



**DIVISION HUMAN RESOURCES
POLICIES, PROCEDURES, AND GUIDELINES**

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Section:
**CODE OF BUSINESS CONDUCT &
ETHICS**

Issue No.
1

Revision No.
2

**SAN MIGUEL FOOD &
BEVERAGE, INC
FOOD SUBSIDIARIES**

Sub-section:
CONFLICT OF INTEREST

Effectivity Date:
September 1, 2023

I. RATIONALE

The Code of Conduct and Ethical Business Policy of San Miguel Corporation and its subsidiaries, including San Miguel Food and Beverage, Inc. ("SMFB" or the "Company"), collectively referred to as the "San Miguel Group", emphasizes avoidance of conflict of interest. It requires officers and employees to:

- conduct business affairs with fairness;
- avoid granting undue personal favors;
- engage only in private activities or businesses consistent with responsibilities as officers and employees and not detrimental to the interest of the San Miguel Group;
- exercise discretion in accepting favors or gifts from persons seeking or doing business with the San Miguel Group;
- refuse gifts that might connote bribery in any way;
- utilize the San Miguel Group's property, funds, equipment and time solely for its businesses' purposes, and recognize that all intellectual property and rights so created are owned by the San Miguel Group; and
- seek prior Management clearance before engaging in outside work.

We protect the San Miguel Group by identifying and resolving any possible conflict of interest between the San Miguel Group and ourselves as officers and employees that would negatively affect the current and future business, legal obligations and good governance.

We are not influenced by personal, family, financial or other considerations which might affect our judgment as to what is best for the San Miguel Group. There is a conflict of interest if we compromise our exclusive commitment to the San Miguel Group.

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II. PURPOSE

The purpose of this Policy on Conflict of Interest is to provide guidance for covered persons to avoid situations which may likely result to an actual or potential Conflict of Interest. Consistent with the Code of Business Conduct and Ethics of SMFB and its food subsidiaries (hereinafter collectively and individually referred to as "San Miguel Foods"), as well as the Code of Conduct and Ethical Business Policy of the San Miguel Group, this Policy underscores the duty of San Miguel Foods employees to act in the best interest of the San Miguel Group and avoid any action which may involve, or may appear to involve, a Conflict of Interest with the San Miguel Group.

III. SCOPE

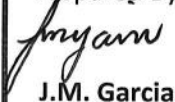
This Policy shall apply to all officers and employees of San Miguel Foods, whether regular, probationary, as well as project employees, employees hired for a fixed period, executives on contract, and consultants, hereafter referred to as "Employees".

IV. DEFINITION OF TERMS

In addition to capitalized terms defined elsewhere in this Policy, the following terms shall have the meanings ascribed to them below:

1. "**Conflict of Interest**" refers to a situation that has the potential to undermine the impartiality of an Employee because of the possibility of a clash between his/her personal **interest** and that of his/her employer or any San Miguel Group company, where such personal interest may unduly influence the Employee's business judgments, decisions, or actions. For purposes of this Policy, a Conflict of Interest may be either (a) actual - a real and existing conflict is present; (b) potential - a possibility for a conflict may arise; or (c) perceived - a situation that may appear to be a conflict, even if this is not the case.
2. "**Business or Financial Interest**" is (a) the ownership of 5% or more of the outstanding capital stock or equity in an Outside Organization; or (b) the right to receive compensation or payment

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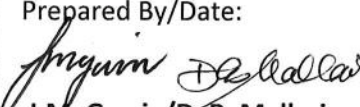

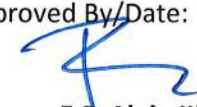
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of other benefits from any Outside Organization in any form (including, but not limited to honoraria, bonus, salary, commission, consulting fees, royalties, rent, or the right to repayment of principal or interest of a loan).

3. **"Close Personal Friend"** refers to any person with whom an Employee has a meaningful or significant personal or business relationship outside of his/her work for any San Miguel Foods company, including co-Employees, customers and business partners with whom the Employee may have developed a close relationship in the course of employment with any San Miguel Foods company, and with whom the following conditions (a) and (b) are both present:
 - (a) frequent and regular interaction and/or communication involving matters relating to the responsibilities of the Employee and/or the Disclosure of Confidential Information action or future plans of the San Miguel Group; and
 - (b) material ability of the other person, co-Employee or business partner to influence the Employee with respect to the latter's performance of his/her responsibilities in San Miguel Foods.

4. **"Close Relative"** refers to any one of the following: the Employee's (a) spouse and/or Domestic Partner; (b) parents (biological or adoptive) and parents-in-law and/or their Domestic Partners; (c) children (biological, adopted or stepchildren) and their spouses and/or Domestic Partners; (d) siblings and their spouses and/or Domestic Partners; (e) uncles, aunts, nieces, nephews and first cousins and their respective spouses and/or Domestic Partners.

5. **"Confidential Information"** refers to all information not generally available to the public relating to the San Miguel Group, including their past, existing or future businesses,

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operations, plans, projects, financial information or performance results, whether verbal or written, in tangible or intangible form, and whenever and however disclosed to the Employee.

- 6. **“Disclosure”** is the mandatory duty of the Employee to report, through the means provided under this Policy, the existence, nature, and all relevant facts of a Conflict of Interest to his/her immediate superior.
- 7. **“Domestic Partner”** refers to a common law spouse or a person who is in a relationship with an individual (opposite sex or same gender) who lives together or shares a domestic life together with such individual, without the benefit of marriage.
- 8. **“Outside Organization”** refers to individuals or entities, whether private or public, with business transactions with the San Miguel Group, such as but not limited to business partners (e.g. suppliers, service contractors, distributors), competitors, government agencies/institutions, non-government organizations, etc.
- 9. **“Resolution”** is the process of addressing the Conflict of Interest by eliminating or managing the risk(s) associated with the disclosed Conflict of Interest.

V. GUIDING PRINCIPLES

- 1. Each Employee should not be influenced by personal, family, financial or other considerations in making business judgments, decisions, or actions involving San Miguel Foods. There is a Conflict of Interest if the Employee is in a situation where his/her exclusive commitment to the best interest of the San Miguel Group is or may be compromised.
- 2. Employees have the duty to act in the best interest of the San Miguel Group. In the event that the personal interests of an Employee may conflict with the interests of the San Miguel Group, proper Disclosure by the Employee should be made to his/her immediate superior and a review by higher management should be made to resolve the Conflict of Interest.

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There is Conflict of Interest in any of the following cases:

- i. An Employee or his/her Close Relative or Close Personal Friend has any Business or Financial Interest in the business of any Outside Organization which might benefit from:
 - The Employee's knowledge of Confidential Information, activities or future plans of the San Miguel Group; and
 - Decisions or actions made by the Employee in the performance of his/her responsibilities in San Miguel Foods.
- ii. An Employee's interest in an Outside Organization takes a significant amount of his/her time or attention, such that it adversely affects the performance of his/her duties and responsibilities to San Miguel Foods.
- iii. An Employee's Close Relative or Close Personal Friend is employed in an Outside Organization as a result of which the Employee can be beholden or indebted to the latter and which may, in turn, influence his/her decision or action involving the Outside Organization.
- iv. An Employee's Close Relative or Close Personal Friend is employed with San Miguel Foods or any of the companies under the San Miguel Group, whether as the Employee's superior, subordinate or peer, such that the latter's relationship with the Employee may adversely affect decisions regarding promotions, raises or assignment of duties and responsibilities.

In the presence of any of the foregoing, the Employee has the mandatory duty to disclose such information to his/her immediate superior. The superior, in turn, shall review and resolve the Conflict of Interest situation based on guidelines issued by the San Miguel Group and in consultation with the latter's higher authorities.

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Willful concealment of a Conflict of Interest shall be punishable by Discharge/Dismissal from employment in accordance with the rules and regulations of the concerned San Miguel Foods company in which the Employee is employed.

VI. DISCLOSURE PROCEDURE

1. Accomplishment and submission of Full Business Interest Disclosure (FBID) Form

1.1. Within thirty (30) days from the date of promulgation of this Policy, all Employees, including officers and managers, shall accomplish and submit to their immediate superior the FBID Form in the template attached hereto as Annex "A". All officers appointed after the date of promulgation of this Policy shall re-accomplish and submit the FBID Form within thirty (30) days after their appointment.

1.2. If an actual, potential or perceived Conflict of Interest arises at any time after submission of the initial FBID Form, the Employee concerned shall report it immediately to his/her immediate superior by submitting an Amended FBID Form within thirty (30) days from such time that the Conflict of Interest arises. The Employee concerned shall indicate the new or additional Conflict of Interest situation in the Amended FBID Form.

1.3. Each Employee shall review this Policy with his/her immediate superior during the annual performance appraisal of such Employee.

1.4. Employees shall report any Conflict of Interest to their immediate superior by submitting an FBID Form.

1.5 The duplicate copy of the FBID Form and any Amended FBID Form shall be submitted to the Human Resources Manager of the Employee and will be noted in his/her 201 file.

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1.6 Any Employee who fails or refuses to submit the FBID Form or the Amended FBID Form shall be considered in violation of this Policy and shall be meted the appropriate penalty under the rules and regulations of the concerned San Miguel Foods company in which the Employee is employed.

1.7 If San Miguel Foods has information or knowledge sufficient to form a reasonable belief that an Employee failed to disclose a Conflict of Interest, the immediate superior shall advise the Employee concerned to disclose such Conflict of Interest in an Amended FBID Form.

2. Discussions with Immediate Superior

2.1. Where an accomplished FBID Form or Amended FBID Form discloses any actual or potential Conflict of Interest situation, the immediate superior shall discuss such matter with the Employee concerned. The Disclosure should be treated with confidentiality.

2.2. The immediate superior should evaluate the Conflict of Interest situation disclosed by the Employee taking into consideration the risks to the business interest and reputation of the San Miguel Group.

2.3. The immediate superior may seek guidance, if necessary, from the Division Offices of San Miguel Foods, particularly, the Office of the General Counsel (OGC) and/or Division Human Resources (Division HR) to come up with an informed decision or action plan.

2.4. Immediate superior shall render a recommendation to his/her next level superior on the proposed action to resolve the matter.

3. Review by Next Level Superior

3.1. The immediate superior shall submit his/her recommendation to his/her next level superior for review and/or approval.

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VII. RESOLUTION OF DISCLOSED CONFLICT OF INTEREST

In resolving a Conflict of Interest situation, the facts should be considered carefully. Management and the Employee concerned shall both exhaust reasonable efforts to eliminate the Conflict of Interest.

After the review of an actual, potential, or perceived Conflict of Interest, and upon consultation with the OGC and/or Division HR, the concerned San Miguel Foods company may take one or a combination of the following actions:

1. Decide that the conflict is not significant in terms of financial or business impact to the company and allow the Employee concerned, with adequate safeguards, to continue his/her interest or involvement in the Outside Organization.
2. Require the Employee to terminate, or refrain from acquiring, a Business or Financial Interest in the Outside Organization which might benefit from the knowledge, decisions and actions of the Employee in the execution of his/her duties and responsibilities to San Miguel Foods.
3. Where the Conflict of Interest exists in relation to a Close Relative or Close Personal Friend of an Employee, require the Employee concerned to exert all reasonable efforts to eliminate the Conflict of Interest.
4. Where the Conflict of Interest cannot be eliminated, modify the duties and responsibilities of the Employee to minimize the Conflict of Interest. This may entail moving the Employee to another position or department, whether in San Miguel Foods or any of the companies under the San Miguel Group, if such is possible.
5. Separate the Employee from San Miguel Foods as a last resort if, despite all reasonable efforts, the Conflict of Interest situation is not eliminated or managed in such manner as would protect the best interests of the San Miguel Group.

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6. Such other actions as may be necessary and proper under the circumstances.

VIII. IMPLEMENTATION OF CORRECTIVE ACTION

1. The recommendation or position of San Miguel Foods with respect to a Conflict of Interest situation will be communicated to the Employee in writing by his/her immediate superior.
2. Such written report shall summarize the facts, state the conclusions made, and specify the actions expected of the Employee.
3. A copy of the report shall be given to the OGC and another copy of the report will be included in the 201 file of the Employee concerned.
4. The immediate superior shall be responsible in ensuring the implementation of any appropriate corrective action.

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Annex A - FBID Form



**SAN MIGUEL FOODS
FULL BUSINESS INTEREST DISCLOSURE (FBID)
FORM**

Date:

Name:

Company / Subsidiary:

Position:

Division / Department / Plant:

San Miguel Foods ("SMF"), comprised of San Miguel Food and Beverage, Inc. ("Company") and all its food subsidiaries, requires its Employees to accomplish this Form in accordance with its Policy on Conflict of Interest ("Policy"). All capitalized terms used and not otherwise defined in this Form shall have the meanings ascribed to them in the Policy.

A. BUSINESS OR FINANCIAL INTEREST

Indicate the name and nature of business of an Outside Organization* where you or your Close Relative** or Close Personal Friend*** has any interest or involvement which, by nature of the relationship, may directly or indirectly conflict with the performance of your duties as an Employee of the relevant SMF company.

*Outside Organization refers to individuals or entities, whether private or public, transacting business with SMF or any of its subsidiaries and/or affiliates, such as but not limited to business partners (e.g. suppliers, service contractors, distributors), competitors, government agencies/institutions, non-government organizations, etc.

Employee

Outside Organization	Nature of Business	Potential Conflict

Close Relative**

** Refers to any one of the following: your (1) spouse and/or Domestic Partner; (2) parents (biological or adoptive) and parents-in-law and/or their Domestic Partners; (3) children (biological, adopted or stepchildren) and their spouses and/or Domestic Partners; (4) siblings and their spouses and/or Domestic Partners; and (5) uncles, aunts, nieces, nephews and first cousins and their respective spouses and/or Domestic Partners.

Name	Relationship to Employee	Outside Organization	Nature of Business	Potential Conflict

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Close Personal Friend***

*** Close Personal Friend refers to any person with whom you have a meaningful or significant personal or business relationship outside of work for SMF, including co-Employees, customers and business partners with whom you may have developed a close relationship in the course of employment with SMF.

Name	Relationship to Employee	Outside Organization	Nature of Business	Potential Conflict

By supplying the information required by this Form and signing the same, you hereby affirm that you have been informed of the Company's Personal Data Privacy Policy and thus consent to the collection, use, storage, sharing, and other processing of such information disclosed (collectively "Use") by SMF and any third party it authorizes, including its subsidiaries and affiliates, and their respective officers, employees, agents, representatives and personnel, for all purposes relating and/or consequent to your employment, such as but not limited to the enforcement of SMF's rules and policies, including the Policy on Conflict of Interest. You further represent that you have obtained the required consent from the individuals whose personal information you have disclosed hereunder. You hereby release and hold harmless SMF, its subsidiaries and affiliates, and their respective officers, directors, employees and agents, from any liability whatsoever, including but not limited to, liability under the Data Privacy Act of 2012, for the Use of such information disclosed for the foregoing purposes, and any liability in connection with or arising from any activity that may occur or result therefrom.

Employee's Signature / Date

6. RESOLUTION OF CONFLICT OF INTEREST

1. Recommendation of Immediate Superior:
2. Action of Next Level Superior:

* Signature of Immediate Superior / Date

* Signature of Next Level Superior / Date

*** Signatories:**

Officer or Employee	Immediate Superior	Next Level Superior
MWPs and Below	As followed in the performance appraisal	As followed in the performance appraisal
Officers		
Division	Division Head	Division President
Subsidiary/Business Unit	General Manager	Division President

Any information contained herein will be considered confidential and will be used only for the purpose specified in the Policy on Conflict of Interest.

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