

# ANNEX H: SUSTAINABILITY REPORT

## Contextual Information

COMPANY DETAILS	
Name of Organization	<b>SAN MIGUEL FOOD AND BEVERAGE, INC.</b>
Location of Headquarters	40 San Miguel Avenue, Mandaluyong City 1555 Metro Manila, Philippines
Location of Operations	<p>San Miguel Food and Beverage, Inc. (“SMFB” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) conduct business operations locally and internationally.</p> <p>The list of offices, production facilities, warehouses, and other facilities, including their locations, are detailed in SMFB’s 2024 Annual Report (SEC Form 17-A: Annex C – List of Properties)</p>
Report Boundary: Legal entities, such as subsidiaries, included in this report	<p>This Report provides a comprehensive overview of the consolidated Environmental, Social, and Governance (ESG) performance of SMFB and its subsidiaries for the period from January 1, 2024 to December 31, 2024.</p> <p>It highlights sustainability performance indicators across SMFB’s operating divisions: San Miguel Brewery Inc. (SMB), Ginebra San Miguel Inc. (GSMI), and subsidiaries comprising the San Miguel Foods group (SMF).</p> <p>Additionally, the report covers GSMI’s subsidiaries—Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., and Agricrops Industries Inc.—as well as SMF subsidiaries: San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., and The Purefoods-Hormel Company, Inc.</p> <p>While SMFB’s products and brands enjoy a global presence, the scope of the Report is limited to the Group’s operations within the Philippines.</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>SMFB is a leading food and beverage company in the Philippines, operating through three key divisions or segments: beer and non-alcoholic beverages under SMB, spirits through GSMI, and food and animal nutrition, pet care, and veterinary medicines under SMF.</p>

	<p>The Group's brands are among the most recognizable and market-leading in their respective categories. Its diverse portfolio includes <i>San Miguel Pale Pilsen</i>, <i>San Mig Light</i>, and <i>Red Horse</i> for beer; <i>Ginebra San Miguel</i> for gin; <i>Magnolia</i> for chicken, dairy, ice cream, flour mixes and salad aids, and <i>Timplados</i> for ready-to-cook chicken products. For fresh and processed meats, the Group offers <i>Monterey</i> for fresh and marinated meats; <i>Purefoods Tender Juicy</i> for hotdogs; <i>Purefoods</i> for other refrigerated, prepared, and processed meats and canned meats, ready-to-eat meals and seafood products. SMFB also caters to the growing demand for plant-based alternatives through <i>Veega</i>, while <i>Star</i> and <i>Dari Crème</i> remain household names in margarine. In animal nutrition, <i>B-MEG</i> continues to be a trusted brand for high-quality animal feeds, <i>NutriChunks</i> and <i>AlphaPro</i> for dog food and other products, and <i>San Miguel Animal Health Care</i> for veterinary medicines.</p> <p>With extensive distribution and dealer network, SMFB serves consumers across the Philippine archipelago and exports its products to approximately 70 markets worldwide.</p>
Reporting Period	January 1, 2024 to December 31, 2024
Highest-Ranking Individual Responsible for This Report	Monica L. Ang-Mercado <i>Chief Finance Officer</i>

## Materiality Process

Transparency and accountability remain at the core of SMFB's sustainability reporting, shaping its communication and engagement with stakeholders.

Over the past year, the Company has maintained its continuity in its activities, relationships, and overall business context. This stability has allowed SMFB to build on its previous materiality assessment, which continues to accurately capture the key environmental, social, and governance (ESG) challenges and opportunities facing the organization.

With the sustained relevance of these material topics, the Company has deepened its focus on implementing initiatives to address them effectively. While a comprehensive reassessment was not conducted in 2024, SMFB remains committed to continuously monitoring internal and external developments to ensure its materiality assessment remains dynamic and responsive to emerging trends. Additionally, the Company's adherence to globally recognized standards, including the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), reinforces the robustness and credibility of its materiality process.

### **Our 2022 Materiality Assessment Process**

SMFB's 2022 materiality assessment was a thorough, multi-step process. It began with identifying potential material topics through an analysis of peer organizations and internationally recognized ESG frameworks, ensuring alignment with both global and local sustainability priorities.

To refine and prioritize these topics, the Company engaged key stakeholders through targeted discussions, each issue's significance to both stakeholders and SMFB's business. This culminated in a Materiality Validation Workshop, attended by senior management of San Miguel Corporation (SMC), where priority ESG topics were reviewed and affirmed, reinforcing the Company's commitment to aligning its sustainability initiatives with stakeholder expectations.

### Key Material Topics

Aligned with its parent company, SMC, SMFB identified core ESG topics central to its sustainability agenda. Eight high-priority topics will guide the Company's sustainability strategies, ensuring a proactive approach to ESG risks and opportunities. An additional set of eight topics, considered of moderate priority, reflect areas already integrated into SMC's operations or applicable only to specific subsidiaries. A detailed description of these topics can be found in the Appendices of this Report.

As SMFB continues to refine its processes, strengthen policies, and develop innovative products and services, it remains committed to regularly reviewing and updating its materiality assessment to reflect evolving sustainability priorities.

## Key Stakeholders

SMFB's economic value directly benefits the following stakeholders:

1. Shareholders and Investors: Beneficiaries of financial growth and stable returns.
2. Government Bodies and Regulators: Agencies overseeing regulatory compliance, taxation, labor, and environmental standards.
3. Customers and Consumers: Retailers, wholesalers, foodservice providers, and end-consumers purchasing SMFB products.
4. Suppliers and Vendors: Essential providers of raw materials, packaging, and logistics.
5. Employees: Workforce contributing to company success and growth.
6. Local Communities: Recipients of employment opportunities and community development initiatives.
7. Financial Institutions and Creditors: Providers facilitating financial stability and growth through funding and financial services.
8. Media and Industry Groups: Entities influencing public perception and industry standards.
9. Business Partners: Distributors, dealers, and franchisees integral to market reach and operational success.

By strategically engaging its stakeholders, SMFB reinforces its commitment to economic sustainability and contributes to national development, supporting SMC's long-standing contribution to nation-building.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure <sup>1</sup>	2024	2023	Units
Direct economic value generated	404,679	382,887	In M Php
Direct economic value distributed:			
a. Operating costs, including payments to suppliers	215,863	213,364	In M Php
b. Employee wages and benefits	16,807	15,786	In M Php
c. Dividends given to stockholders and interest payments to loan providers	36,684	31,821	In M Php
d. Taxes paid to the government	112,893	103,217	In M Php
e. Investments in various communities (e.g. donations, corporate social responsibility (CSR) programs)	93	129	In M Php

<sup>1</sup> Figures can be cross-checked with the Company's 2024 Audited Financial Statements.

## Economic Impacts and Risks

SMFB plays a vital role in the Philippine economy, contributing to job creation, industry growth, and national revenue generation. Through an extensive manufacturing, distribution, and retail operations, SMFB drives economic value across multiple sectors while ensuring long-term sustainability and resilience in a dynamic business landscape.

A key measure of SMFB's economic contribution is the direct economic value generated and distributed, which reflects the profits created through its operations and the subsequent allocation of its revenues across various stakeholder groups. These include shareholders, investors, financial institutions, employees, suppliers and contractors, government authorities, local communities, and other business partners. By creating and distributing economic value, SMFB ensures that its business growth translates into broad-based economic benefits.

The economic value retained, which is the difference between value created and distributed, is reinvested into the Company to drive sustainable business expansion, innovation, and resilience. SMFB remains committed to increasing the value it generates and distributes, ensuring stakeholders benefit from its continued growth and financial strength.

In 2024, SMFB generated a total economic value of ₱404.68 billion, distributing ₱382.34 billion (94.48%) across its stakeholder groups. The remaining ₱22.34 billion (5.52%) was retained for reinvestment. Below is the percentage breakdown of the total economic value distributed:

Stakeholder	% of Total Economic Value Distributed
Operating costs, including payments to suppliers	53.34%
Employee wages and benefits	4.15%
Dividends given to stockholders and interest payments to loan providers	9.06%
Taxes paid to the government	27.90%
Investments in various communities (e.g., donations, CSR)	0.02%

While SMFB maintains strong market leadership, it continues to operate in a dynamic environment influenced by various economic and financial factors. These include shifts in market conditions and consumer demand. Inflation and changes in purchasing power may influence buying patterns, particularly for premium and discretionary products. At the same time, evolving lifestyles and preferences present opportunities for innovation and portfolio diversification, even in essential categories.

Supply chain and raw material sourcing are also key focus areas. Global developments, such as fluctuations in commodity and logistics costs, climate-related factors, and geopolitical trends, can affect input costs and availability. SMFB remains proactive in managing these variables through strategic sourcing, inventory planning, and supplier partnerships to ensure continuity and efficiency.

Financial considerations, such as interest rate movements and foreign exchange fluctuations, are also closely monitored. While these can affect borrowing and input costs, SMFB employs prudent financial strategies to manage their impact and support long-term growth.

On the regulatory front, the Group stays agile and compliant amid evolving trade, food safety,

and environmental standards. Adjustments in excise taxes and tariffs are factored into business planning to ensure competitiveness and operational resilience.

Finally, SMFB remains attentive to broader socio-economic developments. While economic slowdowns or regulatory changes may present challenges, the Company sees these as opportunities to reinforce its adaptability, uphold its commitment to responsible operations, and deliver sustained value to stakeholders.

Further details on risk identification and mitigation efforts are available in SMFB's 2024 SEC Form 17-A.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, Local Communities, Financial Institutions and Creditors

### **Management Approach for Economic Impacts and Risks**

SMFB operates in a dynamic and highly competitive environment shaped by economic fluctuations, regulatory developments, shifting consumer preferences, and financial market conditions. To ensure long-term resilience and sustainable growth, SMFB implements a comprehensive Enterprise Risk Management (ERM) framework that proactively identifies, assesses, and addresses economic and operational risks. This integrated approach supports value creation across its core business segments: Beer and Non-Alcoholic Beverages (NAB), Spirits, and Food.

To maintain business competitiveness and respond to changing market demands, SMFB continuously expands and innovates its product portfolio. Significant investments in research and development allow the Company to introduce premium, value-added, and health-conscious offerings. By leveraging economies of scale and enhancing procurement efficiency, SMFB sustains cost-effective operations while meeting the evolving preferences of its consumers.

Operational resilience is achieved through a diversified supply chain strategy, sourcing raw materials both locally and globally, utilizing alternatives when necessary, and maintaining strategic inventory levels to reduce disruptions. Regular facility assessments and modernization initiatives help mitigate environmental and operational risks, ensuring efficiency, sustainability, and continuity across operations.

Risk governance is embedded in the Company's structure, with the Board Risk Oversight and Sustainability Committee supervising the implementation and effectiveness of risk management initiatives. The Audit Committee and Internal Audit teams conduct periodic evaluations to ensure compliance with financial, legal, and environmental standards. Comprehensive internal controls address vulnerabilities such as natural disasters, animal disease outbreaks, and macroeconomic volatility.

To manage financial and economic exposures, SMFB adopts prudent financial strategies, maintaining a strong balance sheet and adhering to debt covenants. The Company actively monitors interest rate movements and optimizes its capital structure through a mix of fixed and variable-rate instruments. Hedging strategies, including the use of derivatives, are employed to manage foreign exchange and commodity price fluctuations.

SMFB also safeguards its intellectual property rights to protect its market position. The Company regularly renews and defends its trademarks and proprietary assets, actively pursuing

enforcement actions against infringement and unfair competition. Consumer engagement plays a vital role in shaping business strategies, with extensive market research guiding product development to align with shifting consumer behaviors and emerging trends. High standards for product quality and reliability help foster lasting consumer trust and brand loyalty.

In line with its commitment to corporate social responsibility, SMFB supports community initiatives focused on education, employment, and nutrition. Environmental sustainability remains a priority, as the Company integrates responsible practices into its operations, thereby creating long-term value for both stakeholders and society.

### **Opportunities and Management Approach**

SMFB is strategically positioned to leverage significant opportunities that enhance its economic impact and stakeholder value. A key focus area is product diversification and market expansion, with plans to introduce innovative products aligned with emerging consumer health trends, such as plant-based, low-calorie, and fortified food options. Expanding into premium and specialty segments will further strengthen its presence across diverse consumer categories, ranging from mass-market to high-end segments.

To reinforce brand equity and leadership, SMFB aims to deepen consumer engagement and loyalty while enhancing its domestic and international distribution networks and retail partnerships to boost product availability and accessibility. The Company invests in localized marketing strategies tailored to regional preferences and leverages digital and e-commerce platforms to expand its market reach.

Operational efficiency and sustainable production are also key priorities. SMFB is enhancing its manufacturing processes through automation, digital integration, and process optimization. Investments in energy-efficient technologies, waste reduction initiatives, and responsible sourcing practices ensures cost efficiency while minimizing environmental impact.

Additionally, SMFB is committed to enhancing its engagement with investors and capital markets to enable further investment for growth and expansion. Strengthening investor relations through transparent financial disclosures and robust corporate governance practices remains a core focus.

The Company also leverages strategic partnerships within the SMC Group to maximize operational efficiencies and will explore joint ventures and collaborations, allowing entry into new market segments and access to advanced technologies.

By integrating effective risk management with these strategic growth initiatives, SMFB is well-equipped to navigate market uncertainties and unlock new revenue streams, ensuring long-term profitability, resilience, and sustained stakeholder value creation.



## Procurement Practices

### Proportion of Spending on Materials from Local Suppliers

Disclosure	2024	2023	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	58.1	63.7	%

The change in the percentage of spending on locally sourced materials in 2024 reflects the need to procure certain raw materials and specialized equipment for expansion projects that were not readily available in the local market. Nevertheless, SMFB remains deeply committed to supporting the local economy and continues to prioritize sourcing from local suppliers whenever feasible, taking into account availability and cost-efficiency.

### Impacts and Risks

As one of the largest food and beverage producers in the Philippines, SMFB operates in a dynamic and competitive landscape shaped by evolving economic conditions, regulatory frameworks, consumer preferences, and financial market trends. To support its expansive operations nationwide, SMFB depends on a strong and responsive supply chain. Wherever possible, and when quality and pricing are competitive, the Group actively sources materials locally, contributing to national development by supporting small and medium-sized enterprises (SMEs), generating employment, and fostering resilience within local communities. Local sourcing also offers strategic benefits, such as reducing exposure to foreign exchange risks and global supply chain disruptions.

At the same time, SMFB continues to navigate a number of supply chain challenges. Volatility in raw material prices, often driven by global market shifts, can affect input costs and operational planning. External factors such as shipping delays, geopolitical developments, and evolving regulatory requirements may also influence the availability and cost of imported ingredients. Ensuring supplier consistency in both quality and delivery timelines remains a key focus, as it is critical to maintaining seamless production. Meanwhile, broader economic factors like inflation and interest rate movements can place pressure on suppliers and impact overall supply chain resilience.

Through proactive planning, strategic sourcing, and continuous engagement with partners, SMFB strives to manage these challenges effectively while continuing to deliver quality products and contribute to sustainable economic growth.

Key Stakeholders Affected: Shareholders and Investors, Suppliers and Vendors, Customers and Consumers, Employees and Local Communities

### Management Approach for Impacts and Risks

SMFB operates within an evolving business landscape shaped by economic conditions, regulatory frameworks, consumer preferences, and financial stability. Effective management of these factors and associated risks is central to its strategic approach. To optimize costs, enhance

supply chain resilience, and support local economic growth, SMFB employs targeted procurement strategies. These include balancing domestic and international sourcing to mitigate single-source dependency and utilizing digital procurement platforms to streamline processes and improve forecasting accuracy.

Supplier evaluation and risk management are integral to maintaining quality and reliability. SMFB rigorously monitors suppliers through stringent accreditation processes and performance tracking. For example, SMB implements robust quality control measures, such as the Hazard Analysis and Critical Control Points (HACCP) standard, ensuring consistent product safety and supplier reliability. Additionally, SMFB actively promotes local sourcing where feasible. Programs such as San Miguel Foods, Inc.'s (SMFI) cassava assembler initiative provide local farmers with guaranteed pricing and stable market access, reducing reliance on imported raw materials while strengthening local economies and mitigating currency and market risks.

To manage financial and market risks, SMFB employs strategic measures such as hedging instruments and entering into long-term supplier agreements. GSMI, for instance, secures stable raw material prices through long-term contracts, minimizing its exposure to price volatility. The Company also prioritizes operational efficiency by investing in advanced technologies, including automation and digital procurement platforms, to enhance productivity and forecasting accuracy. SMB exemplifies this approach by integrating energy-efficient technologies and sustainable manufacturing practices, such as solar energy systems and waste recycling initiatives, effectively managing environmental risks and operational costs.

By integrating these strategies with effective risk management, SMFB is well-positioned to navigate market uncertainties, sustain operational excellence, and deliver consistent value to its stakeholders.

### **Opportunities and Management Approach**

SMFB continues to prioritize enhancements in its local procurement strategies, putting an emphasis on financial prudence and operational agility to drive sustained economic growth and stakeholder value. A key focus is strengthening local supplier networks by increasing procurement from SMEs, supporting their growth, and ensuring long-term business sustainability. The Company encourages suppliers to invest in capacity expansion, enabling them to reliably meet the Group's volume demands.

To optimize procurement decisions, SMFB leverages data-driven strategies, utilizing advanced analytics and supplier insights to assess cost dynamics and evolving market conditions. The implementation of automated contract management systems streamlines sourcing negotiations, enhances contract compliance, and improves payment processes, thus contributing to greater operational efficiency.

In managing cost fluctuations, SMF adopts strategies to ensure stable pricing for key inputs such as wheat, soybean meal, and dairy ingredients. By securing long-term agreements, purchasing in bulk, and strategically timing procurement decisions, SMF minimizes the impact of price volatility and maintains cost stability.

Through these targeted strategies, SMFB remains committed to cost efficiency, supply chain resilience, and economic value creation for all stakeholders.

## Anti-Corruption

### Training on Anti-corruption Policies and Procedures<sup>1</sup>

SMFB provides training on anti-corruption policies and procedures to educate stakeholders on ethical standards, compliance, and reporting. This section presents data on training effectiveness, compliance levels, and reported corruption incidents, emphasizing SMFB's commitment to integrity and accountability.

Disclosure	2024	2023	Unit
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of directors and management that have received anti-corruption training <sup>2</sup>	100	100	%
Percentage of employees that have received anti-corruption training <sup>3</sup>	100	100	%

<sup>1</sup> SMFB's Anti-Corruption and Sanctions Compliance Policy as well as the Code of Business Conduct and Ethics, which includes anti-corruption policies, apply to all employees and business partners.

<sup>2</sup> SMFB directors and management separately attended Corporate Governance Seminars in 2024.

<sup>3</sup> SMFB adopted an Anti-Corruption and Sanctions Compliance Policy in 2023. This Policy as well as the Code of Business Conduct and Ethics, which covers anti-corruption policies, have been cascaded to all employees of the organization.

In 2024, SMFB ensured the comprehensive communication and implementation of its anti-corruption policies and procedures across the organization. These are outlined in the Anti-Corruption and Sanctions Compliance Policy and the Code of Business Conduct and Ethics ("Anti-Corruption Policies"), both of which apply to all employees and business partners. The Anti-Corruption policies were cascaded throughout the organization to reinforce a unified standard of ethical conduct. All directors and members of management participated in separate Corporate Governance Seminars during the year, while employees and leadership received anti-corruption training designed to enhance awareness, promote accountability, and equip them with the tools to identify and address corruption-related risks. These initiatives reflect SMFB's commitment to fostering a culture of integrity, transparency, and ethical business practices across all levels of its operations.

## Incidents of Corruption<sup>1</sup>

Disclosure	2024	2023	Unit
Number of incidents in which directors were removed or dismissed for corruption	0	0	Count
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	Count
Number of incidents where contracts with business partners were terminated due to incidents of corruption	0	0	Count

<sup>1</sup> SMFB is not involved in any current proceedings, litigations, claims, or arbitration that would materially affect its financial position or those of its subsidiaries or affiliates.

In 2023 and 2024, SMFB did not report any incidents of corruption. There were no cases involving the removal or dismissal of directors, no employees were dismissed or disciplined for corruption, and no contracts with business partners were terminated due to corruption-related issues. The Company was not involved in any proceeding, claim, or arbitration related to corruption that could materially affect its financial position or that of its subsidiaries or affiliates.

## Impacts and Risks

SMFB recognizes that corruption poses a serious risk to business integrity, stakeholder trust, and long-term value creation. Left unaddressed, it can affect the Company's reputation, brand equity, and operational efficiency. It may also lead to financial, legal, and regulatory consequences that could hinder sustainable growth.

With this in mind, SMFB upholds a strong zero-tolerance policy against bribery and unethical behavior. The Company is committed to promoting a culture of integrity and transparency across all levels of the organization, continuously strengthening its systems and practices to prevent and address corruption risks in every aspect of its operations.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, Local Communities, Financial Institutions and Creditors, and the Media and Industry Groups

## Management Approach for Impacts and Risks

As a subsidiary of SMC, SMFB is committed to the value of *Malasakit*, which involves looking after the welfare and interests of others, as well as maintaining integrity, transparency, accountability, and fairness in all levels of its operations. Reflecting these values, SMFB strictly enforces zero tolerance against corruption, bribery, money laundering, and sanctions violations. This commitment is articulated in the Anti-Corruption Policies, cascaded throughout the organization and its business partners.

To manage impacts and risks effectively, SMFB implements comprehensive anti-corruption and ethics training for all employees, directors, and stakeholders, as exemplified by SMB's onboarding programs and periodic refresher courses. Transparent grievance and whistleblowing channels are maintained, as illustrated by GSMI's public commitment to confidential reporting and thorough investigations.

SMFB also conducts rigorous due diligence of third-party business relationships, clearly communicating expectations of ethical conduct, as SMF demonstrates through its publicly available compliance guidelines for suppliers and partners. The Board of Directors provides robust governance oversight, regularly reviewing ethical standards and compliance processes, a practice prominently highlighted by SMB.

Additionally, clear penalties for ethical violations are established and communicated, ensuring accountability. For example, GSMI outlines specific sanctions for breaches such as termination of employment or pursuing criminal and civil remedies, as detailed in its publicly accessible Code of Conduct and Ethics.

Through these integrated approaches, SMFB proactively addresses corruption risks, enhances transparency, and cultivates a culture of integrity and ethical excellence.

## Opportunities and Management Approach

The Anti-Corruption Policies of SMFB are periodically reviewed to ensure their ongoing relevance and effectiveness. This regular review provides an opportunity to assess existing anti-corruption measures, evaluate their effectiveness, and enhance them as necessary. SMFB also actively considers additional training initiatives and awareness campaigns to strengthen its anti-corruption commitment.

Additionally, SMFB maintains confidential and anonymous communication channels, empowering employees to safely report any concerns or complaints without fear of negative consequences.

Further details and resources on SMFB's governance policies can be accessed on the Company's website as follows:

Anti-Corruption and Sanctions Compliance Policy

[https://www.smfb.com.ph/files/reports/SMFB\\_Anti-Corruption\\_and\\_Sanctions\\_Policy\\_.pdf](https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf)

Code of Business Conduct and Ethics

[https://www.smbf.com.ph/files/reports/SMFB\\_Code\\_of\\_Business\\_Conduct\\_and\\_Ethics\\_3.pdf](https://www.smbf.com.ph/files/reports/SMFB_Code_of_Business_Conduct_and_Ethics_3.pdf)

Manual on Corporate Governance

<https://www.smbf.com.ph/page/corporate-governance>

Policy on Conflict of Interest

[https://www.smbf.com.ph/files/reports/Conflict\\_of\\_Interest.pdf](https://www.smbf.com.ph/files/reports/Conflict_of_Interest.pdf)

Policy on Securities Dealing

[https://www.smbf.com.ph/files/reports/Policy\\_on\\_Securities\\_Dealing.pdf](https://www.smbf.com.ph/files/reports/Policy_on_Securities_Dealing.pdf)

Policy on Related Party Transactions

[https://www.smbf.com.ph/files/reports/SMFB\\_Related\\_Party\\_Transactions\\_Policy.pdf](https://www.smbf.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf)

Group Policy on Solicitation or Acceptance of Gifts

[https://www.smbf.com.ph/files/reports/Group\\_Policy\\_on\\_Solicitation\\_or\\_Acceptance\\_of\\_Gifts.pdf](https://www.smbf.com.ph/files/reports/Group_Policy_on_Solicitation_or_Acceptance_of_Gifts.pdf)

Whistleblowing Policy

[https://www.smbf.com.ph/files/reports/SMFB\\_Amended\\_Whistleblowing\\_Policy.pdf](https://www.smbf.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf)

## ENVIRONMENT

### Resource Management

#### Energy Consumption Within the Organization

Disclosure	2024	2023	Unit
Energy consumption (renewable sources)	660,202.91	619,778.94	Gigajoules (GJ)
Energy consumption (non-renewable)	3,950,571.41	3,925,479.59	GJ
Energy consumption (electricity, heating, cooling, steam purchased)	1,866,189.65	1,693,385.14	GJ
Self-generated energy which is not consumed	906.42	0	GJ
Sold energy (electricity, heating, cooling, steam)	5,319.83	0	GJ
Net energy consumption	6,472,550.56	6,238,643.66	GJ

In 2024, SMFB's total net energy consumption reached 6,472,550.56 GJ, reflecting a 3.7% increase from the previous year, compared to a 5.7% increase in revenue. Energy consumption was largely driven by heightened production activities and operational expansion across its business units. Despite the increase, the Group continued its gradual shift toward cleaner energy, as seen in the 660,202.91 GJ consumed from renewable sources, a 6.5% rise from 2023. GSML led in renewable energy utilization, accounting for the majority share through biomass and solar energy in its manufacturing facilities.

Non-renewable energy consumption totaled 3,950,571.41 GJ, which remains a substantial part of the energy mix due to the nature of operations, particularly in food and beverage production. While conventional fuels such as diesel and liquefied petroleum gas continue to play an important role in supporting essential production activities, SMFB has taken measured steps to manage

this responsibly. Efficiency initiatives, such as equipment upgrades, improved combustion systems, and operational streamlining, help optimize usage and curb unnecessary consumption. These efforts reflect a balanced approach that ensures operational continuity while steadily laying the groundwork for a more sustainable energy profile.

Meanwhile, purchased energy rose to 1,866,189.65 GJ, with SMF contributing the most, reflecting the significant scale-up in its production operations, in line with the growth in the Food segment’s revenues.

In a noteworthy development, SMB generated 906.42 GJ of energy that was not consumed internally and successfully sold 5,319.83 GJ back to the grid, signaling the Beer and NAB segment’s initial move toward partially meeting its energy needs through self-generation while contributing surplus back to the grid. Although renewable energy still represents a modest portion of the total mix, the Group showed steady progress through infrastructure upgrades, efficiency improvements, and enhanced monitoring systems.

**Reduction of Energy Consumption**

<b>Disclosure</b>	<b>2024</b>	<b>2023</b>	<b>Unit</b>
Fuel reduction	60,936	61,450	GJ
Electricity reduction	41,934	19,313	GJ
Energy reduction (total)	102,870	80,763	GJ

In 2024, SMFB achieved a total energy reduction of 102,870 GJ, marking a notable improvement of 27% compared to the previous year’s total of 80,763 GJ. This reflects the combined impact of fuel-saving measures and electricity efficiency initiatives implemented across its business units.

While fuel reduction decreased slightly from 61,450 GJ in 2023 to 60,936 GJ in 2024, this was offset by a significant increase in electricity reduction, which rose from 19,313 GJ to 41,934 GJ, more than doubling year-over-year. The sharp improvement in electricity savings was driven primarily by GSMI and SMB through various efforts such as the installation of high-efficiency motors, light-emitting diode (LED) lighting upgrades, automated process controls, and energy management systems. GSMI, for instance, recorded targeted reductions from initiatives in its Cabuyao and Sta. Barbara plants, while SMB continued to scale its energy conservation programs in brewing and bottling operations.

SMF, while continuing its focus on core production processes, also contributed to overall energy reductions through improvements in its production processes. Across all business units, ongoing awareness campaigns, equipment retrofits, and smart monitoring technologies played a critical role in sustaining reductions without compromising operational output.

These energy savings represent more than operational improvements—they underscore SMFB’s sustained commitment to efficiency and responsible resource management. Despite increased



production activity in 2024, each business unit successfully identified and implemented practical measures to optimize energy use. From technological upgrades to refined operational practices, these efforts collectively contributed to meaningful reductions.

## Impacts and Risks

Energy is a critical component of SMFB's operations, with demand rising alongside business growth. The Company primarily relies on non-renewable energy sources, including electricity and fossil fuels, to power its facilities nationwide, with the exception of Distileria Bago, Inc. (DBI), which is able to access renewable energy from a sister company, San Miguel Global Power (SMGP).

Most SMFB facilities depend on electricity sourced from the national grid, which is predominantly powered by coal, as well as diesel for backup power and transportation. While this reliance on fossil fuels currently contributes to environmental challenges, a shift to renewable energy sources is projected as SMGP's plans for hydroelectric power and solar power facilities materialize in line with the Philippine national targets of at least 35% renewable energy by 2030 and 50% by 2040.

Beyond environmental considerations, energy use presents opportunities for strategic cost management and operational efficiency. While fluctuations in fuel and electricity prices can influence production costs, they also encourage innovation in energy sourcing and efficiency improvements that can strengthen long-term profitability. With the evolving regulatory landscape, managing energy efficiency and exploring sustainable alternatives will be key to mitigating these risks while supporting long-term business resilience and environmental responsibility.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

## Management Approach for Impacts and Risks

As a subsidiary of SMC, SMFB has adopted SMC's established Environment Management Systems to address the varying impacts on the Group's offices and production facilities. As a result, the Group has made efforts to identify and implement energy-savings initiatives.

For example, the Group replaces compact fluorescent and incandescent lights with LED light bulbs, which are more environmentally friendly. LED light bulbs are energy-efficient and long-lasting and can cut energy consumption by over 80% as compared to conventional light bulbs. These can also last more than 25% longer.

The Group also invests in machinery and equipment that not only help ensure product quality but are also more energy and production efficient. For example, a biogas dryer was installed in GSMI's distillery, which enhanced biogas quality. Further, to maximize production output, DBI innovated the operations of its fermentation facility to adapt to the changing quality of molasses, consequently, increasing alcohol yield per metric ton of molasses.

Other initiatives have been implemented by the Group to ensure that its production facilities run efficiently to reduce the need for energy.

Across our brewery operations, we implemented system-wide efficiency upgrades in the following areas:

- Sequencing Batch Reactor systems
- Dewatering equipment including auxiliary pumps
- Compressors for dry air, NH<sub>3</sub>, CO<sub>2</sub>, air, water, and bagasse
- Chilled water and diffuser systems
- Motors and drive gears

The Food group reduced coal consumption for boilers by 180,000 MT in 2024 and implemented a range of energy-saving measures, including using condensate return as a preheater for boiler feed water, converting diesel-powered forklifts to electric-powered units, and installing solar-powered lighting across warehouses and plant premises.

In line with Republic Act 11285 (Energy Efficiency and Conservation Act), 220 personnel from across the Group underwent training in establishing energy management systems in their respective facilities,

Regarding the transport of its products, the Group recognizes the environmental impacts of transportation and continues to actively implement improvements to reduce fuel usage and costs over time. Examples include enhancements in distribution and supply chain configurations, optimizing load factor per truck, and minimizing movement of raw materials and finished goods through strategic location of facilities near raw material sources and/or markets to be served.

Over the years, the Group has built facilities all over the Philippines that not only ensure that its products get to the consumers fresh and in the shortest amount of time, but also help reduce its carbon footprint. For example, building feed mills in different parts of the country helps ease the transport of raw materials and finished goods given their heavy nature. Likewise, the building of a brewery in Northern Mindanao not only reduces costs to transport the products from Luzon and Visayas regions, but also consequentially results in the reduction of emissions.

For office-based employees, the Group encourages a reduction in energy consumption by switching off lights and electronics when not in use. Solar energy panels are also installed in some facilities to add renewable sources to the energy consumption mix. As part of the SMC Group, all facilities of SMFB have clear targets in the form of key performance indicators for the reduction of electricity. Air emissions, effluents and solid waste volumes are also being monitored and managed.

### **Opportunities and Management Approach**

The Group continues to monitor and analyze its energy consumption to identify opportunities for innovation and further improve energy efficiency. This includes investment in more energy-efficient machinery and equipment and shifting to new processes when necessary. Studies are also being conducted on the feasibility of co-locating business segments, along with ongoing assessments of the most efficient raw material supply routes to processing plants. Additionally, there are plans to invest in more renewable energy sources, such as solar power, to further reduce reliance on non-renewable energy.

Water Consumption Within the Organization

<b>Disclosure</b>	<b>2024</b>	<b>2023</b>	<b>Units</b>
Water withdrawal	17,947	16,306	Mega Liters (ML)
Surface water	1,176	505	ML
Groundwater	14,078	13,277	ML
Seawater	0	0	ML
Rainwater	5	5	ML
Produced water	280	255	ML
Third-party water	2,407	2,264	ML
Water discharged	13,356	10,750	ML
Stored water	(1.36)	1.57	ML
Total water consumption	4,589	5,558	ML
Water recycled and reused	694	885	ML
Percentage water recycled and reused	3.87	5.43	%

In 2024, SMFB recorded a total water withdrawal of 17,947 megaliters (ML), representing a 10% increase from the previous year's 16,306 ML. This increase is primarily attributed to expanded operations and increased production demands across business units. The majority of the water withdrawn came from groundwater sources at 14,078 ML, followed by third-party water at 2,407 ML and surface water at 1,176 ML. There was some volume sourced from rainwater and produced water, indicating the Group's gradual integration of alternative water sources where feasible.

Water discharge in 2024 increased to 13,356 ML, compared to 10,750 ML in 2023. Despite the higher total water withdrawal, net water consumption declined to 4,589 ML from 5,558 ML in the previous year. This reduction underscores the effectiveness of ongoing water efficiency initiatives, including enhanced process controls, water reuse systems, and targeted conservation efforts across production lines.

The Group also recycled and reused 694 ML of water, achieving a recycling rate of 3.87%. While this is lower than the 5.43% in 2023, it still reflects SMFB's commitment to water stewardship. The decrease is due to changes in water use and operations, but recovery and reuse efforts remain important to SMFB.

## Impacts and Risks

Water is a fundamental resource for SMFB's operations, supporting its entire product portfolio, from manufacturing processes to beverages where it is a key ingredient. Ensuring sustainability of existing water supply and future availability are essential to mitigating potential impacts on cost, production continuity, and product availability.

Water is also required for domestic use, maintenance of facilities, and the operation of machinery and equipment. A substantial portion of water used is discharged back to the environment after the necessary treatment processes.

Key risks relating to water include its availability in sufficient quantities and increases in water costs in the future. The Group sources its water requirements primarily from deep wells and water utility service providers. Restrictions on the use of deep well water could disrupt the Group's operations. Price increases for the use of deep well water or by water utility service providers could also adversely affect operating costs and reduce the profitability of the Group's businesses.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Employees, Local Communities

## Management Approach for Impacts and Risks

The Group has been implementing SMC's *Water for All* program since 2017, reinforcing our commitment to responsible water management through conservation, efficiency, and innovation. In 2024, six facilities of the Food group and three of GSMI exceeded the 2025 target of 50% reduction relative to each one's production output, while four additional facilities were above 40%.

For years, the Group has embraced sustainability-driven water conservation in its operations. A key element of this strategy is rigorous water use monitoring, with regular upgrades to meters

and the installation of sub-meters where necessary. In addition, proactively identifying and fixing leaks has significantly reduced water wastage across SMFB's facilities.

Beyond conservation, the Company continues to expand water reuse and recycling efforts. Business units optimize wastewater treatment facilities to further lessen their water footprint, maximizing the use of treated greywater for non-essential purposes. For example, SMB repurposes treated wastewater effluents for utilities and landscape irrigation within its sites, demonstrating its commitment to circular water management.

The Group also prioritizes the recovery of wastewater, enhanced rainwater collection, and the utilization of desalinated seawater in its operations. These initiatives are designed not only to reduce reliance on freshwater sources but also to ensure the equitable and sustainable use of water, thus balancing environmental responsibility with community needs.

Recognizing that water conservation is a shared responsibility, the Group actively collaborates with industry stakeholders and the communities where it operates to promote water stewardship. Through education, advocacy, and the implementation of best practices, SMFB fosters a culture of sustainability that extends beyond its own operations.

By integrating innovation, efficiency, and collaboration, SMFB and the broader SMC Group remain steadfast in their mission to responsibly manage water resources, ensuring that future generations will continue to have access to clean, safe, and sustainable water supplies.

### **Opportunities and Management Approach**

SMFB understands that water is a limited resource and remains focused on sustainability through environmental stewardship and supply chain management.

The Group sees opportunities to improve water conservation and recycling in its facilities and the communities where it operates. In the San Fernando Brewery, SMFB is also conducting an experiment in ground water recharging and monitoring the effectivity of its technology in directing rainwater into aquifers underground instead of the drainage system.

Moving forward, SMFB will continue to implement projects to reduce water consumption and explore water resources to be used. In alignment with SMC, efforts to expand rainwater harvesting systems with larger capacities are being explored. Further, regular analysis of water consumption and quality trends will continue in an effort to seek other opportunities for recycling and reuse.

## Materials Used by the Organization

Disclosure	2024	2023	Units
<b>Materials by weight or volume</b>	<b>5,985,417</b>	<b>5,661,486</b>	<b>Metric Tons (MT)</b>
Renewable materials used	5,594,325	5,169,754	MT
Non-renewable materials used	391,092	491,732	MT
Percentage of renewable materials used	93.47	91.31	%
Recycled	124,320	173,116	MT
Percentage of recycled input materials used to manufacture	2.08	3.06	%

In 2024, SMFB's total material usage increased to 5,985,417 metric tons (MT), up from 5,661,486 MT in 2023. Usage of renewable materials—primarily agricultural commodities, glass bottles, used plastic pallets and crates—grew from 5,169,754 MT in 2023 to 5,594,325 MT in 2024, making up 93.47% of total materials used, compared to 91.31% in the previous year. At the same time, the use of non-renewable materials dropped significantly from 491,732 MT in 2023 to 391,092 MT in 2024.

Although the percentage of recycled input declined from 3.06% in 2023 to 2.08% in 2024, SMFB continues to look for ways to increase the use of recycled materials to strengthen circular practices in the future.

### Impacts and Risks

SMFB recognizes that using the Group's raw materials efficiently not only helps protect the environment but also impacts the economic aspects of its business. Since raw materials account for a significant portion of the Group's costs, it is essential that they are used responsibly.

The Group acknowledges potential risks related to the supply of major raw materials. Fluctuations in global supply can influence costs and pricing, while external factors such as weather conditions, disease outbreaks, pandemics, geopolitical trade developments, and regulatory changes may also disrupt availability.

The use of renewable and non-renewable materials presents both risks and opportunities. Renewable materials, such as agricultural products, are susceptible to climate variability, seasonality, and land-use constraints. Non-renewable materials, composed mainly of various types of packaging, may have long-term supply risks due to finite availability and price volatility.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Employees, and Local Communities

### **Management Approach to Impacts and Risks**

SMFB employs a comprehensive management approach to address impacts and risks, emphasizing resource efficiency, process optimization, and technological innovation. These initiatives collectively enhance productivity, minimize waste, and significantly mitigate environmental and operational risks.

An important focus of SMFB's sustainability efforts is the responsible use of both renewable and non-renewable raw materials. The Company continues to integrate circular economy principles to improve material use, reduce the use of new resources, and enhance sustainability across its operations.

Each division within SMFB leverages advanced technology and operational processes to improve resource efficiency and minimize reliance on non-renewable inputs. For example, under the Food division, SMFI has implemented controlled climate technology, automated feeding and watering systems, and automated harvesting technologies at its poultry farm in Hagonoy, Davao del Sur. These advancements optimize the use of renewable agricultural inputs while reducing waste. Additionally, poultry manure is converted to organic fertilizer for use by corn and cassava farmers who sell their produce to SMFI.

Recognizing the environmental impact of packaging, SMB operates an extensive Returnable Glass Bottle (RGB) system, allowing bottles to be reused for 5 to 10 years. In 2024, only 10% of its required bottles were new thereby reducing the demand for glass production and conserving non-renewable silica resources. GSMI also emphasizes bottle reuse, achieving 56% in 2024 by expanding its retrieval network to increase circularity and reduce the need for new raw material extraction.

Additionally, broken and scuffed bottles from beverage operations are converted into new packaging materials by San Miguel Yamamura Packaging Corporation, which is part of the SMC Group, promoting a sustainable closed-loop system that limits the extraction of virgin raw materials.

On another front, SMB has optimized its brewery waste utilization by diverting brewers' spent grains and spent yeast as raw materials for animal feeds, ensuring that these organic materials are repurposed efficiently. Poultry processing by-products, such as feathers and offals, are likewise repurposed as raw materials for animal feeds, decreasing the need for primary resource extraction and reducing waste.

SMFB is committed to diversifying its supplier network to ensure that materials are sourced sustainably and responsibly. The Company actively seeks alternative raw materials that reduce its environmental footprint. Notable initiatives include SMF’s use of cassava as a substitute for corn in animal feeds, SMB’s search for alternative carbohydrate sources in beer brewing, and GSMI’s strategic sourcing of alcohol from both local and international suppliers to optimize material sustainability.

Through strategic innovation, meticulous resource management, and integrated business practices, SMFB actively addresses its environmental and operational impacts. By balancing the use of renewable and non-renewable raw materials, the Company drives sustainability while ensuring long-term business resilience in alignment with global ESG standards.

**Opportunities and Management Approach**

The Group is committed to responsibly sourcing and utilizing materials by balancing the use of renewable and non-renewable resources in packaging. It actively collaborates with suppliers to explore innovative solutions that enhance sustainability while maintaining product integrity. By prioritizing renewable materials and optimizing the efficient use of non-renewable resources, SMFB aims to reduce environmental and social impacts.

To strengthen its management approach, SMFB will enhance coordination within the broader SMC Group to maximize the beneficial reuse of by-products and improve circular economy initiatives. Additionally, the Group will invest in research and development to drive advancements in eco-friendly packaging, exploring opportunities such as biodegradable materials, recyclable alternatives, and resource-efficient manufacturing practices. Through these efforts, the Group strives to accelerate the transition toward a more sustainable packaging landscape while ensuring long-term business resilience.

Ecosystems and Biodiversity

Disclosure	2024	2023	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2	2	Count
Habitats protected or restored	1,717	1,717	Hectares
International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations	3	3	Species type



## Impacts and Risks

Two facilities within SMFB's portfolio of production sites have been identified by the Department of Environment and Natural Resources (DENR) as biodiversity-sensitive areas, underscoring significant environmental risks associated with their operations.

The first is GSMI's subsidiary, DBI, an alcohol distillery located along the coastline of Guimaras. If not properly managed, this facility could contribute to the potential deterioration of water quality in the Guimaras Strait due to wastewater effluents and other emissions leading to endangerment of marine biodiversity.

In 2023, another critical biodiversity site was added to SMFB's risk profile. Located two kilometers from the B-MEG feed mill plant in Impasug-ong, Bukidnon is the Center for Ecological Development and Recreation (CEDAR), an ecological park, and reforestation site that spans approximately 1,703 hectares. It includes four major waterfalls: Gantungan Falls, Natigbasan Falls, Dila Falls, and Makabayot Falls. The proximity of the B-MEG facility could raise concerns about pollution and disruption of the area's rich biodiversity. Given CEDAR's designation as a protected eco-tourism site, B-MEG actively participates in joint activities with local government unit of Impasug-ong and the DENR to prevent any adverse environmental impact that would affect local tourism and economic activities.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

## Management Approach to Impacts and Risks

The Group's approach to managing impacts and risks associated with its biodiversity-sensitive sites involves strict compliance with the DENR General Effluent Standards under Department Administrative Order No. 2016-08. This ensures that all discharged effluents meet regulatory requirements, thereby minimizing potential harm to surrounding ecosystems.

GSMI actively manages environmental risks near the Guimaras Strait by maintaining a 12-hectare mangrove reforestation area, which has achieved a high survival rate of 96%. This initiative supports marine and coastal biodiversity, helps prevent soil erosion and flooding, and contributes to carbon sequestration. These efforts are complemented by regular tree-planting, coastal clean-ups, and shoreline monitoring activities conducted in partnership with local cooperatives on Guimaras Island.

In Bukidnon, the B-MEG feed mill plant, part of SMFI, is located near CEDAR, a protected ecological park. Recognizing the potential risks to the surrounding ecosystem, SMFI works closely with the DENR and local government units to align its operations with existing environmental safeguards aimed at preserving the area's rich biodiversity and natural resources.

Across its operations, SMFB supports broader biodiversity efforts through ecosystem rehabilitation and conservation practices. This includes initiatives to manage the environmental impact of production facilities near ecologically sensitive zones, as well as reforestation and habitat preservation projects embedded in the Company's sustainability agenda.

## Opportunities and Management Approach

The Group continues to identify and explore opportunities to strengthen its ecosystem and biodiversity efforts across its operations. For GSMI, there is potential to further expand its mangrove reforestation activities in the Guimaras Strait by integrating new areas and introducing additional native mangrove species. Collaborating more deeply with marine biodiversity experts and local conservation groups may also open opportunities to establish long-term biodiversity monitoring programs and community-based environmental stewardship initiatives.

In Bukidnon, there is opportunity to develop site-specific biodiversity action plans in coordination with the DENR and local conservation authorities. These may include establishing ecological buffer zones, implementing habitat enhancement activities, and supporting local research on endemic species conservation.

At the corporate level, SMFB can explore ways to include biodiversity in how it evaluates environmental risks and plans the use of land for its operations. There is also potential to support reforestation or watershed rehabilitation programs in areas where its operations intersect with vulnerable ecosystems.

SMB and GSMI may consider investing in biodiversity-friendly supply chain initiatives, such as sourcing raw materials from farms or partners that follow sustainable agricultural practices that promote habitat conservation. Engaging suppliers and logistics partners in ecosystem protection efforts can further amplify the Group's biodiversity impact across its value chain.

Overall, by pursuing these opportunities, SMFB and its divisions can deepen their role in ecosystem restoration and biodiversity conservation while enhancing long-term environmental resilience.

### Environmental Impact

#### Air Emissions

#### *GHG*

Disclosure	2024	2023	Unit
Direct (Scope 1) GHG Emissions	306,901	308,762	Tonnes carbon dioxide equivalent (CO <sub>2</sub> e)
Energy indirect (Scope 2) GHG Emissions	368,806	338,832	Tonnes CO <sub>2</sub> e
Total Scope 1 and Scope 2 GHG Emissions	675,706	647,594	Tonnes CO <sub>2</sub> e

In 2024, GHG emissions of SMFB totaled 675,706 tonnes CO<sub>2</sub>e, a slight increase from 2023. The rise in emissions from both SMB and SMF was generally in line with business growth and increased operational activity, particularly in high-performing and expanding facilities. In contrast, GSMI's emissions remained lower, with the majority coming from the DBI facility and logistics-related fuel use. SMFB recognizes that the upward trend in Scope 2 emissions also presents a valuable opportunity to further strengthen its sustainability efforts through energy efficiency initiatives and a shift towards cleaner energy sources.

## Impacts and Risks

SMFB faces risks from its GHG emissions, which primarily result from energy consumption and fuel use across its Beer and NAB, Spirits, and Food businesses. To date, SMFB has not yet quantified biological GHG emissions from its company-owned poultry farms but is working on the methodology to do so.

Electricity usage in breweries, distillery and bottling plants, feed mills, and food processing plants is a major source of Scope 2 emissions. These facilities are exposed to risks associated with carbon-intensive grids. Additionally, reliance on diesel fuel for logistics, delivery fleets, and backup power, and coal for boilers, contributes to Scope 1 emissions, creating exposure to fuel price volatility and potential regulatory restrictions on fossil fuels.

In the agricultural operations of SMF, methane and nitrous oxide emissions arise from manure management in poultry production. With the expansion of company-owned farms, it has become more important to quantify this type of emissions and to find a way to mitigate them.

Scope 3 emissions across SMFB's value chain, including upstream suppliers, packaging, and third-party transportation, add to the Group's GHG footprint and increase reputational and compliance risks, particularly as stakeholders demand greater transparency and accountability for indirect emissions.

Key Stakeholders Affected: Stakeholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Customers and Consumers, Employees, Local Communities, Financial Institutions and Creditors, and Media and Industry Groups

## Management Approach to Impacts and Risks

SMFB operates in an increasingly climate-vulnerable environment, where the Philippines faces rising sea levels, more frequent and severe extreme weather events, and prolonged periods of drought or intense rainfall. These climate-related risks intersect with the Group's business operations across its Beer and NAB, Spirits, and Food segments, heightening the urgency of robust GHG emissions management.

SMFB's emissions primarily stem from electricity and fuel consumption in production facilities, and logistics networks, contributing to both Scope 1 and Scope 2 emissions. High-energy processes such as fermentation, distillation, cooling, and bottling, for example, present ongoing challenges related to energy use and carbon intensity. In response, SMFB employs the operational control approach in consolidating and reporting its GHG emissions, as guided by the GHG Protocol Corporate Standard (GHG Protocol).

To effectively manage these risks, SMFB has embedded climate action into its broader sustainability strategy, aligning with SMC's commitment to achieve net-zero emissions by 2050. Through its Environmental Management System (EMS), SMFB monitors direct and indirect emissions and incorporates energy and carbon considerations into operational planning. Facilities track key metrics tied to emissions intensity, helping the Company assess vulnerabilities related to electricity pricing, fossil fuel dependency, and emerging climate-related regulations, such as potential carbon taxation or mandatory disclosure standards.

Recognizing the emissions impact of packaging, both SMB and GSMI have strengthened their bottle recovery and reuse programs. These initiatives reduce demand for new glass production, a process known to be energy-intensive. GSMI's DBI also demonstrates operational innovation by capturing biogenic carbon dioxide from fermentation and repurposing it for use in carbonated beverages, mitigating emissions that would otherwise be released into the atmosphere.

In line with broader SMC goals, SMFB has also begun integrating renewable energy sources in select facilities, including the use of solar panels and biogas. These alternative energy solutions form part of a long-term transition strategy to reduce emissions and manage risks tied to fossil fuel volatility.

SMFB's management approach is reinforced by sustainability governance mechanisms at both the Group and subsidiary levels. The Company's Board Risk Oversight and Sustainability Committee oversees sustainability performance, ensuring climate-related risks and emissions reduction goals are embedded in corporate decision-making. SMFB also engages in emissions data collection and validation efforts as part of SMC's centralized sustainability framework, which aligns with global reporting standards such as those set by GRI, SASB, and the Task Force on Climate-related Financial Disclosures (TCFD).

By proactively addressing GHG emissions through energy optimization, packaging circularity, and low-carbon initiatives, SMFB aims to strengthen its climate resilience and operational efficiency while supporting the Group's broader environmental objectives.

## **Opportunities and Management Approach**

SMFB recognizes the growing urgency to address GHG emissions and is pursuing a forward-looking, opportunity-driven approach to manage its environmental impact. Guided by SMC's sustainability agenda, SMFB is continuously identifying ways to reduce emissions while enhancing energy efficiency, resilience, and operational performance across its business units.

A key area of opportunity lies in improving energy performance across production facilities. Upgrading equipment, optimizing thermal processes, and integrating more efficient systems in high-energy operations such as fermentation, distillation, and cooling offer clear pathways to reduce electricity and fuel consumption. These initiatives align with SMFB's broader effort to decarbonize operations and reduce Scope 1 and Scope 2 emissions.

SMFB is also exploring the expanded use of renewable energy across its sites. The installation of solar panels in select facilities has created a model for further deployment, especially in locations with high solar potential. Additionally, the use of biogas generated from wastewater treatment presents a viable alternative to traditional fossil fuels, and SMFB is assessing how this can be scaled up to meet energy needs in other operations.

Reducing emissions from packaging materials is another area of focus. While SMB and GSMI do not produce their own packaging, the energy-intensive process of glass bottle manufacturing

contributes to Scope 3 emissions. Strengthening bottle recovery and reuse programs presents a strategic opportunity to mitigate these emissions. SMFB is working to enhance its partnerships with collection networks, bottle-washing providers, and distributors to streamline reuse processes, lower material demand, and support a more circular production model.

SMFB’s emissions management approach is grounded in a robust environmental management system aligned with the GHG Protocol. The Company uses the operational control approach for consolidating emissions data, enabling consistent tracking across business units and helping identify high-emission areas where reduction strategies can be prioritized. This data-driven framework supports emissions planning, investment decisions, and alignment with SMC’s net-zero emissions target by 2050.

Opportunities also extend to culture and engagement. SMFB continues to encourage employee participation in sustainability efforts, recognizing that shared responsibility is critical to long-term success. Initiatives such as promoting more sustainable commuting options demonstrate how operational and behavioral changes can align with climate goals.

Through these efforts, SMFB is embedding emissions reduction opportunities into its operations and strategic planning, ensuring that its approach to GHG management is not only regulatory-ready but also contributes to business innovation, stakeholder value, and climate resilience.

Air Pollutants

Disclosure	2024	2023	Unit
Nitrogen Oxides (NOx)	188	232	MT
Sulfur Oxides (SOx)	1,326	902	MT
Persistent Organic Pollutants (POPs)	NOT BEING MONITORED		MT
Volatile Organic Compounds (VOCs)			MT
Hazardous Air Pollutants (HAPs)			MT
Particulate Matter (PM)	73	105	MT
Carbon Monoxide (CO)	230	998	MT

Air pollution management is a key environmental priority for SMFB, given the use of boilers, generator sets, and other combustion-based equipment across its Beer and NAB, Spirits, and Food divisions. As part of its commitment to regulatory compliance and sustainable operations, SMFB ensures that all air emissions are managed in accordance with the standards of the DENR. The business units follow strict operational protocols to minimize emissions of harmful pollutants and maintain air quality in host communities. Air emissions management forms part of SMFB's broader environmental performance framework and reflects its alignment with SMC's long-term goal of reducing its environmental footprint while supporting inclusive and resilient business growth.

In 2024, SMFB reported changes in air pollutant emissions. NOx and CO emissions decreased significantly compared to 2023, reflecting improved combustion efficiency.

On the other hand, SOx and PM emissions increased, primarily linked to increases in production volume.

## Impacts and Risks

SMFB faces a challenge of environmental risks linked to air quality arising from its core activities. The use of boilers, generator sets, and other fuel-combustion systems across the operations of SMB, GSMI, and SMF contributes to the release of air pollutants such as nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM).

Regulatory compliance is a critical concern as the DENR mandates strict limits on air pollutant emissions, and non-compliance could expose SMFB to penalties, operating restrictions, or reputational damage. As SMFB operates in industries that rely on energy and power reliability, it is exposed to future regulatory changes, such as stricter emission thresholds, mandatory technology upgrades, and expanded reporting obligations.

Moreover, reputational and market risks are emerging as consumers, investors, and stakeholders become more environmentally conscious and scrutinize corporate environmental performance. Failure to demonstrate effective air pollution management may weaken stakeholder confidence and may likewise influence access to capital, brand loyalty, and long-term competitiveness.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Employees, and Local Communities

## Management Approach to Impacts and Risks

SMFB manages air pollutant risks across its operations by integrating environmental safeguards into its production systems, aligned with both the DENR standards and SMC's broader sustainability framework. Recognizing that its brewing, distillation, and food processing operations generate air emissions, particularly NOx, SOx, PM, and VOCs, SMFB has adopted a preventive and systems-based approach to emissions control.

The Group's air emissions primarily result from combustion processes in boilers, generator sets, and industrial equipment across its facilities. SMFB addresses this by deploying EMS and regularly conducting air emissions monitoring, including stack testing and compliance audits, to

identify sources of air pollutants and opportunities for operational improvement. These systems allow the Group to evaluate process efficiency and anticipate regulatory compliance needs.

To mitigate emissions from its distillation activities, GSMI's facilities have implemented process innovations such as the capture of biogenic CO<sub>2</sub>, a by-product of fermentation, for use in beverage carbonation. This not only reduces direct emissions but also supports circular use of by-products. Maintenance strategies such as regular desooting, hydro-testing of boilers, and inspection of smokestacks are carried out to reduce particulate emissions and maintain combustion efficiency. Where applicable, air pollution control devices are installed on emission sources to comply with evolving environmental standards.

SMFB's approach also includes the evaluation of alternative energy sources and technologies aimed at lowering emissions intensity. Select SMF facilities, for example, are using biogas from wastewater treatment operations to reduce reliance on fossil fuels in thermal processes. Meanwhile, the Company continues to explore energy-efficient upgrades across its business units to further reduce emissions tied to equipment operation and fuel use.

This management approach is closely monitored and aligned with SMC's "*Kalikasan: Good for the Planet*" agenda, which promotes cleaner production and more sustainable industrial practices. SMFB's strategy emphasizes compliance, efficiency, and continuous improvement in managing air pollutants, while also preparing for future regulatory shifts and increasing stakeholder expectations around environmental performance.

### Opportunities and Management Approach

SMFB takes a proactive, systems-based approach to manage air pollutants across its operations, recognizing the importance of reducing emissions from combustion processes associated with its breweries, distillery, and food manufacturing plants. Aligned with SMC's broader environmental sustainability goals, SMFB continuously explores technological upgrades, fuel alternatives, and operational efficiencies that minimize emissions of NO<sub>x</sub>, SO<sub>x</sub>, PM, and VOCs.

Across its business units, SMFB integrates air quality management into its EMS, allowing for real-time emissions monitoring and early detection of pollution risks. This system enables facilities to identify and act on improvement opportunities in fuel combustion efficiency, equipment maintenance, and compliance assurance. The use of these monitoring tools supports informed decision-making and continuous performance evaluation in line with national and international environmental standards.

SMFB is actively pursuing opportunities to reduce its dependence on conventional fuels by exploring alternative energy sources such as biogas and solar power. Select SMF facilities are using biogas utilization from wastewater treatment to replace fossil fuels in thermal processes, which presents both emissions reduction potential and operational cost savings. These efforts are also being assessed for broader application across the Group's production sites.

At GSMI, the recovery and reuse of biogenic carbon dioxide from fermentation processes demonstrate SMFB's commitment to circularity and emissions reduction. The CO<sub>2</sub> is captured, processed, and supplied for use in carbonated beverages, turning a routine emission stream into a commercially valuable input. This practice reflects an innovative approach to emissions management that both mitigates environmental impact and supports value creation.

In SMB facilities, combustion technologies are being upgraded to more energy-efficient systems, providing opportunities to further reduce air pollutants generated during brewing. Maintenance

practices, such as routine boiler optimization and emissions control system checks, are incorporated into operations to sustain performance and avoid deterioration of emissions controls over time.

Looking ahead, SMFB continues to explore emerging technologies and best practices in industrial air pollution control, with an emphasis on long-term investment in cleaner production. The Company remains committed to aligning these opportunities with SMC's sustainability roadmap, particularly its goal of achieving net-zero emissions by 2050.

## Solid and Hazardous Wastes

### Solid Waste

Disclosure	2024	2023	Unit
<b>Total solid waste generated</b>	<b>260,134</b>	<b>257,224</b>	<b>MT</b>
Reused	2,576	3,550	MT
Recycled	214,057	211,080	MT
Other recovery operations	7,481	12,593	MT
Incineration (with energy recovery)	2.03	0.50	MT
Incineration (without energy recovery)	0	0	MT
Landfilling	25,017	14,225	MT
Other disposal operations	11,001	15,775	MT

In 2024, SMFB generated a total of 260,134 Metric Tons (MT) of solid waste, a slight increase from 257,224 MT in 2023. Despite this, the Group continued to strengthen its waste management efforts, achieving a higher volume of recycled waste at 214,057 MT, up from 211,080 MT. This reflects SMFB's continued focus on expanding recycling initiatives and promoting circular practices across its operations.



While reused waste slightly declined from 3,550 MT to 2,576 MT, and landfilled waste rose from 14,225 MT to 25,017 MT, the Group demonstrated progress in diversifying its recovery methods. Notably, incineration with energy recovery rose from 0.50 MT to 2.03 MT, and other disposal operations were reduced significantly, from 15,775 MT to 11,001 MT. These developments point to a more strategic approach in managing waste, prioritizing recovery, recycling, and energy efficiency.

The increase in total waste generated was primarily driven by the Food business due to a one-time condemnation of spoiled food products. Additionally, higher production volumes and the commissioning of new facilities, contributed to the rise. Still, the business maintained its focus on responsible waste diversion, reinforcing SMFB's broader commitment to sustainable and efficient resource management.

## Impacts and Risks

SMFB faces a range of environmental and operational risks associated with the generation and handling of solid waste from its production facilities, offices, and warehouses. As production volumes increase to meet growing demand across its Beer and NAB, Spirits, and Food segments, there is a corresponding rise in waste generation, which, if not properly managed, can contribute to environmental harm and regulatory exposure.

The Company is also exposed to regulatory scrutiny. National and local environmental regulations, including the Ecological Solid Waste Management Act and DENR guidelines, mandate strict controls for the segregation, storage, and disposal of solid and hazardous waste. Further, the implementation of the Extended Producer Responsibility (EPR) Act of 2022, which took effect in July 2022, with mandatory compliance beginning in January 2023, places heightened obligations on businesses like SMFB to recover and divert post-consumer plastic packaging from landfills. Failure to comply could result in penalties, increased compliance costs, and reputational consequences.

In addition, poor waste management can lead to inefficiencies in operations, including increased disposal costs and underutilization of recoverable materials. As the Company expands operations and builds new facilities, these risks will require stronger oversight and integration of waste management systems throughout its value chain.

**Key Stakeholders Affected:** Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

## Management Approach to Impacts and Risks

SMFB implements a structured and integrated solid waste management approach grounded in SMC's broader sustainability and circular economy strategy. In compliance with Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000, SMFB prioritizes responsible waste handling across its value chain, aiming to reduce potential environmental, regulatory, and operational risks arising from improper disposal of production waste.

SMFB addresses these risks by embedding waste management within its EMS, ensuring that waste segregation, storage, transport, and disposal are done according to DENR standards. Across facilities operated by SMB, GSMI, and SMF, compliance is reinforced through routine

waste audits, permitting systems, and collaboration with accredited waste service providers. These efforts are designed to mitigate the environmental impacts of landfill use, such as soil degradation, leachate contamination, and methane emissions, which could affect surrounding ecosystems and community health.

The Company's strategy also emphasizes opportunities to repurpose by-products generated during production processes. For example, brewery spent grains and yeast from SMB are redirected to feed manufacturing under SMF, while feathers, offal, and blood from poultry processing are rendered for use in animal nutrition. These closed-loop practices not only reduce the volume of waste sent to landfills but also minimize exposure to rising disposal costs and extended producer obligations.

SMFB's compliance with the Extended Producer Responsibility (EPR) Act of 2022, further drives its efforts to reduce post-consumer plastic waste. As part of its commitment to minimizing plastic use in packaging, GSMI implemented packaging improvements for Vino Kulafu by reducing the plastic component used in its shrink wrap. This was done without compromising the integrity or security of the product, ensuring that consumer safety and brand protection remain intact. For 2024, SMF and GSMI combined reported 13,948 MT of post-consumer plastic waste, 2% lower than prior year. They reclaimed an equivalent of 5,673 MT, of which 27% was recycled through SMYPC and 73% was diverted to cement factories as alternative fuel for co-processing. The latter was accomplished through Plastic Credit Exchange which provided the corresponding plastic credits.

The potential for health and sanitation issues from poor waste handling within food manufacturing facilities remains a critical concern. SMFB mitigates this risk through continuous sanitation protocols, proper waste containment practices, and staff training on waste handling to ensure a hygienic working environment and safeguard product quality. As the Company expands its operations, effective waste management will be increasingly vital to sustaining operational efficiency and regulatory compliance.

Through these integrated practices, SMFB not only reduces the negative impacts of solid waste on health, the environment, and its business operations, but also reinforces its alignment with SMC's long-term goal of achieving a circular economy by 2040.

### **Opportunities and Management Approach**

SMFB continues to enhance its solid waste management approach by identifying new opportunities to reduce waste generation, recover resources, and support circular economy practices across its operations. The Company actively integrates waste management into its broader sustainability strategy, aligning with SMC's vision of a circular economy by 2040.

SMFB is also strengthening internal systems to improve waste segregation, monitoring, and diversion across its facilities. The Company continuously explores partnerships and technologies to enhance recycling and reduce residual waste, particularly in high-volume waste streams such as plastics and production scraps. These initiatives are managed through site-level environmental management systems, which support consistent implementation, compliance tracking, and identification of opportunities for improvement.

Through an integrated approach, SMFB aims to reduce environmental risks, comply with evolving waste regulations, and unlock efficiency gains by transforming waste into useful resources. This positions the Company to scale more sustainably as it grows its operations and expands its product offerings.

## Hazardous Waste

Disclosure	2024	2023	Units
Total weight of hazardous waste generated	2,051	1,581	MT
Total weight of hazardous waste transported	1,456	1,203	MT

The chart shows that from 2023 to 2024, SMFB saw an increase in both the generation and transport of hazardous waste, driven largely by expanded operations. Total hazardous waste generated rose from 1,581 MT to 2,051 MT, while transported waste increased from 1,203 MT to 1,456 MT. The rise reflects higher activity levels, particularly in manufacturing, while improved waste handling continues to ensure proper transport and treatment.

### Impacts and Risks

Hazardous waste management poses environmental, regulatory, and health-related risks for SMFB and its operating units. The nature of operations in food and beverage manufacturing involves the use of chemicals, oils, greases, and other materials that, once spent or contaminated, are classified as hazardous under Republic Act No. 6969, or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990. These include items such as used oil and lubricants, contaminated rags, solvent-based inks, spent batteries, fluorescent lamps, and other chemical wastes.

If mishandled, these materials can lead to the release of toxic substances that pose threats to employee safety, nearby communities, and the surrounding environment. Improper storage, treatment, or disposal could also expose the Company to substantial regulatory penalties, operational shutdowns, and reputational damage, especially under heightened scrutiny by the DENR.

Additionally, as public awareness and investor expectations around environmental and occupational safety continue to rise, SMFB's ability to demonstrate robust hazardous waste controls will be critical to maintain its license to operate and maintain stakeholder trust.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

## Management Approach to Impacts and Risks

SMFB follows strict hazardous waste management practices to comply with environmental laws and reduce health, safety, and environmental risks. In line with Republic Act No. 6969, all hazardous waste is properly labeled, stored, transported, treated, and disposed of using DENR-accredited providers. These processes are documented through waste manifests and reported periodically to the EMB.

Hazardous waste generated by SMFB's facilities include spent oil, ink cartridges, batteries, used rags, paint residues, chemical containers, and other wastes associated with food and beverage manufacturing processes. These materials are stored in secure, designated facilities located a safe distance from main operations to prevent contamination or accidental exposure. SMFB ensures that only trained personnel handle hazardous waste and that facilities are regularly monitored for signs of leakage, damage, or spills. In the event of an incident, response protocols are in place to neutralize and contain hazardous materials to mitigate risks to employees and the surrounding environment.

Across business units in SMB, SMF, and GSMI, strict compliance with hazardous waste disposal guidelines is reinforced through coordination with DENR-certified transporters and treaters, who are responsible for conducting laboratory analyses, preparing manifests, and issuing Certificates of Treatment within 30 days of hauling. SMFB also monitors its hazardous waste volumes and disposal activities as part of its broader EMS, which supports continuous performance evaluation and adherence to national standards.

As SMFB expands its production capacities and upgrades manufacturing technologies, the generation of hazardous waste may increase, heightening the need for consistent management and regulatory compliance. By maintaining strict protocols, regular training, and verified partnerships with compliant waste handlers, SMFB mitigates the risks associated with hazardous waste while reinforcing its commitment to environmental responsibility and operational integrity.

## Opportunities and Management Approach

SMFB remains committed to reducing the volume of hazardous waste generated across its operations as part of its broader environmental stewardship and risk mitigation strategy. This commitment is driven not only by regulatory compliance but also by the need to minimize potential harm to employees, surrounding communities, and the environment. Its business units continue to adopt innovations and process improvements that reduce the use of hazardous materials in daily operations and enhance the safe handling, storage, and disposal of unavoidable waste. For example, used oil, solvent-contaminated rags, chemical residues, and expired chemicals are segregated and tracked within site-level EMS to ensure accountability and regulatory alignment. The Group actively works with DENR-accredited transporters and treaters to ensure proper recovery, treatment, and disposal. It also continues to explore cleaner production technologies and material substitutions to prevent hazardous waste generation at the source. Through these efforts, the Group not only ensures compliance with Republic Act No. 6969 but also reinforces its long-term objective of minimizing environmental risks and supporting safer and more efficient operations.

## Effluents

Disclosure	2024	2023	Unit
Total volume of water discharges	13,356	10,750	ML
Percent of water recycled	3.87	5.43	%
Total water consumption	4,589	5,558	ML

In 2024, SMFB reported a total water discharge volume of 13,356 Mega liters (ML), up from 10,750 ML in 2023. This increase may be attributed to higher production activities across businesses, including the addition and full-year operation of new facilities, primarily in the Food division.

At the same time, total water consumption decreased from 5,558 ML in 2023 to 4,589 ML in 2024, reflecting more efficient water use across operations. This reduction was primarily driven by improved water conservation efforts in the Beer and NAB and Food businesses, which successfully implemented process enhancements and efficiency measures to lower overall water use.

The percentage of water recycled declined from 5.43% in 2023 to 3.87% in 2024. Despite this, SMFB continues to strengthen its water stewardship initiatives and is actively exploring ways to expand water recycling, particularly in areas with greater potential for circular practices.

Overall, the data highlights notable improvements in reducing water consumption, along with opportunities to further advance water recycling and reuse across the Group's operations.

## Impacts and Risks

Effluents generated by industrial activities in brewing, distillation, and food processing present significant environmental and regulatory risks if not properly managed. Untreated or poorly treated effluents can lead to the degradation of water quality in nearby bodies of water, resulting in the destruction of aquatic habitats, reduced biodiversity, and potential harm to downstream communities. In particular, organic matter, nutrients, and chemical residues in wastewater can contribute to oxygen depletion and eutrophication, which threaten freshwater and marine ecosystems.

There are substantial regulatory risks associated with non-compliance with the DENR General Effluent Standards under Department Administrative Order No. 2016-08. Non-compliance with

this administrative order may result in financial penalties, mandatory remediation measures, or even temporary suspension of operations, and thus poses a serious threat to business continuity.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

### **Management Approach to Impacts and Risks**

SMFB takes a proactive and systematic approach to managing effluents across its facilities to mitigate environmental risks and ensure full compliance with national regulations. In line with the DENR General Effluent Standards of 2016, each production site, including breweries, distilleries, and food manufacturing facilities, operates dedicated wastewater treatment plants and sewage treatment plants for domestic and industrial wastewater. These systems are designed to ensure that only treated wastewater, compliant with effluent quality standards, is discharged into the environment.

To monitor treatment performance and prevent water pollution, regular sampling and laboratory analysis are conducted. Pollution Control Officers (PCOs) assigned at each facility are continuously trained and updated based on industry best practices to enhance wastewater management effectiveness and regulatory compliance. These PCOs oversee the implementation of wastewater management systems, maintain proper records, and report to the EMB as required.

SMFB also applies site-specific mitigation strategies based on the environmental sensitivity of the location. For instance, in facilities operating near ecologically sensitive areas such as coastal regions or watersheds, stricter controls and enhanced treatment technologies are employed to reduce the risk of ecosystem degradation and regulatory violations. The Group integrates these measures within broader EMS, which guide decision-making and ensure continuous improvement in effluent quality management.

By maintaining operational discipline in wastewater treatment and aligning practices with international environmental standards, SMFB effectively minimizes the risks associated with water contamination, community impact, and potential regulatory sanctions, while supporting its long-term sustainability objectives.

### **Opportunities and Management Approach**

SMFB continues to strengthen its effluent management practices by integrating technological advancements and site-specific treatment systems across its operations. Recognizing that efficient wastewater treatment is essential not only for environmental compliance but also for resource conservation, SMFB operates wastewater treatment plants and sewage treatment plants at all major facilities, including breweries, distilleries, and food processing plants. These facilities are equipped to treat both process-generated and domestic wastewater, ensuring that effluents discharged meet the General Effluent Standards under DENR Administrative Order No. 2016-08.

To enhance its wastewater management systems, SMFB continues to explore opportunities to enhance efficiency of its treatment plants. Investments in upgraded filtration systems, aeration technologies, and sludge management support the Group's goal of reducing pollutant loads and

improving the quality of discharged water. In locations where facilities operate near water-sensitive areas or where regulatory requirements are stricter, more advanced treatment technologies are being considered to further minimize risks to nearby bodies of water and its biodiversity.

PCOs across all SMFB business units are tasked to continuously monitor, report, and ensure that treatment systems operate within the prescribed limits. The conduct of regular training, aligned with the industry’s best practices, enhances the PCOs ability to anticipate potential issues and respond effectively, which contributes to better risk mitigation.

Beyond compliance, SMFB views wastewater as a potential resource. As part of its long-term strategy, the Group regularly assesses opportunities to recycle and reuse treated effluent for non-potable purposes, such as cleaning, landscape irrigation, or cooling tower operations. These initiatives are being piloted in selected SMF and SMB facilities, offering potential benefits in water conservation and reduced freshwater withdrawal. This is particularly relevant in regions prone to water stress.

Overall, SMFB’s approach to effluent management reflects a broader commitment to circularity and environmental protection. By focusing on performance optimization, capacity enhancement, and the potential to recycle and reuse of treated wastewater, SMFB reduces operational risks, reinforces regulatory compliance, and identifies sustainable opportunities to support its growth while protecting water resources and community health.

## Environmental Compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	2024	2023	Unit
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	122,157.96	47,158.96	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	4	3	Count
No. of cases resolved through dispute resolution mechanism	0	0	Count

## Impacts and Risks

Non-compliance with environmental laws and regulations exposes the Group to significant risks that may adversely affect its operations, financial condition, and reputation.

For SMFB, these risks include financial penalties, legal sanctions, or the suspension of operations resulting from violations of standards governing emissions, wastewater discharge, solid waste management, and hazardous material handling. Non-compliance may also lead to delays or the outright cancellation of planned expansions or facility developments if environmental permits or approvals are withheld or revoked. The Group may incur increased operating and capital expenditures in response to regulatory breaches or requirements for remediation.

Environmental damage, such as contamination of water sources, improper waste disposal, or degradation of surrounding ecosystems may trigger heightened regulatory scrutiny or community opposition, especially in areas where the Group's facilities are embedded in local communities.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

## Management Approach to Impacts and Risks

SMFB, along with its key business units, has adopted a structured and proactive approach to managing the risks associated with environmental compliance. Recognizing the potential operational, financial, and reputational impacts of non-compliance, the Company implements comprehensive measures to ensure that its operations align with national environmental laws and relevant administrative issuances, including the Clean Air Act, Clean Water Act, Ecological Solid Waste Management Act, and the EPR Act.

To mitigate risks related to emissions, effluents, and waste generation, SMFB incorporates environmental safeguards into facility design and operations. PCOs are designated at each site to oversee environmental compliance, conduct regular monitoring, and ensure timely submission of required reports to regulatory agencies. Compliance-related risks are further mitigated by maintaining updated environmental permits and regularly conducting audits and site inspections. SMFB's EMS serves as a central framework to track compliance across its diverse operations and standardize responses to evolving regulatory requirements.

At SMB, the recovery and reuse of bottles help mitigate risks related to packaging waste and regulatory obligations under the EPR Act. The breweries also recover by-products such as spent yeast and grains for use in animal feeds, reducing the risk of waste accumulation and non-compliant disposal. GSMI strengthens its compliance posture by enhancing retrieval systems for glass containers and targeting higher reuse rates, addressing both environmental and regulatory expectations on circularity. Meanwhile, SMF actively incorporates waste-to-resource strategies, turning production by-products such as feathers and offal into animal feed and poultry manure into organic fertilizer. This not only reduces waste management risks but also addresses potential community and environmental impact concerns.

Operational risks tied to water use and wastewater discharge are mitigated through the deployment of on-site treatment facilities and ongoing investment in water conservation measures. Moreover, facilities are monitored for adherence to allowable emission and effluent



standards, minimizing the risk of penalties or operational disruptions. Additionally, SMFB addresses systemic compliance risk by embedding environmental responsibility into employee conduct through training and awareness programs, ensuring that compliance is maintained not just at a systems level, but in everyday decision-making.

Through this integrated and preventive approach, the Group actively reduce the likelihood of environmental non-compliance and its associated risks, therefore ensuring uninterrupted operations and long-term sustainability.

### **Opportunities and Management Approach**

SMFB recognizes that robust environmental compliance does more than mitigate risks—it opens strategic opportunities that enhance operational efficiency, unlock resource value, and strengthen stakeholder trust. Working closely with internal audit teams and environmental monitoring units, SMFB's operating divisions view compliance not just as a legal obligation but as a platform for innovation, collaboration, and long-term value creation.

By aligning with key legislation such as the EPR Act, the Clean Water Act, and the Clean Air Act, SMFB is positioned to lead in areas such as circular economy and sustainable manufacturing. SMB and GSMI have taken significant steps to scale glass bottle recovery and reuse, presenting opportunities to reduce material costs and carbon emissions, and enhance compliance with packaging sustainability requirements. These efforts also enable new partnerships with local government units, waste aggregators, and communities through retrieval programs, which strengthen grassroots engagement while reducing environmental impact.

For SMF, compliance requirements around solid waste and wastewater management have encouraged the development of waste-to-resource systems, such as using organic by-products in feed production and converting poultry manure into organic fertilizer. These initiatives turn compliance costs into revenue-generating or cost-saving processes, highlighting how environmental obligations can fuel business innovation. Additionally, the Group's water conservation measures and improved wastewater treatment systems not only ensure adherence to regulatory standards but also create opportunities to optimize resource use and reduce dependence on fresh water sources.

Collaboration is central to SMFB's approach. The Group continues to engage with third parties, including industry associations, regulatory bodies, and sustainability experts, to benchmark its practices against evolving standards and integrate new technologies. These partnerships foster the identification of scalable environmental solutions and allow the Group to anticipate regulatory shifts, adapt faster than competitors, and seize early-mover advantages in emerging areas such as plastic footprint reduction and GHG tracking.

Through its Environment Policy and sustainability governance framework, SMFB embeds environmental compliance into strategic planning and operational execution. The visibility of environmental performance at the Board of Directors' level, through the SMFB Board Risk Oversight and Sustainability Committee, ensures that environmental compliance is treated as a driver of business resilience and opportunity rather than as a constraint. As regulations tighten and stakeholder expectations evolve, SMFB remains well-positioned to transform compliance into a source of efficiency, innovation, and competitive advantage.

The Environment Policy can be access through the Company's website at:

[https://www.smfb.com.ph/files/reports/SMFB\\_Environment\\_Policy.pdf](https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf)

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### *Employee Data*

SMFB employed a total of 10,138 individuals in 2024. The breakdown is as follows:

Disclosure	2024	2023	Units
Total number of employees	10,138	9,780	Count
a. Number of female employees	2,709	2,494	Count
b. Number of male employees	7,429	6,933	Count
Attrition rate	7.8%	9.6%	Rate

The Group's gender composition in 2024 reflects a workforce where approximately 73% of employees are male, a ratio influenced by the operational requirements of certain functions, particularly in manufacturing, which have traditionally been male-dominated due to their physical nature.

While this composition is reflective of industry norms, SMFB continues to value and promote gender diversity across all areas of the organization. Efforts remain underway to create more inclusive pathways for women, especially in roles where they have been historically underrepresented, while supporting an equitable and empowering workplace for all employees.

### Employee Benefits

The Group ensures that all employees receive the full range of benefits mandated by law, promoting a fair and equitable work environment without discrimination.

List of Benefits	Y/N	% of female employees who availed in 2024	% of male employees who availed in 2024
SSS	Y	31%	34%
PhilHealth	Y	22%	20%
Pag-ibig	Y	18%	24%
Parental leaves	Y	5%	4%
Vacation leaves	Y	95%	90%
Sick leaves	Y	82%	70%
Medical benefits (aside from PhilHealth)	Y	97%	94%
Housing assistance (aside from Pag-ibig)	Y	0.23%	0.69%
Retirement fund (aside from SSS)	Y	3%	3%
Further education support	Y	0.15%	.04%

Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible working hours	N	N/A	N/A

#### Diversity and Equal Opportunity

The Group's gender composition for 2024 reflects a workforce predominantly composed of males, particularly within manufacturing and operational functions, as follows:

Disclosure	2024	2023	Unit
% of female workers in the workforce	27	27	%
% of male workers in the workforce	73	73	%

### Impacts and Risks

As an employer, SMFB aims to create a positive impact on every employee and by extension, their families, by offering fair compensation, appropriate benefits, and a healthy work environment that supports both career and personal growth. Employees are hired based on qualifications, skills, and experience, ensuring a fair and merit-based recruitment process. The Group provides equitable and competitive benefits to all employees, regardless of gender or position, fostering well-being, productivity, and job satisfaction, while promoting a diverse and inclusive workforce.

Nonetheless, as with any organization, there remains a risk of employee attrition, whether voluntary or involuntary, which could lead to temporary disruptions in business operations.

Key Stakeholders Affected: Employees, Shareholders and Investors

## Management Approach to Impacts and Risks

### On Employee Hiring, Benefits, Diversity and Equal Opportunity

SMFB addresses the impacts and risks associated with employee hiring, benefits, diversity, and equal opportunity through well-defined policies, programs, and initiatives aimed at fostering an inclusive and merit-based workplace. The Group's Code of Business Conduct and Ethics serves as a cornerstone of its management approach, which emphasizes the importance of developing and motivating employees through comprehensive training programs, competitive compensation and benefits, and career growth pathways.

The Group ensures compliance with all applicable wage laws, including minimum wage, overtime hours, and mandated benefits, and provides a robust range of benefits upon regularization. These include insurance coverage, and medical benefits, among others.

To promote inclusivity and non-discrimination, SMFB adopted the San Miguel Group's Diversity, Equity, and Inclusion Policy in 2023. This policy explicitly advocates for a workplace that respects diversity and embraces differences across all sectors of society. It aims to enhance productivity and engagement by ensuring that employees, regardless of gender or background, have equitable access to opportunities for growth and advancement. Career advancement decisions are based solely on performance, capacity, and capability, with women given equal opportunities to assume leadership roles.

SMFB provides various personal and professional development initiatives to enhance employee skills, health, and well-being. Continuing education programs, specialized training, skill-building workshops, and various wellness initiatives are made available to employees. Wellness programs include fitness classes, health seminars, and mental health awareness programs. The Group also promotes community involvement and social responsibility through charity work and volunteer initiatives, further enhancing employee morale and engagement.

To mitigate attrition risks and enhance workforce retention, SMFB continuously benchmarks its compensation and benefits package against industry peers to maintain competitiveness. The Group's commitment to employee welfare is further demonstrated by its funded, non-contributory, defined benefit retirement plans covering all permanent employees. These plans are calculated using actuarial studies and the projected unit credit method, ensuring adequate coverage based on final pay.

SMFB actively monitors its hiring practices to ensure alignment with its diversity and inclusion goals. The Group remains committed to promoting equitable opportunities across all functions. Regular reviews of recruitment processes and employee satisfaction surveys are conducted to identify areas for improvement and ensure alignment with the Group's policies on meritocracy and inclusivity.

By providing career growth opportunities, fair compensation, and comprehensive benefits, SMFB mitigates the risks associated with employee turnover, operational disruptions, and perceived inequities in the workplace.

The Company's Diversity, Equity and Inclusion Policy can be accessed through the Company's website at:

[https://www.smfb.com.ph/files/reports/SMFB\\_Diversity\\_Policy\\_.pdf](https://www.smfb.com.ph/files/reports/SMFB_Diversity_Policy_.pdf)

## Opportunities and Management Approach

SMFB continuously monitors evolving industry trends, labor market dynamics, and changes in pertinent labor laws and regulations to identify new opportunities that enhance employee satisfaction, retention, and productivity. By staying informed of best practices and emerging standards, the Group can proactively improve its compensation and benefits packages, and overall employee experience to remain competitive in attracting and retaining talent.

The Group sees opportunities in offering more programs that support employee growth, wellness, and inclusivity. Improving training, work-life balance, and engagement efforts can help employees feel more valued and supported. By keeping an eye on what works for other companies, SMFB can find practical ways to make the workplace better and more attractive to both current and potential employees.

### Employee Training and Development

SMFB invests heavily in employee development to ensure skills enhancement and productivity improvements.

Disclosure	2024	2023	Unit
Total training hours provided to employees	452,276	218,815	hours
a. Female employees	127,256	65,832	hours
c. Male employees	325,020	152,983	hours
Average training hours provided to employees	44.61	22.4	hours
a. Female employees	47.0	25.4	hours/employee
b. Male employees	43.8	21.3	hours/employee

Based on the above chart, SMFB significantly increased its total training hours in 2024 compared to 2023, achieving an overall growth of over 100%. Average training hours per employee also

nearly doubled year-on-year, reflecting the Company's successful implementation of enhanced employee development and skill improvement initiatives across the organization.

### **Impacts and Risks**

SMFB recognizes that employee training and development are vital to sustaining organizational excellence, particularly in the competitive and dynamic Fast-Moving Consumer Goods (FMCG) and food and beverage industries in the Philippines. These sectors require agility, innovation, and a keen understanding of evolving consumer preferences, regulatory requirements, and technological advancements. By investing in continuous learning, the Company helps employees strengthen both technical and soft skills, supporting higher productivity, enhanced efficiency, and improved overall performance.

Ongoing training learning also ensures that the workforce remains well-equipped to adapt to changes and capitalize on new opportunities. While gaps in learning and development can present challenges, such as slower adaptation to industry shifts and reduced employee engagement, SMFB remains committed to strengthening its training programs. This proactive approach helps build a resilient, future-ready workforce that supports the Company's long-term growth and innovation goals.

Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

### **Management Approach to Impacts and Risks**

SMFB actively manages the impacts and risks associated with employee training and development by implementing comprehensive and structured learning programs designed to enhance skills, productivity, and organizational competitiveness. Recognizing that a highly skilled and motivated workforce is essential to maintaining leadership in the FMCG and food and beverage industries, SMFB ensures that training initiatives are aligned with both operational requirements and strategic goals. To address skill gaps and mitigate risks of stagnation, SMFB offers targeted in-house and external training programs. These include the Beer and NAB segment, which provides a tiered technical training from basic to advanced brewing courses, ensuring continuous knowledge enhancement and mastery for both entry-level and senior technical employees. In the Spirits segment, sensory skills development and critical process training are provided to enhance technical competencies critical to liquor manufacturing ensuring product quality and operational efficiency. Meanwhile, the Food segment delivers specialized courses on leadership, management, sales, logistics, poultry and livestock processing, and feed milling, among others, ensuring expertise across various business functions. Additionally, sensory skills development and critical process training are provided to enhance technical competencies critical to liquor manufacturing, ensuring product quality and operational efficiency.

Employee development plans are structured to address specific performance and competency gaps, while high-potential employees undergo accelerated learning through advanced programs, strategic role placements, coaching, mentoring, and participation in key projects. Additionally, to promote employee well-being and reduce turnover risks, SMFB integrates holistic development programs covering areas such as personal effectiveness, work-life harmony, financial wellness, creativity, and effective communication.

By investing an average of 44.61 training hours (from 22.4 in 2023) per employee in 2024, SMFB demonstrates a strong commitment to continuous learning. This approach mitigates risks related to skills obsolescence, low productivity, and talent attrition, while enhancing employee engagement, operational resilience, and overall organizational excellence.

**Opportunities and Management Approach**

SMFB remains committed to enhancing employee development and advancement by continually expanding its training, skills development, and self-improvement programs. Recognizing the evolving needs of its workforce, the Group proactively introduces new initiatives designed to enhance competencies and support career growth. These programs are increasingly tailored to leverage technology, utilizing virtual and digital platforms to reach a broader audience, including employees in locations outside of Metro Manila.

Moreover, SMFB actively identifies opportunities to strengthen its training framework by benchmarking against industry peers. This approach allows the Group to adopt best practices in people development strategies and optimize the use of technology for learning and growth. By continuously refining its training and development initiatives, SMFB ensures that employees are equipped with the skills and knowledge needed to drive organizational excellence and maintain its competitive edge.

**Labor-Management Relations**

Disclosure	2024	2023	Units
Percentage of employees covered by Collective Bargaining Agreements (CBAs)	20	19	%
Active CBAs	18	17	Count

**Impacts and Risks**

The Group acknowledges the importance of maintaining harmonious labor-management relations as a foundation for stable operations and sustained productivity. Full compliance with applicable labor laws and regulations, including minimum wage, health benefits, and overtime pay, helps provide fair and secure livelihood for rank-and-file employees. This commitment fosters mutual respect and trust, contributing to a positive and collaborative work environment.

While the renegotiation of Collective bargaining agreements (CBAs) every three to five years is a normal part of union-management dynamics, it can occasionally pose challenges if consensus is not immediately reached. The Group remains focused on open dialogue and constructive engagement to ensure productive outcomes. Similarly, as labor laws continue to evolve, SMFB



is committed to proactive compliance and regularly reviews its practices to ensure alignment with current legal standards.

By maintaining strong labor relations and engaging with employees and union representatives in good faith, the Group aims to minimize operational risks and support a work environment that contributes to long-term business continuity and organizational resilience.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

### **Management Approach to Impacts and Risks**

SMFB actively fosters labor-management relations through clear policies, open communication channels, and ongoing compliance with relevant labor laws and regulations. Understanding that strong labor relations contribute to operational stability, the Group regularly updates its policies to reflect evolving legal standards and industry best practices. This includes timely renegotiation of the economic provisions of CBAs every three years and the conduct of representation elections every five years, as mandated by law.

In 2023, SMFB introduced its Freedom of Association Policy to further support an open and respectful work environment. The policy recognizes employees' right to form, join, or participate in groups or organizations of their choice, without fear of discrimination or unfair treatment. It also encourages open dialogue and personal expression, allowing employees to engage in advocacy-related activities on their own time, as long as these do not conflict with the Company's values or responsibilities.

To promote ongoing engagement and transparency, SMFB provides multiple platforms for communication and feedback. These include regular meetings to address employee concerns and town hall forums such as "Speak Ups" with senior leadership, including the Division President, Chief Operating Officer, or Business Unit Heads. These sessions create open spaces for dialogue, helping to strengthen trust and collaboration across all levels of the organization.

Complementing these efforts are online channels that offer accessible, real-time communication between employees and management. This comprehensive approach to employee engagement supports early resolution of concerns and reinforces SMFB's commitment to a respectful and inclusive work environment. Through these initiatives, the Group continues to build constructive labor relations that support long-term productivity, employee satisfaction, and business continuity.

### **Opportunities and Management Approach**

SMFB has numerous opportunities to strengthen labor relations by enhancing communication, engagement, and collaboration with employees. Actively complying with labor laws and regulations provides the Group with a solid foundation to maintain positive relations with its workforce. Furthermore, engaging with collective bargaining representatives presents opportunities to build trust, address grievances effectively, and promote a harmonious working environment.

The Group can capitalize on opportunities to improve labor relations by expanding platforms for employee feedback and dialogue. Initiatives such as “Speak Ups,” labor-management council meetings, and toolbox meetings serve as valuable channels for employees to express their concerns, propose improvements, and contribute ideas for enhancing workplace efficiencies. Encouraging open communication and collaboration through these forums not only improves employee satisfaction but also drives innovation and operational efficiency.

Additionally, SMFB’s Freedom of Association Policy reflects the Group’s ongoing efforts to support open communication and employee engagement. By encouraging respectful dialogue and providing space for employees to freely associate, the Group helps cultivate a more inclusive, collaborative, and engaged workplace, further contributing to positive labor relations and a strong organizational culture.

Leveraging these opportunities can enhance employee engagement, reduce the risk of labor disputes, and ultimately contribute to achieving higher productivity, operational efficiency, and long-term organizational success. The Freedom of Association Policy can be accessed through the Company’s website at:

[https://www.smfb.com.ph/files/reports/SMFB\\_Freedom\\_of\\_Association\\_Policy\\_.pdf](https://www.smfb.com.ph/files/reports/SMFB_Freedom_of_Association_Policy_.pdf)

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	2024	2023	Units
Safe man hours for all employees	23,107,913	24,557,985	Man-hours
No. of work-related injuries	253	196	Count
No. of work-related fatalities	0	0	Count

*\* Figure revised due to change in definition of the Spirits segment. In its 2022 Sustainability Report, GSMI’s Safe Man-Hours was reported as accumulated hours. Meanwhile, the same data in this year’s report are presented as full-year Safe Man-Hours only.*

## Impacts and Risks

Occupational Health and Safety (OHS) plays a vital role in protecting employees from accidents, injuries, and exposure to hazardous substances in the workplace. SMFB’s continued efforts to provide a safe and healthy working environment contribute to minimizing risks, improving productivity, enhancing employee morale, and ensuring compliance with regulatory standards.

Maintaining high OHS standards is essential to sustaining these positive outcomes. Gaps in safety practices could lead to operational challenges, such as injury or illness, potential

disruptions, and added costs related to medical care or compensation. Ensuring strong safety protocols also supports employee well-being and satisfaction, key factors in reducing turnover and maintaining efficiency.

As a publicly listed company, SMFB is mindful of the reputational implications of safety-related incidents. Adherence to the Occupational Safety and Health Law (Republic Act No. 11058) and other applicable regulations not only prevents penalties and liabilities but also reinforces stakeholder trust and confidence. By proactively monitoring and continuously improving its OHS practices, SMFB demonstrates its commitment to employee welfare, operational excellence, and long-term business sustainability.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Local Communities

### **Management Approach to Impacts and Risks**

SMFB places strong emphasis on OHS, recognizing that a safe and healthy work environment is essential to ensuring employee well-being, sustained productivity, and regulatory compliance. As part of this policy, the Group actively identifies potential hazards and ensures that employees are equipped with proper training, protective gear, and resources to carry out their duties safely.

Employees may be exposed to a range of hazards, including physical conditions such as noise, heat, or wet surfaces; ergonomic challenges from repetitive motions or heavy lifting; and even psychological stressors that can affect focus and performance. Addressing these risks in a timely and proactive manner helps prevent accidents, maintain morale, and support consistent operational performance.

SMFB's commitment to safety is reflected in its Code of Business Conduct and Ethics and its Policy on Health, Safety, and Welfare, which serve as foundations for programs that focus on hazard prevention, training, and workplace readiness. The Group also implements a comprehensive health and wellness program that offers on-site medical consultations, diagnostic services, hospital privileges, annual screenings, vaccination drives, and fitness activities. Employee well-being is further supported through educational seminars, recreational activities, and ongoing engagement initiatives.

Health and Safety Committees (HSCs) regularly conduct risk assessments and audits to ensure continued vigilance, while trained Emergency Response Teams are in place to manage crises effectively. Many of the Group's facilities and offices have been awarded Safety Seal Certifications from regulatory authorities, further underscoring SMFB's adherence to safety standards.

Through these efforts, SMFB continues to strengthen its culture of safety—protecting employees, enhancing performance, and ensuring alignment with national health and safety regulations.

### **Opportunities and Management Approach**

SMFB recognizes numerous opportunities to enhance OHS through proactive risk management, employee engagement, and continuous improvement. The Group remains committed to monitoring evolving workplace risks and implementing robust measures aimed at preventing incidents, minimizing injuries, and promoting overall employee well-being. This approach

involves regularly assessing potential hazards, identifying areas for improvement, and adopting best practices to enhance safety standards across all facilities.

The Group’s management approach includes providing employees with targeted programs focused on safety awareness, physical fitness, mental health, healthy eating, and active breaks. By promoting holistic health and wellness initiatives, SMFB not only aims to reduce workplace injuries but also enhance employee productivity, satisfaction, and morale. The establishment of HSCs, ongoing training, regular risk assessments, and adherence to government-mandated safety standards are integral to this proactive approach.

Furthermore, SMFB continues to leverage technological advancements to improve workplace safety monitoring and reporting. By fostering a culture of safety and well-being, the Group effectively mitigates risks, ensures compliance with occupational health and safety regulations, and strengthens its commitment to provide a safe, healthy, and productive work environment.

The Policy relating to Health, Safety, and Welfare can be accessed through the Company’s website at:

[https://www.smfb.com.ph/files/reports/SMFB\\_Policy\\_Relating\\_to\\_Health\\_Safety\\_and\\_Welfare.pdf](https://www.smfb.com.ph/files/reports/SMFB_Policy_Relating_to_Health_Safety_and_Welfare.pdf)

#### Labor Laws and Human Rights

Disclosure	2024	2023	Units
No. of legal actions or employee grievances involving forced or child labor	0	0	Count

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g., harassment, bullying) in the workplace?

Yes. These are found in SMFB’s Policy on Child and Forced Labor, Anti-Sexual Harassment Policy as well as the Code of Business Conduct and Ethics.

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	<p>Policy on Child and Forced Labor</p> <p>“Moreover, pursuant also to the mandate of the 1987 Constitution that no involuntary servitude in any form shall exist, the San Miguel Group shall not engage, tolerate or support forced or involuntary labor.”</p> <p>Code of Business Conduct and Ethics</p>

		<p>“We shall not use forced or involuntary labor.”</p>
Child labor	Y	<p>Policy on Child and Forced Labor</p> <p>“In compliance with Republic Act No. 7610, otherwise known as the “Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act”, as amended by Republic Act No. 9231, the San Miguel Group shall not engage in child labor except in accordance with law. The San Miguel Group shall ensure that its employees are of legal working age and shall comply with the conditions of the law on child employment, such as internships or apprenticeships.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall not use child labor.”</p>
Human Rights	Y	<p>Anti-Sexual Harassment Policy</p> <p>“Towards this end, all forms of sexual harassment against Personnel (hereinafter, the Personnel target of such sexual harassment referred to as the “Recipient”) in the Workplace as hereinafter defined, are prohibited.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall provide a workplace free of harassment, discrimination, harsh and inhumane treatment.”</p>

**Impacts and Risks**

Compliance with labor laws and respect for human rights are essential to SMFB’s operations and long-term sustainability. Adhering to employment regulations—including those on minimum wage, health benefits, overtime pay, and other conditions—supports a fair and secure workplace while also helping the Company avoid potential penalties and reputational risks. As labor regulations continue to evolve, particularly in areas such as outsourcing and contracting, SMFB remains attentive to changes and proactively reviews its practices to ensure alignment with legal standards.

While the Group maintains contractual relationships with third-party service providers, it is mindful of the potential for disputes, including claims that may raise questions about the nature of the employer-employee relationship. To manage this, SMFB closely monitors contractor arrangements and promotes accountability across its supply chain.

Upholding human rights—especially in avoiding any form of forced or child labor—is a fundamental part of the Group’s values and commitments. Any lapses in this area could attract scrutiny from regulators, advocacy groups, or the public. As a publicly listed company, SMFB recognizes the importance of transparency and responsible labor practices in maintaining stakeholder trust and investor confidence. Through ongoing diligence and clear policies, the Group strives to foster an ethical and compliant work environment across all operations.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Customers

### **Management Approach to Impacts and Risks**

SMFB takes a proactive approach to labor law compliance and the protection of human rights through clearly established policies and guidelines. The Group’s Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity, and Inclusion Policy, and Code of Business Conduct and Ethics outline its commitment to upholding ethical workplace standards. These policies reinforce the Group’s dedication to preventing forced labor, child labor, harassment, and discrimination, while promoting a respectful, safe, and inclusive work environment.

To support this commitment, SMFB enforces policies that prohibit any form of abusive behavior, including harassment, coercion, or intimidation—and provides accessible channels for employees to report concerns confidentially. The Group fosters accountability through regular monitoring and encourages open dialogue to strengthen trust across the organization. Discrimination on the basis of race, age, gender, gender identity, ethnicity, disability, religion, political views, union affiliation, or marital status is explicitly prohibited, ensuring equal opportunity for all employees.

In line with its efforts to promote fairness and well-being, SMFB complies with all labor laws governing minimum wage, overtime pay, and mandated benefits. Regular reviews and audits are conducted to ensure employment practices remain in step with legal requirements and industry best practices. This ongoing commitment not only helps minimize risks but also reinforces a culture of fairness, inclusivity, and shared responsibility within the workplace.

### **Opportunities and Management Approach**

SMFB sees meaningful opportunities to further strengthen its commitment to labor law compliance and the promotion of human rights by continually enhancing its policies, monitoring practices, and employee engagement efforts. Upholding relevant labor standards and fostering ethical practices across its operations and supply chain not only supports regulatory compliance but also helps nurture a culture of inclusivity, fairness, and mutual respect.

The Group adopts a proactive approach by regularly reviewing and refining its policies to align with evolving laws and global best practices. Core policies, such as the Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity, and Inclusion Policy, and the Code of Business Conduct and Ethics, serve as guiding frameworks to support a respectful, safe, and equitable workplace. These are made accessible to employees and stakeholders through SMFB's corporate website, reinforcing its commitment to transparency and responsible business conduct.

To support implementation, SMFB monitors compliance across its operations and supply chain through regular audits, assessments, and open dialogue with employees and partners. The Group also maintains accessible channels for raising concerns or reporting issues, helping ensure that grievances are addressed promptly and constructively.

By fostering an inclusive work environment built on respect and equity, SMFB not only enhances employee well-being and engagement but also strengthens its reputation as a responsible employer. Ongoing collaboration with suppliers and contractors further supports efforts to embed ethical labor practices throughout its network, encouraging a shared commitment to continuous improvement and long-term value creation.

The Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity, and Inclusion Policy, as well as the Code of Business Conduct and Ethics, are accessible through the Company's website at:

[https://www.smfb.com.ph/files/reports/SMFB\\_Policy\\_on\\_Child\\_and\\_Forced\\_Labor\\_.pdf](https://www.smfb.com.ph/files/reports/SMFB_Policy_on_Child_and_Forced_Labor_.pdf)

[https://www.smfb.com.ph/files/reports/SMFB\\_Anti\\_Sexual\\_Harassment\\_Policy.pdf](https://www.smfb.com.ph/files/reports/SMFB_Anti_Sexual_Harassment_Policy.pdf)

[https://www.smfb.com.ph/files/reports/SMFB\\_Diversity\\_Policy\\_.pdf](https://www.smfb.com.ph/files/reports/SMFB_Diversity_Policy_.pdf)

[https://www.smfb.com.ph/files/reports/SMFB\\_Code\\_of\\_Business\\_Conduct\\_and\\_Ethics\\_3.pdf](https://www.smfb.com.ph/files/reports/SMFB_Code_of_Business_Conduct_and_Ethics_3.pdf)

[https://www.sanmiguel.com.ph/storage/files/reports/SMC\\_Code\\_of\\_Conduct\\_and\\_Ethical\\_Business\\_Policy\\_Final.pdf](https://www.sanmiguel.com.ph/storage/files/reports/SMC_Code_of_Conduct_and_Ethical_Business_Policy_Final.pdf)

## Supply Chain Management

SMFB aligns with SMC's commitment to conduct business in an ethical, legal, and socially responsible manner, upholding high standards of integrity across all operations. This commitment is reflected in the SMC's Supplier Code of Conduct (SCC), which outlines clear expectations for suppliers to observe ethical business practices and comply with applicable laws and regulations, including those related to environmental protection, occupational health and safety, labor standards, and data privacy. These standards aim to build lasting, values-driven partnerships throughout the supply chain.

The SMC Group also implements a standardized supplier accreditation process across its businesses. While the procedure is considered proprietary, it ensures that prospective suppliers meet key legal and quality criteria, along with the specific standards of each business unit. Supplier contracts further reinforce these expectations by including provisions related to responsible labor practices, human rights, and anti-corruption.

To further strengthen its commitment to sustainable and responsible sourcing, SMFB has enhanced its SCC by incorporating ESG principles. This update helps deepen the Group's focus on ethical operations and sustainable supply chain practices, particularly in the areas of environmental stewardship, workplace safety, and fair labor.

Supporting local communities is also a key priority. In 2024, 58% of SMFB’s total procurement budget—amounting to P124.24 billion—was directed toward local suppliers. This approach not only boosts local economic activity but also contributes to sustainability by reducing carbon emissions from long-distance transport.

The Group’s procurement policies promote good governance and responsible conduct among suppliers. To build awareness and encourage compliance, SMFB plans to hold Supplier Awareness Trainings on sustainability and develop periodic reports to assess suppliers’ alignment with sustainability standards.

The supply chain efforts of SMFB’s business units include the following initiatives:

- SMB maintains seven strategically located beer production facilities across the Philippines, ensuring product availability and freshness within five to seven days of production.
- GSMI produces spirits from fine alcohol sourced from a centralized distillery in Negros Occidental, the Philippines’ largest molasses-producing region, with bottling facilities spread throughout the country.
- SMF operates a nationwide network of breeding and growing farms, feed mills, poultry processing, and food manufacturing plants. The Food division uses efficient cold chain systems to ensure product freshness and quality.

Through this integrated and responsible supply chain strategy, SMFB continues to strengthen supplier relationships, promote sustainable practices, and contribute to local development while maintaining the efficiency and integrity of its operations.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers shall foster and maintain a management culture and attitude that establishes a results-based system toward the continual improvement of their environmental, health and safety practices and performance. SMG Suppliers shall comply with environmental laws and regulations applicable to their operations worldwide.”</p> <p>Environment Policy</p> <p>SMFB is “aligned with San Miguel Corporation in its commitment to do what is right and to lead in nation-building by creating opportunities so that all can share in the rewards of sustainable development and prosperity.”</p>



		<p>Code of Business Conduct and Ethics</p> <p>“We shall comply with all applicable environmental regulations. All required environmental permits, licenses, authorizations, registrations and clearances must be obtained and their operational and reporting requirements followed.”</p>
Forced labor	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers must not utilize or benefit in any way from forced or compulsory labor, nor utilize factories or subcontractors that utilize forced or compulsory labor.”</p> <p>Policy on Child and Forced Labor</p> <p>“Moreover, pursuant also to the mandate of the 1987 Constitution that no involuntary servitude in any form shall exist, the San Miguel Group shall not engage, tolerate or support forced or involuntary labor.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall not use forced or involuntary labor.”</p>
Child labor	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers shall comply with local minimum working age laws and requirements and not employ child labor. SMG Suppliers must only employ workers who meet the applicable minimum legal age requirement. SMG Suppliers are also expected to comply with all other applicable child labor laws.”</p> <p>Policy on Child and Forced Labor</p> <p>“In compliance with Republic Act No. 7610, otherwise known as the "Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act", as amended by Republic Act No. 9231, the San Miguel Group shall not engage in child labor except in accordance with law. The</p>

		<p>San Miguel Group shall ensure that its employees are of legal working age and shall comply with the conditions of the law on child employment, such as internships or apprenticeships.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall not use child labor. Employment of young workers shall only occur in accordance with the law.”</p>
Human rights	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers shall treat each employee with dignity and respect. SMG Suppliers shall prohibit threats of violence, physical punishment, confinement or any other form of physical, sexual, psychological, or verbal harassment or abuse and all other forms of intimidation or harassment in the workplace.”</p> <p>Anti-Sexual Harassment Policy</p> <p>“Towards this end, all forms of sexual harassment against Personnel (hereinafter, the Personnel target of such sexual harassment referred to as the “Recipient”) in the Workplace as hereinafter defined, are prohibited.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall provide a workplace free of harassment, discrimination, harsh and inhumane treatment.”</p>
Bribery and corruption	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers shall not offer, make, or receive any form of bribe in order to win or retain business, or seek to influence a business or regulatory decision inappropriately. This shall include offering or providing any bribe, kickback, contribution, gift, favor, hospitality, entertainment, secret commission, reward, employment or promise of employment, or anything of value to (i) compromise the objectivity of SMG or an SMG employee or representative or any foreign or domestic government official or employee in</p>

		<p>making decisions; or (ii) obtain an undue advantage or benefit from SMG or any foreign or domestic government official or employee.”</p> <p>Anti-Corruption and Sanctions Compliance Policy</p> <p>“Company Personnel are prohibited from engaging in any form of bribery, kickbacks, extortion, or other corrupt payments or practices in any way related to the San Miguel Group businesses.”</p> <p>Code of Business Conduct and Ethics</p> <p>“Any form of corruption, extortion and embezzlement shall be prohibited. We shall not offer, pay nor accept bribes or participate in other illegal inducements in business or government relationships. We shall work against corruption in all its forms.”</p>
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**Impacts and Risks**

The Group’s manufacturing, production, and logistics operations include partnerships with independent third-party contractors. This approach supports operational flexibility and creates opportunities to share economic value with suppliers. At the same time, it presents certain challenges that SMFB actively manages. In some instances—particularly in areas vulnerable to natural disasters—contractors may encounter delays or logistical difficulties that can affect the timely delivery of goods and services. To mitigate these risks, the Group continuously explores options to strengthen supplier networks and ensure consistent service quality.

As with any organization that relies on external partners, ensuring that suppliers meet the Group’s quality, safety, and compliance standards is essential. This is particularly important within the Food segment, where product safety and freshness are critical. SMFB works closely with its suppliers to uphold high standards and maintain robust safeguards against risks such as spoilage or contamination. The Group also remains vigilant in monitoring supplier compliance with labor, health, safety, and environmental regulations to help avoid disruptions and support long-term operational continuity.

Fluctuations in the cost of raw materials—such as feed, grains, packaging materials, and energy—can also influence overall expenses. SMFB actively monitors these variables and adjusts sourcing strategies as needed to help manage costs and ensure supply stability.

In line with its commitment to responsible business practices, SMFB is attentive to the conduct of its suppliers and their adherence to ethical and regulatory standards. The Group continues to strengthen engagement and oversight mechanisms to minimize reputational risks and uphold stakeholder trust. Additionally, SMFB acknowledges the potential impact of climate-related events—including typhoons, droughts, and flooding—on supply chains, and remains focused on enhancing its resilience through contingency planning and sustainable sourcing strategies.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

### **Management Approach to Impacts and Risks**

The Group employs a comprehensive and proactive approach to manage impacts and risks associated with its supply chain. To minimize disruptions in supply and production, the Group maintains a robust portfolio of accredited suppliers and contractors who undergo rigorous screening and evaluation processes. This accreditation process ensures that suppliers are compliant with all relevant government regulations and meet the Group's stringent standards for quality, safety, and reliability.

SMFB enforces adherence to ethical standards and good governance through its Code of Business Conduct and Ethics, which extends to all business partners, including suppliers. The Supplier Code of Conduct sets clear expectations regarding ethical practices, compliance with laws, and adherence to sustainability principles. Suppliers are evaluated not only for their capacity to deliver quality goods and services on time but also for their commitment to uphold these ethical standards.

Recognizing the value of collaboration, the Group actively supports the development of its business partners by sharing relevant knowledge, skills, and best practices. This capacity-building effort aims to enhance supplier capabilities and ensure alignment with the Group's standards of excellence. Moreover, the Group continually monitors supplier performance to address potential risks early and improve resilience across its supply chain.

This integrated approach allows the Group to mitigate risks effectively while fostering strong and mutually beneficial relationships with its suppliers and contractors.

### **Opportunities and Management Approach**

The Group will continue enhancing its supplier assessment practices and further integrate other sustainability topics in its accreditation and monitoring processes.

The Supplier Code of Conduct is accessible through the Company's website at:

[https://www.smfb.com.ph/files/reports/SMG\\_Supplier\\_Code\\_of\\_Conduct\\_for\\_Corporate\\_Website.pdf](https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf)

## Relationship with Community

### Significant Impact on Local Communities

Below are some of the Group's programs and initiatives that have created shared value for the business, its operations, and the local communities involved.

Operations with significant impacts on local communities	Location	Vulnerable groups, if applicable*	Does the particular operation have an impact on indigenous people (Y/N)?	Community right and concerns of communities	Mitigating or enhancement measures
SMB, SMF, and GSMI facilities	Nationwide	Not applicable	No	Local hiring, creating employment and business opportunities	Health, Education, Employment, and Livelihood projects
SMB's Mangrove Planting	Brgy. Busong, City of Puerto Princesa, Palawan	Not applicable	No known negative impact to indigenous people	Propagate mangroves along the coastlines of Carmen	Sustainability of breeding areas for fish and shellfish; improved fish catch
GSMI coastal clean-up	Guimaras Strait	Not applicable	No	Monitoring of the Guimaras Strait through regular coastal cleanups with local government units and community volunteers	Biodiversity conservation.
SMB Community Clinics	Various locations	Not applicable	No	Provision of health services to host communities, focusing on adult and pediatric patients with various medical issues	Improving access to medical care in underserved areas
GSMI Fishnet Assistance	Barangay Taloc, Bago	Not applicable	No	Provides opportunities for	Improving livelihoods and

Program launched by DBI	City, Negros Occidental			community members to rent or purchase fishnets through a revolving fund	financial security for the community
SMB's Trees Brew Life	Various locations	Not applicable	No	Supporting the government's National Greening Program through tree planting	Environmental improvement through increased greenery
SMB's Relief Operations	Various locations	Not applicable	No	Provides relief to communities affected by calamities like storms, floods, and eruptions	Helping communities recover and return to normalcy
SMF's Sustainable Sourcing Program  Its main features are:  - Guaranteed market for farmers, with purchase agreement. - Guaranteed floor price or SMF-approved buying price at the time of delivery, whichever is higher. - Planting material support for start-ups. - Technical support for farmers for proper crop production management.	28 provinces across Luzon, Visayas, and Mindanao  Luzon - Apayao - Ifugao - Cagayan - Isabela - Nueva Ecija - Pampanga - Quirino - Tarlac - Batangas - Occidental Mindoro - Masbate - Camarines Sur  Visayas - Cebu - Eastern Samar - Leyte - Negros Occidental - Negros Oriental  Mindanao - Zamboanga del Norte - Zamboanga del Sur - Lanao del	Local farmers, indigenous people of Mindoro	No known negative impact to indigenous people	Ensures sustainable supply of agricultural raw materials through market guarantees, pricing support, and technical assistance	Supporting farmers' livelihoods and enhancing production efficiency

	<p>Sur</p> <ul style="list-style-type: none"> <li>- Misamis Oriental</li> <li>- Bukidnon</li> <li>- Davao del Sur</li> <li>- Davao Occidental</li> <li>- North Cotabato</li> <li>- South Cotabato</li> <li>- Maguindanao</li> <li>- Sultan Kudarat</li> </ul>				
<p>SMF Contract Poultry Growing</p>	<p>Various Regions (Nationwide)</p> <ul style="list-style-type: none"> <li>- Region I (Pangasinan, Ilocos)</li> <li>- Region II (Isabela)</li> <li>- Region III (Zambales, Bataan, Tarlac, Nueva Ecija, Pampanga)</li> <li>- Region IV (Batangas, Quezon, Cavite)</li> <li>- Region V (Camarines Sur, Albay)</li> <li>- Region VI (Iloilo, Negros Occidental)</li> <li>- Region VII (Cebu)</li> <li>- Region VIII (Leyte)</li> <li>- Region IX (Zamboanga)</li> <li>- Region X (Cagayan de Oro, Misamis Occidental, Misamis Oriental)</li> <li>- Region XI (Davao)</li> <li>- SOCCSK-SAR GEN (General Santos)</li> </ul>	<p>Local farmers</p>	<p>None</p>	<p>Partnering with local farmers for poultry business</p>	<p>Site qualifications, compliance inspections, and use of larvicide to address fly infestations</p>

	- CARAGA (Butuan)				
<p>SMF's Handog Kalikasan Coral Rescue Program</p> <p>To help protect and preserve the rich marine biodiversity of Anilao in Mabini, Batangas, where SMF's flour milling plants and grain terminal are located, SMF launched a coral rescue program participated in by employees and their friends who are licensed scuba divers. Under the supervision of a marine biologist, ten volunteer divers transplanted 100 corals at a depth of nine meters. The coral rescue pilot site is in the area close to Barangay San Teodoro, in the southern part of Mabini. The site is expected to achieve a survival rate of 60% and further contribute to the growth of the fish population. As SMF monitors how the site progresses, it will be able to measure the program's effectiveness in terms of fish</p>	Mabini, Batangas	Aquatic environment	No	Transplanting corals to enhance marine biodiversity	Improving fish biomass and diversity through coral restoration



biomass and number of fish species in the area. As the coral community develops, the fish community and other reef-associated organisms also flourish.					
GSMI, East Pacific Star Bottlers Phils Inc., DBI	Sta. Barbara, Pangasinan; Cabuyao, Laguna; Cauayan, Isabela; Ligao City, Albay; Mandaue City, Cebu; Bago City, Negros Occidental	Not applicable	No	Local hiring and community engagement	Health, Education, and Livelihood projects

\* Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

For operations that are affecting Indigenous Peoples (IPs), indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

**NOT APPLICABLE**

Certificates	2024	2023	Unit
FPIC process which is still undergoing consultations	Not Applicable	Not Applicable	Count
CP secured	Not Applicable	Not Applicable	Count

## Impacts and Risks

The Group's extensive operations across the Philippines have created meaningful contributions to local economies. These nationwide activities help ensure the availability of quality products for consumers, while also supporting economic development through job creation, support for local businesses, tax contributions, and community-building initiatives. The Group's presence in various regions also helps stimulate infrastructure development and expand livelihood opportunities for residents.

While the Group takes pride in these positive contributions, it also remains mindful of the potential challenges that can arise from large-scale operations. These may include environmental impacts

such as pollution and habitat disruption, as well as broader social and governance considerations. SMFB is committed to proactively addressing these concerns through responsible practices and continuous improvement, to ensure that its operations remain both sustainable and beneficial to the communities it serves.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

### **Management Approach to Impacts and Risks**

SMFB embraces social responsibility as a fundamental guiding principle, encouraging employees and business partners to actively contribute to community welfare and environmental protection. This commitment is reflected in the Group's efforts to support and engage in initiatives that promote sustainable development and enhance the well-being of the communities where it operates. By fostering partnerships with local stakeholders, SMFB aims to create shared value and ensure that its operations positively impact surrounding areas.

In addressing community concerns and grievances, the Group has established a structured approach that prioritizes responsiveness and collaboration. Dedicated personnel are appointed to manage local affairs, serving as the primary points of contact for community members and other stakeholders. These representatives are responsible for facilitating open dialogue, coordinating discussions, and working collaboratively with affected individuals, community leaders, and relevant government authorities to resolve issues promptly and effectively.

Through proactive engagement, SMFB ensures that concerns are addressed transparently and fairly, reinforcing its commitment to ethical business practices and maintaining positive relationships with host communities.

### **Opportunities and Management Approach**

The Group identifies numerous opportunities to create and enhance shared value with local communities. These opportunities include expanding community-based livelihood programs that empower residents through skills development, entrepreneurship, and employment generation. Strengthening partnerships with local suppliers presents another avenue to boost regional economies and ensure a more resilient supply chain.

Additionally, investing in education, healthcare, and infrastructure development can further enhance the well-being and quality of life of community members. Environmental conservation initiatives, such as reforestation, coastal clean-ups, and sustainable agricultural practices, offer opportunities to contribute positively to ecological preservation while promoting community involvement and stewardship.

The Group also sees potential in leveraging digital platforms and technology to enhance outreach, communication, and engagement with communities. By aligning these initiatives with broader sustainability goals, the Group can unlock new growth opportunities, reinforce its corporate social responsibility commitments, and build long-term and mutually beneficial relationships with its host communities.

## **CUSTOMER MANAGEMENT**

### Customer Satisfaction

Customer satisfaction is a material topic for the Group. It regularly conducts focus group discussions to stay updated on changing consumer preferences and subscribes to market reports from partner agencies such as Kantar and Nielsen to monitor category performance. The Company also engages in social media listening to understand consumer sentiments about its products and respond promptly to negative feedback. Additionally, the Company tracks customer and consumer complaints on a single platform to ensure that each complaint is accurately evaluated, resolved, and addressed with appropriate corrective actions when necessary.

### **Impacts and Risks**

The Group recognizes the important role its products play in the everyday lives of consumers—providing both nourishment and enjoyment across diverse age groups and lifestyles. To continue meeting evolving consumer needs, the Group remains attentive to shifts in preferences, economic conditions, and lifestyle trends that may influence demand or the reception of new product offerings.

While economic slowdowns or rising costs may prompt consumers to seek more affordable options, SMFB actively explores strategies to offer value while maintaining product quality. The Group is also aware of the impact that consumer feedback, whether through formal complaints or social media commentary, can have on brand perception. As such, it prioritizes consistent product quality and responsive customer service to help safeguard brand reputation and strengthen consumer trust.

By remaining agile and responsive to market developments, SMFB aims to sustain strong customer relationships, protect its brand equity, and support long-term business performance.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

### **Management Approach to Impacts and Risks**

As SMFB strives to be the customers' top-of-mind choice, it upholds customer focus as a core guiding principle: "Our customer is our reason for existence." The Group emphasizes the importance of understanding and anticipating customer needs, and consistently delivering products and services that meet or exceed their expectations. This customer-centric approach is embedded in its operational strategies, product innovation, marketing, and distribution efforts.

Leveraging its extensive history in the industry and leading market share across multiple product categories, SMFB remains attuned to evolving market trends. By continuously monitoring these trends, the Group identifies opportunities for product development, marketing enhancements, and distribution improvements. The insights gained from these efforts serve as critical inputs for designing relevant and responsive programs that enhance customer satisfaction and loyalty.

To strengthen its customer engagement, the Group employs various communication channels, including focus group discussions, workshops, and market studies. These initiatives allow SMFB

to gather direct feedback, identify emerging preferences, and respond swiftly to changing consumer needs. This proactive and structured approach ensures that the Group remains agile and well-positioned to address potential risks while enhancing the overall customer experience.

## Opportunities and Management Approach

The Group sees significant opportunities in diversifying and enhancing its product portfolio to cater to a wider range of tastes, lifestyles, and occasions. By continuously innovating and introducing new products across various categories, the Group can capture emerging consumer trends, penetrate underserved markets, and strengthen brand loyalty. Expanding into health-conscious, premium, and convenience-oriented segments presents additional growth avenues, while broadening its offerings for different demographics, including younger consumers, families, and niche markets, and ensures sustained relevance and competitiveness.

### Health and Safety

The Group considers health and safety as a critical and material topic. Although consolidated data is not yet available, the Group is actively developing and implementing systems to ensure comprehensive reporting in future cycles. The following section outlines the management approach to addressing potential impacts and risks related to health and safety.

## Impacts and Risks

The Group recognizes that health and safety compliance is a vital component of its operations, particularly in light of the requirements set by the Food Safety Act of 2013. This legislation aims to protect public health by ensuring that food products meet standards for safety, cleanliness, and proper labeling, while also preventing misleading practices. SMFB remains committed to upholding these standards through strict quality control measures and continuous process improvements. By doing so, the Group not only supports consumer well-being but also reinforces trust in its brands. Ongoing compliance efforts help minimize the risk of regulatory issues and contribute to the long-term integrity of the Company's operations.

Furthermore, the Group continues to navigate an increasingly evolving regulatory landscape related to health, food and beverage safety, and environmental standards. This includes securing and maintaining various approvals, licenses, and permits from agencies such as the FDA, DTI, and DENR. While compliance requirements have become more detailed and complex, SMFB remains committed to meeting all necessary obligations. Staying proactive in these areas helps ensure smooth operations and minimizes the risk of potential disruptions.

Moreover, the Group's adherence to mandatory standards, such as Hazard Analysis at Critical Control Points (HACCP) and Good Manufacturing Practices (GMP), supports the identification, evaluation, and control of biological, chemical, and physical hazards throughout the production process. These measures are key to ensuring product quality and consumer safety. While occasional challenges in implementation may arise, SMFB remains focused on continuously strengthening its systems and processes to uphold the highest standards of food safety and maintain consumer trust.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Local Communities

## Management Approach to Impacts and Risks

SMFB is committed to maintaining high standards of quality and food safety, aligned with applicable regulations and best practices in the markets where its products are registered and distributed. This commitment is supported by globally recognized frameworks such as Good Manufacturing Practices (GMP), Good Laboratory Practices, Food Safety Systems Certification 5.1, ISO 22000 (Food Safety Management Systems), ISO 9001:2015 (Good Feed Milling Practices), and ISO/IEC 17025:2005 (Laboratory Accreditation Program). These standards help guide a comprehensive and consistent approach to quality and safety across the Group's operations.

The Group's facilities undergo regular audits, and all products are subject to thorough quality and safety checks prior to distribution. Employees receive extensive training in quality assurance, food safety, and product handling to ensure that best practices are applied at every stage. Safeguards are in place throughout the supply chain, from raw material sourcing to delivery, to maintain reliability and consistency. For example, SMF applies strict criteria for raw material acceptance, maintains FSSC-certified or certifiable facilities, and upholds good warehousing practices across its depots and warehouses. In addition, supply chain partners regularly participate in food safety and handling training, and CCTV systems are in place to support monitoring and security in production and storage areas.

To strengthen consumer trust and ensure responsiveness, the Group utilizes multiple communication channels, such as social media, phone calls, email, and customer care platforms, to receive and address feedback. All concerns are systematically tracked and resolved, supporting continuous improvement. Measures like the standardization of batch codes across SMF's business segments further enhance product traceability and allow for timely responses, including product recalls when needed.

Compliance with national regulations, such as Presidential Decree No. 856 or the Code on Sanitation of the Philippines, is an integral part of the Group's operational approach. The Group ensures that food establishments meet the required sanitary and structural guidelines, including securing annual sanitary permits as required by the Department of Health. It also upholds Good Warehousing Practices and implements Sanitary Warehousing and Distribution Preventive Control Plans, reinforcing its ongoing commitment to consumer safety and product quality.

## Opportunities and Management Approach

The Group continually seeks opportunities to enhance the safety, quality, and nutritional value of its food and beverage products. Guided by a zero-tolerance policy on food safety violations, it has built a workplace culture that instills responsibility for safety and quality at every level of the organization. This unwavering commitment to excellence drives the Group to explore, implement, and refine best practices that exceed industry standards.

Recognizing the growing consumer demand for healthier options and the increasing regulatory scrutiny aimed at reducing unhealthy food consumption, SMF is proactively working to improve the nutritional profile of its products. This effort is particularly relevant considering the rising incidence of non-communicable diseases in the country. To address these concerns, SMF has established nutrition thresholds to guide product development, with targeted reductions in sodium, trans fat, added sugar, and saturated fat over the next five years.

As part of this initiative, SMF has implemented a program to limit sodium content in its processed foods to 667 mg per serving, aligning with the World Health Organization’s recommended daily threshold of 2000 mg. Additionally, the Food division has initiated nutrition forums to raise employee awareness of proper nutrition and promote healthier lifestyle choices.

By continuously improving its nutritional standards and ensuring compliance with evolving regulations, the Group not only strengthens its commitment to consumer health and safety but also seizes growth opportunities in the expanding market for healthier food and beverage products.

The Nutrition Policy is accessible through the Company’s website at:

[https://www.smfb.com.ph/files/reports/San\\_Miguel\\_Foods\\_Nutrition\\_Policy.pdf.pdf](https://www.smfb.com.ph/files/reports/San_Miguel_Foods_Nutrition_Policy.pdf.pdf)

### Marketing and Labelling

The Group considers marketing and labeling as a material topic essential to maintaining consumer trust and regulatory compliance. While consolidated data is not yet available, the Group is actively developing systems to ensure comprehensive data gathering and reporting in future cycles. The management approach to addressing potential impacts and risks related to marketing and labeling is detailed in the following section.

## **Impacts and Risks**

The Group recognizes the importance of responsible marketing and accurate product labeling as part of its commitment to transparency and consumer trust. Compliance with regulatory standards, such as those outlined in the Consumer Act, is essential in ensuring that product information is clearly and correctly presented. These regulations cover aspects such as proper labeling of trade names, manufacturer details, ingredient disclosures, nutritional value, product classification, and expiration dates for applicable items.

SMFB takes care to align its labeling and marketing practices with these requirements to support informed consumer choices and uphold brand integrity. While there may be occasional challenges in navigating evolving regulations, the Group remains proactive in reviewing its materials and processes to help ensure continued compliance. Maintaining clear and honest communication through marketing campaigns also helps strengthen consumer confidence and long-term loyalty.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Customers and Consumers, Employees, and Local Communities

## **Management Approach to Impacts and Risks**

The Group adheres to stringent marketing and labeling standards to ensure compliance with applicable regulations and maintain consumer trust. Advertising content is governed by the Ad Standards Council Guidebook for Responsible Advertising and Manual of Procedures, established by the Ad Standards Council—a non-stock, non-profit organization formed by the Kapisanan ng mga Brodkaster ng Pilipinas, the Philippine Association of National Advertisers,

and the Association of Accredited Advertising Agencies. This guidebook outlines the screening procedures for broadcast, out-of-home, and print advertising and provides mechanisms for resolving disputes related to advertising content.

For its alcoholic beverage brands, the Group actively promotes responsible drinking through its marketing and advertising efforts. Every commercial, advertisement, and promotional material prominently features the statement “Drink Responsibly” to reinforce this commitment.

Additionally, the Group ensures that product labels for all its products comply with applicable regulations set by government agencies, such as the Philippine FDA and the DTI. Labeling practices are designed to provide accurate and clear information to consumers, in line with national standards on health, safety, and consumer protection. The Group’s adherence to these guidelines mitigates risks associated with non-compliance, misrepresentation, and potential liabilities.

### **Opportunities and Management Approach**

The Group actively seeks opportunities to enhance its marketing, advertising, and labeling practices to better inform and engage consumers. By continuously improving the clarity, accuracy, and accessibility of product information, the Group aims to strengthen consumer trust and loyalty. Collaboration with industry peers, regulators, and other stakeholders remains a priority, as the Group strives to align its practices with evolving standards and consumer expectations.

For SMF, opportunities lie in effectively communicating nutritional improvements and promoting the health benefits of its products. Aligning with government initiatives such as the Philippine Plan of Action for Nutrition, the First 1,000 Days Law, and the Department of Science and Technology’s Food Nutrition Research Institute Nutritional Profile presents a strategic avenue to support national health objectives while enhancing consumer perception of its brands.

In the alcoholic beverages segment, the Group continues to explore innovative ways to promote responsible drinking, particularly through its marketing and advertising strategies. Strengthening messaging around moderation and responsible consumption offers opportunities to enhance brand reputation while meeting regulatory expectations and social responsibility commitments.

The Group’s proactive approach to refining its marketing, labeling, and advertising frameworks demonstrates its commitment to transparency, consumer protection, and long-term growth.

For the Group’s alcoholic beverages, it will likewise explore ways to further promote responsible drinking, especially in the marketing of its products.

## Customer Privacy

<b>Disclosure</b>	<b>2024</b>	<b>2023</b>	<b>Unit</b>
No. of substantiated complaints on customer privacy	0	0	Count
No. of complaints addressed	0	0	Count
No. of customers, users and account holders whose information is used for secondary purposes	0	0	Count

### **Impacts and Risks**

The Group handles a considerable amount of personal data from stakeholders such as customers, suppliers, and employees. This information is collected through various channels, including market research, marketing initiatives, and consumer feedback platforms, to help enhance products, services, and overall stakeholder engagement.

Recognizing the importance of data privacy, the Group remains committed to protecting personal information and aligning with the requirements of the Data Privacy Act of 2012 and its Implementing Rules and Regulations. While challenges such as unauthorized access or data loss can arise in today's digital environment, SMFB takes a proactive approach by implementing robust safeguards and regularly reviewing its data protection practices. These efforts help ensure the security of personal information, support compliance, and maintain stakeholder trust.

**Key Stakeholders Affected:** Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Customers and Consumers, Employees, and Local Communities



## Management Approach to Impacts and Risks

SMFB is dedicated to safeguarding customer privacy and ensuring that all personal information is used strictly for the purpose for which it was collected. This commitment is outlined in SMFB's Privacy Statement, which is accessible on its website: <https://www.smfb.com.ph/page/website-privacy-statement>. Visitors must agree to the Privacy Statement before accessing the website, ensuring transparency and consent.

In addition, SMFB's Personal Data Privacy Policy adheres to principles of transparency, legitimate use, and proportionality in the processing of personal data. This policy is designed to comply with all applicable laws and regulations, including the Data Privacy Act of 2012. To reinforce its commitment to data privacy, SMFB as well as its Beer and NAB, Food, and Spirits divisions have each appointed their own Data Protection Officer (DPO) responsible for overseeing compliance with data protection standards and addressing any privacy-related concerns. The full policy can be accessed on its website: [https://www.smfb.com.ph/files/reports/SMFB\\_DataPrivacyPolicy1.pdf](https://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf).

Furthermore, SMFB employs stringent data protection measures, including secure data storage, controlled access, regular audits, and continuous training to ensure compliance and maintain the integrity of customer information.

During the reporting period, SMFB did not receive any complaints regarding breaches of customer privacy, and there was no incidences of non-compliance with privacy-related regulations.

## Opportunities and Management Approach

SMFB recognizes that safeguarding customer data privacy is both a responsibility and an opportunity to strengthen consumer trust and enhance its reputation. The Company is committed to complying with relevant privacy laws and continuously improving its data protection practices to meet evolving legal requirements and industry standards. To achieve this, SMFB actively monitors changes in privacy regulations and best practices, both locally and globally. This proactive approach enables the Company to enhance its policies and processes, ensuring they remain compliant, comprehensive, and resilient.

SMFB regularly reviews and updates its data privacy policies to ensure alignment with current laws, technological advancements, and emerging privacy standards. It implements advanced security protocols, encryption technologies, and secure access controls to protect customer data from unauthorized access or breaches. Additionally, the Company conducts regular training sessions to ensure all employees understand their roles and responsibilities in maintaining data privacy and complying with established guidelines.

To promote transparency and build consumer confidence, SMFB strengthens communication channels with customers, ensuring they are informed about data collection, usage, and protection practices. The appointment of a DPO further ensures accountability and consistent adherence to privacy standards through dedicated oversight and management. By continuously enhancing its data privacy framework, SMFB aims to build greater consumer trust, promote transparency, and establish itself as a leader in responsible data management.

## Data Security

<b>Disclosure</b>	<b>2024</b>	<b>2023</b>	<b>Unit</b>
No. of data breaches, including leaks, thefts, and losses of data	0	0	Count

### **Impacts and Risks**

The Group manages a significant volume of information assets, including sensitive personal data from customers, suppliers, and employees. These are securely stored and maintained through electronic systems, business applications, and digital platforms. As SMFB advances its digital transformation, the use of cloud computing, network systems, and other technologies continues to expand, offering greater efficiency and connectivity across the organization.

With increased digital integration, the Group remains mindful of potential risks associated with data security. These may include cybersecurity challenges such as phishing, ransomware, or unauthorized access, as well as potential vulnerabilities stemming from system issues or human error. To address these concerns, SMFB takes a proactive approach—continuously strengthening its systems, implementing data protection protocols, and promoting awareness among employees.

Compliance with data privacy regulations, including the Data Privacy Act of 2012, is a key component of the Group's governance framework. SMFB is committed to upholding the confidentiality, integrity, and availability of its data assets while fostering trust among stakeholders. As digital technologies continue to evolve, the Group remains focused on enhancing its data protection measures to support operational continuity, safeguard sensitive information, and maintain its reputation as a responsible and forward-thinking organization.

**Key Stakeholders Affected:** Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Local Communities

### **Management Approach to Impacts and Risks**

SMFB is deeply committed to safeguarding customer privacy through a structured, proactive, and comprehensive data protection framework. The Group's approach to privacy management is anchored on transparency, legitimate use, and proportionality, ensuring that personal information is collected, processed, and utilized strictly for its intended purpose. These principles are clearly

articulated in SMFB's Privacy Statement, which is accessible on its official website and requires users to acknowledge and agree to the terms before accessing the site.

The Personal Data Privacy Policy serves as the cornerstone of SMFB's privacy management efforts. It establishes stringent guidelines designed to comply with the Data Privacy Act of 2012, its Implementing Rules and Regulations, and all relevant issuances from the National Privacy Commission. The policy is continuously reviewed and updated to remain aligned with evolving legal requirements and industry best practices. To reinforce accountability and compliance, SMFB, SMB, SMF, and GSMI have appointed separate DPOs who are responsible for overseeing the implementation of privacy policies, monitoring compliance, and addressing privacy-related concerns throughout their respective businesses.

Furthermore, the Group ensures that its employees are adequately trained and made aware of their responsibilities concerning data privacy. This is achieved through regular workshops, policy dissemination, and integration of privacy principles into operational processes. The Company also employs strict access controls, advanced encryption methods, and continuous monitoring systems to prevent unauthorized access, breaches, or misuse of personal information.

SMFB's commitment to data privacy is reinforced by its track record of compliance. During the reporting period, there were no reported complaints or incidents of non-compliance related to breaches of customer privacy. This exemplary performance underscores SMFB's proactive approach to privacy management and its ongoing commitment to protecting the personal information of all its stakeholders. The full Personal Data Privacy Policy can be accessed on the Company's website at:

[https://www.smfb.com.ph/files/reports/SMFB\\_DataPrivacyPolicy1.pdf](https://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf)

## **Opportunities and Management Approach**

SMFB actively pursues opportunities to enhance its data privacy and information security practices, recognizing that the rapidly evolving landscape of data privacy risks demands constant vigilance and innovation. The Company is committed to adopting advanced technological solutions that strengthen data protection and ensure compliance with industry standards and regulatory requirements.

To bolster its data security framework, SMFB is exploring and integrating cutting-edge tools, including cloud storage systems, off-site facilities, and advanced encryption technologies. These initiatives aim to enhance the protection, accessibility, and integrity of customer information, while ensuring business continuity and resilience. Additionally, SMFB is implementing new software solutions designed to streamline data management processes and improve the overall efficiency of its information security systems.

Aligned with the broader SMC Group's commitment to safeguarding sensitive information, SMFB is investing in a state-of-the-art Security Operations Center (SOC). This facility aims to enhance the Group's capabilities in detecting, mitigating, and containing cybersecurity incidents, including sophisticated threats such as phishing, ransomware, and hacking. By leveraging proactive monitoring systems and real-time analytics, SMFB seeks to improve its resilience against potential data breaches and other privacy-related risks.

Furthermore, SMFB conducts regular evaluations of its internal controls, security protocols, and privacy management systems to ensure these remain robust and responsive to emerging threats.

Continuous training programs are also implemented to raise employee awareness and adherence to best practices in data protection.

This proactive approach underscores SMFB's commitment to continuously improving its privacy management systems, maintaining consumer trust, and safeguarding the personal information of its stakeholders. By embracing technological advancements and strengthening its information security infrastructure, SMFB aims to establish itself as a leader in responsible data management and protection.

Links:

Enterprise Risk Management

<http://www.smfb.com.ph/page/enterprise-risk-management>

Code of Business Conduct and Ethics

[https://www.smfb.com.ph/files/reports/SMFB\\_Code\\_of\\_Business\\_Conduct\\_and\\_Ethics\\_3.pdf](https://www.smfb.com.ph/files/reports/SMFB_Code_of_Business_Conduct_and_Ethics_3.pdf)

[https://www.sanmiguel.com.ph/storage/files/reports/SMC\\_Code\\_of\\_Conduct\\_and\\_Ethical\\_Business\\_Policy\\_Final.pdf](https://www.sanmiguel.com.ph/storage/files/reports/SMC_Code_of_Conduct_and_Ethical_Business_Policy_Final.pdf)

Charter of the Board of Directors:

[https://www.smfb.com.ph/files/reports/SMFB\\_Charter\\_of\\_the\\_Board\\_of\\_Directors.pdf](https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf)

Manual on Corporate Governance: <https://www.smfb.com.ph/disclosures//manual-on-corporate-governance>

Company Policies: <https://www.smfb.com.ph/articles/company-policies>

# OUR SUSTAINABILITY FRAMEWORK

## Sustainability Framework

San Miguel Food and Beverage, Inc., along with its divisions under San Miguel Brewery Inc., San Miguel Foods, and Ginebra San Miguel Inc., is committed to being a constant presence in the daily lives and significant milestones of Filipinos. As one of the country's largest and most enduring food and beverage companies, with over 130 years of history, our responsibility goes beyond achieving financial success.

As our operating environment continues to evolve, the Group has recognized the need to refresh its identity and purpose. About two years ago, SMFB's operating divisions introduced updated versions of their Vision and Core Purpose to better align with today's realities. This renewed focus emphasizes key priorities such as flexibility, diversity, and sustainability, ensuring the Group remains responsive to the issues that matter most to its stakeholders and society.

As a key subsidiary of San Miguel Corporation, SMFB has aligned its sustainability priorities with those of its parent company. The Group is committed to pursuing initiatives that create meaningful, lasting impacts—benefiting not only the present but also future generations.



**SMB Vision & Purpose**

As the leading brewer in Southeast Asia, we grow the beer industry with our world-class quality products and most-loved brands as the top-of-mind drink for everyone.

Anchored on our tradition of San Miguel Brewery business excellence, we create moments that enrich, enjoy, and celebrate life making every day a San Miguel Beer occasion.

With our passionate and empowered workforce, we provide exceptional customer experiences and forge long-term business partnerships. We do business with honor.

We commit to a world of shared prosperity by nurturing the environment and building progressive communities for future generations.  
We are SMB. We Brew Life. We Brew the Future.  
Drink to Life!



**OUR VISION**

**A healthy nation through better nutrition**

To be the leading food company nourishing generations of Filipinos, enabling all to lead healthy and productive lives

**OUR CORE PURPOSE**

**Nourishing people, nurturing life**

To provide Filipinos everywhere with nutritious, great tasting, safe, affordable and accessible food from sustainable production systems that care for the well-being of people and the environment



## Ginebra San Miguel Inc.

### Vision

Igniting the Filipino spirit to aspire for better.

### Purpose

Our brands shall embody the best in the Filipino, inspiring all to pursue life's every aspiration.

### Sustainability Statement

Spirit of sustainability and 'malasakit' in every product we create.

# A BLUEPRINT FOR SAN MIGUEL CORPORATION




The SMC Group’s Sustainability Blueprint serves as both a guide and a roadmap toward achieving our goals. It is designed to inspire, transform, and strengthen a culture grounded in more sustainable practices. Through this blueprint, the SMC Group aim to provide innovative and lasting solutions to the critical challenges faced by our communities, our country, and the environment.

By aligning its strategies with its commitment to Kalikasan (Good for Planet), Kalinga (Good for People), and Kasaganaan (Good for Progress), the SMC Group is determined to drive positive change that ensures prosperity, inclusivity, and sustainability for present and future generations.



## SUSTAINABILITY HIGHLIGHTS

The following are some of the key initiatives implemented by SMFB and its subsidiaries that actively support and advance the United Nations Sustainable Development Goals (UN SDGs):

COMPANY	KEY PRODUCTS & SERVICES, SOCIETAL IMPACT, AND ALIGNMENT WITH THE UN SDGs	POTENTIAL NEGATIVE IMPACTS	MITIGATION STRATEGIES & MANAGEMENT APPROACHES
<b>San Miguel Food and Beverage (SMFB)</b>	Produces and distributes a diverse range of food and beverage products including beer, spirits, poultry, animal feeds, pet care products, veterinary medicines, flour, fresh and processed meats, dairy	Environmental impact from manufacturing processes including carbon emissions, waste generation, water usage, and packaging waste.	Implementing cleaner energy sources, improving resource efficiency, enhancing recycling efforts, adopting renewable materials, and

	<p>products, spreads, and coffee.</p> <p>Supports economic growth through its extensive distribution network and exports to 70 markets worldwide.</p> <p>Aligns with SDGs: 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production).</p> 		<p>promoting circular economy approaches.</p>
<p><b>San Miguel Brewery (SMB)</b></p>	<p>Produces and markets beer brands such as San Miguel Pale Pilsen, San Mig Light, and Red Horse. Operates 7 production facilities nationwide.</p> <p>Aligns with SDGs: 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production).</p>	<p>Environmental impact from manufacturing processes, including emissions, waste, and water use. Non-compliance with evolving environmental regulations poses legal and reputational risks.</p>	<p>Improved energy efficiency, transitioning to cleaner energy, enhancing water use efficiency, bottle recovery and reuse programs, and promoting responsible marketing practices.</p>




			
<p><b>San Miguel Foods (SMF)</b></p>	<p>Produces food products including fresh chicken, meats, processed meats, flour, premixes, margarine, cheese, and plant-based meats. Contributes to food security through accessible and affordable nutrition.</p> <p>Aligns with SDGs: 2 (Zero Hunger), 3 (Good Health and Well-being), 12 (Responsible Consumption and Production).</p> 	<p>High sodium content in processed foods may lead to health issues like high blood pressure, heart disease, and stroke. Waste generation from packaging and agricultural processes.</p>	<p>Reformulating products to reduce sodium, introducing fortified products, promoting balanced diets, enhancing recycling programs, utilizing renewable materials, and employing resource-efficient technologies</p>
<p><b>Ginebra San Miguel (GSMI)</b></p>	<p>Produces popular spirits, including Ginebra San Miguel, GSM Blue Mojito, and Primera Light Brandy. Supports economic growth through dealer networks.</p> <p>Aligns with SDGs: 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), 12 (Responsible Consumption and Production).</p>	<p>Potential health risks associated with alcohol consumption including addiction and alcohol-related diseases. Environmental risks from glass bottle production and disposal.</p>	<p>Promoting responsible drinking campaigns, improving bottle retrieval and reuse programs, adhering to government regulations, and supporting health awareness initiatives.</p>




	  		
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### Company-Wide Sustainability Initiatives and Practices

SMFB, along with its divisions under SMB, SMF, and GSMI, is committed to implementing sustainability practices that span across all business units. These initiatives are designed to enhance customer welfare, ensure product safety and quality, promote responsible sourcing, and improve environmental performance throughout their operations.

The following practices reflect SMFB’s integrated approach to sustainability, aligned with globally recognized standards and targeted toward achieving various UN SDGs:

Practice	Description	Mitigation Strategies & Management Approaches	Aligned SDGs
<b>Customer Welfare &amp; Responsibility</b>	Ensuring product and service safety through rigorous safety standards, including compliance with the Department of Agriculture (DA), National Meat Inspection Service (NMIS), Bureau of Animal Industry (BAI), Food and Drug Administration (FDA), and Good Manufacturing Practices (GMP) regulations.	Implementation of ISO standards, Food Safety System Certification (FSSC), and rigorous internal audits. Supplier evaluation and risk assessments are strictly enforced.	3 (Good Health and Well-being) 12 (Responsible Consumption and Production). 
<b>Food Safety &amp; Quality</b>	Ensures that all products, including food, non-alcoholic beverages, spirits, and beer, meet rigorous safety and quality standards throughout the entire supply chain.	Implementation of robust quality management systems, including ISO standards, FSSC, GMP, and Hazard Analysis and Critical Control Points (HACCP).	2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).

	Compliance with local and international standards is maintained to ensure product integrity, safety, and excellence.	Regular audits, employee training, and continuous improvement programs are applied across all production lines.	
<b>Antibiotic Use for Poultry (SMF)</b>	Restricts antibiotic use to essential treatment purposes only. Strictly prohibits antibiotics classified by WHO as "Highest Priority Critically Important" for human medicine.	Observance of the Department of Agriculture - Bureau of Animal Industry (DA-BAI) guidelines, adherence to mandated withdrawal periods, ensures supervision by licensed veterinarians, and promotes responsible antibiotic use.	<p>2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p> 
<b>Nutrition (SMF)</b>	Enhances nutritional quality of products by prioritizing consumer health and well-being. Aims to reduce sodium, sugar, total fat, and trans fats, while increasing beneficial ingredients and fortification.	Implementation of phased reduction strategies for sodium and sugar, promotes healthier product portfolios, and strengthens partnerships with regulatory bodies and experts.	<p>2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p> 
<b>Product Labeling &amp; Transparency</b>	Ensures that all products, including food, non-alcoholic beverages, spirits, and beer, are clearly labeled with accurate	Compliance with FDA regulations and other applicable standards, adherence to labeling requirements under	<p>3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p>

	<p>and comprehensive information. Labels provide essential details such as nutritional content, ingredients, allergens, alcohol content, serving size, and product origin, as the case may be, to enable informed consumer choices.</p>	<p>FDA Administrative Order No. 2014-0030, and continuous improvement in transparency and accuracy. Regular audits, updates to packaging information, and adherence to international best practices in product labeling.</p>	
<p><b>Sustainable Packaging &amp; Disposal</b></p>	<p>Complies with the Extended Producer Responsibility (EPR) Law, utilizes eco-labels, and aligns with the International Resin Identification System.</p>	<p>Enhances recycling programs, promotes the use of eco-friendly packaging materials, and ensures proper disposal through clear labeling and responsible marketing.</p>	<p>12 (Responsible Consumption and Production). 14 (Life Below Water) 15 (Life on Land)</p> 