rizelle navigate financial challenges with the help of Petron's support. These allowances not only facilitate their education but also aid their families, reinforcing the program's role in community upliftment. Cher Mae, a Business Administration freshman, acknowledges the allowance as crucial support for her and her siblings' education.

This ongoing initiative is more than financial aid; it is a commitment to nurturing the intellectual and professional growth of its recipients. Despite hurdles such as high dropout rates and educational disparities, particularly in Mindanao's ARMM where schools are scarce and teacher quality often lags, Petron's scholars persevere, inspired by the opportunity to transform their lives and communities.

The stark statistics from the United Nations Development Programme's 2008/2009 Philippine Human Development Report underscore the challenges faced in Mindanao, with the region displaying some of the country's lowest human development indices. The educational struggle is further highlighted by tests showing local teachers' comprehension levels equivalent to elementary school students. Such challenges amplify the importance of programs like TAP, which strive to elevate educational standards and offer sustainable pathways out of poverty.

As Petron looks to the future, its commitment to educational empowerment and community development remains firm. Through the TAP program, Petron not only fulfills its corporate social responsibility but also plays a crucial role in shaping the leaders of tomorrow. With every student it supports, Petron contributes to improving life quality in Mindanao, proving that strategic investment in education can cultivate a legacy of growth and transformation.





Diversity on Track

San Miguel Corporation's MRT-7 project will transform how commuters travel from Bulacan to Metro Manila, while also creating new opportunities for the local workforce in the railway industry.

Three out of every five cadet railway professionals (68%) in the MRT-7 project are from state universities and colleges. Of the 115 participants in the Cadetship Training Program, 49 graduated from the specialized railway engineering program at the Polytechnic University of the Philippines (PUP), the only institution in the country offering this degree.

"Our priority is to tap our local job market because we have enough talent available within the country. We recruited our cadets locally and prepared them through our cadetship training program to enhance their skills once the MRT-7 begins commercial operations," said San Miguel President and CEO Ramon S. Ang.

More than 500 applicants underwent a rigorous selection

process, and only 115 were selected. The program, which began in March 2023, prepares cadets for roles as train operators and traffic controllers.

To provide industry-level insights, SMC partnered with South Korea's national railway operator KORAIL and the Philippine Railway Institute (PRI). KORAIL's experts provided classroom lectures in May, assessing the entire batch before selecting the top 40 cadets to continue their training in Seoul. These cadets experienced hands-on driving simulations, emergency procedures, railway control systems, and depot tours.

The remaining 75 cadets are completing the Fundamental Training course with the PRI, learning essential railway operations and maintenance skills, and gaining knowledge of technical skills and industry fundamentals.

For aspiring train operator Jizelle Hasco, the MRT-7 project opened a door in an otherwise difficult-to-enter industry. She shared how she almost gave up on finding a job in

the railway sector until the MRT-7 team called her for an interview. "It felt like an oasis in the desert," she said.

Ang encouraged cadets to represent not only San Miguel but the entire nation in South Korea. "You will have the privilege to learn from the best in the industry, gain skills, and experience that will allow you to excel in your roles," he said. "This is not just a professional journey but a personal one that will help shape your lives and careers."

This comprehensive training initiative ensures that MRT-7 will be managed by Filipino professionals, providing world-class service, while expanding opportunities for the closely-knit Philippine railway industry.

Given the diversity of the businesses that SMC is engaged in, product and service safety approaches vary. What is common to all is that each group has articulated their commitment to quality and safety in their respective policies and are guided by documented systems and procedures.

Our Customers

Customer Welfare and Responsibility

GRI 416-1 | GRI 417-1

Ensuring the safety and quality of our products and services is paramount to SMC's commitment to excellence and customer satisfaction. In this section, we discuss the comprehensive approach to product and service safety of some of our key businesses, highlighting our dedication to meeting and exceeding industry standards, regulatory requirements, and customer expectations. From stringent quality control measures to proactive risk assessment strategies, we prioritize the well-being and confidence of our customers in every aspect of our offerings.

Given the diversity of the businesses that SMC is engaged in, product and service safety approaches vary. What is common to all is that each group has articulated their commitment to quality and safety in their respective policies and are guided by documented systems and procedures.

For Food and Beverage, our facilities comply with regulations and standards set by government

agencies such as the Department of Agriculture – Bureau of Animal Industry (DA-BAI) for feed mills, the National Meat Inspection Commission (DA-NMIS) for poultry processing plants, and the Department of Health - Food and Drug Administration (DOH-FDA) for the other plants. Compliance involves submitting required documentation, undergoing periodic audits and staying updated on regulatory changes.

To ensure compliance with regulations and internationally recognized food safety and quality standards, our facilities adhere to Good Manufacturing Practices (GMP) and utilize the Hazard Analysis and Critical Control Points (HACCP) approach to identify, evaluate and control any biological, chemical or physical hazards in the production process and mitigate risks associated with these. In addition, a good number of facilities are also accredited to ISO 9001, ISO 22001 and/or FSSC 22000, so that they are equipped with comprehensive procedures for hazard analysis, risk management, and continuous improvement. Of our 52 food and beverage plants, 32 are externally accredited for GMP, 30 for HACCP, 24 for ISO 9001 and 16 for ISO 22001 or FSSC 22000. Other facilities are compliant or are in a state of certifiability with ISO 9001:2015 as assessed by a

pool of technical assessors and have documented GMP protocols, and food safety and quality procedures.

The approach to food safety and quality starts with stringent raw material acceptance procedures. Critical raw materials are subjected to sampling to detect whether contaminants are present, and the materials conform to agreed specifications. For other materials, certificates of analysis are required to be submitted, while suppliers of materials such as soybeans also submit verification statements of non-deforestation and compliance with other environmental and social standards.

In-process controls are crucial to ensuring food safety and product quality. Continuous monitoring of critical process parameters, such as temperature, pressure, pH, flow rates and mixing time helps ensure consistency and efficiency in production. Regular sanitation checks are conducted on personnel and equipment, through periodic washing, visual inspection, swab testing for microbial contamination, and verification of sanitation procedures. Packaging materials and processes are also monitored to ensure sealing integrity, weight and labelling accuracy and aesthetic value. In certain critical areas, metal detection,

To ensure compliance with regulations and internationally recognized food safety and quality standards, our facilities adhere to Good Manufacturing Practices (GMP) and utilize the Hazard Analysis and Critical Control Points (HACCP) approach to identify, evaluate and control any biological, chemical or physical hazards in the production process and mitigate risks associated with these.

X-ray and camera-type inspection machines are positioned to catch any contaminants or packaging defects that may have been missed in the visual inspection process.

Finished goods are then subjected to final inspection and testing prior to release. This may involve sensory tests, microbiological analysis or chemical assays. Product samples for each batch of production are maintained for possible future reference.

An aspect of quality and safety that has seen advancement in recent years is traceability, which is now supported by automated Warehouse Management Systems, for both raw materials and finished goods. Not only have these systems improved inventory management and service levels, but these have allowed a shorter window and a tighter result for the trace back of finished products to their production batch and all the way to the source of raw materials.

Underpinning the Company's commitment to product quality and safety is the proper training of personnel in the concepts of quality, health and safety hazards assessment, basic microbiology, measurement and documentation, and other related aspects of quality assurance.

For our Packaging business, which serves beverage, food, pharmaceutical, industrial, personal & household care industries, adherence to food safety and quality management is also key. Because of this, eight packaging plants are certified to FSSC 22000. One glass plant, which serves the pharmaceutical industry, is externally certified to ISO 9001 and ISO 15378, while other facilities are covered by an internal assessment for ISO 9001. One plant producing corrugated carton packaging has a Chain of Custody Certification under the Forest Stewardship Council.

For Petron, a Corporate Safety Group oversees the company's safety program, working closely with the Safety Council. Its safety program covers the refinery and terminal operations and its entire retail network. Training in proper handling of fuel and other products and the conduct of service operations extends beyond employees to its customers. Petron provides material safety data sheets for its products on its website. The importance of quality and safety in our fuel and oil operations is underscored by 85 certifications for ISO 9001, ISO 14001 and ISO 45001. Moreover, Petron terminals have ISPS Code certification for the security of vessels and port operations.

Ensuring motorists' safety and security along the tollways that SMC operates is another high priority concern. To this end, the tollways undergo periodic inspections by government regulators who check road conditions, presence and placement of signages, any hazardous materials and other safety conditions. Daily, tollway personnel are trained to deal with critical situations such as vehicular accidents, abandoned vehicles, vehicles that catch fire and incidents of hijacking, carjacking, robbery, stoning and other hostile acts. They are also trained to react to and manage grassfires, flooding and other emergency situations that may hamper road use. Following specific procedures to handle each type of incident, responding patrollers must quickly assess the situation, inform the Traffic Control Center, secure any persons and property involved, call for emergency response or police assistance and remain on site until the situation is resolved.

The following table summarizes the international standards related to product quality and food safety that our various business are certified to.

STANDARD	DESCRIPTION	BUSINESS UNITS COVERED	NO. OF CERTIFICATIONS
ISO 9001:2015	Quality Management Systems	SMFB, Packaging, Petron, Power, Infrastructure, Cement, SMCSL, SMITS	62
ISO 14001:2015	Environmental Management Systems	SMFB, Petron, Power, Infrastructure, Cement, SMCSL	41
ISO 15378:2017	Manufacture of Glass Containers for Pharmaceutical Industry	Packaging	1
ISO 17025:2017	Requirements for the Competence of Testing and Calibration Laboratories	SMFB	1
ISO 22000:2018	Food Safety Management Systems	SMFB	1
FSSC 22000	Food Safety System Certification	SMFB, Packaging	23
HACCP	Hazard Analysis Critical Control Points	SMFB	30
GMP	Standards for Good Manufacturing Practices	SMFB	32
HALAL	Halal Certification	SMFB, Packaging	6
FSC-STD-40-004 V3-0	Forest Stewardship Council-Chain of Custody Certification	Packaging	1
ISO 9001:2015	Quality Management Systems -State of Certifiability	SMFB, Packaging	18
ISO 14001:2015	Environmental Management Systems - State of Certifiability	SMFB	7

TOTAL NO. OF OPERATING FACILITIES COVERED	Production		Tollways	Ports, Terminals & Others
	Food & Bev Related	Others		
Food, Beverage and Packaging	62	15*		1
Power, Fuel & Cement		18		44
Infrastructure		1	7	
Data Center				1
TOTAL		149		

Collecting and managing customer feedback is integral to safeguarding customer well-being. SMC operates a Customer Care Hotline at +632 8632-2000, managed by SMITS subsidiary, Prosync. Supplementing this are various hotlines of the different business units and subsidiaries, providing various touchpoints and making it more convenient for customers to reach out to us. Some of these hotlines, particularly for Petron, San Miguel Beer and San Miguel Foods, are supported by Customer Relations Management (CRM) software to capture feedback, assign each case to the appropriate individual in the organization, monitor

resolution and upon closure, follow up with a call or email to determine if the customer was satisfied with the response. Other units, such as Packaging, Cement, tollways, airport, properties and BMW, send out Customer Satisfaction Surveys to gather information on their customers' overall experience with their products or services. All this information is funneled back to the operations to trigger potential improvements.

San Miguel Corporation and our various brands also maintain active Facebook pages, and contact information is indicated on our company websites.

Complementing these are social media monitoring tools that enable the Company to track any positive or negative feedback involving the Company or its products and services.

SMC appreciates the effort that its customers exert to provide feedback and welcomes these opportunities to address their concerns, improve our operations and possibly regain the trust of any dissatisfied customer.

Bite into Better Nutrition

In 2021, statistics from the DOST Food and Nutrition Research Institute's (DOST-FNRI) Expanded National Nutrition Survey revealed that 26.7% of Filipino children aged three to five years old and 19.7% of children aged five to 10 years old are considered stunted. In response to this alarming statistic, DOST-FNRI developed the Enhanced Nutribun, which contains the appropriate nutritional bundle a child needs to prevent stunting. The E-Nutribun is deployed to more than one million beneficiaries via feeding programs of different government agencies, specifically:

- Department of Education (DepEd) School-Based Feeding Programs
- Department of Social Welfare and Development (DSWD) Supplementary Feeding Programs
- National Nutrition Council (NNC) Tutok Kainan Supplementation Program

The government's strategy involves accredited adaptors—micro, small, and medium-sized bakeries contracted to produce E-NutriBuns and distribute them to identified schools and communities nationwide. While able to deliver products, this approach saw variations in the quality and nutrient content of the bread due to differences in recipe execution, inconsistent raw material supply, and issues with ingredient inventory and storage due to limited space in the bakeries.

San Miguel Foods (SMF) offered to leverage its expertise in producing and distributing flour-based products to address these inconsistencies. In line with



its recently crafted vision of a healthy nation through better nutrition, SMF partnered with FNRI to develop a fortified premix that would standardize NutriBun products. This premix, produced by SMF's flour arm, San Miguel Mills, Inc., assures consistent quality and precise delivery of micronutrients such as iron, vitamin A, vitamin D, and folic acid, to ensure that children get the intended nutritional benefits in full.

Understanding the importance of compliance among FNRI's adaptors, SMF is committed to price its premix product to make it affordable and advantageous to the adaptors, compared to their previous practice. This decision reflects a strategic investment in the benefits of the premix, including reduced labor, transportation, and storage costs, making the initiative both financially viable and beneficial to all parties involved.

This strategic partnership, which will synergize FNRI's scientific acumen with San Miguel Mills' expansive production and logistical capabilities, is set to profoundly impact the physical and mental health of vulnerable youth. With the company's supply chain resources complementing the government's network of E-NutriBun adaptors, the collaboration can reach more areas to support more feeding programs across the country.



Anao's Progress Blooms

One of the longest expressways in the SMC Tollways network, the Tarlac-Pangasinan-La Union Expressway (TPLEX) provides valuable connectivity for different towns and cities in Ilocos Region and Central Luzon.

In the case of Anao, Tarlac, access to TPLEX helped make its chief agricultural product—ylang-ylang essential oil—become easily accessible to the market.

What used to be an hours-long travel to Anao from Tarlac City via the McArthur Highway suddenly was cut to a fraction of an hour through TPLEX. From the Tarlac Entry Toll Plaza, it will take about 20 minutes to reach Anao, whose exit is about 26 kilometers away.

Essential oils extracted from Anao's ylang-ylangs have earned a reputation to be of good quality, owing to the decades-old practice of extraction that locals have perfected over the years.

Between March to May every year, when the ylang-ylangs are in full bloom, locals harvest the flowers and extract the oil used for a variety of products such as soaps, shampoos, perfumes, and the like.

Through the support of national agencies, the Anao municipal government has taken the initiatives to develop its own products from the ylang-ylang oil it produces. It has been making its own fragrance called Aroma Anao, which is sold at town display centers, the municipal treasurer's office, and trade fairs in Central Luzon.










The town looks forward to the continued support of the national government to their budding enterprise. With the town more accessible than ever before through TPLEX, development will certainly trickle down to Anao.



Our Communities

Community Engagement

GRI 203-1 | GRI 203-2 | GRI 413-1 | GRI 413-2

LOCAL COMMUNITY ENGAGEMENTS				
Program	Project	As of December 31, 2023	As of December 31, 2022	Unit
 Education	Scholarships	2,541	2,844	Students
	Short-term courses	1,162	25	Students
	Brigada Eskwela	1,446	1,850	Classrooms
		263	120	Schools
 Health	Community clinics	2,102	1,284	Patients
		13,700	10,316	Consultations
		8	8	Clinics
	Feeding	69,849	76,962	Meals
	1,000 Days project	508	340	Patients
	Medical missions	6,451	9,000	Patients
		10	9	Areas
		0	200	Hygiene Kits / Person
 Enterprise	Livelihood assistance	323	126	Persons
		17	5	Areas
		12	3	People's Organizations
 Housing	Housing and water provision	No new houses constructed	280,359	Houses
 Infrastructure	Road access	22,769,822	19,644,794	Vehicles / Motorists
 Environmental	Restoration & conservation	27	58	Sites
	Coral rescue program	220	100	Square Meters
		55	25	Species
		29	25	Kilo Biomass
	Backyard Bukid	4	1	Sites
		71	25	Members
		81,210	-	Revenues
 Better World Tondo	Membership services	2,220	1,800	Persons
		444	365	Families
		162	192	Students
 Better World Smokey Mountain (started in September 2023)	Membership services	1,916	N/A	Persons
		1,287	N/A	Families
		760	N/A	Students
 Better World Cubao	Membership services	556	665	Women

With over 100 manufacturing facilities and sales offices throughout the Philippines, we recognize we have a responsibility to serve our communities the best way we can. Being a positive, proactive contributor to our communities is part of our core values. In our host barangays, we often fund farm-to-market roads and other small infrastructure projects like footbridges and streetlights and provide community clinics. We have a clear picture of the opportunities we help create and, critically, how we play an active role on the ground, either through philanthropy or the jobs we create.

At the plant level, our employees are encouraged to be good neighbors, and build solid relationships with LGUs, schools, civic organizations, and small businesses. As a result, engagement often goes well beyond CSR programs or funding and, in some cases, firmly into the heart of business strategies. A good example in many of our communities is local hiring and improving the job prospects of young people, livelihood creation, and seeding small businesses that support our own.

Apart from widening access to economic opportunities and delivering social value to communities through our business operations, we have also taken a direct hand in community development in cities and towns where we do not necessarily have a big footprint or a vested interest. As a Company, we have moved beyond ad-hoc and project-based activities, which tend to have a short-term impact, and now pursue long-term impacts by engaging in inclusive and collaborative activities with communities.

In communities affected by San Miguel's businesses or projects, we provide multiple avenues for consultation, encouraging diverse voices to be heard on issues that matter to the community and allowing those affected to share their knowledge, insight, and experience to advance the implementation of our projects—whether it's the construction of a new road, power plant or food facility.

Our Better World Communities initiative is our Company's incubator for social change. It uses idle and vacant properties and repurposes them for community and civic use.

Better World Tondo, San Miguel's first community center and flagship, focuses on food rescue, hunger, and improving learning outcomes. Over 400 member families are provided free meals and monthly groceries, remediation and after-school learning tutorials for children, and livelihood classes for mothers.

Better World Cubao is a women's center providing services for overall health and well-being, empowering women to advocate for themselves and one another. Health consultations are readily available and "Abante Babae" workshops are held covering diverse topics such as violence against women and children, parenting challenges, and gender equality. In 2023, we enrolled close to 600 members, ran 48 classes on health education and empowerment.

San Miguel's newest and biggest center, Better World Smokey Mountain, opened in September 2023. It is an upskilling training center that serves multi-generational families. We provide

learning interventions for young and old, offering remedial and alternative learning system classes like sewing, shoemaking, embroidery, and repair workshops.

Another project is Backyard Bukid, a community garden and urban farming program. Like many of San Miguel's Better World projects, Backyard Bukid took off during the lockdown. Janitors, utility, and other support staff were given a 750-square-meter allotment, tools, seeds, and technical assistance to grow vegetables. Backyard Bukid-inspired community gardens have since been set up in SMC's facilities in Manila, Cavite, and Pampanga.

Through these four community projects, we go beyond providing basic needs for the marginalized and vulnerable across all age groups. We work to address the issues that hold them back: lack of access to basic needs like nutritious food or water and good education or health services. We try to create opportunities for people to develop, be confident in the future, and empower individuals to reach their goals and fulfill their potential.

Currently, we serve close to 2,500 families in our Better World centers, but guided by our vision to uplift lives, we seek to increase our impact and reach an estimated one million families by 2030, helping to create and sustain resilient, thriving communities and better lives for all.

Urban Farm Roots Spread



What began as a modest project amid the challenges of the COVID-19 pandemic has now flourished into a thriving urban farm known as Backyard Bukid. The 750 sqm farm is situated within San Miguel's head office complex in Ortigas, in clear view of the company's executive offices and meeting rooms.

Launched to provide SMC's support staff with fresh produce during the two-month lockdown, Backyard Bukid has become a mini-social incubator rich with lessons on how urban farming can contribute to health and well-being, urban resilience, community participation, and cohesion.

The initiative owes its success to the dedicated efforts of member volunteers who devote at least four hours a week to the farm's upkeep. Backyard Bukid has its plant nursery, which ensures that vegetables are quickly replenished with seedlings after every 20 or 35-day cycle. No chemical fertilizers and pesticides are used on the farm, demonstrating Backyard Bukid's commitment to health and sustainability.

Staples like tomato, okra, several gourd varieties, string beans, and eggplant are grown specifically for the complex's dining hall needs across 80 garden plots. Meanwhile, high-value crops like kale, romaine lettuce, and other salad greens—popular among the employees—augment members' income. On average, Backyard Bukid earns between four and five thousand pesos from weekly sales, with income spread among the 20 core volunteers at the end of the year. Adjacent to the vegetable plots are dragon fruit planted on a 50 square meter area, looking forward to its first fruiting later in the year.

Backyard Bukid has since taken root in other SMC facilities, using idle land or shared spaces where you might not expect to find food growing. From nine-member volunteers, Backyard Bukid now counts 131 members across four facilities. Apart from the head office, there are satellite farms in the Packaging Group's Can Asia Plant and Metal Closure Plant in Cavite, the Manila Glass Plant in Farola, and the Bulacan Bulk Water facility in San Jose del Monte, Bulacan. As in the head office, employees in these facilities buy low-carbon, pesticide-free produce and same-day harvests, closing the gap between farmer and consumer.



Breaking the Cycle of Poverty

San Miguel's fourth and largest Better World Community Center, Better World Smokey Mountain, provides access to resources and services to help families in one of Metro Manila's poorest communities overcome poverty.

The Smokey Mountain landfill no longer exists, but in Barangay 128, decades of urban misery and livelihoods made from scavenging and trash picking have created unsolved social problems. Powerlessness and the inability to dream or aspire for a better life are among these.

Through programs and services, Better World Smokey Mountain aims to transform entire families into role-model Filipino citizens by providing each member with learning interventions and leadership opportunities that allow them to get involved and engaged in their communities.

The four-story, 39-classroom Better World Smokey Mountain hopes to benefit 2,500 families. The center has over 1,900 enrolled members, reaching nearly 1,300 families. Young adults receive mentoring and learn critical life skills such as decision-making, effective communication, and self-awareness, which will give them an edge in future job markets. Specific services provided by partner NGOs include digital literacy programs, youth leadership training, tutoring, and computer classes. For older adults, skills training in areas such as sewing, electrical repairs, shoe making, and career readiness are offered, as is access to micro-credit.

A reading room, playground, music, and art rooms supplement remediation classes for grade-schoolers who need an outlet for their emotional, physical, social, and creative growth. After-school classes provide homework help and tutorials, while Social and Emotional Learning (SEL) provides a safe and supportive environment for children to acquire the knowledge, skills, and attitudes needed to develop a healthy identity and self-worth.

More than bricks and mortar, Better World Smokey Mountain helps provide urban poor families with the resources and opportunities to improve their lives and aspire for better.



Kasalang Bayan

For many of the couples, their long-standing relationships were finally made official. Having shared a home and raised children for over a decade, and in some cases, reaching the 20-year mark, they were legally recognized as man and wife. In June 2023, at Better World Tondo's Kasalang Bayan, 14 couples exchanged vows, marking a significant milestone in their lives.

Marriage is sometimes beyond the reach of the poor; a major reason many couples in Tondo have never made the trip down the aisle is the expense of a church wedding and reception. Another was the need for official documents, such as missing birth or baptismal certificates, or other important documents required. With the ceremony officiated by the Mayor of Manila, City Hall helped and underwrote documentary expenses. San Miguel Foundation sponsored the reception, wedding rings, and cake.

The couples were not alone in their journey to marriage. They were embraced by San Miguel employees who generously donated gowns, barong, shoes, and accessories for the pre-nuptial photo shoot. Even arrhae and ring bearer cushions were provided to help defray costs. Team Malasakit volunteers transformed the venue into a wedding hall with an arch and beribboned chairs. Some even volunteered to do the brides' hair and makeup, showcasing the spirit of malasakit and shared responsibility with the couples.

Now married under the law, 14 couples can receive spousal benefits, claim their children as dependents for certain financial services, and enjoy the benefits of legally recognized relationships.



Team *Malasakit*

Malasakit, as it turns out, is contagious.

Team Malasakit is San Miguel's volunteer corps, which shares its time and talent to making a difference. Our members believe many small actions can help improve lives and create a lasting impact.

From 5,000 employee volunteers in 2022, Team Malasakit grew to over 13,000 volunteers in 2023, accumulating 24,860 volunteer hours.

While the sharp increase in numbers was partly due to fewer restrictions and greater confidence in safety and movement post-pandemic, the larger reason was the sheer number and variety of volunteering opportunities available.

Team Malasakit offers a diverse range of volunteering opportunities, ensuring there is something for everyone. Each month, we organize between



eight and 10 activities. These include mentoring beneficiaries on interview skills, creating art with young school children, cooking and serving meals, leading exercise classes, throwing birthday parties, and even participating in a mass wedding.

Volunteering reinforces San Miguel's company values and ensures that employees feel included in its efforts to give back to the community. It deepens our employees' understanding of social issues by fostering empathy

and malasakit—creating rich opportunities for volunteers to connect with those who might face barriers or disadvantages and for the volunteers themselves to recognize the contribution or impact of their actions.

On an organizational level, San Miguel has seen multiple benefits from active volunteerism: a deeper sense of belonging and camaraderie among teams and work units, and commitment to the Company's larger vision of nation-building.







KASAGANAHAN

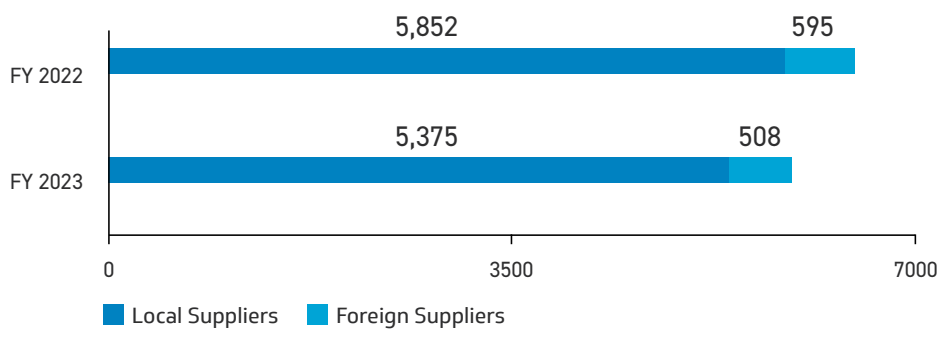
Good for Progress



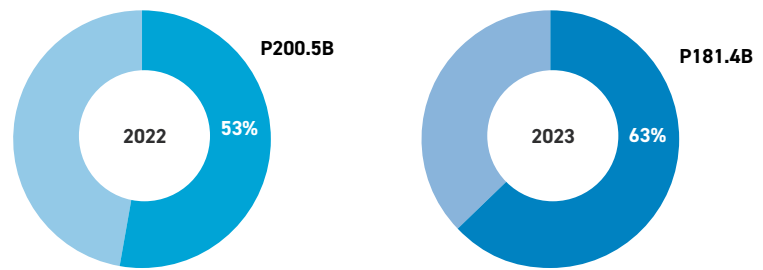
Sustainable Supply Chain

GRI 203-2 | GRI 204-1 | GRI 408-1

NUMBER OF SUPPLIERS BY LOCATION



% PROCUREMENT SPEND ON LOCAL SUPPLIERS



At San Miguel, we are acutely aware of the profound impact that a sustainable and ethical supply chain can have on safeguarding our planet and enriching our communities. Thus, our long-term ambition is to engage with suppliers whose values resonate with our dedication to stringent environmental and social standards. We have set our overarching sustainability goals not only to chart our path but also to influence our suppliers

to adopt similar sustainability targets, thereby enhancing our collective impact.

Our Corporate Procurement Group, in collaboration with San Miguel’s various business units, is tasked with embedding our sustainability principles within our supplier network, ensuring that every action we take is a step towards San Miguel and our suppliers shared environmental and social goals.

Supporting Local Economies with Sustainable Practices

We are deeply committed to fostering the growth of local economies and reducing our environmental footprint through sustainable sourcing practices. With over 100 major facilities spread across the Philippines and the Asia Pacific, our operations rely on a robust supply of raw materials and services. In 2023,

Through our suppliers' mandatory adherence to the Code of Conduct, we aim to mitigate significant risks, such as child labor and unsafe working conditions.

we channeled 63% of our total procurement budget towards local businesses, injecting PhP 181.4 billion into the local economy. This strategic decision not only stimulates economic growth within our host communities but also aligns with our mission to nurture grassroots partnerships and promote environmental stewardship. By prioritizing local suppliers, we significantly reduce emissions and energy consumption, eliminating the need for long-distance shipping and extensive storage, contributing to a healthier planet.

Advancing Towards an Ethical and Sustainable Supply Chain

We have implemented stringent governance practices within our procurement operations. Our Procurement Policy Manual promotes good governance principles and ethical business conduct among our suppliers.

In 2022, we refined our Supplier Code of Conduct to integrate ESG principles more deeply into our supply chain. This initiative not only reinforces our commitment to ethical, legal, and responsible business practices but also sets a high bar for environmental conservation, occupational

health and safety, and fair labor practices among our suppliers.

We employ a thorough vetting process in our supplier accreditation. Through our suppliers' mandatory adherence to the Code of Conduct, we aim to mitigate significant risks, such as child labor and unsafe working conditions. In 2024, we aim to deepen this engagement by expanding the coverage of the Supplier Sustainability Questionnaire to an additional 500 suppliers representing 10% of the Group's supplier base. Our goals for this endeavor are to baseline our suppliers' ESG performance, identify and mitigate any ESG risks before they escalate, help our suppliers enhance their sustainability practices over time, and foster a culture of transparency and accountability for their ESG performance.

Furthermore, in 2024, we will conduct Supplier Awareness Training on sustainability and prepare periodic assessment reports on the sustainability compliance of all our suppliers. Suppliers will be assessed yearly to monitor their progress.

Additionally, we will be engaging a third-party consultant to help

us obtain and validate the ESG credentials of our suppliers. We have engaged in discussions with a handful of vendors in 2023, each offering unique capabilities to automate and enhance our supply chain data and analytics. This engagement is also crucial for us to have a more accurate and complete understanding of our Scope 3 GHG emissions.

Through these engagements, we aim to set new benchmarks for sustainability in our industry, creating a ripple effect that encourages our suppliers to join us in this critical journey. For more insights into our Supplier Code of Conduct, we invite you to visit San Miguel's company website at <https://www.sanmiguel.com.ph>.



Cassava's Climate Contribution

Cassava, a root crop well-suited for cultivation in the Philippines, is rich in carbohydrates and energy, making it a valuable alternative ingredient in animal feeds. San Miguel Foods (SMF) uses cassava as a partial or complete replacement for traditional feed ingredients such as corn and wheat. Its byproducts, including cassava meal and peels, are also utilized as feed components, showcasing the crop's versatility in animal nutrition.

For many years, SMF has engaged farmers to organize and form small businesses to assemble a minimum of 20 hectares for cassava plantation through its Cassava Assemblers Program. The program offers a guaranteed market with purchase agreements, a fixed floor price, and technical assistance. Assemblers buy produce or harvest directly from small farm holdings. This is particularly helpful for farmers with insufficient funds to pay for transport costs to sell their goods. It also solves the problem of economies of scale in production, lowering the unit cost of harvesting or transport to a point where it is profitable for

both the farmer and the assembler. For its part, San Miguel is assured a steady supply of an essential raw material. In 2023, 100 farmers cultivated cassava on 45,000 hectares across 57% of the country's provinces, producing 66,763 MT of cassava for the year.

Beyond large-scale production, the program significantly contributes to regenerative agriculture. Cassava's deep root system can break up compacted soil, improve soil structure, and increase organic matter content. Moreover, as cassava leaves naturally fall to the ground during defoliation, and as farmers leave cassava leaves and stalks on the ground to decompose, the soil condition significantly improves. Introducing cassava into crop rotations diversifies plant species, reducing pest and disease pressures and promoting beneficial soil microbes. This diversity enhances ecosystem resilience in line with regenerative agriculture principles. Additionally, cassava efficiently captures carbon dioxide from the atmosphere, storing it in its biomass



and in the soil, thus aiding carbon sequestration and climate change mitigation. Its low maintenance and resilience require fewer chemical inputs than other crops, reducing environmental pollution and promoting natural ecosystem processes. Finally, its drought tolerance and ability to thrive in marginal soils with low water availability contribute to efficient water management.

SMF's commitment to sustainable farming practices benefits both the environment and local communities, ensuring prosperity for generations. By cultivating cassava, the company is not merely sowing seeds—it is planting the promise of a sustainable future for agriculture and communities alike.

Empowering MSMEs through Sustainable Packaging Solutions

The transformation of San Miguel Yamamura Packaging Corporation's (SMYPC) Distributorship Program signifies a major shift in corporate values, intertwining profitability with social responsibility through a focus on sustainability. Launched in 2005 to enhance the company's distribution network, the program has since evolved, leveraging increased societal awareness about corporate citizenship to benefit both the community and the bottom line.

By 2015, SMYPC recognized the critical role small businesses play in the Philippine economy and revamped their Distributorship Program to support micro, small, and medium enterprises (MSMEs). This support included educating business owners about the right packaging formats for their products and providing sustainable packaging solutions.

In 2021, SMYPC deepened its commitment to national development through a series of roadshows in collaboration with the Department of Trade and Industry. These events, themed 'Transforming MSMEs through Sustainable Packaging,' aimed to furnish entrepreneurs with both packaging solutions and knowledge on integrating sustainability into their operations. The sessions covered branding, labeling, design, and an orientation on various packaging products such as glass, lug caps, flexibles, and cans. They also offered consultations on leveraging the network of distributors in their areas, addressing common issues faced by MSMEs such as unreliable suppliers and a lack of sustainable packaging knowledge.

The roadshows reached hundreds of MSMEs across 10 regions, engaging industries from food and beverage



processing to packaging material trade. Feedback from participants underscored the program's value, particularly for those previously without access to dependable packaging suppliers or adequate packaging technology know-how. The initiative's success was evident as entrepreneurs showed keen interest in enhancing their business practices and aligning with international sustainability standards.

Each session began with a discussion on sustainability and the technical specifics of sustainable packaging solutions, followed by a question-and-answer segment where entrepreneurs could receive tailored advice. This comprehensive approach

not only catered to immediate packaging needs but also aimed to expand MSMEs' strategic decision-making capabilities.

SMYPC's Distributorship Program stands as a proactive embodiment of sustainability, integrating ESG into business operations to spur inclusive growth and innovation within the MSME sector. By equipping entrepreneurs with sustainable packaging solutions and critical knowledge, SMYPC is enhancing the resilience of local businesses and fostering a culture of environmental stewardship within the industry.

Business Ethics and Compliance

GRI 2-15 | GRI 2-16 | GRI 2-23 |
GRI 2-24 | GRI 2-25 | GRI 2-26 |
GRI 205-1 | GRI 205-2 | GRI 205-3

San Miguel Corporation remains steadfast in upholding the utmost standards of integrity, fairness and honesty, and believes that these principles are the anchor of the Company's success in all its undertakings.

We are firm believers that to establish a truly enduring enterprise, a commitment to exemplary governance must be ingrained at every echelon of the organization. This cannot be overemphasized in the light of the risk exposure inherent in the businesses that SMC is in.

Aligned to its vision of creating a resilient and globally competitive Philippines, SMC is engaged in industries that form the backbone of the country's economy, such as power, fuel and oil, infrastructure, transportation, and manufacturing. The need to deal with various national and local government agencies on these projects through bidding, negotiation and compliances to regulation, potentially exposes the company to ethical breaches. To mitigate the risk of irregularities and wrongdoing,

SMC has strengthened its policies and systems.

The policies that safeguard our business ethics include the following, which can be found in full at <https://www.sanmiguel.com.ph/page/company-policy>.

- Code of Conduct and Ethical Business Policy
- Whistleblowing Policy
- Anti-Corruption and Sanctions Compliance Policy
- Conflict of Interest Policy

Code of Conduct and Ethical Business Policy

Our Code of Conduct and Ethical Business Policy cites SMC's core values of integrity, honesty, impartiality and professionalism as the basis of how directors, officers and employees should conduct themselves. It emphasizes respect for human rights, data privacy and fair competition, and provides the framework for other policies that deal with the quality of products and services, health, safety and the environment, and business integrity. Among other provisions, it requires directors, officers and employees to fully disclose potential conflicts of interest in relation to their scope of work and responsibilities, and to avoid soliciting or receiving gifts or favors from any third-party provider. The Code also explicitly defines the boundaries of political activities to exclude making



zero

Reported incidents of corruption, legal actions regarding anti-competitive behavior, and violations of antitrust and monopoly legislation

payments or contributions to political parties, while allowing company representatives to express SMC's position on matters affecting it and respecting the right of individuals to participate in the political process on a clearly personal basis.

Whistleblowing Policy

Our Whistleblowing Policy covers illegal or non-compliant conduct and actual or suspected misconduct, which may be harmful to the Company on the part of directors, officers, employees or business partners. It assures confidentiality to the extent permitted by law and protection of the whistleblower against any form of retaliation or harassment. The policy is supported by standard procedures for handling allegations made and for arriving at a final disposition of each. A Whistleblower Relations Officer is tasked to receive and perform an initial evaluation of supporting evidence and



100%

Directors and officers to whom anti-corruption policies and procedures were communicated

Our policies on business ethics and compliance are reviewed annually, incorporated into onboarding, and cascaded through mandatory briefings to all officers and employees, ensuring continuous adherence to ethical standards.

if warranted, endorse the report to the Whistleblowing Committee (WBC) composed of the Chief Compliance Officer, Chief Finance Officer and the head of Corporate Human Resources for further investigation. The WBC then reviews the results and recommends appropriate action for those involved to the Chief Executive Officer.

For 2023, nine actionable whistleblowing reports were received. The nature of the reports covered alleged fraud, abusive or discriminatory behavior and falsification or tampering of records. Two of the reports have been closed, three are still in the initial fact-finding stage while four are under investigation. Additional complaint emails received were outside the scope of the policy (e.g., product complaints) and were referred to appropriate units for proper handling.

Anti-Corruption and Sanctions Compliance Policy

The Anti-Corruption and Sanctions Compliance Policy sets forth SMC's stance of zero tolerance for bribery, corruption, money laundering and violation of sanctions, defining each of

these violations clearly. It also imposes disciplinary action on any company personnel proven to have violated the terms of the policy, including and up to termination of employment. Should any third party be involved in such violation, their contract may be reevaluated or terminated, consistent with applicable laws and the terms of the contract.

Conflict of Interest Policy

The Conflict-of-Interest Policy is based on the principle that officers and employees have a duty to act in the best interest of the Company. In the event that their personal financial or business interests may conflict with the interests of the Company, proper disclosure should be made and a review by higher management should be undertaken to resolve the conflict. A Full Business Interest Disclosure form must be filled out by each officer and employee, and amended as necessary should subsequent conflicts arise. Efforts must be exerted by the officer or employee and their superior to eliminate or minimize such conflicts but failing to do so, the duties of the officer or employee may be modified or cut short.

The above-mentioned policies were last reviewed in 2022 after which all officers and employees were required to attend a briefing and sign an acknowledgement form to indicate that said policies had been cascaded to them. These policies are now part of the onboarding process for new employees and refresher sessions will be conducted annually for all.

Steering Sustainability at the Top

San Miguel Corporation's Board of Directors shows unwavering commitment to the Company's sustainability agenda. In a significant move last November, all Directors enrolled in the program, "The Sustainability Imperative: ESG from Concept to Action."

Led by Dr. Maria Assunta C. Cuyegkeng, professor and former director of the Ateneo Institute of Sustainability, the course was designed to deepen the leaders' understanding of sustainability principles. Its goal was to enhance the integration of environmental and social sustainability across all levels of the organization, starting from the top.

The course modules were meticulously tailored to address SMC's specific sustainability risks and opportunities. An essential component was the introduction to sustainability reporting, aimed at acquainting committee members with vital terminology, establishing a foundational understanding of stakeholder expectations, and exploring how sustainability initiatives can generate value while mitigating risks for the Company.

This program marks the beginning of a series of educational initiatives aimed at empowering committee members to actively engage in and contribute to strategic sustainability discussions. It equips them to make informed decisions that will guide the Company towards achieving its sustainability goals, ensuring that San Miguel Corporation remains at the forefront of corporate responsibility and environmental stewardship.



Risk Management

GRI 205-1

In an ever-evolving business landscape, the importance of a robust ERM framework cannot be overstated. Section 2.2.1.3.2 of San Miguel's Manual on Corporate Governance, adopted on May 10, 2017, lays down our policy on ERM. The section mandates the Board of Directors to ensure that an effective ERM framework is in place to identify, assess, and manage key business risks.

Moreover in 2017, our Board of Directors reorganized the Audit Committee into the Audit and Risk Oversight Committee to include the additional function of overseeing San Miguel's ERM. The Committee's functions encompass defining a risk management strategy; identifying and analyzing key risks exposure relating to economic and ESG factors; categorizing risks based on levels of severity; establishing a risk register; developing a risk mitigation plan for the most important risks; and communicating and reporting significant risk exposures to the Board.

The Chief Risk Officer (CRO), also integral to our ERM architecture, has the ultimate stewardship of ERM. The CRO's duties span overseeing the ERM process, strategizing implementation, and fostering continuous improvement, alongside reporting risk management insights and status updates to the Audit and Risk Oversight Committee.

The Audit and Risk Oversight Committee and the CRO are

San Miguel Corporation's ERM framework, mandated in Section 2.2.1.3.2 of the Corporate Governance Manual, enables the identification, assessment, and management of key business risks, with oversight by the Audit and Risk Oversight Committee of the Board.

supported in their roles by San Miguel Group Audit (SMGA), which oversees the internal audit functions of our business units. The respective Internal Audit groups of our subsidiaries undertake both regular and ad hoc reviews of their internal controls and procedures and report their findings to SMGA.

Given the geographical spread of San Miguel's facilities, a unit lodged under SMGA is tasked to conduct multi-functional audits of operating facilities nationwide. Corporate Technical Audit implements these audits covering utilities, mechanical and electrical operations and maintenance, environmental management and safety management, and include verification of compliance to regulatory standards, availability of operations and safety manuals, required staffing and adherence to corporate policies and standard practices. A comprehensive report is submitted to management after each audit listing the significant findings and recommendations of the audit team. Over the last three years, Corporate Technical Audit has conducted a total of 120 audits nationwide.

In the area of climate-related risk management, addressing the challenge of climate change is imperative to sustaining our

operations and ensuring the resilience of our supply chain. The unpredictable nature of climate-related events—such as typhoons, droughts, and floods—has the potential to significantly disrupt our operations and affect the timely delivery of our products and services. Hence, we are actively developing and refining initiatives aimed at both mitigating the impacts of climate change and adapting to its evolving challenges. Our current endeavors include assessing the integration of the TCFD guidelines into our ERM framework.

In the procurement realm, we have established the Procurement Governance Group (PGG), a dedicated body that ensures our procurement activities are conducted with the utmost integrity and efficiency. PGG's mandate includes a thorough review and improvement of existing procurement policies, guidelines, and procedures in partnership with all relevant functions and business units, ensuring our practices are aligned with sustainable and ethical standards. Additionally, PGG conducts comprehensive compliance and operational audits on procurement transactions and spearheads training programs to elevate the skills and knowledge of our personnel in procurement-

related functions. Furthermore, to foster a culture of continuous learning and risk management, we periodically rotate procurement staff across different business units. This initiative not only serves as a proactive measure to enhance operational integrity but also enriches our employees' professional development.

Through a commitment to maintaining a robust ERM framework, we not only ensure the continuity of our operations but also strengthen the trust of our stakeholders in our company. By staying vigilant to current and emerging risks and opportunities, we position ourselves to navigate the complexities of the business environment effectively, ensuring sustainability and long-term success.

Digital Transformation

GRI 2-23 | GRI 2-24 | GRI 203-1 |
GRI 203-2

For San Miguel, digital transformation is not just a pathway to progress but also an opportunity to mold a future where technology and sustainability successfully converge. At the heart of our digital transformation efforts is our commitment to advance our cybersecurity program and harness the power of our data analytics.

Fortifying Our Cybersecurity Program

San Miguel's cybersecurity management system is aligned with global standards and certifications. We have continually advanced our Information Security Management Systems (ISMS) since updating our Information Security Policies in 2020, under the guidance of an external consulting group. These policies and guidelines, customized to align with ISO 27001 best practices and National Institute of Standards and Technology (NIST) standards, have been implemented across our organization.

Our cybersecurity measures adhere to an Implementation Roadmap, grounded in ISO 27001 principles and our ISMS Policies and Guidelines. We regularly evaluate our cybersecurity controls against the SMC Cybersecurity Framework, based on NIST CSF, to identify and

rectify any deficiencies. Notable efforts, including the launch of our Security Operations Center (SOC), have been instrumental in bridging these gaps. At SMC, we are committed to aligning our security measures with international best practices, leveraging standards such as the Center for Internet Security (CIS) Benchmarks and NIST, supplemented by insights from external consultants and white papers.

The Information Security Steering Committee, consisting of executive department heads, governs our cybersecurity efforts. This committee is backed by the Information Security Technical Working Group (TWG), which includes representatives from various departments, ensuring a multidisciplinary approach to information security governance. This structure facilitates comprehensive oversight, allowing us to holistically address concerns.

Operational oversight of cybersecurity falls to the Corporate IT Group, led by a head who reports directly to the President of SMC. Furthermore, the IT Security Council—comprising the SMC IT Security Manager and Information Security Officers from various San Miguel business units—convenes monthly to align information security initiatives across the organization.

We have established protocols to monitor and respond to data breaches and cyberattacks promptly. In collaboration with

SMITS, a subsidiary specializing in IT and security operations, our 24/7 SOC proactively identifies and mitigates potential security incidents, thereby safeguarding the organization from potential adverse impacts.

Endpoint Security and detection controls are pivotal in our strategy, enabling swift identification and resolution of threats like malware and ransomware through regular updates and Threat Intelligence sources. Our Endpoint Management Platform centralizes the oversight of endpoint devices, while encryption methods protect the confidentiality of our information.

Adopting a Defense-in-Depth strategy, we fortify our networks, internet, and application systems against cybersecurity threats with a multi-layered security approach. The SOC plays a critical role in preempting network attacks through best practice solutions, while Secure Network Zoning and Network Segmentation ensure that only registered and authenticated PCs can access our network.

To secure on-premise and cloud-based application systems, we implement Centralized Authentication, enhancing user access security with Multi-factor Authentication and stringent password policies. Regular reviews of access rights ensure the integrity of our application systems and infrastructure.

Ensuring the availability and resilience of our IT systems is

At the heart of San Miguel's digital transformation is our commitment to cybersecurity and data analytics, aligning technology with sustainability to create a future where these values converge.

paramount. Our adherence to industry-leading Backup and Recovery, Business Continuity Management (BCM), and IT Service Continuity practices is integral to our organization-wide BCM and crisis management initiatives. Our Disaster Recovery protocols support our primary and backup Data Centers, with our Wide-Area Network designed for high availability through redundant, multi-vendor connections.

We conduct internal security audits, vulnerability assessments, and penetration testing to mitigate risks. Regular Vulnerability Assessments (VA) and Penetration Testing (VAPT) safeguard our assets against potential exploits by malicious attackers. Collaboration with SMGA and Internal Audit groups at business level has facilitated reviews of our SOC and critical network infrastructure, ensuring robust security measures.

As part of our ISMS and Cybersecurity Framework, we have implemented necessary tools, technologies, and processes to protect against cybersecurity threats, conducting regular evaluations to identify security gaps. Monthly information security training

sessions and advisories reinforce the significance of cybersecurity among our employees, effectively raising awareness and promoting vigilance against phishing attempts.

Looking ahead, we plan to further strengthen our cybersecurity posture with targeted audits, refresher training sessions, an expanded cybersecurity organization, and enhanced security controls, preparing us to confront emerging threats head-on.

Transforming Data Analytics into Action

For over five decades, Operations Research (OR) has been instrumental in driving our Company's achievements. Through detailed analysis and optimization, we have made strategic decisions that have significantly advanced our position in the industry.

In 2021, we embarked on an exciting journey to transform and expand the OR group into the Data and Analytics Group (DAG), positioned directly under the Office of the President. Charged with harnessing the transformative potential of our Company's data, DAG crafted a

comprehensive data strategy roadmap. This plan outlines our approach to managing and leveraging corporate data to produce actionable insights.

The strategy's core elements include the creation of a Data Management framework, emphasizing data collection, cleansing, organization, storage, and the implementation of robust access and protection rules. This framework is designed to guarantee data quality, security, and compliance with pertinent regulations. Equally important is the development of a state-of-the-art Data Platform Infrastructure, integrating the necessary hardware, software, networking, and storage solutions to facilitate data handling from collection to analysis. Enriching Operations Research with Advanced Analytics is key to extracting data value, discerning trends, and converting insights into decisions backed by evidence.

Additionally, promoting a data-centric culture through Data Literacy initiatives is vital. These initiatives aim to enhance employees' ability to ethically use data via workshops, leadership discussions, and ongoing education. Aligning with SMC businesses to fuse strategic goals

with analytics-driven innovation supports sustainable growth and enduring success.

Over the past two years, DAG has spearheaded pilot projects in partnership with various businesses and corporate functions. Noteworthy projects include automating routine data tasks to save time and streamline data processing, utilizing visualization tools to transform static spreadsheets into dynamic dashboards, and leveraging analytics to identify customer engagement opportunities. These efforts have facilitated cross-business synergy, unlocking new revenue streams and product engagement. DAG's dedication to fostering a learning environment is evident from the 15 Thought Leadership and brownbag sessions conducted since 2022, amounting to over 21 hours of learning, highlighting our commitment to continual growth and innovation within the San Miguel Group.

Because of these efforts, we see heightened collaboration across departments, with an increasing number of discussions centered on data utilization and insights. Moving forward, we aim to broaden our impact across more San Miguel entities, developing an infrastructure that empowers users to access and interact with data securely and effectively.

Data Privacy and Security

GRI 2-23 | GRI 2-24 | GRI 418-1

SMC has been one of the pioneers in data privacy implementation since 2016 when the Implementing Rules and Regulations (IRR) of the Data Privacy Act of 2012 (DPA) was opened for public consultation.

In 2017, SMC released the Board-approved SMC Personal Data Privacy Policy, created an independent corporate service unit called the Data Privacy and Security Office (DPSO), and appointed a dedicated SMC Data Protection Officer (DPO), with the mandate of ensuring SMC's compliance and overseeing the same compliance across the entire SMC group.

The DPSO organized the SMC DPO Council, composed of DPOs from approximately one hundred SMC entities, which successfully completed the mandatory registration of SMC and SMC businesses with the National Privacy Commission (NPC). Created alongside the DPO Council was the SMC COP (Compliance Officer for Privacy) Council composed of Data Privacy champions from thirteen CSUs, who function as the Data Privacy frontliners in their respective CSUs. These two Councils are empowered to ensure sustainability of data privacy compliance of the Group. They meet regularly to share knowledge, learn from resource experts, set directions, align strategies and discuss other relevant matters.



zero

Complaints concerning breaches of customer privacy

The journey to DPA compliance began with the NPC's Five Pillars of Compliance and 32-Point Checklist. Mandatory data privacy programs were implemented, including the integration of Privacy Statements and Notices in personal data collection platforms, both printed and online, for all categories of SMC data subjects. These categories include customers, suppliers, visitors, stockholders, directors, applicants for employment, employees, and other data subjects. Consents, as applicable, are obtained accordingly.

The SMC Privacy Manual was formulated as the framework for implementing the DPA in SMC. Privacy Impact Assessment (PIAs) were conducted to identify processes that handle personal data, to determine the flow of data as well the threats, vulnerabilities, and gaps that may lead to security incidents or data breaches, along with recommended mitigation measures. This PIA program has been institutionalized for ready updating or adoption by new entities.

The data privacy ecosystem at SMC is sustained through continuous DPA Awareness Trainings (DPAAT) for new employees, and continuing awareness campaigns for all employees, through both in-

The data privacy ecosystem at SMC is sustained through continuous Data Privacy Awareness Trainings for new employees and continuing awareness campaigns for all employees.

person and virtual platforms. Training the Trainers programs are also conducted by SMC and its subsidiaries to ensure the continuity of the program. Also, the Data Privacy practitioners of the SMC group participate in summits, conferences, and NPC sectoral engagement activities.

SMC has in place a Breach Management System, managed by a Committee that conducts breach drills to prepare the data privacy teams to manage incidents and breaches, and to avoid any breach panic. Data Subjects Care is also in place, accessible via the DPOs' registered email and landline, to manage any complaint or accept suggestions from internal and external sources.

To ensure the sustainability of SMC Group's compliance, the SMC Data Privacy Compliance Monitoring System (DPCMS) was developed in 2018 and has been the anchor of the SMC Privacy Excellence Awards which recognizes the efforts and accomplishments of DPOs, COPs, and other data practitioners through four categories of awards.

SMC has adopted NPC's Compliance Check approach to validate its compliance. Regular privacy sweeps of publicly available online platforms, including websites, social media sites, and other communication channels, including NPC-registered email, landline, and mobile numbers, are conducted. Documents to substantiate compliance are evaluated, along with onsite visits for the evaluation of the Company's Privacy Management Compliance and DPS.

For 2023, the goals for Data Privacy include (1) the automation of DPCMS; (2) expanding the platform of DPAAT; and (3) institutionalizing the Privacy Audit, which is an external audit mechanism.

SMC DPSO and its Councils embrace SMC's core value of malasakit by promoting Data Privacy to our third-party service providers either through a standard data privacy provision in their contract, or a separate Data Sharing Agreement. They also actively support the NPC's DP Council as executive officers and sectoral officers conducting awareness campaigns and sharing their expertise with the community.



zero

Leaks, thefts, or losses
of customer data

In recognition of such efforts, NPC awarded SMC as the Personal Information Controller of the Year and our Data Privacy head as the DPO of the Year in 2021. These recognitions have inspired SMC Group to continuously improve and sustain its data privacy compliance activities.



Moving Forward Statement

Periodically, external forces reshape the business world in a massively transformative way. In the 90s and early 2000s, these forces were globalization and the information technology revolution. But the climate crisis potential impact on the way we do business may rival them both.

For San Miguel, there is no sitting on the sidelines. As the world faces the challenges of climate change, sustainable practices, and innovative solutions offer new avenues for growth and a new way forward. For many years now, we have devised strategies to reduce our risk—our Water for All advocacy to halve our water use by 2024 is one concrete example—adopted more circular economy practices, retrofitted existing infrastructure, and contributed emissions reduction efforts, creating a competitive advantage for our business and our country.

We understand and accept that San Miguel's businesses broadly impact investment and our country's progress and development. The multiplier effects of our operations—over 100 facilities and an estimated 50,000 directly employed employees—can be enormous, changing the outcomes for communities all over the Philippines. As such, we have taken a hard-nosed look to find opportunities to create environmental and social good nationally; the dredging of the Pasig River, our regional infrastructure projects, and the expansion of our poultry farms are just three examples.

Over the last year, we have made every effort to assess and understand our impact. This inside-out step, studying our value chain from both inbound and outbound logistics to marketing and after-sales service, has been necessary and instructive. We continue to improve resource efficiency across our operations, including energy, materials, water, and waste management. We are working toward adopting low-emission energy sources such as solar and hydropower and are increasing investments in energy storage capabilities.

Moving forward, our business models and strategies include initiatives to mitigate climate-related costs and risks in our value chain as a matter of operational effectiveness and social responsibility. By acting proactively, we understand that we can take advantage of new business opportunities and—more importantly—contribute to the greater good.

In the coming year, we will strive to understand the emissions our business partners produce and develop actionable plans to reduce our carbon exposure.

A growing number of our employees belong to Gen Y or Gen Z—young people who care deeply about issues and do their share for the environment and communities.

Sustainability reporting has proven an effective stimulus for dialogue across our multigenerational workforce. As climate change risks become more evident, so do our collective efforts to mitigate its effects. Across our business, we invest time, attention, and resources to embed environmental and social responsibility into our organizational culture.

In truth, the reporting process has been no easy feat, yet we have grown as an organization because of the rigor it demands. The discipline and considerable thought that has gone into sorting out areas of materiality and the data necessary to determine whether we are making progress, among others, has forced us to think about strategy and our approach to managing climate change risk and to be open to new opportunities. Indeed, sustainability issues moving into mainstream and everyday discourse can only be good. By aligning our efforts with the urgency of the climate crisis, San Miguel is doing its share to pave the way for a more sustainable and prosperous future.

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)

Cement

- Northern Cement Corporation (NCC)
- Eagle Cement Corporation (ECC)
- Southern Concrete Industries, Inc. (SCII)

Others

- San Miguel Properties Inc. (SMPI)
- 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 related companies

Notes:

* A number of entities and operations covered by SMC's 2023 Annual Report are not within the scope of this Report, namely: (a) SMC's international operations, (b) SMHC's Aerocity project, and (c) Bank of Commerce (BankCom).

** SMHC's Aerocity project is not in scope, as the project is still in the early stages of development. Nonetheless, the project's ESG impacts are being monitored and governed by the International Finance Corporation according to internationally recognized standards.

** BankCom's ESG data has not yet been included in this Report, as it is an affiliate of SMC whose performance is not consolidated with the Group.

ESG PERFORMANCE INDICES

ECONOMIC

ECONOMIC PERFORMANCE			
	2023	2022	Unit
Direct economic value generated (revenues)	1,460,838	1,515,784	Mn PhP
Economic value distributed	1,418,049	1,482,050	Mn PhP
Operating costs (including payment to suppliers)	1,002,659	1,158,041	Mn PhP
Payments to government (taxes)	227,222	175,388	Mn PhP
Payments to providers of capital (investors and shareholders)	136,140	103,033	Mn PhP
Community investments (expenses for CSR projects)	539	498	Mn PhP
ECONOMIC VALUE RETAINED	42,789	33,734	Mn PhP

ENVIRONMENT

GHG EMISSIONS			
	2023	2022	Unit
Scope 1 GHG emissions	21,294,878.70	17,580,434.18	MT CO ₂ e
Scope 2 GHG emissions	1,130,855.60	734,868.31	MT CO ₂ e
Total Scope 1 and 2 GHG emission	22,425,734.29	18,315,302.49	MT CO ₂ e
Emissions of ozone-depleting substances	Not yet being monitored		

GHG EMISSION INTENSITY			
	2023	2022	Unit
Fuel & Oil (Integrated Refinery & Co-Generation Facility)	54.01	58.10	MT CO ₂ e / MB of Crude Processed
Power	0.82	0.92	MT CO ₂ e / MWh
Cement	0.58	N/A*	MT CO ₂ e / MT Volume
Other Businesses in Scope**	2.27	2.40	MT CO ₂ e / Mn PhP

* 2023 scope includes ECC and SCII, in addition to NCC.

** This includes Food and Beverage, Packaging, Infrastructure, Properties and others.

BIOGENIC CO ₂ EMISSIONS			
	2023	2022	Unit
Biogenic CO ₂ emission (Scope 1)	95,447.11	84,957.13	MT CO ₂ e
Biologically sequestered CO ₂ emission	Not yet being monitored		

GHG REDUCTION			
	2023	2022	Unit
Fuel reduction	207,369.45	3,861.21	MT CO ₂ e
Electricity reduction	61,301.15	5,730.52	MT CO ₂ e
Total GHG reduction	268,670.60	9,591.73	MT CO ₂ e

NON-GHG EMISSIONS			
	2023	2022	Unit
Nitrogen oxides (NOx)	12,653.96	14,806.23	MT
Sulfur oxides (SOx)	37,019.71	39,850.22	MT
Particulate matter (PM)	3,531.12	2,991.93	MT
Carbon monoxide (CO)	7,698.07	7,500.94	MT
Persistent organic pollutants (POPs)			
Volatile organic compounds (VOCs)		Not being monitored	
Hazardous air pollutants (HAPs)			

*2022 numbers were restated for better accuracy.

ENERGY CONSUMPTION			
	2023	2022	Unit
Energy consumption (renewable sources)	622,457.50	587,338.84	GJ
Energy consumption (non-renewable)	212,596,958.69	187,956,160.89	GJ
Energy consumption (electricity, heating, cooling, steam)	5,685,624.80	3,733,719.05	GJ
Self-generated energy which are not consumed	1,761,108.56	1,266,516.69	GJ
Sold Energy (electricity, heating, cooling, steam)	49,285,854.15	43,575,701.56	GJ
TOTAL NET ENERGY CONSUMPTION	171,380,295.39	149,968,033.90	GJ

* 2022 numbers were restated. Energy consumption was recalculated and reclassified for better accuracy.

ENERGY INTENSITY			
	2023	2022	Unit
Fuel & Oil (Integrated Refinery & Co-Generation Facility)	684	717	GJ / MB Crude Processed
Power	6.85	7.47	GJ / MWh
Cement	2.46	N/A*	GJ / MT Volume
Other Businesses in Scope**	22.90	24.34	GJ / Mn PhP

* For 2023, ECC and SCII were included, in addition to NCC.

** This includes Food and Beverage, Packaging, Infrastructure, Properties and others.

OPERATIONAL SPENDING ON ENERGY			
	2023	2022	Unit
% Operational spending on energy	32.95	38.26	%
Operational spending on energy	85,860.48	88,164.87	Mn PhP
TOTAL OPERATIONAL SPENDING	260,560.00	230,421.20	Mn PhP

GRID ELECTRICITY			
	2023	2022	Unit
% Grid electricity	3.32	2.49	%
Purchased grid electricity consumption	5,685,624.80	3,733,719.05	GJ
TOTAL ENERGY CONSUMPTION	171,380,295.39	149,968,033.90	GJ

REDUCTION IN ENERGY CONSUMPTION			
	2023	2022	Unit
Fuel reduction	2,318,634.39	67,538.26	GJ
Electricity reduction	309,929.20	35,789.72	GJ
TOTAL ENERGY REDUCTION	2,628,563.58	103,327.98	GJ

WATER CONSUMPTION			
	2023	2022	Unit
Water withdrawal	3,471,354.21	3,064,480.19	ML
Surface water *	1,810.97	1,288.95	ML
Ground water	27,816.38	25,467.74	ML
Sea water	3,359,752.85	2,971,895.76	ML
Rainwater	409.86	474.57	ML
Produced water	254.86	206.30	ML
Third-party water	81,309.29	65,146.88	ML
Water discharged	3,453,834.58	3,047,591.85	ML
Stored water	6.25	(5.50)	ML
TOTAL WATER CONSUMPTION	17,525.88	16,882.83	ML
Water recycled and reused	1,955.23	1,457.40	ML
% Water recycled and reused	1.75	1.57	%

* Excludes fresh water passing through Angat Hydro Power Plant which is not under SMC's control and does not undergo any processing. The power plant converts the potential energy of water into electrical energy and discharges this as domestic water to Metropolitan Waterworks and Sewerage System (MWSS) and irrigation water to the National Irrigation Administration.

** 2022 numbers were restated. Data was reclassified to better reflect water consumption.

WATER WITHDRAWAL FROM AREAS WITH WATER STRESS			
	2023	2022	Unit
TOTAL WATER WITHDRAWAL	3,164,534.15	3,061,312.05	ML
Surface water	1,151.85	985.94	ML
Ground water	26,676.37	22,447.55	ML
Sea water	3,054,907.78	2,972,163.30	ML
Rainwater	405.45	469.88	ML
Produced water	254.86	206.29	ML
Third-party water	81,137.84	65,039.08	ML

WATER DISCHARGE BY DESTINATION			
	2023	2022	Unit
TOTAL WATER DISCHARGE	3,453,834.58	3,047,591.85	ML
Surface water	8,631.98	7,706.27	ML
Ground water	423.88	694.45	ML
Sea water	3,365,048.67	2,976,302.03	ML
Third-party water	79,730.05	62,889.10	ML
Total water discharge to areas with water stress	4,283,586.84	2,716,591.85	ML

NON-COMPLIANCE WITH WATER-RELATED LAWS AND REGULATIONS			
	2023	2022	Unit
Total monetary fines for non-compliance	130,738.44	384,000.00	PhP
Incidents for non-compliance (monetary & non-monetary)	5	13	No.

MATERIALS USED			
	2023	2022	Unit
Renewable materials used	5,853,712.38	5,383,035.14	MT
Non-renewable materials used	20,628,022.17	10,292,968.74	MT
TOTAL MATERIALS USED	26,481,734.55	15,676,003.87	MT
% Renewable materials used	22.10	34.34	%
Recycled materials used	1,027,683.61	442,526.92	MT
% Recycled materials used	3.88	2.82	%

COAL ASH MANAGEMENT			
	2023	2022	Unit
TOTAL COAL COMBUSTION RESIDUALS (CCR) GENERATED	616,448.06	566,641.30	MT
Weight of CCR that was reused or reclaimed	744.94	29.68	MT
Weight of CCR recycled (through treatment or processing)	1,393.27	1,655.26	MT
Weight of CCR sent externally for further recycling	270,133.80	290,797.86	MT
% of CCR recycled	44.17%	51.62	%

SOLID WASTE MANAGEMENT (EXCLUDING COAL ASH)			
	2023	2022	Unit
TOTAL SOLID WASTE GENERATED	323,108.92	330,553.20	MT
Reused	3,919.20	1,487.57	MT
Recycled	264,700.28	273,076.70	MT
Other recovery operations	13,099.23	24,055.73	MT
Incineration (with energy recovery)	146.35	170.50	MT
Incineration (without energy recovery)	0.00	6.30	MT
Landfilling	23,312.91	21,194.31	MT
Other disposal operations	17,930.95	10,562.09	MT

SOLID WASTE GENERATED (EXCLUDING COAL ASH)			
	2023	2022	Unit
TOTAL SOLID WASTE GENERATED	323,116.66	330,553.20	MT
Residual, mixed	14,231.74	10,228.68	MT
Biodegradable, mixed	9,177.66	5,999.42	MT
Ferrous metal	5,777.83	6,476.74	MT
Aluminum	1,120.85	1,243.73	MT
Plastic	2,998.78	4,896.81	MT
Wood	1,514.67	1,715.42	MT
Paper and cartons	7,977.01	7,574.06	MT
Glass, cullets, jars	103,284.77	89,983.89	MT
Tires	280.57	176.96	MT
Sacks	2,348.16	2,228.03	MT
Mortalities	321.02	260.58	MT
Feathers, blood, offals	7,660.13	4,650.23	MT
Spent grains, spent yeast	140,745.29	165,220.74	MT
Inorganic sediment, eggshell, filter aid	6,122.64	11,696.26	MT
Organic sludge, scum	19,465.33	18,201.65	MT
Concrete debris	90.20	0.00	MT

SOLID WASTE DIVERTED FROM DISPOSAL			
	2023	2022	Unit
TOTAL SOLID WASTE DIVERTED FROM DISPOSAL	281,711.58	298,620.00	MT
Residual, mixed	25.67	265.32	MT
Biodegradable, mixed	3,940.70	1,319.76	MT
Ferrous metal	5,078.03	5,912.86	MT
Aluminum	1,113.08	1,239.72	MT
Plastic	2,751.89	4,745.14	MT
Wood	1,469.37	1,626.70	MT
Paper and cartons	7,772.63	7,142.65	MT
Glass, cullets, jars	103,283.58	89,983.34	MT
Tires	105.82	148.96	MT
Sacks	2,333.89	2,202.21	MT
Mortalities	311.62	205.60	MT
Feathers, blood, offals	6,464.62	4,623.29	MT
Spent grains, spent yeast	140,745.29	165,216.64	MT
Inorganic sediment, eggshell, filter aid	1,427.88	886.78	MT
Organic sludge, scum	4,884.75	13,101.02	MT
Concrete debris	2.76	0.00	MT

SOLID WASTE DISPOSED			
	2023	2022	Unit
TOTAL SOLID WASTE DISPOSED	41,397.35	31,933.20	MT
Residual, mixed	14,204.26	9,963.36	MT
Biodegradable, mixed	5,236.92	4,679.66	MT
Ferrous metal	699.80	563.88	MT
Aluminum	7.77	4.01	MT
Plastic	246.89	151.68	MT
Wood	45.30	88.72	MT
Paper and cartons	203.94	431.42	MT
Glass, cullets, jars	1.18	0.55	MT
Tires	169.34	28.01	MT
Sacks	14.27	25.82	MT
Mortalities	9.40	54.98	MT
Feathers, blood, offals	1,195.51	26.93	MT
Spent grains, spent yeast	0.00	4.10	MT
Inorganic sediment, eggshell, filter aid	4,694.76	10,809.48	MT
Organic sludge, scum	14,580.58	5,100.63	MT
Concrete debris	87.44	0.00	MT

HAZARDOUS WASTE MANAGEMENT			
	2023	2022	Unit
Total hazardous waste generated	7,893.45	9,552.91	MT
Total hazardous waste transported	10,532.94	8,855.71	MT

HAZARDOUS WASTE GENERATED			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE GENERATED	7,893.45	9,552.91	MT
A-Cyanide waste	1.14	1.45	MT
B-Acid waste	13.64	29.11	MT
C-Alkali waste	32.12	26.48	MT
D405-Chromium waste	1.32	3.02	MT
D406-Lead compounds	86.55	94.09	MT
D407-Mercury and compounds	26.74	16.07	MT
D-Other inorganic chemicals	12.69	10.41	MT
E-Reactive chemical waste	76.29	2,745.98	MT
F-Inks/Dyes/Resins/Organic sludge	221.69	288.79	MT
G-Waste organic solvents	164.20	227.94	MT
H-Organic waste	940.21	127.13	MT
I-Used oil and sludge	5,926.30	5,585.53	MT
J-Containers	321.11	282.45	MT
K-Stabilized wastes	-	-	MT
L-Organic chemicals	1.30	0.03	MT
M501-Infectious waste	4.87	2.99	MT
M502-Asbestos waste	0.24	0.00	MT
M503-Pharma and drugs	6.74	0.11	MT
M504-Pesticide	-	-	MT
M505-POPS	-	-	MT
M506-WEEE	56.31	111.34	MT

HAZARDOUS WASTE TRANSPORTED			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE TRANSPORTED	10,532.94	8,855.71	MT
Reused	45.90	113.89	MT
Recycled	4,203.57	2,548.14	MT
Other recovery operations	1,064.08	540.84	MT
Incineration (with energy recovery)	256.59	201.61	MT
Incineration (without energy recovery)	193.42	224.40	MT
Landfilling	18.88	60.75	MT
Other disposal operations	4,748.19	5,166.09	MT

HAZARDOUS WASTE DIVERTED FROM DISPOSAL			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE DIVERTED FROM DISPOSAL	5,324.42	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	27.63	20.53	MT
D407-Mercury and compound	12.48	1.24	MT
D-Other inorganic chemicals	0.83	6.16	MT
E-Reactive chemical waste	-	0.15	MT
F-Inks/Dyes/Resins/Organic sludge	162.37	62.14	MT
G-Waste organic solvents	114.01	145.14	MT
H-Organic waste	775.15	1.54	MT
I-Used oil and sludge	4,032.04	2,731.37	MT
J-Containers	153.61	221.17	MT
K-Stabilized waste	-	-	MT
L-Organic chemicals	-	-	MT
M501-Infectious waste	0.10	-	MT
M502-Asbestos waste	-	-	MT
M503-Pharma and drugs	-	-	MT
M504-Pesticide	-	-	MT
M505-POPS	-	-	MT
M506-WEEE	46.20	13.10	MT

HAZARDOUS WASTE DISPOSED			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE DISPOSED	5,220.13	5,652.86	MT
A-Cyanide waste	1.00	1.34	MT
B-Acid waste	12.11	15.01	MT
C-Alkali waste	48.04	16.31	MT
D405-Chromium waste	0.23	0.78	MT
D406-Lead compounds	78.53	60.48	MT
D407-Mercury and compounds	7.94	8.49	MT
D-Other inorganic chemicals	6.65	0.42	MT
E-Reactive chemical wastes	889.65	668.02	MT
F-Inks/Dyes/Resins/Organic sludge	32.49	80.66	MT
G-Waste organic solvents	2.28	8.80	MT
H-Organic waste	93.60	78.82	MT
I-Used oil and sludge	3,996.49	4,691.00	MT
J-Containers	24.75	4.31	MT
K-Stabilized waste	-	-	MT
L-Organic chemicals	-	-	MT
M501-Infectious waste	1.31	2.00	MT
M502-Asbestos waste	0.24	-	MT
M503-Pharma and drugs	5.32	0.01	MT
M504-Pesticide	-	-	MT
M505-POPS	-	-	MT
M506-WEEE	19.51	16.40	MT

ECOSYSTEM AND BIODIVERSITY			
	2023	2022	Unit
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside of protected areas	11	9	No.
Habitats protected or restored	1,861.80	112.74	Ha.
IUCN red list species and national conservation list species with habitats in areas affected by operations	29	14	No.

NON-COMPLIANCE WITH OTHER ENVIRONMENTAL-RELATED LAWS AND REGULATIONS		
	2023	Unit
Total monetary fines for non-compliance	337,991.83	PhP
Incidents for non-compliance (monetary & non-monetary)	6	No.

SOCIAL

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

NUMBER OF EMPLOYEES BY POSITION						
	2023			2022		
	Number	% to Total	% to Regular	Number	% to Total	% to Regular
Regular employees	47,208	88%	100%	44,027	88%	100%
Officer	262	0.5%	1%	265	0.5%	1%
Middle manager	1,644	3%	3%	1,367	3%	3%
Rank and file	45,302	85%	96%	42,395	85%	96%
Consultants	281	1%		182	0.4%	
Project-based employees	5,868	11%		5,799	12%	
TOTAL EMPLOYEES	53,357	100%		50,008	100%	

NUMBER OF EMPLOYEES BY AGE				
	2023		2022	
	Number	% to Total	Number	% to Total
Under 30 years old	20,356	38%	18,559	37%
Between 30 and 50 years old	28,992	54%	27,504	55%
Over 50 years old	4,009	8%	3,945	8%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

NUMBER OF EMPLOYEES BY GENDER				
	2023		2022	
	Number	% to Total	Number	% to Total
Women	15,011	28%	13,582	27%
Men	38,346	72%	36,426	73%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

NUMBER OF EMPLOYEES BY WORK LOCATION				
	2023		2022	
	Number	% to Total	Number	% to Total
NCR	15,769	29%	14,989	30%
North Luzon	7,997	16%	7,892	16%
South Luzon	19,317	37%	18,299	37%
Visayas	4,740	9%	3,982	8%
Mindanao	5,534	9%	4,846	10%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

TRAINING HOURS BY POSITION				
	2023		2022	
	Total Hours	Ave. Hours / Head	Total Hours	Ave. Hours / Head
Officer	3,937	16	4,979	19
Middle manager	54,551	35	35,105	26
Rank and file	1,264,778	28	553,279	13
TOTAL	1,323,266	28	593,363	14

TRAINING HOURS BY GENDER				
	2023		2022	
	Total Hours	Ave. Hours / Head	Total Hours	Ave. Hours / Head
Women	353,661	24	163,381	13
Men	969,605	25	429,982	14
TOTAL	1,323,266	25	593,363	14

PERFORMANCE REVIEW BY POSITION						
	2023			2022		
	No. of Reg. Employees	Received Reviews	% to Total	No. of Reg. Employees	Received Reviews	% to Total
Officer	262	239	91%	265	219	83%
Middle manager	1,644	1,414	86%	1,367	1,165	85%
Rank and file	45,302	34,617	76%	42,395	20,805	49%
TOTAL	47,208	36,260	77%	44,027	22,189	50%

PERFORMANCE REVIEW BY GENDER						
	2023			2022		
	No. of Reg. Employees	Received Reviews	% to Total	No. of Reg. Employees	Received Reviews	% to Total
Women	13,207	10,498	79%	11,890	7,252	61%
Men	34,001	25,772	76%	32,137	14,937	46%
TOTAL	47,208	36,270	77%	44,027	22,189	50%

CAREER DEVELOPMENT REVIEW BY POSITION			
	2023		
	Total No. of Employees	Received Reviews	% to Total
Officer	262	212	81%
Middle manager	1,644	913	56%
Rank and file	45,302	28,736	63%
TOTAL	47,208	29,861	63%

CAREER DEVELOPMENT REVIEW BY GENDER

	2023		
	Total No. of Employees	Received Reviews	% to Total
Women	13,207	8,321	63%
Men	34,001	21,540	63%
TOTAL	47,208	29,861	63%

SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES AND PROCEDURES*

	2023	2022
Total number of security personnel	3,224	3,154
Security personnel trained in human rights	2,341	1,889
% Security personnel trained	73%	60%

*All security personnel are third-party contracted.

COLLECTIVE BARGAINING AGREEMENTS (CBAs)

	2023	2022
Active CBAs	34	34
Total members	5,046	5,059

*2022 numbers were restated

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

	2023	2022
Employees covered by an OSH management system	45,797	44,063
Employees covered by an OSH management system that have been internally audited	19,468	39,880
Employees covered by an OSH management system that have been externally audited	16,816	33,478

WORK-RELATED INJURIES

	2023	2022
Fatalities as a result of work-related injuries	2	1
Rate of fatalities as a result of work-related injuries	0.02	0.01
High-consequence work-related injuries	44	58
Rate of high-consequence work-related injuries	0.44	0.49
Recordable work-related injuries	593	451
Total employee hours worked	99,908,405	117,559,024

WORK-RELATED ILL HEALTH

	2023	2022
Fatalities as a result of work-related ill-health	-	1
Rate of fatalities as a result of work-related ill-health	0.00	0.01
Recordable work-related ill-health	1,454	1,307
Rate of recordable work-related ill-health	14.55	11.12

PARENTAL LEAVE				
	2023		2022	
	Count	%	Count	%
Women	541	4%	954	7%
Men	1,737	5%	2,917	9%

AVAILMENT OF EMPLOYEE BENEFITS		
	2023 Count	%
SSS		
Women	4,499	34%
Men	12,599	37%
PhilHealth		
Women	2,104	16%
Men	6,472	19%
Pag-ibig		
Women	4,194	32%
Men	10,767	32%
Vacation Leave		
Women	8,331	63%
Men	20,348	60%
Sick Leave		
Women	6,294	48%
Men	14,264	42%
Medical Benefits (aside from PhilHealth)		
Women	7,348	56%
Men	17,873	53%

PRODUCT AND SERVICE INFORMATION AND LABELLING		
	2023	2022
% Significant product or service categories covered by and assessed for compliance with requirements for product and service information and labelling	100%	100%
Total incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling	0	5
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations resulting in a warning	0	5
Incidents of non-compliance with voluntary codes	0	0

MARKETING COMMUNICATIONS

	2023	2022
Incidents of non-compliance with regulations concerning marketing communications resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations concerning marketing communications resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	0

PRODUCT SAFETY-RELATED RECALLS

	2023	2022
Total product safety-related recalls, including:	0	0
Voluntary recalls	0	0
Involuntary recalls	0	0

EMERGING MATERIALS AND CHEMICALS OF CONCERNS

2023	2022
Each business closely monitors emerging materials and chemicals of concern along with industry peers and the concerned government agency, such as the FDA. We reach out to international associations, such as the ASEAN Food and Beverage Association, to gather more information and learn from other countries.	Ethylene Oxide (EtO)

FOOD SAFETY

	2023	2022
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	0
% Notices of violations received related to food safety that was corrected.	0%	0%
Notices of violations corrected	0	0
Total notices of violation received	0	0

LOCAL COMMUNITY ENGAGEMENTS				
Program	Project	As of December 31, 2023	As of December 31, 2022	Unit
Education	Scholarships	2,541	2,844	Students
	Short-term courses	1,162	25	Students
	<i>Brigada Eskwela</i>	1,446	1,850	Classrooms
		263	120	Schools
Health	Community clinics	2,102	1,284	Patients
		13,700	10,316	Consultations
		8	8	Clinics
	Feeding	69,849	76,962	Meals
	1,000 Days project	508	340	Patients
	Medical missions	6,451	9,000	Patients
		10	9	Areas
		0	200	Hygiene Kits / Person
Enterprise	Livelihood assistance	323	126	Persons
		17	5	Areas
		12	3	People's Organizations
Housing	Housing and water provision	No new houses constructed	280,359	Houses
Infrastructure	Road access	22,769,822	19,644,794	Vehicles / Motorists
Environmental	Restoration & conservation	27	58	Sites
	Coral rescue program	220	100	Square Meters
		55	25	Species
		29	25	Kilo Biomass
	Backyard Bukid	4	1	Sites
		71	25	Members
		81,210	-	Revenues
Better World Tondo	Membership services	2,220	1,800	Persons
		444	365	Families
		162	192	Students
Better World Smokey Mountain (started in September 2023)	Membership services	1,916	N/A	Persons
		1,287	N/A	Families
		760	N/A	Students
Better World Cubao	Membership services	556	665	Women
Better World Diliman	Farmer's produce program	Temporarily Closed	4,500	Farmers

GOVERNANCE

PROCUREMENT SPEND			
	2023	2022	Unit
Procurement spend on local suppliers*	181,414.14	200,498.63	Mn PhP
Procurement spend on foreign suppliers	107,099.86	176,372.23	Mn PhP
TOTAL PROCUREMENT SPEND	288,514.00	376,870.86	Mn PhP

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

NUMBER OF SUPPLIERS BY LOCATION		
	2023	2022
Local suppliers	5,375	5,852
Foreign suppliers	508	595
TOTAL SUPPLIERS	5,883	6,447

NUMBER OF SUPPLIERS BY CLASSIFICATION		
	2023	2022
Tier 1 suppliers	40	263
Non-Tier 1 suppliers	5,843	6,184
TOTAL SUPPLIERS	5,883	6,447

COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES		
	2023	2022
% Directors to whom the organization's anti-corruption policies and procedures have been cascaded	100%	100%
% Officers to whom the organization's anti-corruption policies and procedures have been cascaded	100%	100%

COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY		
	2023	2022
Complaints received from outside parties and substantiated by the organization	0	0
Complaints from regulatory bodies	0	0

LEAKS, THEFTS, OR LOSSES OF CUSTOMER DATA		
	2023	2022
Identified leaks, thefts, or losses of customer data	0	0

OUR MATERIAL TOPICS

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 their products and services
3	Sustainable Supply Chain	Managing ESG risks within a 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	Employee training and development refers to the continued efforts of an organization to boost the performance of its employees. Companies 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 and reduce social inequality
8	Business Ethics and Compliance	The ethical conduct of a business includes 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

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 will be thoroughly discussed in our 2022 Annual Report

■ E-Environmental

■ S-Social

■ G-Governance

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 or restore the natural state
10	Employee Health and Safety	Employee health and safety is defined as SMC's 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 your 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 threats to SMC's capital and earnings. These risks stem from a variety of sources including financial uncertainties, legal liabilities, technology issues, strategic management errors, 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, Equity, 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 a workplace where there are equal opportunities for contribution and influence
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

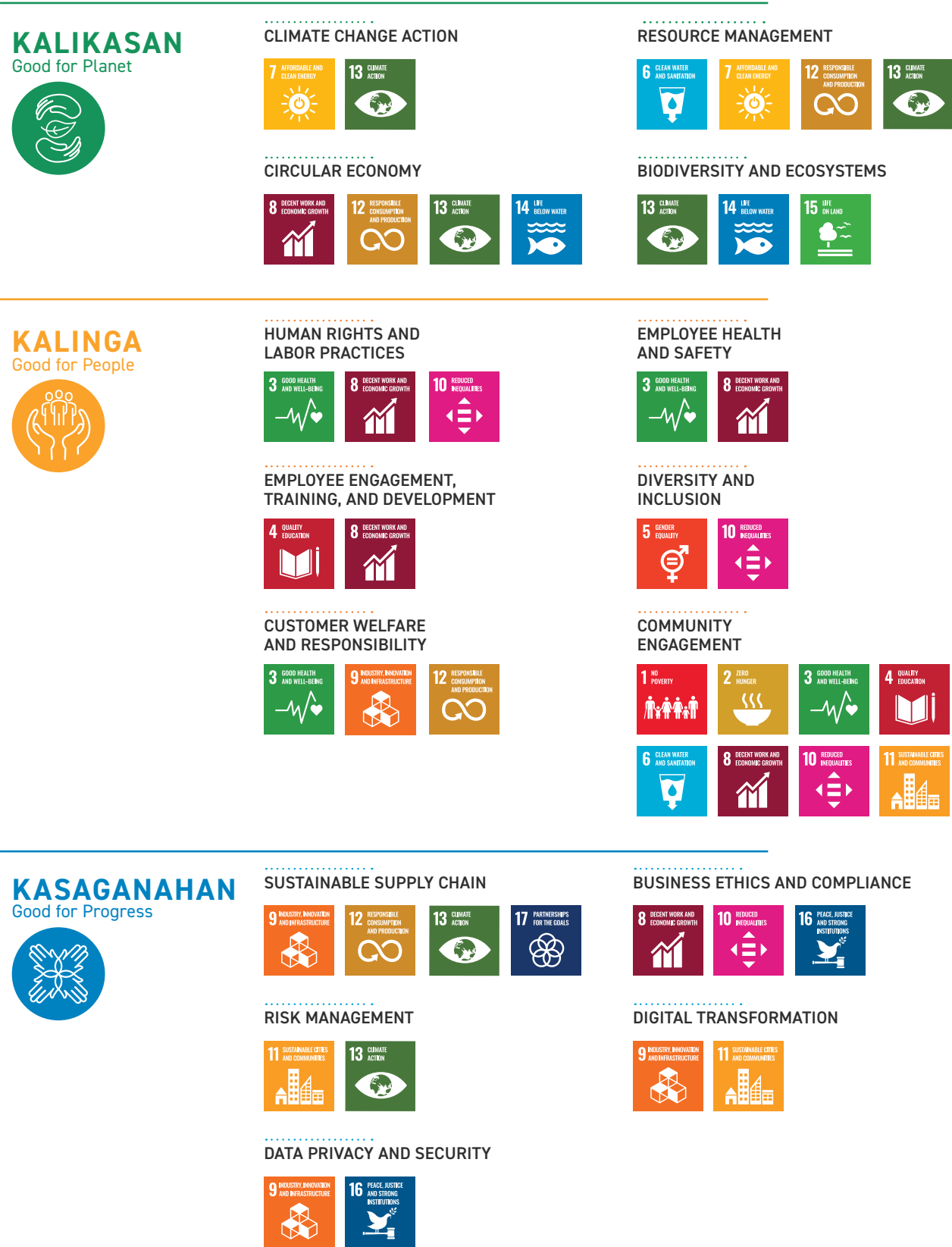
■ E-Environmental

■ S-Social

■ G-Governance

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.



MEMBERSHIP IN ASSOCIATIONS

Airports Council International (ACI)

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)

Glass Manufacturers Association of the Philippines (GMAPI)

Go Negosyo

Integrated Mining Information and Education Region 1 (I-MINE)

League of Corporate Foundations (LCF)

LPG Industry Association (LPGIA)

Makati Business Club (MBC)

Philippine Alliance for Resource and Materials Sustainability (PARMS)

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 Electricity Market Board (PEMB)

Philippine Electricity Market Corporation (PEMC)

Philippine Independent Power Producers Association (PIPPA)

Philippine Institute of Petroleum (PIP)

Pollution Control Association of the Philippines (PCAP)

Retail Electricity Suppliers Association (RESA)

Safety Organization of the Philippines, Inc. (SOFI)

United Nations Global Compact (UNGC) | Global Compact Network Philippines (GCNP)

ACCREDITATIONS AND CERTIFICATIONS

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
ISO 9001:2015 Quality Management Systems	GSMI	Distileria Bago, Inc.
		East Pacific Star Bottlers Phils. Inc. -Cauayan Plant
		East Pacific Star Bottlers Phils. Inc. -Ligao Plant
		GSMI Cabuyao Plant
		GSMI Mandaue Plant
		GSMI 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
		Magnolia Poultry Products Plant - Leyte
		Purefoods-Hormel Cavite Plant 1 & 2
		Ready-to-Eat Plant - Sta. Rosa, Laguna
		Poultry Bataan (tolled)
		PureBev International Corp. (tolled)
	Packaging	Manila Glass Plant
	Petron	Petron Bataan Refinery
		Amlan Terminal
		Bacolod Terminal
		Batangas Terminal
		Bawing Terminal
		Davao Terminal
		Iligan Terminal
		Isabel Terminal
		Jimenez Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legazpi Terminal
		Limay Terminal
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Navotas Terminal
		Nasipit Terminal
		Navotas Terminal
		New Lube Oil Blending Plant
		Ormoc Terminal
		Palawan Terminal
		Pasacao Terminal
		Pasig Terminal
		Poro Terminal
		Rosario Terminal
		Roxas Terminal
		San Fernando Terminal
		Subic Blending Plant
		Tacloban Terminal
		Tagoloan Terminal
		Zamboanga Terminal

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
	SMGP	Limay Power Plant
		Masinloc Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	Cement	Eagle Bulacan Plant
		NCC Pangasinan Plant
	SMCSL	Harbor Center
ISO 22301:2019 Business Continuity Management Systems	SMGP	Malita Power Plant
ISO 45001:2018 Occupational Health & Safety Management System	GSMI	Mandaue Plant
	Petron	Petron Bataan Refinery
		Amlan Terminal
		Bacolod Terminal
		Batangas Terminal
		Bawing Terminal
		Davao Terminal
		Iligan Terminal
		Iloilo Terminal
		Isabel Terminal
		Jimenez Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legazpi Terminal
		Limay Refinery
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Nasipit Terminal
		Navotas Terminal
		Ormoc Terminal
		Palawan Terminal
		Pasacao Terminal
		Pasig Terminal
		Poro Terminal
		Rosario Terminal
		Roxas City Terminal
		San Fernando Terminal
		Subic Blending Plant
		Tacloban Terminal
		Tagoloan Terminal
		Zamboanga Terminal
	SMGP	Malita Power Plant
		Masinloc Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	Cement	Eagle Bulacan Plant
		NCC Pangasinan Plant
	SMCSL	Harbor Center
ISO 55001:2014 Asset Management System	SMGP	Malita Power Plant

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
ISPS CODE International Ship & Port Facility Security Code	Petron	Bacolod Terminal
		Batangas Terminal
		Bawing Terminal
		Davao Terminal
		Iligan Terminal
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Ormoc Terminal
		Palawan Terminal
		Rosario Terminal
		Roxas City Terminal
		Tagoloan Terminal
		Zamboanga Terminal
FSC-STD-40-004 V3-0 Forest Stewardship Council Chain of Custody Certification	Packaging	Mindanao Corrugated Fibreboard, Inc.
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
		Magnolia Poultry Products Plant – Leyte
		Purefoods-Hormel Cavite Plant 1 & 2
		Ready-to-Eat Plant - Sta. Rosa, Laguna
		San Miguel Mills, Inc. - Mabini Plant
		San Miguel Mills, Inc. - Tabangao Plant
		Icy Point Cold Storage & Processing Corp. (tolled)
		PureBev International Corp. (tolled)
		Poultry Bataan (tolled)
		Poultry La Union (tolled)
		Poultry Lucena (tolled)
		Poultry Nueva Ecija (tolled)
		Poultry Pampanga (tolled)
		Poultry Rizal (tolled)
		Poultry Tarlac (tolled)
		Poultry Bacolod (tolled)
		Poultry Butuan (tolled)
		Poultry El Salvador (tolled)
		Poultry Iloilo (tolled)
		Poultry Tagoloan (tolled)

CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
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
		Magnolia Poultry Products Plant - Cebu
		Magnolia Poultry Products Plant - Davao del Sur
		Magnolia Poultry Products Plant - Leyte
		Purefoods-Hormel Cavite Plant 1 & 2
		Purefoods-Hormel Cavite Plant 3
		Ready-to-Eat Plant Sta. Rosa, Laguna
		San Miguel Mills, Inc. Mabini Plant
		San Miguel Mills, Inc. Tabangao Plant
		Icy Point Cold Storage and Processing Corp. (tolled)
		PureBev International Corp. (tolled)
		Poultry La Union (tolled)
		Poultry Tarlac (tolled)
		Poultry Bacolod (tolled)
		Poultry Butuan (tolled)
		Poultry Dumaguete (tolled)
		Poultry Iloilo (tolled)
		Poultry Lucena (tolled)
		Poultry Palawan (tolled)
		Poultry Rizal (tolled)
		Poultry Tagoloan (tolled)
HALAL	GSMI	Distileria Bago, Inc.
	Food	Magnolia Ice Cream Plant
		Icy Point Cold Storage and Processing Corp. (tolled)
	Packaging	Metal Closure & Lithography Plant – San Fernando
		Mindanao Corrugated Fibreboard, Inc.
		Rightpak Plant

ABBREVIATIONS

ACGS	ASEAN Corporate Governance Scorecard
ASEAN	Association of Southeast Asian Nations
BAI	Bureau of Animal Industry
BankCom	Bank of Commerce
BCM	Business Continuity Management
BESS	Battery Energy Storage Systems
BEV	Battery Electric Vehicles
BPO	Business Process Outsourcing
BU	Business Unit
CBA	Collective Bargaining Agreement
CBEX	Cavite-Batangas Expressway
CCR	Coal Combustion Residuals
CEDAR	Center for Ecological Development and Recreation
CeMAP	Cement Manufacturers Association of the Philippines
CEMS	Continuous Emissions Monitoring System
CEO	Chief Executive Officer
CFB	Circulating Fluidized Bed
CHR	Corporate Human Resources
CIS	Center for Internet Security
CO ₂	Carbon Dioxide
COP	Compliance Officer for Privacy
COP28	28th UN Conference of the Parties
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
CSU	Corporate Service Unit
CTSG	Corporate Technical Services Group
DA	Department of Agriculture
DENR	Department of Natural Resources
DOH	Department of Health
DOLE	Department of Labor and Employment
DPA	Data Privacy Act
DPAAT	Data Privacy Act Awareness Training
DPO	Data Protection Officer
DPS	Data Processing System
DPSO	Data Privacy and Security Office
ECC	Eagle Cement Corporation
EPR	Extended Producer Responsibility
ERC	Energy Regulatory Commission

ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
FDA	Food and Drug Administration
FGRS	Flare Gas Recovery System
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
GSM	Ginebra San Miguel
GSMI	Ginebra San Miguel Inc.
HELE	High Efficiency, Low Emissions
IEA	International Energy Agency
ILO	International Labor Organization
IMS	Integrated Management Systems
IP	Indigenous Peoples
ISMS	Information Security Management System
ISO	International Organization for Standardization
IT	Information Technology
IUCN	International Union for Conservation of Nature
LED	Light Emitting Diode
LGU	Local Government Unit
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MSME	Micro, Small, and Medium Enterprises
MTPA	Million tons per annum
MWSS	Metropolitan Waterworks and Sewerage System
NAB	Non-Alcoholic Beverages
NAIAx	NAIA Expressway
NALEX	Northern Access Link Expressway
NBEX	Nasugbu-Bauan Expressway
NCC	Northern Cement Corporation
NDC	Nationally Determined Contribution
NGP	National Greening Program
NIST	National Institute of Standards and Technology
NMIA	Manila International Airport
NMIS	National Meat Inspection Commission
NOLO	No and Low
NO _x	Nitrogen Oxide

NPC	National Privacy Commission
OSH	Occupational Safety and Health
PAGASA	Philippine Atmospheric, Geophysical, and Astronomical Services Administration
PARMS	Philippine Alliance for Resource and Materials Sustainability
PBR	Petron Bataan Refinery
PCX	Plastic Credit Exchange
PDEX	Philippine Dealing & Exchange Corp.
PEF	Philippine Eagle Foundation
PET	Polyethylene terephthalate
PGG	Procurement Governance Group
PHC	The Purefoods-Hormel Corporation, Inc.
PIA	Privacy Impact Assessment
PPP	Public-Private Partnership
PRO	Producer Responsibility Organization
PSE	Philippine Stock Exchange
RE	Renewable Energy
RO-UF	Reverse Osmosis Ultrafiltration
SALEX	Southern Access Link Expressway
SASB	Sustainability Accounting Standards Board
SCII	Southern Concrete Industries, Inc.
SEC	Securities and Exchange Commission
SLEX	South Luzon Expressway
SMB	San Miguel Brewery, Inc.
SMC	San Miguel Corporation
SMCSL	SMC Shipping and Lighterage Inc.
SMEII	San Miguel Equity Investment Inc.
SMF	San Miguel Foods
SMFB	San Miguel Food and Beverage Inc
SMFI	San Miguel Foods, Inc.
SMGA	San Miguel Group Audit
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.
SMYGP	San Miguel Yamamura Glass Plant
SMYPC	San Miguel Yamamura Packaging Corporation
SOC	Security Operations Center

SOx	Sulfur Oxides
SPPC	South Premiere Power Corporation
STAR	Southern Tagalog Arterial Road
TCFD	Task Force for Carbon Related Disclosure
TESDA	Technical Education and Skills Development Authority
TPLEX	Tarlac-Pangasinan-La Union Expressway
TWG	Technical Working Group
UN	United Nations
UN SDGs	United Nations Sustainable Development Goals
VAPT	Vulnerability Assessment and Penetration Testing
VFD	Variable Frequency Drive
WBC	Whistleblowing Committee
WWTF	Waste Water Treatment Facility

MEASUREMENTS

%	Percent
B	Billion
BTU	British Thermal Unit
GJ	Gigajoule
GT	Gigaton
HA	Hectares
KG	Kilograms
kWh	Kilowatt-Hour
kWp	Kilowatt Peak
M2	Square Meters
M3	Cubic Meter
MB	Mil Barrels or Thousand Barrels
ML	Million Liters
Mn	Million
MT	Metric Ton
MTPA	Million Ton Per Annum
MTPY	Metric Ton Per Year
MT CO2e	Metric Ton of Carbon Dioxide Equivalent
MW	Megawatt
MWh	Megawatt-Hour
No.	Number
PhP	Philippine Peso

FILIPINO WORDS & ENGLISH TRANSLATIONS

<i>Ambisyon Natin 2040</i>	Ambisyon Natin 2040, translated in English as "Our Ambition 2040", represents the collective vision and aspirations of the Philippines, targeting a significant transformation by the year 2040 to establish a prosperous, inclusive society where poverty is eradicated, and all citizens enjoy high-quality, healthy, and fulfilling lives. It articulates the country's strategic direction towards sustainable development, emphasizing innovation, environmental stewardship, and social cohesion to ensure a resilient and equitable future for all Filipinos.
<i>Barangay</i>	The smallest administrative division in the Philippines, which is a common unit of engagement for community initiatives and programs.
<i>Bayanihan</i>	Bayanihan is a traditional Filipino concept that exemplifies the spirit of communal unity, cooperation, and support to achieve a common goal. It highlights the cultural value of helping one another, often manifested through collective efforts such as moving a neighbor's house or coming together for community projects, underscoring the deep-rooted sense of community and solidarity among Filipinos.
<i>Brigada Eskwela</i>	The term "Brigada Eskwela," translated in English as "School Brigade," is a nationwide initiative in the Philippines promoting volunteerism and collective community action to prepare public elementary and high schools for the upcoming school year. It is a collaborative effort where teachers, parents, students, and various community members clean, repair, and beautify schools, including tasks like painting, fixing furniture, and landscaping. Additionally, the initiative emphasizes the importance of readiness for emergencies by assembling emergency kits and conducting safety drills, showcasing the Filipino community's dedication to providing a secure and nurturing learning environment for children.
<i>Kalikasan</i>	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.
<i>Kalinga</i>	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.
<i>Kasaganahan</i>	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.
<i>Maghinawa</i>	Maginhawa is a Filipino word that describes a state of ease or prosperity, referring to a comfortable and contented way of life. It embodies the aspiration for a life free from hardship, where one's needs and desires are fulfilled, contributing to an overall sense of well-being and satisfaction.
<i>Malasakit</i>	Malasakit is a Filipino term that embodies the concepts of empathy, compassion, and genuine concern for others. It reflects a deep sense of caring and a commitment to go above and beyond in helping and understanding the needs of the community, colleagues, and individuals, driving actions aimed at their welfare and well-being.
<i>Matatag</i>	Matatag conveys the qualities of strength, stability, and resilience. It embodies the ability to endure challenges with courage and remain steadfast and unyielding in the face of adversity.
<i>Panatag na Buhay</i>	"Panatag na Buhay" is "a peaceful and secure life" in English, where one has a state of tranquility, stability, and security. It reflects the aspiration of individuals to feel safe, content, and confident about their future and well-being.

MATERIALITY INDICES

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2-19	Remuneration policies	Remuneration policies for the highest governance body and officers are disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on 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, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr
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207-2	Tax governance, control, and risk management	This information is disclosed in the SMC 2023 Annual Report, which can be found on the Company's website at https://www.sanmiguel.com.ph/annual-reports
207-3	Stakeholder engagement and management of concerns related to tax	This information is disclosed in the SMC 2023 Annual Report, which can be found on the Company's website at https://www.sanmiguel.com.ph/annual-reports
207-4	Country-by-country reporting	This information is disclosed in the SMC 2023 Annual Report, which can be found on the Company's website at https://www.sanmiguel.com.ph/annual-reports
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