

ANNEX H: SUSTAINABILITY REPORT

Contextual Information

COMPANY DETAILS	
Name of Organization	SAN MIGUEL FOOD AND BEVERAGE, INC.
Location of Headquarters	100 E. Rodriguez Jr. Avenue (C5 Road) Barangay Ugong, Pasig City 1604 Metro Manila, Philippines
Location of Operations	<p>San Miguel Food and Beverage, Inc. (SMFB) 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 2021 Annual Report (SEC Form 17-A: Annex C – List of Properties)</p>
Report Boundary: Legal entities (e.g., subsidiaries) included in this report	<p>This report discloses the sustainability performance indicators from SMFB’s operating divisions: San Miguel Brewery Inc. (SMB), Ginebra San Miguel Inc. (GSMI), and San Miguel Foods (SMF).</p> <p>Also included are subsidiaries of GSMI: Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., and Agricrops Industries Inc.; and subsidiaries of SMF: San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., and The Purefoods-Hormel Company, Inc.</p> <p>The coverage of this report is limited to the Group’s Philippine operations despite its products and brands having a global presence.</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>SMFB is a leading food and beverage company in the Philippines. It has three operating divisions—beer and non-alcoholic beverages through SMB, spirits through GSMI, and food and animal nutrition through SMF.</p> <p>The brands produced, marketed, and sold by the Group are among the most recognizable and top-of-mind brands in the industry and hold market-leading positions in their respective categories. Key brands in the SMFB portfolio include <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, ice cream</p>

	<p>and dairy products; <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 line; <i>Veega</i> for plant-based protein products; <i>Star</i> and <i>Dari Crème</i> for margarine; and <i>B-Meg</i> for animal feeds.</p> <p>SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to about 70 markets worldwide.</p>
Reporting Period	January 1 to December 31, 2021
Highest Ranking Person responsible for this report	Ildefonso B. Alindogan Vice President, Chief Finance Officer and Chief Strategy Officer

Materiality Process

Following the principle of materiality, SMFB conducted a stakeholder-driven assessment to identify relevant sustainability issues that reflect the Group’s significant economic, environmental, and social impacts.

The Group reviewed relevant standards for sustainability reporting such as the Sustainability Accounting Standards Board (SASB) Standards and the Global Reporting Initiative (GRI) Standards for Sustainability Reporting among others, to assist in determining additional topics that are material to its stakeholders.

Each primary operating division under SMFB held materiality sessions—initially with senior management committees, then with data handlers to identify sustainability topics most relevant to their respective businesses. Thereafter, topics common to the majority of the divisions were topics deemed material on the SMFB level. In addition, stakeholder concerns, which are best addressed through sustainability reporting, albeit only material to a certain division, were also deemed material.

The Sustainable Development Goals (SDGs) of the United Nations were also considered during the materiality assessment process to facilitate the alignment of the Group’s business strategies with global sustainability priorities. SMFB has prioritized SDG 2, which aims to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture, as its main contribution area. SMFB recognizes that undernourishment impacts productivity, which then becomes a barrier to living a normal, healthy, and active life. With the growing demand for food, SMFB develops and produces food to meet the nutritional needs of Filipino families. SMFB also supports a number of other SDGs through its diverse operations.

As SMFB continues to improve its processes, enhance its policies, and develop responsive products and services, the Group’s materiality processes and topics shall be reviewed and updated accordingly. Impacts, risks, opportunities, and management approach required by the Securities and Exchange Commission are done on a topic level as such disclosures often cut across several metrics

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure ¹	2021	2020	Units
Direct economic value generated	310,442	279,988	In M PhP
Direct economic value distributed:			
a. Operating costs, including payments to suppliers	168,315	161,503	In M PhP
b. Employee wages and benefits	14,882	13,042	In M PhP
c. Dividends given to stockholders and interest payments to loan providers	22,559	22,022	In M PhP
d. Taxes paid to the government	83,255	73,303	In M PhP
e. Investments in various communities (e.g., donations, corporate social responsibility (CSR) programs)	294	912 ²	In M PhP

¹ Figures can be cross-checked with the Company's 2021 Audited Financial Statement.

² Investments in various communities in 2020 was significantly higher than usual a result of SMFB's pandemic response, which included food donations to various communities and vulnerable sectors of society, as well as ethyl alcohol for disinfection to local government units, medical facilities, and other vital institutions.

Impacts and Risks

SMFB is a leading food and beverage company in the Philippines. The brands under which it produces, markets and sells its products are among the most recognizable and top-of-mind brands in the industry and hold market-leading positions in their respective categories. Over the

years, the San Miguel brand has transformed into a household name that is interwoven with the economic and cultural fabric of the Philippines, supporting Philippine development and economic progress.

Direct economic value generated and distributed is a metric that indicates the profits created by SMFB through its operations and the subsequent allocation of its revenues by stakeholder groups. SMFB continues to create value for a wide variety of stakeholders, including shareholders, investors, financial institutions, employees, suppliers and contractors, government authorities, and local communities.

The difference between value created and distributed is the economic value retained by SMFB, which goes towards further growing its business. SMFB remains committed to increasing the value generated and distributed to its stakeholders.

The figures quoted were lifted from SMFB's 2021 Audited Financial Statements. In 2021, the value generated by SMFB amounted to P310.44 billion, the economic value distributed amounted to P289.31 billion or 93.19%, and the economic value retained amounted to P21.14 billion or 6.81%.

The following is the breakdown in percentage of the total economic value generated and distributed to various stakeholders:

Stakeholder	% of Total Economic Value Distributed
Operating costs, including payments to suppliers	54.22
Employee wages and benefits	4.79
Dividends given to stockholders and interest payments to loan providers	7.27
Taxes paid to the government	26.82
Investments in various communities (e.g., donations, CSR)	0.09

Despite its size and long history, SMFB still faces financial and non-financial risks, including:

- Market risks
- Operational risks
- Environmental risks
- Credit risks
- Liquidity risks
- Socio-cultural risks
- Legal and Regulatory risks

To manage such risks, the Group has established policies to identify and analyze key risks, set appropriate risk limits and controls, and monitor risks and adherence to limits. More details on these risks and their specific management policies can be found in the main narrative of SMFB's SEC 17-A submission.

Stakeholders: Shareholders, investors, financial institutions, employees, suppliers and contractors, customers, government authorities, and local communities

Management Approach for Impacts and Risks

The Group operates in a competitive environment. In the food and beverage industry, competitive factors generally include price, product quality, brand awareness, distribution coverage, customer service and the ability to effectively respond to ever-changing shifts in consumer tastes and preferences. Competition also includes other discretionary items, including other food and beverage products and other goods and services.

To compete, the Group continuously develops new and innovative products to meet market demands and maintain its broad customer base and strong market position. Operational risks are minimized through supply chain management. The Group ensures that there is continuous availability of raw materials by procurement through multiple sources, including purchasing some critical raw materials both within and outside the Philippines, as well as using alternative raw materials.

In terms of its facilities, the Group continuously seeks to enhance the output and efficiency of its existing production facilities and/or increase production capacity by adding more lines or building more facilities. The facilities are subjected to continuous and regular maintenance.

In order to limit environmental risks, the Group has implemented various internal controls and policies to minimize such risks and potential effects thereof on its operations.

The Group manages credit and liquidity risks through prudent fund management, maintenance of a healthy balance sheet, and compliance with existing debt covenants. Legal and regulatory risks and environmental risks are mitigated by adhering to all applicable laws and regulations.

Socio-cultural risks are addressed by conducting regular in-depth consumer studies and introducing products that fulfill or are attuned to the needs and lifestyles of consumers. The Group also ensures that its products are reliable and of high quality.

Aside from its commitment to upholding the highest standards of governance and ethical behavior, SMFB is also committed to fulfilling its responsibilities in the communities it serves. The Group remains steadfast in creating long-term value for all stakeholders in a socially and environmentally sustainable manner. The Group has various initiatives in support of these principles.

Opportunities and Management Approach

Various opportunities exist for SMFB to increase its direct economic impact. These include the diversification of its product lines, broadening its distribution network, expansion of its portfolio, and increasing funding from investors. As opportunities are implemented with the proper risk management, the increased economic value can be distributed judiciously to all of its stakeholders.

Climate-Related Risks and Opportunities

Many of the Group's products depend on raw materials, most of which are procured from third parties, including purchases of some critical raw materials from both within and outside of the Philippines. These raw materials are subject to certain climate-related or weather conditions like droughts and flooding that have an effect on crop yield and quality. Shipping and other

transport-related factors may also be affected by weather conditions.

Given these climate-related risks, the Group has implemented measures to ensure business continuity and product availability. These include strategic location of its production facilities and manufacturing networks located across the Philippine archipelago that are in close proximity to markets and could reduce dependencies on inter-island logistics in cases of typhoons. The Group’s facilities also make use of modern technology, with some being climate-controlled as necessary to minimize the risks of temperature fluctuations.

Currently, the Group is studying how the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) could be incorporated into its current Enterprise Risk Management (ERM) structure. In the ERM structure, the Board of Directors has the overall responsibility for the establishment and oversight of the Group’s risk management framework. Although each of the operating divisions of the Company, SMB, GSMI and SMF, has appointed its own Chief Risk Officers who hold senior officer positions in their respective organizations, risk management functions are nonetheless performed at the management committee level of each operating subsidiary of the Group, as well as assumed by the Chief Operating Officers and heads of the corporate service units of each division. Managers are responsible for risk reporting and are further tasked to ensure compliance with all operational and financial controls within their spheres of responsibility and to implement internal controls as part of the total system to achieve the goals of the Group. Managers conduct regular evaluation of existing policies, systems and procedures to ensure that these remain relevant and effective to the current operating environment. Management also gives prompt and cooperative consideration to recommended improvement measures made by independent internal or external audit groups. SMFB’s Board Risk Oversight Committee is regularly updated of the status of the ERM programs of the Group. However, the Audit Committee maintains oversight functions on internal controls, risk management and corporate governance compliance. The Audit Committee annually reviews and evaluates the effectiveness of the structure, and advises the Board of the Group’s risk appetite and tolerance limits based on internal and external business environments.

Procurement Practices

Proportion of spending on materials from local suppliers

Disclosure	2021	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	59%	%

Impacts and Risks

SMFB believes that local procurement added value to communities across the country. In 2021, the Group’s spending on local suppliers accounted for 59% of its total expenditures.

Most of the Group’s raw materials are procured from third parties, including purchases of some critical raw materials from both within and outside of the Philippines. These raw materials are subject to price volatility caused by a number of factors including changes in global supply and demand, foreign exchange rate fluctuations, shipping and other transport-related factors, weather conditions, quality of crop and yield, trade and tariff policies, and government regulations and controls.

Stakeholders: Shareholders, investors, financial institutions, employees, suppliers and contractors, government authorities, and local communities

Management Approach for Impacts and Risks

SMFB recognizes the strategic importance of local sourcing in optimizing and creating efficiencies in its supply chain, reducing risks and ensuring access to critical raw materials, and developing thriving host communities. Hence, to the extent feasible, the Group purchases goods and services from local suppliers, including small and medium enterprises. The Group has a pool of accredited suppliers for its various requirements, which are regularly audited by a quality assurance team.

For example, instead of importing corn for its feeds, the Animal Nutrition and Health (ANH) segment under SMF developed local alternative sources of raw materials such as cassava as a substitute ingredient for corn. The ANH segment initiated a cassava assembler’s program which encourages farmers to organize into a business unit and assemble a minimum of 20 hectares of land for cassava production. The ANH segment provides the farmers with an assured market, a guaranteed floor price, technical assistance, access to financing and planting material advances.

In addition, GSMI engages its local suppliers to help it identify opportunities to expand its businesses and improve the overall quality of its products and services. While it has helped its suppliers’ businesses grow, this program has also been beneficial to GSMI by ensuring a secure supply of products and services without compromising quality.

Opportunities and Management Approach

The Group will continue to seek opportunities to source input materials locally and further encourage participation of small and medium enterprises to help spur economic activity in the areas in which they operate. To the extent feasible, SMFB will work towards achieving sustainable levels of local procurement moving forward.

Anti-Corruption

Training on Anti-corruption Policies and Procedures¹

Disclosure	2021	2020	Units
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	100	100	%

have been communicated to			
Percentage of directors and management that have received anti-corruption training ²	100	100	%
Percentage of employees that have received anti-corruption training ³	100	100	%

¹ SMFB's Code of Business Conduct and Ethics includes anti-corruption policies.

² SMFB Directors and Management separately attended Corporate Governance (CG) Seminars in 2021, which covered third party risk management, including anti-corruption among the topics.

³ While employees did not attend trainings solely focused on anti-corruption, the Code of Business Conduct and Ethics, which covers anti-corruption policies, has been cascaded to all employees of the organization.

Incidents of Corruption¹

Disclosure	2021	2020	Units
Number of incidents in which directors were removed or dismissed for corruption	0	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	#
Number of incidents where contracts with business partners were terminated due to incidents of corruption	0	0	#

¹ The Group 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.

Impacts and Risks

SMFB recognizes that corruption, in any form, is always a business risk. It can damage the Group's good reputation built over many years. Accusations of corruption can also destroy the image of its brands and affect market share.

Acknowledging that corruption can occur at any point in its daily operations, SMFB has taken a zero-tolerance approach to bribery and corruption that covers both internal and external stakeholders. Each stakeholder is expected to conduct business legally and ethically and to comply with our Code of Business Conduct and Ethics.

Stakeholders: Shareholders, investors, financial institutions, employees, suppliers and contractors, customers, government authorities, local communities, and the general public

Management Approach for Impacts and Risks

As a subsidiary of San Miguel Corporation (SMC), SMFB is committed to the value of *Malasakit*, which involves looking after the welfare and interests of others and going beyond what is expected. It is also in the spirit of *Malasakit*, along with the values of fairness, transparency, accountability, and integrity that SMFB has implemented a zero-tolerance for all types of corrupt practices in all aspects of its business operations. Anti-corruption is part of its Code of Business Conduct and Ethics, which is cascaded to all directors, management, employees, and business partners.

As expressed in its Code of Business Conduct and Ethics, SMFB is committed to:

- Conducting business with integrity and strive for “Profit with Honor” by complying with all applicable, laws, rules, and regulations governing its businesses;
- Developing mutually beneficial relationships with business partners;
- Having a positive impact on the lives of employees, their families, and the communities where it operates; and
- Developing the full potential of its employees and business partners by sharing applicable knowledge, skills, and best practices.

SMFB expects its employees to “observe with zeal such values in the performance of their duties, in their relationships with fellow employees and in their dealings with shareholders, customers, suppliers, government and the general public” and its business partners “to exhibit these values as a condition to their engagement and at all times as a condition to their continued business relationship” with the organization.

Specific to anti-corruption, SMFB abides by the principle of integrity and mental honesty. It conducts business in a manner which:

- Competes ethically, fairly and honestly;
- Ensures the integrity of its records, books, and accounting;
- Builds and strengthens business relationships on the basis of merit, mutual interest, candor, and fair competition;
- Exercises utmost discretion in accepting personal favors or gifts from persons seeking or doing business with the organization and enjoins its employees to avoid circumstances and positions that actually or potentially conflict with its interests or interferes with loyalty and objectivity in business dealings and relationships.

Grievance channels on reporting concerns or questionable activities of employees and business partners without fear of reprisal, intimidation, or harassment are also available.

Moreover, in SMFB’s Charter of the Board of Directors, directors are entrusted to adopt the Code of Business Conduct and Ethics to provide standards for professional and ethical behavior and articulate acceptable and unacceptable conduct and practices in internal and external dealings. Directors shall ensure the proper and efficient implementation of such code, and monitoring of compliance therewith. For first-time or new directors, SMFB conducts an orientation program which includes the Code of Business Conduct and Ethics.

In addition, SMFB has crafted a Manual on Corporate Governance to institutionalize its

principles, policies, programs, and procedures on good corporate governance. The manual states that the members of the Board of Directors are “duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.” Directors can be disqualified from their position if they have been found guilty of offenses “involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts or transgressions,” among others.

In addition, SMFB has developed policies and guidelines on Securities Dealing, Solicitation or Acceptance of Gifts, Related Party Transactions, Conflicts of Interest, and Whistle-Blowing to further its stance against corruption.

Opportunities and Management Approach

The Code of Business Conduct and Ethics shall be reviewed from time to time as may be deemed necessary. With that in mind, there is an opportunity to review the code, as well as other policies and practices related to anti-corruption, and evaluate their effectiveness. Moreover, additional trainings and campaigns on anti-corruption could also be explored.

In addition, SMFB continues to maintain anonymous channels for any employee to communicate concerns or complaints and without fear of negative consequences.

ENVIRONMENT

Resource Management

Energy Consumption Within the Organization¹

Disclosure	2021	2020	Units
Energy consumption (renewable sources) ²	494,544	565,618	GJ
Energy consumption (non-renewable sources)	2,609,787 ³	2,326,958	GJ
Energy consumption (gasoline)	4,186	2,167	GJ
Energy consumption (Fuel gas + LPG)	0	0	GJ
Energy consumption (diesel)	349,693	249,811	GJ
Energy consumption* (catalytic carbon, fuel oil, petroleum carbon, coal)	2,255,908	2,074,980	GJ
Energy consumption (electricity)	392,448,324	358,173,867	KWH
Energy reduction projects	187,378	103,106	GJ
Net Energy Consumption	4,517,145	4,182,002	GJ

¹ The energy consumption is expressed in gigajoules or GJ. Appropriate conversion factors from liters and/or kWh to GJ were used.

² The renewable energy source is from biomass and generated biogas used for steam production.

³ Non-renewable energy consumption increased due to the inclusion of company vehicles in 2021.

Reduction of Energy Consumption

Disclosure	2021	2020	Units
Energy reduction (gasoline)	0	0	GJ
Energy reduction (LPG)	0	0	GJ
Energy reduction (diesel)	1,921	2,872	GJ
Energy reduction (fuel oil, coal)	161,367	65,882	GJ
Energy reduction (electricity)	6,691,461	9,542,274	GJ
Energy reduction (total)	187,378	103,106	GJ

Impacts and Risks

Energy is a fundamental input of the Group's operations. The demand for energy consequentially increases as each of the businesses grow.

SMFB utilizes a mix of non-renewable energy sources where electricity and fuel are the main energy sources that run the various SMFB facilities throughout the country, with the exception of the Distileria Bago, Inc.'s (DBI) distillery facility.

For most facilities of SMFB, electricity from the grid and fossil fuels maintains its day-to-day operations, while diesel provides a layer of security from potential power interruptions and is used in logistics equipment to transport products from the plants to its various destinations. Aside from these energy sources, the distillery of DBI, through its own wastewater treatment plant, produces and harvests biogas, which is then used to displace, and significantly reduce its reliance on, fossil-derived liquid fuels.

Although the Philippines is gradually increasing its clean energy capacity, coal is still the prime power generation source for electricity in the country at the moment, of which SMFB relies on by connecting to the distribution utilities. As a result, the Group indirectly generates greenhouse gas (GHG) emissions. Additionally, as a result of commercial and industrial activities, further emission of GHG in manufacturing operations and business expansion are expected and anticipated. However, since the Group has systems capable of harvesting biogas to run

segments of its operations, a portion of the emissions that would have been generated through the conventional energy source is avoided.

Apart from its effect on the environment, the Group recognizes that high energy costs result in higher costs to produce its products, which then reduce margins, which would in turn affect its fiscal health and competitive advantage.

Stakeholders: Shareholders, employees, government authorities, local communities, and the general public

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 in identifying and implementing energy-savings initiatives.

For example, the Group replaces compact fluorescent and incandescent lights to light-emitting diode (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. For example, SMF's feeds facility uses rice husks as fuel for its boiler. Biogas from animal manure in farms is also used as replacements for heat exchangers and internal combustion.

Periodic maintenance of equipment as well as regular energy inspection and audits are conducted at the Group's facilities by a dedicated and highly-trained crew.

With regard to 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 in the long run. Examples include improvements on distribution and supply chain configurations—from inbound logistics (from delivery of raw materials) to outbound logistics (to delivery of finished goods to the end consumer).

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 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. There are also studies on the feasibility of co-locating business segments, as well as continued review of nearest farm-to-plant routes. There are also intentions to invest in more renewable energy sources, such as solar and wind, to further decrease reliance on non-renewable energy.

Water Consumption Within the Organization

Disclosure	2021	2020	Units
Water withdrawal	13,631,781	13,914,728	Cubic meters
Ground water	11,379,871	11,649,760	Cubic meters
Surface water	255,677	253,569	Cubic meters
Water district	1,957,655	1,961,539	Cubic meters
Produced water	34,511	39,041	Cubic meters
Rainwater	4,068	10,819	Cubic meters
Water discharged	9,825,645	9,392,064	Cubic meters

Water consumption	3,806,136	4,522,664	Cubic meters
Water recycled and reused	481,734	487,800	Cubic meters
Percentage water recycled and reused	3.53%	3.51%	%

Impacts and Risks

For SMFB, water is critical to the Group’s product portfolio—from something where water is inherent in the production process to its beverages where water is a key ingredient. For the Group, sustainability requires protecting its existing water supply, as well as ensuring that water is available in the future as this may impact pricing and product availability.

Water is also required by the Group for domestic use, for the maintenance of its facilities, machinery and equipment. A meaningful portion of water used is discharged back to the environment after the necessary treatment.

Key risks with regard to water include its availability in sufficient quantities and increases in water costs in the future. The Group sources its water requirements 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.

Stakeholders: Shareholders, employees, government authorities, local communities, and the general public

Management Approach for Impacts and Risks

SMFB is aligned with SMC’s commitments to conserve water in line with SMC’s Water for All initiative. Launched in 2017, the goal is to reduce utility and domestic water use across the entire SMC Group by 50% by 2025.

For many years, the Group has embraced sustainability in its processes to conserve or reuse water and lower overall consumption.

A relatively simple solution employed that has proven valuable is the monitoring of water use. SMFB constantly updates its water meters and installs sub-meters where needed. Fixing and addressing leaks have also resulted in elimination of water wastage across SMFB’s operations.

Reusing and recycling more water is also a key initiative of SMFB. To the extent possible, its businesses optimize wastewater treatment facilities to further lessen their water footprint. Business units constantly try to make greater use of treated greywater for non-essential purposes. For example, treated wastewater effluents from SMB are reused for utilities and gardening within the facilities.

The Group also helps educate its business partners and its communities regarding water stewardship.

Opportunities and Management Approach

Recognizing that water is a finite resource, SMFB is committed to ensuring sustainability in two key areas critical to its business: the environment and the supply chain.

The Group recognizes that there are still opportunities for new initiatives to make real changes in conserving and recycling water in its facilities and local communities where its businesses operate.

Since water-related initiatives are part of the larger SMC Group *Water for All* program, water use at production facilities of the Group is regularly monitored. Employees are also encouraged to strengthen efforts to reduce water consumption in the workplace and in their personal activities.

Moving forward, SMFB will continue to implement projects to reduce water consumption and explore water resources to be used other than groundwater. In line with SMC, deployment of rainwater harvesting will also be expanded and with bigger capacities. 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 Organization¹

Disclosure	2021	2020	Units
Materials by weight or volume			
Renewable	2,916,548,318	2,802,240,182	Kg
Non-renewable	54,650,119 ²	14,688,166	Kg
Recycled materials ³	32.5	30.4%	%

¹ Figures for 2020 have been restated as a result of improved data gathering and collection by the businesses.

² Increase was in line with a rebound in the volumes of the businesses.

³ Recycled materials include recycled raw materials such as spent grains, spent yeast, rendered waste, etc. It also includes recycled packaging materials such as reused bottles, crates, and pallets of SMB and GSMI. This is then divided by the total of renewable and non-renewable materials (raw materials and packaging).

Impacts and Risks

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

The Group purchases both imported and locally-sourced raw materials. For SMB, for example, malted barley and hops are imported. For SMF, raw materials such as breeder stocks, soybean meal, and wheat are purchased from foreign suppliers, while items such as corn and breeding hogs are sourced locally.

The Group recognizes that it may face disruptions in the supply of major raw materials. Movements in the global supply of raw materials may also affect costs and prices. Other factors such as weather conditions, outbreaks of diseases, pandemics, geopolitical trade developments, imposition of more stringent laws and regulations are also identified as risks.

Packaging materials are purchased from third parties as well, which may likewise be affected by disruptions in price and availability. Inefficient use and non-recycling of packaging materials lead to wastage and pose risks to the environment.

Stakeholders: Shareholders, management, employees, suppliers, government authorities, local communities, and the general public

Management Approach to Impacts and Risks

In line with the practices of its parent SMC, SMFB manages the raw materials consumption of the Group through efficient processing systems and inventory management. The Group's operations are designed to be efficient—fully utilizing input materials with minimal wastage.

Each business of SMFB is equipped with technology and processes that are constantly updated and are managed by highly competent employees. This is complemented by investments in research and development to pursue innovations such as evaluation of new raw materials and more efficient processes, among others.

Since SMFB is highly integrated, the businesses capitalize on recycling its waste by-products as material inputs to another, including:

- Cullets or broken bottles from bottling plants as raw material for San Miguel Yamamura Packaging Corporation, an SMC subsidiary;
- Poultry processing wastes such as feathers, offals, and blood are rendered and used as raw material for feeds manufacturing;
- Brewery wastes like spent yeast and brewers spent grains as raw material for feeds manufacturing; and
- Flour mill wastes like wheat bran pollard as raw material for feeds manufacturing.

The Group recognizes that the production of packaging materials, in whatever form, uses resources like energy, water, chemicals, and petroleum. The manufacture of such packaging materials often generates air emissions, wastewater, and other by-products. As part of its commitment to the environment, the Group has helped reduce packaging wastes by reusing certain materials such as glass bottles, pallets, and plastic crates. For example, SMB has long

maintained its returnable glass bottle (RGB) system and GSMI has been increasing the footprint of its bottle retrieval network. For SMB, given its nationwide distribution network and the nature of its business, the RGBs naturally flow back into the system and are reused for approximately 5 to 10 years, depending on the condition of the bottles. GSMI also uses second-hand bottles that are sourced through its bottle retrieval program.

Business procurement groups of each division maintain pools of accredited suppliers for local and imported materials, which are regularly audited by their respective quality assurance teams. In line with its sustainability efforts, SMFB continues to broaden the Group’s base of suppliers and materials through second supplier programs, multi-continent sourcing, evaluation of alternative materials, as well as undertaking process optimization initiatives, e.g., SMF has turned cassava as a substitute for corn; SMB has broadened its base of alternative materials as carbohydrate source for the brewing process; and GSMI has local and imported sources of alcohol.

Opportunities and Management Approach

The Group seeks to continuously procure and produce packaging materials responsibly. Supplier collaborations are in the pipeline to explore opportunities to minimize any adverse environmental and social impacts. In addition, SMFB will closely coordinate within the wider SMC Group for utilization of by-products, as well as to participate in studies on more environment-friendly packaging materials.

Ecosystems and Biodiversity (whether in upland/watershed or coastal/marine)¹

Disclosure	2021	2020	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas ²	1	1	count
Habitats protected or restored ³	12	12	Ha
International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations ⁴	2	2	Species type

¹ SMF and SMB do not have any confirmed biodiversity sites identified by the Department of Environment and Natural Resources.

² DBI under GSMI, is located along the coastal lines of Guimaras Strait.

³ Mangrove Reforestation Area is along the coastal line of Guimaras Strait.

⁴ Species inhabited in Guimaras Strait are categorized as (1) Critically Endangered by the IUCN Red List of Threatened Species 2018: *Orcaella brevirostris* (Irrawaddy Dolphin) (Iloilo-Guimaras Subpopulation); (2) Vulnerable by the IUCN Red List of Threatened Species 2018: *Dugong dugon* (Dugong).

Impacts and Risks

Only one facility within SMFB's list of production sites was identified as a biodiversity site by the Department of Environment and Natural Resources (DENR). GSMI's subsidiary, DBI, is an alcohol distillery located along the coastline of Guimaras. GSMI recognizes that wastewater effluents and other emissions of the distillery, if not properly managed, may cause deterioration of the water quality within the Guimaras Strait and threaten the marine biodiversity within the area.

Stakeholders: Shareholders, employees, government authorities, local communities, and the general public

Management Approach to Impacts and Risks

In general, the Group ensures that effluents adhere to the standards set by the DENR General Effluent Standards under DAO 2016-08 before these are discharged to a body of water. Doing so reduces the threat to the marine life in the area.

Along the shore of the Guimaras Strait and adjacent to the distillery, in particular, GSMI secured a mangrove reforestation area as its contribution to the preservation of the water quality and marine biodiversity in the Strait. The 12-hectare area has a 96% survival rate for the mangroves planted. Benefits from the initiative include reduced risk of flooding and soil erosion and a reduction in carbon emissions, thereby minimizing environment-related risks to the Strait. Regular tree planting within the vicinity is conducted every year.

GSMI also works with partner cooperatives on the island of Guimaras in organizing regular coastal clean-ups and in monitoring the shoreline and mangroves.

Opportunities and Management Approach

Exploration of other conservation initiatives is in progress. GSMI is also in constant communication with the local government of Guimaras and surrounding communities for other collaborative efforts. GSMI has a long-standing commitment of being a good and responsible neighbor in the Guimaras Strait.

Environmental Impact

Air Emissions

GHG

Disclosure	2021	2020	Units
Direct (Scope 1) GHG Emissions	207,523	183,816	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	282,564	257,954	Tonnes CO ₂ e
Emissions of ozone-depleting substances ¹ (ODS)	N/A	N/A	Tonnes

¹ We do not use Ozone Depleting Substances; hence we do not have any ODS emissions.

Impacts and Risks

The Group recognizes that GHG emissions not only pose serious threats to human health, but can also affect climate change. Due to climate change, extreme weather conditions have been experienced in different parts of the globe and have affected food production and disruptions in the supply chain.

Electricity and diesel consumption are the primary sources of the Group's GHG emissions. Electricity consumption covers operations in offices, commissaries, manufacturing plants, warehouses, and other facilities. Diesel consumption is from the use of generators and company-owned vehicles.

The Group also recognizes that its agriculture-related businesses contribute to such GHG emissions. However, data regarding these is not yet available to determine the extent of its contribution.

Stakeholders: Shareholders, employees, suppliers, government authorities, local communities, and the general public

Management Approach to Impacts and Risks

According to a document prepared by the USAID under the Climate Change Adaptation, Thought Leadership and Assessments on climate risk issues, the Philippines is highly vulnerable to the impacts of climate change such as rising sea levels, frequency of extreme weather events, record temperatures, and extreme rainfall. This is a result of the country's high exposure to natural hazards (landslides, floods, droughts, etc.), dependence on climate-

sensitive natural resources, and vast coastlines that are densely populated and in close proximity to major cities.

With this in mind, SMFB seeks to uphold its responsibility as a good corporate citizen by managing GHG emissions. A good example is DBI's reduction of GHG emissions through lesser consumption of fossil-derived liquid fuel. While combustion of biogas and liquid fuels still have emissions, DBI's generation of biogas greatly reduces its use of petroleum fuels. DBI is also able to reduce its emissions through capturing biogenic carbon dioxide (CO₂) gas that is a by-product of fermentation in alcohol-making. This gas is further processed into liquid CO₂ and utilized by beverage industries producing carbonated drinks.

In addition, bottling plants have also introduced various improvements in manufacturing lines, leading to better operational efficiencies which translate into the reduction in energy consumption and lower GHG emissions.

Other efforts of the Group include installing solar panels in several facilities and utilizing biogas in some operations, thereby reducing GHG emissions from electricity and use of non-renewable resources.

Opportunities and Management Approach

The Group continues to explore technologies that can help improve energy efficiency in various aspects of its operations to help reduce emissions.

In addition, the Group encourages its employees to make smart energy decisions in their daily lives. For example, the Group's participation in SMC's program in the fourth quarter of 2020, which substantially subsidizes the cost of bicycles to provide employees with an alternative mode of transportation will eventually help reduce GHG emissions that would have otherwise resulted from other modes of transportation powered by fuel.

Air Pollutants

Disclosure	2021	2020	Units
NO _x	233,514	248,042	kg
SO _x	682,975	855,679	kg
Volatile organic compounds (VOCs) ¹	47,609	16,216	kg
Particulate matter (PM)	75,295	81,792	kg

¹ The increase in VOCs mainly comes from vehicle fuel after their inclusion in the 2021 report.

The topic on air pollution is relevant due to the Group's use of generators and boilers. For boilers, the Group installed catalytic converters to reduce toxic gases and pollutants in the exhaust gas. Generator sets, on the other hand, are on stand-by in case of power interruptions. The Group's policies in place for the management of air emissions and the use of boilers and generator sets are compliant with the standards prescribed by the DENR.

Impacts and Risks

Air pollutants, such as NO_x and SO_x emissions originate as products of combustion that accompany power generation. These emissions have been proven to contribute to the impaired quality of the environment. In addition, these substances are known to cause respiratory effects, as well as acidic deposition that affect vegetation, soil, and surface waters.

Stakeholders: Shareholders, employees, suppliers, government authorities, local communities, and the general public

Management Approach to Impacts and Risks

The Group manages air emissions by closely monitoring by-product levels in accordance with Environment Management Systems in place in its various facilities, as well as compliance with environmental standards set by the DENR and the World Bank.

All air pollution source and control equipment at the Group's manufacturing facilities and farms use cleaner fuel to meet the emission standard. Other initiatives have also been implemented to improve the quality of air emissions. For example, GSMI conducts regular maintenance of boilers and generators and cleaning of smokestacks, as well as de-sooting and hydro-testing procedures of boilers.

Opportunities and Management Approach

SMFB commits to being a good corporate citizen by continuously studying developments in air emissions management and technologies and integrating them into the Group's operations when feasible.

Solid and Hazardous Wastes

Solid Waste

Disclosure	2021	2020	Units
Total solid waste generated	241,736,962	240,583,8591	kg
Reused	1,697,047	226,600,252	kg
Recycled	214,747,627		
Composted	6,905,551	4,894,895	kg
Landfilled	18,386,737	9,088,712	kg
Incinerated ¹	0	0	kg

¹ SMFB does not dispose its waste through incineration, hence '0' is reflected.

Impacts and Risks

The Group's production facilities, offices, warehouses, and other sites generate solid wastes that, if not managed properly, may result in negative environmental and cost impacts. Likewise, as production increases, if production is inefficient, the amount of solid waste generated will increase further.

Inefficient management of solid wastes poses health and environmental risks. Improper solid waste management could contribute to land and water pollution, while those transported to landfills could cause land degradation, methane gas production, and leaching of toxic substances, among others.

Solid waste may also affect the sanitation at the relevant site, which may, in turn affect the health of its employees and the Group's ability to manufacture quality products. All these may lead to regulatory penalties, health code violations, and other ramifications that may affect the Group's reputation.

Stakeholders: Local communities, employees, local government units, regulators, general public

Management Approach to Impacts and Risks

As a subsidiary of SMC, SMFB has the benefit of adopting and implementing SMC's comprehensive solid waste management program to protect public health and the environment. SMFB is fully compliant with Republic Act No. 9003, otherwise known as the "Ecological Solid Waste Management Act of 2000" and all applicable statutes that cover the various aspects of the Group's operations.

Initiatives to reduce solid wastes include:

- Collection of production scraps for recycling
- Utilization of animal waste for biomass energy
- Recovery of spent grain to serve as additives in animal feeds
- Proper waste segregation
- Ban of single use plastics
- Return of damaged or substandard materials to suppliers
- Selling of scrap materials to third parties
- Recycling of plastics
- Recycling and reusing paper or printing only as necessary

In addition, SMFB strives to increase its value to customers through developing products and initiatives that integrate the sustainability mindset. Since SMFB is highly integrated, the businesses capitalize on recycling its waste by-products as material inputs to another, including:

- Culletts or broken bottles from bottling plants as raw material for San Miguel Yamamura Packaging Corporation, an SMC subsidiary;
- Poultry processing wastes such as feathers, offals, and blood are rendered and used as raw material for feeds manufacturing;
- Brewery wastes like spent yeast and brewers spent grains as raw material for feeds manufacturing; and
- Flour mill wastes like wheat bran pollard as raw material for feeds manufacturing.

SMFB also helps reduce food waste by redirecting excess food supply to various food banks and feeding programs. Likewise, excess processed meats and other products are donated to SMC's adopted communities such as in Tondo, Manila.

Opportunities and Management Approach

As part of its ongoing commitment to environmental stewardship, SMFB continues to explore other opportunities that will help make the Group's processes more efficient—from the manufacturing to delivery of its products. The Group continues to evaluate new technologies that will reduce solid wastes in its facilities and send less of it to landfills.

Hazardous Waste

Disclosure	2021	2020	Units
Total weight of hazardous waste generated	407,044	540,379	kg
Total weight of hazardous waste transported	390,647	415,335	kg

Impacts and Risks

Hazardous waste storage and disposal are highly regulated under Republic Act No. 6969, otherwise known as the “Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990,” which requires registration and quarterly reporting of generated/disposed hazardous wastes to the Environmental Management Bureau (EMB) of the DENR.

As a food and beverage company, SMFB’s facilities generate hazardous wastes. Examples include:

- Spent mercury contained in items such as fluorescent lighting
- Ink cartridges
- Batteries
- Oils used in food production
- Kitchen grease
- Oils used in machinery and equipment
- Contaminated items such as rags or pads
- Lead contained in paints

Improper handling of such wastes may result in exposure to hazardous substances that may affect the health and safety of employees and/or the public, serious effects on the environment (such as soil, surface water, and groundwater pollution), and costs that may result in penalties for violations of environmental policies and health codes.

Stakeholders: Local communities, employees, local government units, regulators, general public

Management Approach to Impacts and Risks

Disposal of hazardous wastes are done through DENR-accredited transporters and treaters and are accompanied with manifests and Certificates of Treatment, which are submitted to the EMB on a quarterly basis. SMFB complies with the requirements under Republic Act No. 6969, particularly on storage, labelling, disposal and reporting of such wastes.

Since hazardous wastes require specific treatment for disposal, these are segregated from non-hazardous wastes. The Group follows strict methods for storage and disposal of hazardous wastes, which include the following:

- Hazardous wastes are stored in sealed containers and housed in storage facilities within each of the Group’s operations. These facilities are within safe distance from regular business activities.
- There are specific employees trained in the storage and disposal of hazardous materials, including periodic monitoring of storage facilities to ensure that there are no spillages or damages to waste containers. The employees are also trained to neutralize and contain hazardous materials in case of emergencies.

In compliance with Republic Act No. 6969 and its implementing rules and regulations, hazardous wastes are properly handled and treated by the DENR-certified transporters and treaters tasked to do the following:

- Conduct laboratory analyses on the hazardous wastes collected
- Prepare hazardous waste manifest forms
- Process, treat, recycle and dispose hazardous wastes within 30 days from the time of hauling
- Issue Certificates of Treatment/Recycle/Disposal after treatment of hazardous wastes

Opportunities and Management Approach

The Group aims to reduce the quantity of hazardous waste generated by its businesses, not only to help protect the environment, but also to reduce risks. Initiatives include adopting innovations and technologies to reduce usage or further improve handling, treatment, and disposal of hazardous wastes.

Effluents

Disclosure	2021	2020	Units
Total volume of water discharges	9,825,645	9,392,064	cubic meters
Percent of water recycled	3.53	3.51	%

Impacts and Risks

The impacts of effluents can be far-reaching. If not properly treated, effluents can diminish the quality of water where they are discharged. Contaminated water can lead to the destruction of biodiversity in the area and can, eventually, be a hazard to human health.

The Group or its concerned subsidiaries may face regulatory risks for any non-compliance with DENR effluent standards. Penalties can range from fines to suspension of operations. There is also the possibility of reputational risks.

Stakeholders: Local communities, employees, regulators, shareholders, general public

Management Approach to Impacts and Risks

In compliance with regulations, each facility of SMFB operates sewage treatment plants for wastewater from domestic sources and wastewater treatment plants for wastewater from production activities. Compliance of effluent quality in accordance with the General Effluent Standards of 2016 is ensured through sampling and analysis to monitor wastewater treatment performance. Pollution Control Officers are provided updates and training on industry best practices.

Opportunities and Management Approach

SMFB continues to explore technologies that will improve the Group's water treatment processes, increase the percentage of water recycled, and eventually minimize effluents. This is aligned with SMC's *Water for All* initiative, which aims to reduce water consumption.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2021	2020	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	1,030,000.00 ¹	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	Count

No. of cases resolved through dispute resolution mechanism	0	0	Count
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¹ East Pacific Star Bottlers Phils Inc., a subsidiary of GSML, complied with the payment of the fine imposed by the DENR-Pollution Adjudication Board in the case entitled "In the matter of Water Pollution Control and Abatement Case vs. East Pacific Star Bottlers Phils Inc.", docketed as DENR-PAB Case No. 02-F00184-1. Details may be accessed through the following disclosure: <https://www.ginebrasanmiquel.com/wp-content/uploads/2020/10/GSML-SEC-FORM-17-C-2020.07.22-re-EPBPI-DENR-PAB-Case.pdf>. East Pacific Star Bottlers Phils Inc. has further secured from the DENR all permits and clearances for its operations after payment of the fine.

Impacts and Risks

The Group remains compliant with all environmental laws applicable to its operations. Risks include increased capital expenditures, operating expenses, and potential delays in facility development and operations in the event that new or more stringent regulations are imposed. Regulatory risk is also relevant as non-compliance may result in penalties and sanctions that may affect the Group's finances or reputation. Finally, there is also risk of environmental damage that may affect the Group's operations and its surrounding communities.

Stakeholders: Management, employees, local communities, regulators, general public

Management Approach to Impacts and Risks

SMFB ensures that the Group's operations throughout the Philippines are in compliance with applicable environmental laws and regulations such as, but not limited to, the following:

- Republic Act No. 9275 (Philippine Clean Water Act of 2004)
- Presidential Decree No. 1067 (The Water Code of the Philippines)
- Republic Act No. 8749 (Philippine Clean Air Act of 1999)
- Republic Act No. 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990)
- Republic Act No. 9003 (Ecological Solid Waste Management Act of 2000)
- Presidential Decree No. 1586 (Establishing an Environmental Impact Statement System, including other environmental management related measures and for other purposes)
- Applicable administrative orders of the DENR

There are also various management committees, as well as Pollution Control Officers, that oversee the implementation and monitoring of all relevant regulations in every aspect of the Group's operations.

Opportunities and Management Approach

The primary operating divisions of SMFB work with their respective Internal Audit Groups and monitoring teams to ensure that all business activities are compliant with environmental regulations. The Group is looking at further streamlining its processes. It seeks to work with third-parties and other organizations to determine best practices in the industry.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	2021	2020	Units
Total number of employees	8,817	8,782	#
a. Number of female employees	2,284	2,352	#
b. Number of male employees	6,533	6,430	#
Attrition rate ¹	5.3%	-1.4% ²	rate
Ratio of lowest paid employee against minimum wage	1.2:1	1:1	ratio

¹ Attrition rate is computed as follows: (no. of new hires – no. of turnover) / (average of total no. of employees of previous year and total no. of employees of current year).

² The attrition rate for 2020 was distorted by the circumstances related to the COVID-19 pandemic. While number of turnovers was in line with historical average, there were significantly less new hires in 2020 due to limited operations in certain facilities on account of the varying levels of community quarantine imposed by the government.

Employee Benefits

The Group provides its employees with all the benefits mandated by law and does not discriminate based on gender.

List of Benefits	Y/N	% of female employees who availed in 2021	% of male employees who availed in 2021
SSS	Y	100%	100%
PhilHealth	Y	100%	100%

Pag-ibig	Y	100%	100%
Parental leaves ¹	Y	5.9%	5.1%
Vacation leaves ²	Y	53.9% ³	
Sick leaves	Y	31.5%	

¹ Maternity and paternity leaves are covered in this item.

² The Group also offers commutation of leave credits as a benefit for employees.

³ Overall utilization rate is equal to the number of actual availed leaves over the summation of the number of entitled leaves per employee type.

Diversity and Equal Opportunity

Disclosure	2021	2020	Units
% of female workers in the workforce	25.9	26.8	%
% of male workers in the workforce	74.1	73.2	%
Number of employees from indigenous communities and/or vulnerable sector ¹	840 ²		headcount

¹ Vulnerable sector includes, 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).

² Figure limited to SMF since the other businesses have not tracked this disclosure. However, systems are being put in place for data gathering in subsequent reporting cycles.

Impacts and Risks

SMFB is an equal opportunity employer that promotes employees based on merit, achievements and responsibilities for a work position. Employees receive benefits and a healthy work environment where they could meaningfully earn a living and advance in their careers. These create a positive impact to employees that also extends to their families. Despite offering industry-leading employee benefits, SMFB still faces attrition risk and costs associated with attrition.

Stakeholders: Management, employees

Management Approach to Impacts and Risks

On Employee Hiring and Benefits, Diversity and Equal Opportunity

As enshrined in its Code of Business Conduct and Ethics, it is SMFB's core value to "develop and motivate our employees to become best-in-class through cognitive and affective programs, competitive compensation and benefits, and diverse career growth opportunities." SMFB is also firmly committed to have a positive impact on the lives of its employees and their families while acknowledging meritocracy as a guiding principle, where it recognizes individuals on the basis of performance and results. Moreover, "discrimination for reasons of race, age, gender, gender orientation, ethnicity, disability, religion, political affiliation, union membership or marital status shall not be condoned."

Women in the organization are given equal opportunities to assume leadership roles as career development and progression are based on performance and manifested capacity and capability.

Upon regularization, employees are entitled to various types of insurances and medical benefits. Other benefits such as wedding benefit and burial assistance for the employee and their dependents are also granted to employees. Employees may also opt to convert leave credits to a monetary equivalent as a benefit. To a certain extent, the Group works hand-in-hand with third party service providers to facilitate employee availment of benefits.

Also stipulated in SMFB's Code of Business Conduct and Ethics is that the Group shall "comply with applicable wage laws, including minimum wage, overtime hours, and mandated benefits."

In the Policy relating to Health, Safety, and Welfare, "SMFB and majority of its subsidiaries have funded, non-contributory, defined benefit retirement plans covering all of their permanent employees (collectively, the "Retirement Plans"). These Retirement Plans pay out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The relevant annual contribution of the Group to the Retirement Plans consists of payments covering the current service cost and amortization of unfunded past service liability."

Aside from the statutory benefits, the Group extends non-monetary benefits and perks that allow employees to balance family and work responsibilities. For example, in the summer, the employees' dependents are invited to summer workshops for singing, dancing, acting, and sports programs organized by SMC

With the onslaught of the pandemic, the Group has provided means for employees and their dependents to have access to reverse transcription-polymerase chain reaction (RT-PCR) tests, vaccination and discounted products to tide them over during the various community quarantines imposed by the government.

The Group continually benchmarks with peers in the industry to ensure that its compensation and benefit package remains competitive.

Opportunities and Management Approach

The Group is continuously updated on pertinent labor laws and regulations. As the Group aims to develop and motivate its employees to become best-in-class, their benefits and their overall work experience are prioritized by the Group as well. Appropriate strategies and activities could also be drafted in support of new opportunities. The Company continually benchmarks with peers in the industry to ensure that its compensation and benefits package remains competitive.

Employee Training and Development

Disclosure	2021	2020 ¹	Units
Total training hours provided to employees	107,184.5	66,026.6	hours
a. Female employees	33,295	26,021.64	hours
c. Male employees	73,889.5	40,004.97	hours
Average training hours provided to employees	12.2 ²	7.5	hours
a. Female employees	14.6	11.1	hours/employee
b. Male employees	11.3	6.2	hours/employee

¹ Numerous training sessions were put on hold in 2020 due to the COVID-19 pandemic.

² Training programs resumed in 2021. To the extent possible, the programs were migrated to online platforms.

Impacts and Risks

SMFB believes that employee training and development are essential to organizational excellence. It has made a significant commitment to provides avenues for employees to realize their full potential. Professional growth in their careers can be attained through formal trainings, opportunities for further education, and other alternative approaches. Through these initiatives, employees become more capable in their tasks, and their productivity and efficiency in technical aspects as well as soft skills are improved.

If the employees do not undergo continuous training, they miss on opportunities to learn new methods and technologies and their skills could also stagnate. This could lead to a plateau or even a decline in productivity.

Stakeholders: Employees

Management Approach to Impacts and Risks

It is SMFB's core value to "develop and motivate our employees to become best-in-class through cognitive and affective programs, competitive compensation and benefits, and diverse career growth opportunities." SMFB is also committed to develop the full potential of its employees by "sharing applicable knowledge, skills, and best practices that will help them meet and exceed expectations."

In this regard, various structured in-house and external trainings are provided to employees. In-house programs include the San Miguel School of Brewing, which offers various programs spanning all levels of professional brewing technical training, from the basic brewing course for newly-hired employees to the advance brewing course for senior technical employees and highly advanced classes necessary to produce brew masters. The San Miguel Foods University, on the other hand, offers courses on leadership and management, sales, logistics, poultry and livestock slaughtering, and feed milling, among others. A training program on sensory skills development and critical processes for liquor manufacturing is also provided for employees of the Spirits business.

Talent development is strengthened by ensuring that individual development plans of employees are defined and anchored on performance and competency gaps, and that these plans are implemented.

In addition, development of high-potential/high-performing employees is pursued via fast-track learning through advanced programs, deliberate movements, coaching and mentoring, and participation in centerpiece projects.

The learning landscape of the Group changed as a result of the COVID-19 pandemic, adopting fully-digitized approaches to recreate in-person learning and training programs through live video and social sharing via online platforms such as Zoom and Microsoft Teams.

The Group acknowledges the potential impacts that the pandemic has on its employees' well-being. The Group regularly organizes online programs that nurture wellness, such as sessions to understand mental health, yoga and dance classes, and sustainable gardening, among others. For spiritual well-being, there are recollections and Holy Masses available online. On personal finance, there are courses on financial well-being and investment opportunities.

Opportunities and Management Approach

The Group continues to place considerable focus on the development and advancement of its employees. It constantly seeks to introduce new programs for training, skills development, and employees' self-improvement and has adapted these to virtual or digital formats in light of the COVID-19 pandemic.

In addition, there is an opportunity to benchmark with industry peers on people development strategies; and how to further maximize the use of technology for learning and development of employees.

Labor-Management Relations

Disclosure	2021	Units
% of employees covered with Collective Bargaining Agreements	23.8	%
Number of consultations conducted with employees concerning employee-related policies	82	#

Impacts and Risks

The Group complies with all applicable labor laws and regulations, including minimum wage requirements, mandatory health benefits, and overtime compensation, among others. In doing so, the Group becomes a channel of fair and adequate livelihood for its rank-and-file employees which comprise the labor unions. A harmonious labor-management relationship results to the Group’s undisrupted operations and continuous productivity.

However, the Group recognizes that there can be no assurance that it will not experience labor disputes in the future. This continues to be a risk that SMFB continually addresses. Unresolved labor disputes could also result in disruptions of normal business operations that could affect both employee productivity and the Group’s financial condition and reputation.

Stakeholders: Shareholders, employees, business partners, regulators, investors, customers

Management Approach to Impacts and Risks

To maintain the positive impact of fair and adequate livelihood and reduce the risks of operational disruptions due to labor disputes, the Group continuously monitors pertinent labor laws and regulations and implements updates on its policies and practices as may be necessary in view of developments in such laws and regulations. The Group likewise renegotiates the economic provisions of its existing collective bargaining agreements not later than three (3) years from the execution of said agreements with the authorized collective bargaining representatives who are elected every five (5) years.

In addition, the Group’s businesses organize various townhall or similar forums that serve as a venue for communication between employees and management. For example, SMF organizes “Speak Ups” with the Division President, Chief Operating Officer or Business Unit Heads.

During this venue, concerns are raised on various issues are addressed and the employees who raise such concern are given feedback on the resolution of the issues.

Opportunities and Management Approach

The Group continues to be vigilant in complying with applicable labor laws and regulations and engaging with collective bargaining representatives to hear and address grievances that employees may have.

In addition, the Group's businesses will continue to provide their respective employees with avenues of communication with management such as speak ups, labor-management council meetings and toolbox meetings, with the goal of promoting cordial employee-management relations as well as process and work improvements for better efficiencies.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Occupational Health and Safety is a material topic to the Group, which ensures that all employees work in a healthy and safe environment in all of its facilities. While health and safety is every employee's right, a workplace free of illness and accidents can also lead to avoidance of illnesses and accidents that generate costs and lead to production disruptions or losses.

While the consolidated data of the Group is not yet available, systems are being put in place for data gathering in subsequent reporting cycles, including agreeing upon a common definition and understanding of terms to facilitate recording and reporting. Management approach of the potential impacts and risks is provided in the following section.

Labor Laws and Human Rights

Disclosure	2021	2020	Units
No. of legal actions or employee grievances involving forced or child labor	0	0	#

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 the Code of Business Conduct and Ethics.

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	“We shall not use forced or involuntary labor.”
Child labor	Y	“We shall not use child labor.”
Human Rights	Y	“We shall provide a workplace free of harassment, discrimination, harsh and inhumane treatment.”

Impacts and Risks

The fundamental belief in the dignity of the individual is in line with SMFB’s core value of *Malasakit*—looking after the welfare and interests of others and going beyond what is expected. Ensuring occupational health and safety, respecting human rights, and the prohibition of forced labor and child labor are responsibilities SMFB takes seriously. Violations of the foregoing carry material penalties and expose the Group to potential law suits, as well as reputational risks.

Stakeholders: Shareholders, management, employees, business partners, regulators

Management Approach to Impacts and Risks

On Workplace Conditions

SMFB values the health and safety of all its employees and other workers. Worker protection is a key topic in its Code of Business Conduct and Ethics and its Policy relating to Health, Safety, and Welfare. It is stated that the Group shall have programs in place to ensure the safety of its workers which include elimination of occupational hazards in the workplace, provision of protective equipment, proper training in the handling and use of machinery and materials, and other safety protocols. Moreover, the Group ensures the protection of workers from undue exposure to chemical, biological and physical hazards. If it is necessary, safety information is also provided to guide all workers.

In the Policy relating to Health, Safety, and Welfare, the Group initiates a variety of activities centered on the safety, health and welfare of its employees.

Upon regularization, employees are entitled to Group Personal Accident Insurance, Group Life Insurance, Work Connected Accident Insurance, medical benefits through HMO coverage consisting of annual physical examinations, physician consultations, diagnostic procedures, medicines and hospitalization.

In particular, the Group has the following programs to promote the health, safety and welfare of its employees:

- a. All facilities have clinics that provide medical consultation and diagnostic services, and dispense accredited doctor-prescribed medicines;
- b. Admission at accredited hospitals for employees with sick leave credits;
- c. Annual Health and Wellness Day, where the Group provides free disease screening, consultation, discounted vaccines/immunization, and various fitness activities for employees and their dependents;
- d. Well-being events and other seminars or workshops, as well as information campaigns on health awareness and disease prevention;
- e. Sports and aerobics;
- f. Employee bonding initiatives such as team building, summer outings and Christmas parties;
- g. Formation of Health and Safety Committee tasked to lead in the risk and hazard assessment and eradication in the workplace;
- h. Activation of Emergency Response Teams that are trained to lead during emergency situations like fires and earthquakes; and
- i. Annual conduct of fire and earthquake drills.

As early as January 2020, when news of the first COVID-19 cases in the Philippines were announced, the Group immediately introduced health protocols in its workplaces, such as mandatory wearing of face masks, installing hand washing stations, hand disinfection, and thermal scanning upon entering the facilities. Work-related foreign travel was also suspended and in-person meetings with non-SMC employees were limited.

Thereafter, other health protocols were introduced such as mandatory wearing of face shields in addition to the face masks, retrofitting offices and facilities with acrylic panels in common areas and meeting rooms to reduce the risk of transmission of the virus. The Group also periodically tests its employees for COVID-19 through San Miguel Foundation's COVID-19 testing laboratory, Better World EDSA.

The Group further complies with government directives on maximum operational capacities to help prevent the spread of the virus, implementing work from home arrangements. For those employees whose presence at the offices or plants are necessary, shuttle bus services and loans for the purchase of bicycles to avoid public transportation where exposure to the virus is heightened, are made available.

Beginning the second quarter of 2020, food and accommodations were provided to employees who had to be housed onsite or within close proximity to avoid disruptions in plant operations. This was part of SMFB's commitment of ensuring that there will be enough food for the country during the time of uncertainty.

In mid-2021, SMC kicked off its P1 billion nationwide vaccination program for its 70,000 employees, extended workforce and their families. Aside from the two doses, booster shots were also made available. To date, SMC continues to protect its workforce through regular antigen and RT-PCR testing for the COVID-19 virus.

On Labor Standards and Human Rights

SMFB’s Code of Business Conduct and Ethics explicitly states that it shall not engage in forced/involuntary labor and child labor. The organization promotes a workplace free of harassment, discrimination, and harsh and inhumane treatment. Any abusive behavior such as sexual harassment, corporal punishment, mental or physical coercion, or verbal abuses or threats among workers shall not be tolerated. Discrimination for reasons of race, age, gender, gender-orientation, ethnicity, disability, religion, political affiliation, union membership or marital status shall not be condoned.

The Group complies with applicable wage laws and regulations governing employment, including minimum wage, overtime hours, and mandated labor benefits.

Opportunities and Management Approach

The Group shall continue to be compliant with all applicable labor laws and regulations and be watchful against any violations on labor and human rights in its premises and supply chains.

Supply Chain Management

While the SMC Group has a group-wide supplier accreditation policy and observes a common procedure to implement such policy, it will not be disclosed as it is considered a trade secret, proprietary to the Group and thus highly confidential. The supplier accreditation policy demands that a potential supplier meets certain qualification criteria and abides by statutory requirements as well as standards set by the concerned company within the SMC Group. Each supplier contract contains an undertaking to adhere to applicable laws, which include but are not limited to laws relating to forced labor, child labor, human rights, bribery, and corruption.

SMFB has a Code of Business Conduct and Ethics which also extends to its suppliers.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	“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.”
Forced labor	Y	“We shall not use forced or involuntary labor.”
Child labor	Y	“We shall not use child labor. Employment of young workers shall only occur in accordance

		with the law.”
Human rights	Y	“We shall provide a workplace free of harassment, discrimination, harsh and inhumane treatment.”
Bribery and corruption	Y	“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.”

Impacts and Risks

Certain aspects of the Group’s manufacturing, production, and logistics operations are outsourced to legitimate and independent third-party contractors. In doing so, the Group distributes economic value to its suppliers while also enhancing their ability to generate economic value themselves and create employment for others. A core value of SMFB is to “work hand-in-hand with our Suppliers and other Business Partners, helping them grow with us, and assure them of reasonable returns.”

The Group, however, recognizes that there is a risk that certain contractors and suppliers may fail to perform their contract obligations, or that the Group may be unable to find new, legitimate, and independent contractors to meet increased demand. Failure of suppliers and contractors to meet labor, safety, health, and environmental laws could also impact the Group’s production and distribution capabilities and likewise pose reputational risks.

Stakeholders: Employees, shareholders, business partners, customers

Management Approach to Impacts and Risks

The Group has a portfolio of suppliers and contractors to reduce risks and disruptions in supply and production.

SMFB, through its Code of Business Conduct and Ethics, also enjoins its business partners, which include suppliers, to conduct business consistent with the principles of good governance and ethics and to demonstrate compliance with the principles and standards stated in the Code. It is also the Group’s commitment to develop the full potential of business partners by sharing applicable knowledge, skills, and best practices.

Suppliers are screened through an accreditation process that ensures that they are compliant with all government regulations. They are also evaluated on their ability to meet the Group’s expectations on timely delivering quality goods and services, and to comply with SMFB’s Code of Business Conduct and Ethics.

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.

Relationship with Community

Significant Impacts on Local Communities

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

Operations with significant impacts on local communities	Location	Vulnerable groups, if applicable*	Does the particular operation have impacts 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	Employment, Livelihood Projects
SMB's Carmen Mangrove Development Program with Fishermen's Associations	Carmen, Cebu	Not applicable	No known negative impact to indigenous people	The program aims to help propagate mangroves along the coastlines of Carmen, Cebu for fish habitat	The mangroves have contributed to sustainability of breeding areas for fish and shellfish. Fish catch has steadily improved throughout the years of engagement in Carmen's mangrove areas.
SMF's sustainable sourcing program of SMF's agri-based raw materials An initiative to develop a sustainable supply of	Present in 28 of 81 provinces nationwide, of which nine are part of the 20 poorest provinces (DA 2019). These are Eastern Samar, Leyte, Negros	Local farmers, indigenous people of Mindoro	No known negative impact to indigenous people	The farmers benefit from the ready market being offered by the program for their agricultural products, thus providing a sustainable source of livelihood	The Company enhanced the payment processing to a cycle period of 5 days compared to a regular 30 days payment period with other vendors or suppliers

<p>strategic agri-based raw material at low-delivered cost while providing livelihood opportunities in the countryside. The program's main features include the following: 1) guaranteed market with purchase agreement; 2) guaranteed floor price or SMFI approved buying price at the time of delivery, whichever is higher; 3) planting material support for start-ups; and 4) technical support to guide the farmers on proper crop production management.</p>	<p>Oriental, Bukidnon, Lanao del Sur, Maguindanao, North Cotabato, Sultan Kudarat, and Zamboanga del Norte</p> <p>The program currently ongoing in the following provinces:</p> <p>LUZON</p> <ol style="list-style-type: none"> 1. Apayao 2. Ifugao 3. Cagayan 4. Isabela 5. Nueva Ecija 6. Pampanga 7. Quirino 8. Tarlac 9. Batangas 10. Occidental Mindoro 11. Masbate 12. Camarines Sur <p>VISAYAS</p> <ol style="list-style-type: none"> 1. Cebu 2. Eastern Samar 3. Leyte 4. Negros Occidental 5. Negros Oriental <p>MINDANAO</p> <ol style="list-style-type: none"> 1. Zamboanga del Norte 2. Zamboanga del Sur 3. Lanao del Sur 4. Misamis Oriental 5. Bukidnon 6. Davao del Sur 7. Davao Occidental 8. North Cotabato 9. South Cotabato 10. Maguindanao 				
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	11. Sultan Kudarat				
SMF's contract poultry growing	Region I (Pangasinan, Ilocos), Region II (Isabela), Region III (Zambales, Bataan, Tarlac, Nueva Ecija, Pampanga), Region IV (Batangas, Quezon, Cavite), Region V (Camarines Sur, Albay), and Region VI (Iloilo, Negros Occidental), VII (Cebu), VIII (Leyte), IX (Zamboanga), X (Cagayan de Oro, Misamis Occidental, Misamis Oriental), XI (Davao), SOCKSARGEN (Gen San), CARAGA (Butuan)	None	None	Generation of employment on a national scale In some areas, nearby communities complain of fly infestation	Addition of Larvicite in poultry feeds to eliminate fly larvae from affecting poultry farms Site qualification (site should be within the agricultural zone of the community and be 1 kilometer away from the nearest residential areas and farms). Proper farm management and maintenance. SMFI inspects compliance of farms with SMFI guidelines.
Piglet Dispersal Program Piglets are given to backyard farmers at a discounted price. Through a BMeg distributor in the area, the farmers are supplied with BMeg feeds and vet med products. Piglets are paid for upon	North Luzon, Eastern Visayas, Cotabato	Backyard hog raisers	None	Supports business continuity of backyard hog raisers affected by the African Swine Fever	Livelihood

harvest.					
<p>Community Reseller Program</p> <p><i>Magnolia Fresh Chicken</i> (with 18,026 resellers as of end-December 2021): For as low as P2,000 as initial capital, sellers are provided assorted chicken products to sell to their communities. San Miguel Foods provides coolers on loan for storage and can deliver daily</p> <p><i>Prepared and Packaged Food:</i> (with 1,591 resellers as of end-Dec. 2021) Initial capital is P10,000 and includes Purefoods, Magnolia, and foodservice products</p>	Nationwide	<p>Displaced OFWs</p> <p>Solo parents</p> <p>Seamen</p> <p>Those who became jobless during pandemic</p> <p>OFW returnees</p> <p>Senior citizens</p>	No	Provides an alternate source of livelihood for those who lost their jobs during the pandemic or are not earning enough to sustain their families	Continuous source of livelihood
GSMI, EPSBPI & DBI	Sta. Barbara, Pangasinan; Cabuyao, Laguna; Cauayan, Isabela; Ligao City, Albay; Mandaue City, Cebu; Bago City, Negros Occidental	Not applicable	No	Local hiring for applicable jobs	<p>Health, Education, and Livelihood Projects</p> <p>Constant engagement with communities</p>

* 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	2021	2020	Units
FPIC process which is still undergoing consultations	Not Applicable	Not Applicable	Count
CP secured	Not Applicable	Not Applicable	Count

Impacts and Risks

The Group has operations throughout the Philippines and has created positive impacts on local economies. Such nationwide operations not only provide consumers access to the Group's products, but they also fuel local communities with taxes, spur employment, and economic development, among others.

While there are positive impacts, there are also potential risks such as pollution, graft and corruption, and habitat destruction.

Stakeholders: Local communities, regulators, employees, customers, suppliers and contractors

Management Approach to Impacts and Risks

One of SMFB's guiding principles is Social Responsibility where it enjoins employees and business partners to "contribute positively to the promotion of social responsibility in the community in which we live and work by supporting activities and programs geared towards community welfare and environmental protection".

If community concerns and grievances arise, the Group has designated individuals who manage the local affairs and take the lead in addressing the matters raised by coordinating and discussing with all the concerned stakeholders and appropriate government authorities (e.g., concerned individuals, community leaders, and government officials).

Opportunities and Management Approach

The Group sees an opportunity in developing more programs that would create and foster shared value with the local communities.

CUSTOMER MANAGEMENT

Customer Satisfaction

Customer satisfaction is a material topic to the Group. It regularly conducts focus group discussions to keep abreast of changing consumer preferences and subscribes to market readings of partner agencies, such as Kantar and Nielsen, to keep track of its categories' performance. The company also does social media listening to know consumer sentiments on its products and be able to respond accordingly if there are any negative feedback. Moreover, the company tracks customer and consumer complaints on a single platform to ensure that each complaint is properly evaluated, resolved and if necessary, addressed with appropriate corrective actions.

Impacts and Risks

The Group believes that its products are part of the daily lives of its consumers, providing sustenance and enjoyment to families through its trusted food brands and both alcoholic and non-alcoholic beverages. Its array of 32 brands across six categories serves and is patronized by a full spectrum of the population. Based on a survey conducted by a qualified third party between 2015 and 2018, the Group's products are present in 92% of Filipino homes. The Group's goal is to continue to deliver high quality products at affordable prices for every segment of its portfolio. It also continues to expand its distribution networks for better access to consumers.

In the event that products do not meet consumer expectations or become inaccessible or unavailable, consumers may shift to competitors' products and this may affect the business performance and financial position of the Group.

Stakeholders: Consumers, regulators, shareholders, employees, business partners

Management Approach to Impacts and Risks

As SMFB strives to be the customers' top-of-mind choice, one of its guiding principles is Customer Focus--"Our customer is our reason for existence." A dedicated team listens to its customers to understand and anticipate their needs, and provide them with products and services that exceed their expectations.

The Group believes that, given its history in the industry and leading market share in several product categories, it is constantly in tune to market trends. These trends are used as basis for new products, marketing, and distribution programs, among others. The Group implements various initiatives to communicate with its markets such as focus group discussions and workshops.

The Group also utilizes the San Miguel Customer Care Center where customers can email or call for inquiries or product orders, and give feedback on the Group's products and services.

Opportunities and Management Approach

The Group continues to expand its portfolio to offer more options for every taste, lifestyle and occasion.

Health and Safety

Health and Safety is deemed by the Group to be a material topic. While consolidated data of the Group is not yet available, systems are being put in place for subsequent reporting cycles. Management approach of the potential impacts and risks is provided in the following section.

Impacts and Risks

Consumers put their trust in SMFB every time they consume one of the Group's products. This is the reason why fundamental to the success of the Group is its compliance with the mandatory food standards set pursuant to the Food Safety Act of 2013. The said law aims for a high level of food safety, protection of human life and health in the production and consumption of food, and the protection of consumer interests through fair practices in the food trade. Under this law, food business operators are charged with certain responsibilities to prevent, eliminate or reduce risks to consumers. They are further encouraged to implement a Hazard Analysis at Critical Control Points-based system for food safety assurance in their operations.

The Group recognizes the risk that its products could detract from the perceived reliability or quality of its products (e.g., contamination). Improper storage and handling could result in spoilage, defects, recalls and complaints, as well as affect the health and safety of consumers. This could result to product liability claims, damage to brand and reputation, as well as reduction in sales and profitability.

Stakeholders: Shareholders, employees, business partners, regulators, local communities, customers

Management Approach to Impacts and Risks

SMFB "shall uphold compliance with quality and food safety standards, as well as applicable recognized quality regulations, standards and practices (e.g., Quality and Food Safety Regulations, Good Manufacturing Practices, Good Laboratory Practices, etc.) that are required in the markets where our products are registered and distributed." To ensure quality and food safety, the Group follows various international standards in materials safety testing and Quality Management Systems, including:

- Food Safety Systems Certification (FSSC) 5.1, the highest food safety standard
- ISO 22000 (Food Safety Management Systems),
- ISO 9001:2015 (Good Feed Milling Practices),
- ISO/IEC 17025:2005 (Laboratory Accreditation Program),
- Good Manufacturing Practices, and
- Hazard Analysis and Critical Control Points.

The Group's plant facilities also undergo regular compliance audits and all products pass several quality and safety tests and analyses before these are distributed. Employees also undergo trainings such as quality assurance, proficiency testing, and food safety and handling.

To ensure that food safety standards are adhered to, safeguards are put in place from end-to-end of the supply chain to avert violations, inadvertent or otherwise.

For the Food division, for example, the following have been put in place:

- Raw materials undergo a strict acceptance criteria and scrutiny by QA before these are used in production
- SMF facilities are either FSSC-certified or certifiable
- Good warehouse practices are followed in all warehouses and depots
- Supply chain stakeholders undergo regular food safety and product handling trainings
- CCTV cameras placed in production areas and storage facilities

SMFB also relies on other methods to capture complaints from different channels, such as social media, phone call, email, customer care, and address these systematically and track their progress until these are resolved.

Improvements have, likewise, been made in its supply chain to improve traceability of its products. With SMF, for example, batch codes have been standardized and implemented across some of its business segments. This allows for a better and more systematic traceability of non-conforming products and can facilitate a product recall within 24 hours, if the need arises.

Moreover, the Group adheres to Presidential Decree No. 856, otherwise known as the Code on Sanitation of the Philippines, which provides for sanitary and structural requirements in connection with the operation of food establishments that include such places where food or drinks are manufactured, processed, stored, sold or served. Under such Code, food establishments are required to secure sanitary permits prior to operation which shall be renewed on a yearly basis. The Code is implemented by the Department of Health. The Group further employs Good Warehousing Practices and Sanitary Warehousing and Distribution Preventive Control Plans.

Opportunities and Management Approach

In line with its goal of delivering safe, high-quality food and beverage products, the various businesses of the Group continue to explore, create, and implement best practices on safety and quality that it constantly strives to improve. There is a zero-tolerance policy regarding food safety violations. The Group has built a workplace culture that places responsibility for food and beverage safety on the shoulders of every employee.

In light of the increasing incidence of non-communicable diseases in the country and emerging regulations targeted at unhealthy food, SMF is driving to further improve the nutritional value of its products.

SMF has established nutrition thresholds to guide businesses in product development. Reductions in sodium, transfat, added sugar and saturated fat in its products are targeted over the next five years.

Relatedly, it has an ongoing program to limit sodium in its processed foods to 667/mg per serving in consideration of the WHO's threshold for sodium of 2000 mg/day. It has also initiated nutrition fora to increase employee awareness on proper nutrition.

Marketing and Labelling

Marketing and Labelling is deemed by the Group to be a material topic. While consolidated data of the Group is not yet available, systems are being put in place for data gathering in subsequent reporting cycles. Management approach of the potential impacts and risks is provided in the following section.

Impacts and Risks

To help consumers make informed choices on their product purchases, the Group strives to make information on labels simple and clear. Marketing and advertising campaigns comply with standards set by regulatory agencies.

Risks include misrepresentation or misinterpretation of the information contained in labels, marketing, and advertising materials, which can pose risks to health and cause damage to the Group's reputation.

Stakeholders: Shareholders, employees, business partners, regulators, local communities, customers

Management Approach to Impacts and Risks

The Ad Standards Council Guidebook for Responsible Advertising and Manual of Procedures, as formulated by the Ad Standards Council, a non-stock, non-profit organization, established by the *Kapisanan ng mga Brodkaster ng Pilipinas*, Philippine Association of National Advertisers and Association of Accredited Advertising Agencies, governs the screening of all broadcast, out-of-home and print advertising, as well as the settlement of disputes regarding advertising content.

For its alcoholic beverages, the Group promotes responsible drinking among its consumers. In every commercial, advertisement, and promotional material, the statement, "Drink Responsibly" is always included. In light of the COVID-19 pandemic where most on-premise channels have remained closed since March 16, 2020, and large gatherings are prohibited, SMB and GSMI have been promoting at-home consumption in their communications.

In addition, product labels for all products of SMFB abide by the applicable regulations issued by government agencies, such as the Philippine Food and Drug Administration and the Department of Trade and Industry.

Opportunities and Management Approach

SMFB is continuously looking for ways to improve its marketing, advertising, and labelling of its products. It will also continue to work with industry peers, regulators, and other stakeholders to seek out opportunities to provide more information and education to its consumers. For its Food business, for example, an opportunity is to communicate nutritional improvements in its products. It likewise aligns with the Government’s nutritional programs such as the Philippine Plan of Action for Nutrition, First 1,000 Days Law, and the Department of Science and Technology’s Food Nutrition Research Institute Nutritional Profile.

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

Customer Privacy

Disclosure	2021	2020	Units
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

SMFB engages with its stakeholders in virtually every aspect of its business operations and business transactions. For example, the various marketing groups across each business invests in market research surveys to gauge market reception of its products. Another example are the sales teams that communicate with dealers and distributors frequently to more accurately assess demand for its products.

The Group keeps an open line with its consumers and stakeholders through various communication platforms. In the process of addressing various concerns and to enable accurate and timely feedback, the relevant business will require a certain level of personal information that is necessary to address the specific concerns. The Group respects and upholds data privacy rights and ensures that all personal data collected, including those from or about its customers, are processed pursuant to provisions of the Data Privacy Act of 2012, its Implementing Rules and Regulations and issuances of the National Privacy Commission (collectively, the “Privacy Laws”). The Group ensures that the Privacy Laws are complied with.

A breach on customer privacy could compromise personal security and safety. Furthermore, violation of the Privacy Laws may result in sanctions, penalties, and could undermine the Group’s reputation, and even disrupt certain aspects of business operations.

Stakeholders: Shareholders, employees, business partners, regulators, local communities, customers

Management Approach to Impacts and Risks

SMFB is committed to keeping customer information private and utilizing such information only in accordance with the purpose it was asked for. This is explicitly stated in SMFB’s Privacy Statement on its website: <https://www.smfb.com.ph/page/website-privacy-statement>. The viewer needs to agree to the statement prior to accessing the website.

In addition, SMFB’s Personal Data Privacy Policy sets forth the principle that the Company will observe transparency, legitimate use and proportionality in the processing of personal data. In compliance with applicable laws and regulations, the Company has appointed a Data Protection Officer. SMFB’s Personal Data Privacy Policy can be accessed on its website: https://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf.

SMFB has not received any complaints regarding breaches of customer privacy and there were no incidences of non-compliance with regulations.

Opportunities and Management Approach

SMFB is committed to protecting the privacy of its customer data in accordance with the Data Privacy Act. It constantly evaluates its policies to ensure that they continue to secure customer information and that the policies are updated and compliant with current laws and regulations.

Data Security

Disclosure	2021	2020	Units
No. of data breaches, including leaks, thefts, and losses of data	0	0	Count

Impacts and Risks

The Group owns, uses, or is in possession of information assets that can be stored in electronic systems, business applications, networks, and other information processing facilities. Officers and employees, depending on the nature of their functions, also have access to various information assets of the Group.

As the Company pursues digitalization, it has become more reliant on computers, cloud computing and other digital means of storing data. This has made the Company more susceptible to threats such as phishing, ransomware, hacking, and the like.

The Group recognizes the importance of strict data security policies, which if neglected or not strictly implemented, may lead to data breaches such as data leaks, thefts, and losses. Possible consequences of data breaches may include, but are not limited to, loss of intellectual property, reputational damage to the Group and disruption in business operations.

Stakeholders: Shareholders, employees, suppliers, business partners, regulators, local communities, customers

Management Approach to Impacts and Risks

The Group is guided by SMC's corporate policies on information security, which state that it should protect the confidentiality, integrity, availability and legality of SMC's electronic data and its information technology and communications assets, including equipment and network systems that stores and/or transports data.

These policies on information security focus on the protection of information from unauthorized access to or modification of data, whether in storage, during processing or while in transit. There are also protective measures implemented to detect and counter threats. All employees, consultants and contractors of SMC are expected to abide by the information security policies and the acceptable use guidelines for all equipment and other related data that have been entrusted to them in their respective lines of work.

The Group has invested in cyber security tools such as Security Information and Event Management (SIEM) systems, firewalls, IPS, SSL-VPN, web proxy, multi-factor authentication, anti-virus, anti-spam systems and have adopted network segmentation to inspect and control data connections.

As mentioned in the preceding section, SMFB has a Personal Data Privacy Policy in place. In the event of discovery of possible signs of data breaches, the employees and agents of the company involved in the processing of personal data shall immediately report the facts and circumstances to the Data Protection Officer for verification and investigation. All security incidents and personal data breaches shall be documented through written reports. In the case of personal data breaches, a report shall include the facts surrounding an incident, the effects of such incident, and the remedial actions taken by the company. SMFB's Personal Data Privacy Policy can be accessed on its website:

https://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf.

Opportunities and Management Approach

SMFB constantly reviews and improves controls and requirements to ensure information security. It will continue to explore options for data security such as cloud storage for data, including keeping information secure in off-site facilities, as well as the use of new software tools to improve information security.

SMC is investing in a Security Operations Center to help enhance the detection, remediation, and containment of common and sophisticated cyber security incidents.

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_CodeofBusinessConductandEthics.pdf

Charter of the Board of Directors: 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>


UN SUSTAINABLE DEVELOPMENT GOALS

Through the years, San Miguel Food and Beverage, Inc. through San Miguel Brewery Inc., San Miguel Foods, and Ginebra San Miguel Inc. contributes to the UN SDGs. Moving forward, the Group will continue to engage in initiatives where it can provide the most meaningful impacts. The following are some examples:


COMPANY	KEY PRODUCT AND SERVICES, SOCIETAL VALUE/CONTRIBUTION TO UN SDGs	POTENTIAL NEGATIVE IMPACT OF CONTRIBUTION	MANAGEMENT APPROACH TO NEGATIVE IMPACT
<p>San Miguel Foods</p>	<p>In 2021, SMF produced almost 500,000 MT of fresh chicken and meats, more than 200,000 MT of prepared and packaged food and about 1.8M MT of flour.</p> <p>According to the Rapid Nutrition Assessment Survey conducted by the Food and Nutrition Research Institute (FNRI) in 2020, 62.1% of Filipino households experience moderate to severe food insecurity during the pandemic. SMF is able to contribute to food security by producing food products that are nutritious, reasonably priced and accessible to consumers nationwide. These are even made more accessible to consumers during the pandemic through its community resellers program.</p> <p>The National Nutrition Survey also conducted by FNRI in 2018-29 revealed the prevalence of Vit A deficiency and anemia among children, pregnant</p>	<p>SMF manufactures processed food such as hotdogs, nuggets and canned goods, in response to consumers' demand for convenience food.</p> <p>Such products contain sodium, which if taken in excess, could lead to high blood pressure, heart disease and stroke.</p>	<p>SMF has exercised transparency in its ingredients and is compliant with all existing consumer protection laws. For its processed meats products, the company provides a recommended serving size that considers the sodium threshold recommended by the World Health Organization of 2,000 mg/day.</p> <p>In 2020, the Company started the Sodium Reduction Program in an effort to lower the sodium content of its processed meats products.</p>


	<p>and lactating women. The same survey showed that only 21.8% and 55.1% of Filipino households are able to meet 100% of the energy and protein requirements, respectively.</p> <p>SMF products, specifically its flour, premixes, margarine and cheese products, have been fortified with Vit A and iron. Some of its processed meats have also been fortified with Vit. A, B1, B6, B12 and Vit D. Its dairy products are natural sources of calcium while its brown eggs have lutein, selenium and Vit A.</p> <p>SMF is the only company in the country with a wide array of protein rich products such as chicken, meats, processed meats and plant-based meats which can well meet these nutritional deficiencies.</p> <p>This program is aligned with Sustainable Development Goals</p> 		
<p>San Miguel Foods</p>	<p>As part of its least cost production strategy, SMF initiates value recovery from the by-products of its poultry operations. By-products such as feather meal are converted and recycled as feed ingredients. This enables SMF to follow a closed loop production system, providing SMF with significant savings from waste reduction and</p>	<p>Rendering of by-products causes air pollution.</p>	<p>The company uses enzymes to eliminate the odor</p>



	<p>wastewater treatment of organic load.</p> <p>This practice has reduced the amount of solid wastes entering the waste stream.</p> <p>This program is aligned with Sustainable Development Goals</p> 		
San Miguel Foods	<p>As part of expanding and innovating its portfolio, SMF has recently ventured into plant-based meat dishes under the brand Veega, which is primarily made of mushroom, wheat and soy.</p> <p>Promotion of plant-based meats is said to be more favorable for the environment as it shifts production away from animal raising which utilizes more land and emits GHG.</p> <p>Plant-based meats are also perceived to be healthier than conventional meats as these contain more fiber, iron, folate and has less saturated fat.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>As these products try to mimic conventional meats, sodium is an essential ingredient for flavoring, which if taken in excess, could lead to high blood pressure, heart disease and stroke.</p>	<p>SMF has exercised transparency in its ingredients and is compliant with all existing consumer protection laws. For its processed meats products, the company provides a recommended serving size that considers the sodium threshold recommended by the World Health Organization of 2,000 mg/day.</p> <p>In 2020, the Company started the Sodium Reduction Program in an effort to lower the sodium content of some of its processed meats products.</p> <p>SMF maintains that its products are safe to eat and that any food should be taken in moderation.</p>
San Miguel Foods	SEED Scholarship Program	Parents of the students may not necessarily see the short-term value of	The goal of the program is to help families escape the cycle of poverty.


<p>Sumilao, Bukidnon</p>	<p>Through the School for Experiential Education Development (SEED), scholarships are provided to underprivileged youth in Sumilao. Students are enrolled in a 2-year TESDA-accredited program that will develop their entrepreneurial skills, such as agri-business. The goal, eventually, is for the students to produce their own products that SMF can use in their different business platforms.</p> <p>For SY 2020-2021, there were 23 beneficiaries under the program.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>the program. Some people living in poverty may choose not to go to school so they can work, which leaves them lacking in literacy and numeracy skills.</p> <p>Parents of the students may not necessarily see the value of a 2-year program. Some would opt to have their children work than go to school.</p>	<p>Prior to the implementation of the program, the team conducted a consultation with the local government unit to determine the needs of the community for them to better appreciate the value of the program.</p> <p>Considering that Sumilao is an agriculture-based community where most of the population are dependent on agriculture as its main economic activity and as source of main income, the program was designed to help boost the farming industry and develop native products that will carry the brand of the province.</p>
<p>San Miguel Foods</p> <p>Contribution in San Miguel Group (SMG) Pandemic Food Response</p>	<p>SMG Nationwide Food Donation Program and sustaining food assistance to poor communities</p> <p>The largest, nationwide food donation drive in the company's history, initiated at the start of the pandemic, and sustained through the current year. Anticipating very early on that the strict lockdowns would affect a large segment of the population in Metro Manila and in other major cities and provinces that relied on</p>	<p>While the food donation program is the largest ever made by the company, it is temporary in nature, and will likely not be sustained in the same levels throughout the pandemic.</p>	<p>While the pandemic food donation program was done in immediate response to a severe lack of access to food during a critical period, SMC continues to pursue and invest in long-term solutions to food security. This includes continuing or expanding programs aimed at encouraging higher domestic production of raw materials,</p>



	<p>daily-paid work, SMC mounted a nationwide effort to give away its own food products to mitigate hunger in so many underprivileged communities. Partnering with local government units (LGUs), non-profit organizations, and charitable institutions in order to reach as many communities nationwide, SMC distributed over P516 million worth of canned food products, fresh and processed meats and poultry products, biscuits, nutri-bun breads, dairy products such as milk and cheese, spreads, coffee, and flour, to help boost food supplies throughout the country. Flour was given away to LGUs and local bakers for them to make into free or low-priced bread for the poorest communities. The company also developed its own “nutri-bun” a nutrient-packed, energy dense bread and distributed these to the poorest communities. SMC, through its Better World Tondo feeding center and food bank, also provided daily hot meals to locally-stranded individuals at the country’s largest ports and holding areas. SMC continues to deliver free nutri-buns to a number of underprivileged communities, utilizing its Petron gas stations as staging areas.</p> <p>This program is aligned with Sustainable Development Goals</p>		<p>engaging directly with farmer cooperatives to ensure more economic benefits for them, and increasing its production capacities and expanding the market for local food products.</p>
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<p>San Miguel Foods</p> <p>Looc, Cebu</p> <p>Canduman, Cebu</p> <p>Macabug, Leyte</p> <p>Maliao, Iloilo</p> <p>San Jose, Negros Oriental</p> <p>Sirawan, Davao;</p> <p>Gracia, Misamis Oriental</p> <p>Orion, Bataan,</p> <p>San Vicente, Sumilao, Bukidnon</p>	<p><i>Handog Kalusugan: Happy si Mommy, Malusog si Baby, a First 1,000 Days Project</i></p> <p>According to UNICEF, the first 1,000 days of life—between a woman’s pregnancy and her child’s second birthday—is a unique period of opportunity when the foundations for optimum health and development across the lifespan are established. The right nutrition and care during the 1,000-day window influences not only whether the child will survive, but also his or her ability to grow, learn and rise out of poverty. As such, it contributes to society’s long-term health, stability and prosperity.</p> <p>This health and nutrition intervention program helps support government initiatives to address wasting and stunting of Filipino children.</p> <p>In 2019, ~500 pregnant women from the nine barangays were identified for the program and were given learning sessions on pregnancy health, prenatal consultation, free ultrasounds, an early literacy program, San Miguel food products, and Adarna books.</p> <p>During the second phase of the program in 2020, San Miguel Foods mingo meals, an instant</p>	<p>Most pregnant women living in poverty have little or no access to pregnancy health education and prenatal services, so they may have a negative perception of the program.</p> <p>Due to poverty, there may also be hesitation to continue the program for fear of the inability to afford prenatal care services such as ultrasound and nutrition post-delivery.</p>	<p>Thoughtful and clear communication of the program to encourage pregnant women to complete the 3-year program.</p> <p>The women received proper consultation for pregnancy care from OB-GYNs and free ultrasounds, which made a huge impact on would-be mothers from indigent families. It was meaningful for them to know the condition of the babies while inside the womb, thereby encouraging them more to continue with the program and learn more about proper nutrition.</p>


	<p>complimentary food made of rice, mung beans (mongo) and moringa (malunggay), which contain nutrients for optimal growth and development of babies were distributed.</p> <p>This program is aligned with Sustainable Development Goals</p> 		
<p>San Miguel Foods Nationwide</p>	<p>Animal Nutrition and Health (Feeds and Veterinary Medicine)</p> <p>Animal-sourced foods are essential to good health. Foods such as eggs and milk provide essential vitamins and minerals. Iron-rich meat helps prevent anemia and other nutrient deficiencies.</p> <p>SMF's ANH products are essential to ensuring healthy livestock, which then support food supply.</p> <p>In addition to its contributions to food supply, healthier animals have a smaller environmental footprint.</p> <p>SMF's ANH products also help the livelihood of farmers, especially backyard raisers with a few livestock. Protecting animal health can help grow the economy and help a meaningful segment of the population rise out of poverty.</p>	<p>Improper use of feeds and medicine and inadequate care of animal farms due to lack of capacity, information and the like, can pose threats to fence-line communities, contract growers, and end consumers.</p> <p>The use of antibiotics is not a substitute but should be used as a supplement to good sanitation and proper handling of livestock. The excessive use of antibiotics may also give way for the growth of resistant bacteria, potentially harming animals and end consumers.</p>	<p>Various training programs are provided to ensure product quality and capacity building. Training includes use of technology and more efficient practices to help increase productivity.</p>



	<p>SMF delivered 1.23 million metric tons of products in 2020.</p> <p>This program is aligned with Sustainable Development Goals</p> 		
<p>Ginebra San Miguel</p>	<p>Production and Donation of San Miguel Ethyl Alcohol</p> <p>GSMI devoted resources in assisting the Government and medical frontliners in their efforts to fight COVID-19. GSMI temporarily suspended its production of liquor products and switched to the production of 70% ethyl alcohol to address the severe shortage on alcohol production. In 2020 alone, GSMI donated 1.15 million liters of disinfectant alcohol, amounting to P86.1 million, to hospitals, LGUs, and other institutions nationwide. To ensure the public steady supply of quality rubbing alcohol, this was later launched for commercial selling and San Miguel Ethyl Alcohol was added to GSMI's product portfolio.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>There may not be enough disinfectant alcohol and/or it may not widely-distributed.</p>	<p>GSMI made two meaningful batches of disinfectant alcohol to help address the needs of hospitals, LGUs, and other institutions nationwide.</p> <p>At the moment, there is no shortage of disinfectant alcohol in the market.</p>

<p>San Miguel Brewery</p> <p>Darong, Sta. Cruz, Davao del Sur</p>	<p>Community Clinic</p> <p>This was established to complement the initiatives of the Department of Health in the area.</p> <p>The purpose is to address the immediate health requirements of SMB's host community in Darong, Sta. Cruz, which is quite a distance from the municipality's medical facilities.</p> <p>In 2020, the community clinic assisted 2,442 patients with hypertension, diabetes, and other generic illnesses.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>The clinic is limited in the number of services it provides, as well as the equipment available.</p>	<p>The clinic is essential to the community to keep the population healthy. Poor health can limit one's ability to work, creating a negative feedback loop sometimes referred to as the health-poverty trap.</p> <p>In the future, the clinic may expand the number of services and type of equipment available to diagnose and treat other illnesses.</p>
<p>Ginebra San Miguel</p> <p>Distileria Bago, Inc. (DBI) Bago City, Negros Occidental</p>	<p>Renewable Energy</p> <p>While GSMI continues to rely on conventional energy sources, it has turned to biogas, among the waste materials produced in its distillery's wastewater treatment facility, to support energy requirements. As a result, about 45% of its total energy is from biogas. The investments made in improving the quality of biogas also helped reduce downtime, leading to an increase in the efficiency of its operations.</p> <p>Aside from biogas, the steam generated from</p>	<p>There may be technical challenges associated with the operation and sustainability of biogas.</p>	<p>GSMI makes it a point to implement periodic preventive maintenance of its machines to avoid downtimes.</p>

	<p>the distillery operations to produce alcohol is used to generate electricity, which powers some parts of the DBI facility.</p> <p>This program is aligned with Sustainable Development Goals</p> 		
<p>Ginebra San Miguel</p> <p>Coastlines of Guimaras Strait</p>	<p>DBI Mangrove Reforestation Area</p> <p>DBI is located along the coast lines of Guimaras Strait, an identified Biodiversity Conservation Site in Western Visayas by the DENR.</p> <p>In the mid-1990s, DBI established a Mangrove Reforestation Area near the distillery. The program has had positive impacts in the ecosystem of the area, including the conservation of the natural biodiversity of Guimaras Strait and reduced risk of flooding and soil erosion.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>Potential negative effects to the initiative are encroachment, illegal harvesting for mangrove barks, competing land-use, funding, and maintaining the health of the mangrove ecosystem.</p>	<p>To mitigate the negative impacts, GSMI maintains its commitment to the conservation of the biodiversity of the Guimaras Strait.</p> <p>GSMI conducts regular tree planting within the vicinity annually, as well as regular clean-up drives in collaboration with the LGU and volunteers from nearby communities.</p> <p>As a result, the 12 hectares of mangrove reforestation along the Guimaras Strait has ~96% survival rate.</p>
<p>San Miguel Brewery</p> <p>Carmen, Cebu</p>	<p>Carmen Mangrove Development Program</p> <p>The project records the annual planting of mangrove species along the designated coastlines of Carmen, Cebu. The</p>	<p>Potential negative effects to the initiative are encroachment, illegal harvesting for mangrove barks, competing land-use, funding, and</p>	<p>To mitigate the negative impacts, the growth of mangroves, as well as the fishing practices are monitored.</p>

	<p>project is a partnership between fishermen associations in the area and the Municipal Agriculturists Office (MAO) and SMB.</p> <p>MAO and SMB provide the mangrove shelters for the fish, while the locals provide seedlings and maintain the mangrove areas.</p> <p>Aside from being a natural refuge and habitat to several wildlife species and marine life, mangrove forests also stabilize coastline, prevent coastal erosion and protection against threats of water pollution and siltation.</p> <p>They serve as natural flood defense and reduce damages caused by typhoons, tsunami and sea level rise and tides.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>maintaining the health of the mangrove ecosystem.</p>	<p>Results show favorable impacts. The mangroves have become a natural refuge and habitat to several marine species. In its annual evaluation, MAO reported an improvement in fish and shellfish propagation, which has led to a steady improvement in fish catch. This means better livelihood for the fishermen in the area.</p> <p>There has also been increased mangrove stretch and the preservation of giant clams in the area, according to the fish wardens and MAO.</p>
<p>San Miguel Brewery</p> <p>Umapad Landfill Area, Mandaue City</p>	<p>Trees Brew Life: Ecopark Development</p> <p>This project is an offshoot of the Trees Brew Life Program where SMB employees plant trees annually as part of the Company's commitment to save the environment. It is an initiative done in partnership with the Mandaue City Government.</p>	<p>The ecopark was once a dumpsite that was converted into an ecopark due to the efforts of the Mandaue City government to clean up the area.</p> <p>Since the immediate community relied on the dumpsite as their main livelihood; i.e., through scavenging, there may be resistance</p>	<p>Effective communication of the benefits of the ecopark to encourage the community to participate in maintaining the area, as well as the importance of keeping a clean environment and reducing waste.</p>

	<p>Employees planted trees to kick-off the shading of the 3-hectare allocation for a recycling park where materials that will be used will be primarily from recycled materials. The area will also enable SMB to showcase its efforts on recovering and reusing some materials that are considered as recyclable.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>to the conversion of the dumpsite and lack of motivation to support SMB's tree planting and recycling project.</p>	
<p>San Miguel Brewery</p> <p>Ginebra San Miguel</p>	<p>Use of recyclable packaging</p> <p>Alcoholic beverages use glass bottles as packaging and these are collected for re-use in production.</p> <p>There is a returnable glass bottle system for beer products and a bottle retrieval network for our spirits products. These returnable glass bottles are used for approximately 40 to 60 cycles over a span of approximately five to 10 years for SMB's beer products with over 90% of the bottles needed for production sourced from the returned bottles via the RGB system.</p> <p>GSMI, on the other hand, uses second-hand bottles supplied through the bottle retrieval program. As of 2021, the GSMI's bottle retrieval rate through this system was around 70%.</p>	<p>The practice of recycling and use of glass cullets in the manufacture of new packaging materials keep the negative impacts of repeatedly sourcing raw materials to a minimum.</p>	<p>See Impacts and Risks and Management Approach on Materials for details.</p>

	<p>This program is aligned with Sustainable Development Goals</p> 		
<p>Ginebra San Miguel</p>	<p>GSMI, in partnership with Technical Education and Skills Development Authority (TESDA), provides training on bartending and basic business skills. The program, Ginebra San Miguel Technopreneur Program, renewed its partnership with TESDA and created Ginebra San Miguel Bar Academy which aims to expand the number of scholars. In 2021, there were 21 graduates in the said program.</p> <p>This program is aligned with Sustainable Development Goals</p> 	<p>Alcohol abuse</p>	<p>Responsible drinking is integrated in the syllabus of GSMI scholars' TESDA training.</p>