

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS OF  
SAN MIGUEL PURE FOODS COMPANY INC.**

**Held on 12 May 2017  
SMC Executive Dining Room  
Head Office Complex, 40 San Miguel Avenue,  
Mandaluyong City, Metro Manila**

**SHAREHOLDERS PRESENT:**

See Record of Attendance attached as **Annex "A"** to these minutes.

**DIRECTORS PRESENT:**

**MR. RAMON S. ANG** – Vice Chairman and acting Chairman of the meeting

**MR. FRANCISCO S. ALEJO III** – President

**MR. MENARDO R. JIMENEZ**

(also Chairman of Executive Compensation Committee, now Corporate Governance Committee)

**MR. CARMELO L. SANTIAGO**

(also Chairman of Audit Committee and Nomination and Hearing Committee, now Corporate Governance Committee)

**MR. MARIO C. GARCIA**

**MR. ROLANDO L. MACASAET**

**MS. MINITA V. CHICO-NAZARIO**

**MR. RICARDO C. MARQUEZ**

**APOLOGIES:**

**MR. EDUARDO M. COJUANGCO, JR.**

**IN ATTENDANCE:**

MR. FERDINAND K. CONSTANTINO  
MS. ZENAIDA M. POSTRADO  
MR. OSCAR R. SAÑEZ  
MS. RITA IMELDA B. PALABYAB  
MR. RAUL B. NAZARENO  
MR. FLORENTINO C. POLICARPIO  
MR. RODOLFO M. ABAYA  
MS. JENNIFER T. TAN  
ATTY. ALEXANDRA B. TRILLANA  
ATTY. MA. CELESTE L. RAMOS

**I. CALL TO ORDER/CERTIFICATION OF NOTICE AND QUORUM**

After the national anthem and invocation, the Vice Chairman, Mr. Ramon S. Ang, acted as Chairman of the meeting, called the meeting to order at 2:00 p.m. and presided over the proceedings.

The Corporate Secretary, Atty. Alexandra B. Trillana, certified that notice of the meeting was sent to each stockholder of record as of April 17, 2017 in accordance with the By-laws and applicable rules. The date of the meeting was disclosed as early as November 8, 2016 via the Philippine Stock Exchange. The definitive information statement (DIS) together with the Agenda and rationale/explanation of each item for approval in the Agenda was posted in the Company's website as early as April 11, 2017, which was also the date of first distribution of the DIS.

Atty. Trillana next certified that there was a quorum for the meeting. There was present in person or by proxy, 88.03% of the outstanding common shares and 3.48% of the outstanding series 2 preferred shares, for a total of about 81.065% of the outstanding capital stock of San Miguel Pure Foods Company Inc. (SMPFC or the "Company"), comprising both common and preferred shares. The Corporate Secretary informed the assembly that the Chairman held proxy for at least 88.03% of the outstanding common shares of the Company and that he was voting in favor of all corporate actions in the Agenda submitted for approval in the meeting.

The Corporate Secretary further noted that as stated in the DIS distributed to the stockholders prior to the meeting, each stockholder shall be allowed one vote per share and the election of the Board of Directors shall be by cumulative voting by the common shareholders. In this regard, stockholders entitled to vote may elect directors individually.

Stockholders have been given a ballot upon registration at the meeting, which ballot enabled him/her to vote in writing on each item or proposal in the Agenda. As earlier mentioned, the rationale and explanation of each item for approval in the Agenda were in the DIS distributed to stockholders prior to the meeting, and also posted in the Company's website. Each proposed resolution for consideration by the stockholders was shown on the screen in front as it was taken up.

The Corporate Secretary then mentioned that the ballot box where stockholders may cast their ballots, had been prominently placed by the entrance of the venue for the convenience of the stockholders, who may cast their ballots anytime. The ballot box will be opened shortly after the announcement of a recess. The Company's independent stock transfer agent will canvass the votes with the assistance of the Office of the Corporate Secretary. The external auditors of the Company were likewise present at the meeting to validate the results of the voting, if necessary.

## **II. APPROVAL OF THE MINUTES OF PREVIOUS MEETING OF STOCKHOLDERS**

The Chairman referred to the next item on the Agenda, which is the approval of the minutes of the last meeting of the stockholders held on May 13, 2016, copies of which were available for viewing at the registration area and also posted on the Company's website.

Upon motion duly made and seconded by separate stockholders, and there being no objection, the Chairman voted in favor of the following resolution shown on the screen.

**Resolution No. 2017-05-12-01**

**“RESOLVED**, that the minutes of the Annual Stockholders’ Meeting of San Miguel Pure Foods Company Inc. held on May 13, 2016, be approved.”

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favor of the proposal. The Corporate Secretary said that the exact number of votes will be announced soon after the ballots are canvassed.

**III. PRESENTATION OF ANNUAL REPORT**

Before the Annual Report for 2016 was presented to the stockholders, the Chairman said that the audited consolidated financial statements of the Company as at and for the year ended December 31, 2016 had been provided to the stockholders together with the DIS for the meeting, and have likewise been posted on the Company’s website. He then requested the President, Mr. Francisco S. Alejo III, to deliver the Annual Report for 2016. A copy of the Annual Report is attached to these minutes as **Annex “B”**.

An open forum followed the report, wherein the stockholders were given the opportunity to ask questions and/or raise issues.

The following questions were asked and answered:

**(a) What is the status of your expansion plans? How is the capex roll out proceeding?**

President Francisco S. Alejo III responded that the expansion projects across all the Company’s business units are ongoing and on-track, with the initial 6 new feedmills, poultry processing plants, meat processing plants, new flourmill and grain terminal set to start operating within the next 2-3 years. The Company has allocated around Php 56 Billion for capex in the next 3 years, but the Company will continue to spend to increase its capabilities in meeting and creating demand for its products.

**(b) How will you finance your Php 56 Billion capex? Any plans to finance it via equity funding?**

The President answered that the capex will be financed using a combination of internally generated cash and borrowings, while maintaining healthy debt-to-equity ratios. The Company has room for borrowings with the current low interest rates. The Company is also considering raising funds via equity funding. As of end March 2017, the Company's debt-to-equity ratio stands at 0.55x and gearing ratio at 0.09x.

**(c) Retail prices of chicken and pork seem to be going up. Is there a shortage? If there is, will this persist throughout the year?**

In response, Mr. Alejo said that prices of chicken are higher due to a temporary tightness in chicken supply. With improved breeder stock population, prices are seen to stabilize by the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2017.

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There being no other questions, upon motion duly made and seconded by separate stockholders, and there being no objection, the Chairman voted in favor of the following resolution shown on the screen:

**Resolution No. 2017-05-12-02**

**“RESOLVED**, that the open forum of stockholders be closed, and that the Annual Report of San Miguel Pure Foods Company Inc. for 2016, as presented, be approved and ratified.”

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favor of the proposal. The Corporate Secretary said that the exact number of votes will be announced soon after the ballots are canvassed.

#### **IV. RATIFICATION OF ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS**

The Chairman proceeded to the next item on the Agenda, which is the ratification of all acts and proceedings of the Board of Directors and corporate officers since May 13, 2016 until May 12, 2017.

The Corporate Secretary explained that the ratification by the stockholders is sought for the acts and resolutions of the Board of Directors, its Committees, as well as acts of officers of the Company taken or adopted since the annual stockholders' meeting on May 13, 2016 until the date of this meeting, May 12, 2017. These acts and resolutions include the declaration of dividends, appointment of officers, approval of contracts and agreements, projects, treasury and other matters, approved by the Board during its meetings and/or covered by disclosures to the Securities and Exchange Commission and Philippine Stock Exchange and posted on the Company's website. The acts of management at the direction of the Company's Board of Directors and officers are those undertaken to implement the resolutions of the Board or its committees, or conducted in the regular course of business.

Upon motion duly made and seconded by separate stockholders, and there being no objection, the Chairman voted in favor of the following resolution shown on the screen:

##### **Resolution No. 2017-05-12-03**

**“RESOLVED**, that all acts, resolutions and proceedings of the Board of Directors and Corporate Officers of San Miguel Pure Foods Company Inc. since the Annual Meeting of the Stockholders on May 13, 2016 until today, May 12, 2017, as set forth in the minutes of the meetings of the Board of Directors, as well as the financial statements and records of the Company, be approved, confirmed and ratified.”

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favor of the proposal.

The Corporate Secretary said that the exact number of votes will be announced soon after the ballots are canvassed.

## **V. APPOINTMENT OF EXTERNAL AUDITORS**

The stockholders proceeded to consider the nomination for the position of external auditors of the Company.

The Chairman of the Audit Committee, Director Carmelo L. Santiago, informed the assembly that after evaluation, the Audit Committee recommends the appointment of the accounting firm Reyes Tacandong & Co., as the external auditors of the Company for fiscal year 2017. The audit plan for 2017 shall be presented to the Audit Committee for approval, while the fees payable to the auditors shall, with the authority of the Audit Committee, be negotiated by management to be in the best interest of the Company.

Upon motion duly made and seconded by separate stockholders, and there being no objection, the Chairman voted in favor of the following resolution shown on the screen:

### **Resolution No. 2017-05-12-05**

**“RESOLVED**, that San Miguel Pure Foods Company Inc. appoints the accounting firm of Reyes Tacandong & Co., as external auditors of the Company for fiscal year 2017, as presented.”

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favor of the proposal. The Corporate Secretary said that the exact number of votes will be announced soon after the ballots are canvassed.

## **VI. ELECTION OF BOARD OF DIRECTORS**

The next item on the Agenda is the election of the members of the Board of Directors of the Company.

The Chairman of the Nomination and Hearing Committee, Director Carmelo L. Santiago, informed the assembly that in accordance with the By-laws, Manual on Corporate Governance and rules of the Securities and Exchange Commission, any stockholder, including minority stockholders, may submit nominations to the Board of Directors of the Company. The Nomination and Hearing Committee, now Corporate Governance Committee, will determine whether the nominees for directors, including nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board are provided in the DIS for this meeting, for consideration by the stockholders.

The Corporate Secretary then read the names of the nominees to the Company's Board of Directors as endorsed by the Nomination and Hearing Committee, all of whom were determined to possess the qualifications and none of the disqualifications under the Company's By-laws and Manual on Corporate Governance. They are:

Mr. Eduardo M. Cojuangco, Jr.  
Mr. Ramon S. Ang  
Mr. Francisco S. Alejo III  
Mr. Menardo R. Jimenez  
Mr. Mario C. Garcia  
Mr. Rolando L. Macasaet  
Mr. Carmelo L. Santiago  
Ms. Minita V. Chico-Nazario  
Mr. Ricardo C. Marquez

The Chairman said that the nominees for independent directors as identified in the DIS distributed to the stockholders, are Mr. Carmelo L. Santiago, Ms. Minita V. Chico-Nazario and Mr. Ricardo C. Marquez. This is in accordance with the mandatory requirement by the Securities and Exchange Commission of electing independent directors.

A stockholder said that considering that there were only nine nominees, she moves that the balloting be dispensed with and all nine nominees be unanimously elected as Directors of the Company. The motion was duly seconded by another stockholder. For the record, the



Chairman informed the stockholders that he was distributing his votes equally for all candidates, unless otherwise instructed in the proxies held by him. There being no objection to the motion, the following resolution shown on the screen was approved and adopted by the Chairman and stockholders of the Company owning more than 2/3 of its outstanding capital stock entitled to vote:

**Resolution No. 2017-05-12-06**

**“RESOLVED**, to elect the following as members of the Board of Directors of San Miguel Pure Foods Company Inc., to serve as such beginning May 12, 2017 and until their successors are elected and qualified:

Mr. Eduardo M. Cojuangco, Jr.  
Mr. Ramon S. Ang  
Mr. Francisco S. Alejo III  
Mr. Menardo R. Jimenez  
Mr. Mario C. Garcia  
Mr. Rolando L. Macasaet  
Mr. Carmelo L. Santiago  
Ms. Minita V. Chico-Nazario  
Mr. Ricardo C. Marquez.”

Accordingly, the Chairman declared the nine nominees as duly elected members of the Board of Directors of the Company. On behalf of Management, the Chairman welcomed the newly elected Board of Directors and thanked the stockholders for their vote of confidence.

Thereafter, the Chairman called on the Corporate Secretary to explain again the procedure for voting by poll.

As mentioned at the start of the meeting, Atty. Trillana said that the ballot box, where the stockholders may cast their ballots, is located by the entrance to the venue. A last call was made for those who wished to cast their ballots. The ballot box will be opened shortly after the announcement of the recess and the independent stock transfer agent will then canvass the ballots. The results will be announced as soon as the canvassing is completed.

At this point, the Chairman declared a brief recess to allow for the canvassing.

## **VII. ANNOUNCEMENT OF RESULTS**

Approximately 10 minutes into the recess, the Chairman directed the Corporate Secretary to read the results of the canvass of the ballots.

Atty. Trillana informed the assembly that:

There were 146,721,243 votes from stockholders owning or representing 88.033% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the minutes of the Annual Stockholders' Meeting held on May 13, 2016;

There were 146,667,083 votes from stockholders owning or representing 88.000% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the Annual Report of the Company for 2016, as presented;

There were 146,548,033 votes from stockholders owning or representing 87.929% of the outstanding capital stock of the Company entitled to vote, in favor of the ratification of the acts and proceedings of the Board of Directors and Corporate Officers of the Company;

There were 146,721,243 votes from stockholders owning or representing 88.033% of the outstanding capital stock of the Company entitled to vote, in favor of the appointment of Reyes Tacandong & Co. as external auditors of the Company for the fiscal year 2017.

The Chairman then declared that based on the results of the canvassing, the aforementioned corporate actions presented to the stockholders are approved and ratified.

A copy of the Vote Canvassing Results, including the number of votes against the relevant items in the Agenda, as well as those that abstained from voting, is attached to these minutes as **Annex "C"**.

**VIII. OTHER MATTERS/ADJOURNMENT**

The Chairman asked if there were any other matters that any stockholder wished to bring up to the assembly.

There being no other matters, the Chairman entertained a motion for adjournment. A stockholder moved to adjourn the meeting, which motion was duly seconded by another stockholder. No objection being made, the Chairman adjourned the meeting and thanked all stockholders for their attendance and participation.

**ATTESTED BY:**

**RAMON S. ANG**  
Vice Chairman and  
Chairman of the Meeting

Certified Correct:

**ALEXANDRA BENGSON TRILLANA**  
Corporate Secretary

BROKERS With Proxy	No. Of Common Shares	No. Of Preferred Shares	TOTAL SHARES Common+Preferred	% VS O/S (Common)	% VS O/S (Common & Preferred)
STANDARD CHARTERED BANK	11,730	0	11,730	0.01%	0.01%
CITIBANK N.A.	0	0	0	0.00%	0.00%
DEUTSCHE BANK AG MANILA	2,535,038	0	2,535,038	1.52%	1.40%
HSBC	1,433,230	0	1,433,230	0.86%	0.79%
<b>Sub-Total</b>	<b>3,979,998</b>	<b>0</b>	<b>3,979,998</b>	<b>2.39%</b>	<b>2.19%</b>
<b>SMC GROUP With Proxy</b>					
San Miguel Corporation	142,279,267	0	142,279,267	85.37%	78.32%
SMC Retirement Plan	236,868	221,500	458,368	0.14%	0.25%
SMFI Retirement Plan	225,110	50,000	275,110	0.14%	0.15%
SMB Retirement Plan	0	200,000	200,000	0.00%	0.11%
SMYPC Retirement Plan	0	50,000	50,000	0.00%	0.03%
<b>Sub-Total</b>	<b>142,741,245</b>	<b>521,500</b>	<b>143,262,745</b>	<b>85.64%</b>	<b>78.86%</b>
<b>TOTAL WITH PROXY</b>	<b>146,721,243</b>	<b>521,500</b>	<b>147,242,743</b>	<b>88.03%</b>	<b>81.05%</b>
<b>No PROXY</b>					
Others	19,945,853	14,478,500	34,424,353	11.97%	18.95%
<b>Total Outstanding Shares</b>	<b>166,667,096</b>	<b>15,000,000</b>	<b>181,667,096</b>	<b>100.00%</b>	<b>100.00%</b>

Chairman's Message  
San Miguel Pure Foods Company Inc.  
Annual General Stockholders Meeting  
Friday, May 12, 2017  
SMC – HOC

Good afternoon.

Thank you for joining us today. We're happy to report that San Miguel Pure Foods Company's 2016 performance was strong and on target, as we advanced our leadership in the Philippine food industry in very important ways. Our portfolio of businesses and leading brands delivered to plan, with growth across nearly all divisions and product categories.

Revenues of P111.6 billion were higher by 4% over 2015. Income from operations surged 17% to P8.9 billion despite the challenges posted by the global volatility in prices of raw materials which had an impact on our milling business. Net income finished 26% higher, at P6.0 billion.

As we've said time and again, we are at our best when we put our customers and consumers at the heart of what we do. The "secret sauce" in our business is our

brands and we're very fortunate that our brands are so well loved by Filipinos. Because of the trust that Filipino consumers have associated with our brands, we have taken the top spots in different food categories. Convenient, safe and quality products are product intrinsics associated with the San Miguel name.

But the same way we know how tough our competitors are, we also know how fickle consumers can be and as such, we're working hard to make our organization better structured to capture consumer insights.

Some of what we're learning—preference for smaller formats, the need for additional nutrients—are resulting in improvements that are mostly incremental. At the same time, we're also putting our resources into developing really big ideas. In the next year or so, you'll see us expanding our presence in the ready-to-eat or RTE category in a big way, which we believe is going to open lots of opportunities for us as a company.

Moving into RTE is how we are further shifting our revenue stream from commodities to our stable-priced and value added businesses. It's been a winning

strategy for us. In 2016, revenues in the value added and stable-priced segments grew at 5%, faster than the commodity segment, protecting us against the volatility we're always seeing in commodity pricing.

To address the aggressively growing demand of a buoyant domestic economy, we are investing further in our operations. In the next coming years, we will all be a witness to an ambitious expansion plan never before seen in San Miguel Pure Foods history.

In 2016 alone, we spent more than P6 billion to start building state-of-the-art feed mills, a bigger and more advanced processed meats manufacturing plant and additional flour milling capacities. We're confident we will reap the rewards of these strategic investments moving forward, and we're excited for the growth that is ahead of us.

Through all the achievements for the year, we haven't forgotten our promise to uplift the lives of our fellow Filipinos, as we support overall goal for a better world. Other than the benefits cassava has provided in lowering our production cost for feeds, 2016 marks the greatest impact we have made in the lives of more than 98,000 farmers through our cassava assemblers program. We have raised our cassava production by

more than 20%, and we've expanded to more farms in south and north Luzon.

Furthermore, we have continued with our nutrition program to more than 2,000 children in over 30 communities. We developed a more holistic approach to development where we don't only provide them with nutritious meals, but also books to encourage their young imaginations. At the same time, we're educating their parents and teachers on the importance of good nutrition so they can better take care of the next generation.

I am very happy to see that the growth of our business expands to these sorts of initiatives and we are committed to further growing our positive impact alongside our business goals.

We started 2017 with positive results, continuing to build on the encouraging results of 2016. For the first quarter of 2017, we've posted revenues of P26.7 billion, 3% higher than the first quarter of 2016, with our net income growing by 20%. Our first quarter results strongly position us to end the year with confidence as we continue to take hold of the opportunities that present us.



In closing, I'd like to highlight the confidence that we have in the future of San Miguel Pure Foods. We are a great company of strongly performing and resilient businesses. And while the competitive terrain is sometimes challenging, we firmly believe that these challenges also provide the greatest opportunities for our current portfolio. We are working to sharpen our execution so that we can keep on producing the kind of returns you have come to expect from San Miguel Pure Foods.

Your confidence in us has encouraged us to continue to set the bar high. Thank you for joining us this afternoon and for your continued support.

NOM. NO.	NOMINEE	VOTES
1	EDUARDO M. COJUANGCO, JR.	146,233,688
2	RAMON S. ANG	146,231,258
3	FRANCISCO S. ALEJO III	146,445,538
4	MENARDO R. JIMENEZ	146,224,768
5	MARIO C. GARCIA	146,499,838
6	ROLANDO L. MACASAET	146,499,838
7	CARMELO L. SANTIAGO	146,227,198
8	MINITA V. CHICO-NAZARIO	146,599,963
9	RICARDO C. MARQUEZ	146,599,963
Total votes registered		1,320,491,187
Total votes counted for election of board nominees		1,317,562,052
Total uncast votes for election of board nominees		2,929,135

RES. NO.	RESOLUTION	SHARES VOTED	% TO TOTAL O.S.
2	Approval of the Minutes of the 2016 Annual Stockholders' Meeting	146,721,243	88.033%
	For	146,721,243 -	88.033%
	Against	0 -	0.000%
	Abstain	0 -	0.000%
3	Approval of the Annual Report of the Company for year the ended December 31, 2016	146,721,243	88.033%
	For	146,667,083 -	88.000%
	Against	0 -	0.000%
	Abstain	54,160 -	0.032%
4	Ratification of all acts of the Board of Directors and Officers since the 2016 Annual Stockholders' Meeting	146,721,243	88.033%
	For	146,548,033 -	87.929%
	Against	119,050 -	0.071%
	Abstain	54,160 -	0.032%
5	Appointment of Reyes Tacandong & Co. as external auditors of the Company for fiscal year 2017	146,721,243	88.033%
	For	146,721,243 -	88.033%
	Against	0 -	0.000%
	Abstain	0 -	0.000%

SUMMARY REPORT

% TO  
TOTAL O.S.

OUTSTANDING COMMON SHARES	166,667,096	
OUTSTANDING PREFERRED SHARES	15,000,000	
TOTAL OUTSTANDING SHARES AS OF RECORD DATE	181,667,096	
TOTAL SHARES IN ATTENDANCE :		
Attending proxy assignees	146,721,243	
Attending stockholders	546,727	
	147,267,970	81.065%
LESS :		
Invalidated / knocked-off / Uncast shares - Proxy Assignees	0	
Knock-off by attending stockholder	0	
Invalidated shares - Stockholders	0	
Uncast shares of stockholders	546,727	
TOTAL SHARES/VOTES COUNTED	146,721,243	88.033%

NOTE:

Total no. of stockholders in attendance 52  
Total no. of stockholder with ballots 0

\*\*\* END OF REPORT \*\*\*