

ANNEX H: SUSTAINABILITY REPORT

Contextual Information

COMPANY DETAILS	
Name of Organization	SAN MIGUEL FOOD AND BEVERAGE, INC.
Location of Headquarters	40 San Miguel Avenue, Mandaluyong City 1555 Metro Manila, Philippines
Location of Operations	<p>San Miguel Food and Beverage, Inc. (“SMFB” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) conduct business operations locally and internationally.</p> <p>The list of offices, production facilities, warehouses, and other facilities, including their locations, are detailed in SMFB’s 2025 Annual Report (SEC Form 17-A: Annex C – List of Properties)</p>
Report Boundary: Legal entities, such as subsidiaries, included in this report	<p>This Report provides a comprehensive overview of the consolidated Environmental, Social, and Governance (ESG) performance of SMFB and its subsidiaries for the period from January 1, 2025 to December 31, 2025.</p> <p>It highlights sustainability performance indicators across SMFB’s operating divisions: San Miguel Brewery Inc. (SMB), Ginebra San Miguel Inc. (GSMI), and subsidiaries comprising the San Miguel Food group (SMF).</p> <p>The report also includes GSMI subsidiaries Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., and Agricrops Industries Inc., as well as SMF subsidiaries San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., and The Purefoods-Hormel Company, Inc.</p> <p>While SMFB’s products and brands enjoy a global presence, the scope of the Report is limited to the Group’s operations within the Philippines.</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>SMFB is a leading food and beverage company in the Philippines, operating through three key divisions or segments: beer and non-alcoholic beverages under SMB, spirits through GSMI, and food and animal nutrition, pet care, and veterinary products under SMF.</p>

	<p>The Group's brands are among the most recognizable and market-leading in their respective categories. Its diverse portfolio includes <i>San Miguel Pale Pilsen</i>, <i>San Mig Light</i>, and <i>Red Horse</i> for beer; <i>Ginebra San Miguel</i> for gin; <i>Magnolia</i> for chicken, dairy, ice cream, flour mixes and salad aids, and <i>Timplados</i> for ready-to-cook chicken products. For fresh and processed meats, the Group offers <i>Monterey</i> for fresh and marinated meats; <i>Purefoods Tender Juicy</i> for hotdogs; <i>Purefoods</i> for other refrigerated and canned processed meats and prepared meals and seafood products. SMFB also caters to the growing demand for plant-based alternatives through <i>Veega</i>, while <i>Star</i> and <i>Dari Crème</i> remain household names in margarine. In animal nutrition, <i>B-MEG</i> continues to be a trusted brand for high-quality animal feeds, <i>NutriChunks</i>, <i>AlphaPro</i>, and <i>Majesty</i> for pet food and other products, and <i>San Miguel Animal Health Care</i> for veterinary products.</p> <p>With extensive distribution and dealer network, SMFB serves consumers across the Philippine archipelago and exports its products to approximately 70 markets worldwide.</p>
Reporting Period	January 1, 2025 to December 31, 2025
Highest-Ranking Individual Responsible for This Report	Monica L. Ang-Mercado <i>Chief Finance Officer</i>

Materiality Process

Transparency and accountability remain central to SMFB's sustainability reporting, guiding how the Company communicates its environmental, social, and governance (ESG) performance and engages stakeholders.

The Company's current materiality framework is anchored on its 2022 materiality assessment, which continues to reflect the key ESG issues relevant to its operations and stakeholder expectations. This assessment was developed through a structured, multi-step process that included benchmarking against peer organizations and global ESG frameworks, stakeholder engagement, and validation by senior management of San Miguel Corporation (SMC). The resulting priority topics continue to inform SMFB's sustainability strategies and disclosures.

While a full reassessment was not undertaken in 2025, SMFB continues to review its material topics in light of evolving business conditions and external developments. This ongoing refinement supports the Company's transition toward more structured, risk-based sustainability disclosures, in line with SMC's broader adoption of IFRS S1 and S2. In preparation for this shift, SMFB is also aligning its disclosures with the Sustainability Accounting Standards Board (SASB) framework to enhance comparability and decision-usefulness for investors.

As SMFB strengthens its sustainability governance and reporting processes, it remains committed to ensuring that its materiality approach stays responsive, forward-looking, and aligned with emerging global standards.

Key Stakeholders

SMFB's economic value directly benefits the following stakeholders:

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

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

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure ¹	2025	2024	Units
Direct economic value generated	422,720	404,679	In M Php
Direct economic value distributed:			
a. Operating costs, including payments to suppliers	218,462	215,863	In M Php
b. Employee wages and benefits	18,420	16,807	In M Php
c. Dividends given to stockholders and interest payments to loan providers	36,448	36,684	In M Php
d. Taxes paid to the government	121,774	112,893	In M Php
e. Investments in various communities (e.g. donations, corporate social responsibility (CSR) programs)	162	93	In M Php

¹ Figures can be cross-checked with the Company's 2025 Audited Financial Statements.

Economic Impacts and Risks

SMFB plays a vital role in the Philippine economy, contributing to job creation, industry growth, and government revenues. Through its extensive manufacturing and distribution of food and beverage products, the Group generates economic value across multiple sectors while supporting long-term resilience.

A key measure of this contribution is the direct economic value generated and distributed, reflecting how revenues are allocated among stakeholders, including shareholders, employees, suppliers, government, and communities. This ensures that business growth translates into broad-based economic benefits.

The portion of value retained is reinvested to support ongoing operations, expansion, innovation, and operational resilience. SMFB remains committed to growing both the value it generates and the benefits it delivers to stakeholders.

In 2025, SMFB generated total economic value of P423 billion, distributing P395 billion (94%) and retaining P27 billion (6%) for reinvestment. The distribution is allocated across operating costs, employee wages and benefits, dividends and interest payments, taxes, and community investments.

Economic Value Component	% of Total Economic Value Distributed
Operating costs, including payments to suppliers	218,462
Employee wages and benefits	18,420
Dividends given to stockholders and interest payments to loan providers	36,448
Taxes paid to the government	121,774
Investments in various communities (e.g., donations, CSR)	162

SMFB operates in a dynamic environment shaped by economic, financial, and regulatory factors. Changes in consumer demand, inflation, and purchasing power may influence buying behavior, while evolving preferences present opportunities for innovation and portfolio diversification.

Supply chain management remains a priority, as the Company is exposed to volatility in key agricultural commodities. Packaging materials and logistics services, driven by global price movements, climate-related disruptions, and geopolitical developments. The Group mitigates these risks through diversified sourcing strategies, supplier accreditation and engagement, disciplined inventory management, and long-term partnerships with key suppliers to enhance supply resilience and cost stability.

Financial risks, including interest rate and foreign exchange movements, are actively managed through prudent financial strategies. SMFB also remains compliant with evolving regulatory requirements, including trade, food safety, and environmental standards, integrating these into business planning.

Through proactive risk management and adaptability, SMFB continues to navigate uncertainties while delivering sustained value to stakeholders.

Further details on risk identification and mitigation are available in SMFB's 2025 SEC Form 17-

A.

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

Management Approach for Economic Impacts and Risks

SMFB operates in a dynamic environment shaped by economic, regulatory, and market developments. To support resilience and long-term growth, the Group implements a comprehensive Enterprise Risk Management framework that identifies, assesses, and manages key economic and operational risks across its Beer and NAB, Spirits, and Food segments.

To remain competitive, SMFB continuously strengthens its product portfolio through innovation and investments in research and development, including premium and health-oriented offerings. Operational efficiency is supported by economies of scale and disciplined procurement practices.

SMFB manages supply chain risks through a combination of diversified sourcing, disciplined inventory management and supplier accreditation. The Group monitors commodity markets, climate-related risks, and geopolitical developments to inform procurement and operational planning. It seeks to strengthen supply chain resilience by enhancing demand forecasting, optimizing inventory levels, and expanding its supplier base where appropriate. SMFB promotes responsible sourcing practices, including efforts to avoid sourcing from areas associated with deforestation and to support traceability where feasible.

Supplier relationships are supported through accreditation processes and ongoing engagement to maintain quality, reliability, and compliance with regulatory and sustainability requirements. Long-term partnerships with key suppliers enhance supply continuity and provide opportunities to improve efficiency and cost stability.

Risk governance is embedded at all levels, with oversight from the Board Risk Oversight and Sustainability Committee, supported by the Audit Committee and Internal Audit functions. Robust internal controls address key risks, including natural disasters, disease outbreaks, and macroeconomic volatility. Further, the Company appointed a Chief Risk Officer in 2025.

Financial risks are managed through prudent strategies, including balance sheet discipline, optimized capital structure, and hedging, to mitigate interest rate, foreign exchange, and commodity price exposures.

SMFB also protects its intellectual property and leverages consumer insights to guide product development and strengthen brand equity. High product quality standards support customer trust and loyalty.

Complementing these efforts, the Group supports community and sustainability initiatives, reinforcing its commitment to responsible operations and long-term value creation.

Opportunities and Management Approach

SMFB is well-positioned to capture opportunities that enhance economic impact and stakeholder value. Key priorities include product diversification and market expansion, with a focus on innovative offerings aligned with evolving consumer preferences, including health-oriented, premium, and specialty products.

To strengthen brand leadership, the Group continues to deepen consumer engagement and expand its distribution network, supported by localized marketing strategies and increased use of digital and e-commerce platforms to improve reach and accessibility.

Operational efficiency and sustainability remain core priorities. SMFB is advancing automation, digital integration, and process optimization, while investing in energy-efficient technologies, waste reduction, and responsible sourcing to manage costs and environmental impact.

The Group also continues to strengthen investor engagement through transparent disclosures and sound governance, while leveraging synergies within the SMC Group and exploring strategic partnerships and joint ventures to access new markets and technologies.

Through these initiatives, SMFB enhances its ability to navigate market uncertainties, drive growth, and deliver long-term value to stakeholders.

Procurement Practices

Proportion of Spending on Materials from Local Suppliers

Disclosure	2025	2024	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	60	58	%

The percentage of spending on locally sourced materials increased in 2025. This includes both domestic companies and local subsidiaries or offices of foreign firms operating in the Philippines. While SMFB supports domestic suppliers, certain key raw materials used in the production of food, beer, and alcohol for spirits are not available locally. Nevertheless, the Group continues to prioritize sourcing within the Philippines wherever feasible and when quality and pricing are competitive. SMFB also actively identifies opportunities to source other components of its production inputs locally, supporting agricultural communities and enhancing supply chain resilience.

Impacts and Risks

SMFB operates in a dynamic and competitive landscape shaped by evolving economic conditions, regulatory frameworks, consumer preferences, and financial market trends. To support its nationwide operations, the Group relies on a strong and responsive supply chain. Wherever feasible, and when quality and pricing are competitive, SMFB prioritizes sourcing

materials locally. This supports small and medium-sized enterprises (SMEs), generates employment, and strengthens the resilience of local communities, while also reducing exposure to foreign exchange volatility and global supply chain disruptions.

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

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

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

Management Approach for Impacts and Risks

SMFB manages supply chain risks through a combination of strategic sourcing, supplier engagement, and operational efficiency initiatives. The Group adopts a balanced procurement approach, sourcing both locally and internationally to mitigate single-source dependency while maintaining cost competitiveness and supply reliability.

Supplier evaluation and risk management are integral to maintaining quality and consistency. SMFB implements rigorous accreditation processes and performance monitoring systems, supported by food safety standards such as the Hazard Analysis and Critical Control Points (HACCP), to ensure that suppliers meet required quality and delivery standards.

To strengthen supply chain resilience, SMFB actively supports the development of local agricultural supply chains. Programs such as San Miguel Foods' (SMF) cassava assembler initiative provide farmers with guaranteed market access, technical assistance, and stable pricing, while helping diversify raw material inputs. The Group also engages with corn farmers and cooperatives, improving productivity, enhancing market access, and enabling more efficient payment cycles. These initiatives reduce reliance on imported inputs while strengthening local economies and mitigating currency and supply risks.

For key raw materials with potential deforestation exposure, including soybean meal, beef, dairy, and palm oil, the Company has begun requiring suppliers to provide certifications or documentation supporting sustainable sourcing practices. This forms part of its broader approach to managing supply chain risks related to environmental impacts, regulatory developments, and stakeholder expectations.

In managing financial and market exposures, SMFB employs strategic measures such as long-term supplier agreements, bulk purchasing, and hedging instruments where appropriate. The Group also invests in digital procurement platforms and data-driven systems to enhance forecasting accuracy, streamline sourcing processes, and improve overall supply chain visibility.

Through these integrated approaches, SMFB enhances operational resilience, maintains product quality, and ensures a stable and efficient supply of key raw materials.

Opportunities and Management Approach

SMFB continues to enhance its procurement strategy by deepening local sourcing and strengthening relationships across its supply chain. The Group sees opportunities in expanding its local agricultural programs, further supporting local farms while improving supply stability and cost efficiency.

Building on its existing initiatives, SMFB aims to scale programs such as cassava sourcing by increasing farmer participation, improving yields, and enhancing supply chain integration. These efforts contribute to a more sustainable and inclusive agricultural ecosystem while securing long-term raw material availability.

The Group also continues to invest in digital procurement and analytics capabilities to optimize sourcing decisions, improve supplier collaboration, and enhance operational efficiency. By leveraging data insights, SMFB is better positioned to manage cost fluctuations, anticipate supply risks, and respond to changing market conditions.

At the same time, SMFB will continue to refine its sourcing strategies by balancing local and global procurement when feasible, ensuring flexibility and resilience in an evolving supply environment.

Through these initiatives, SMFB reinforces its commitment to supply chain resilience, local economic development, and sustainable value creation for its stakeholders.

Anti-Corruption

Training on Anti-corruption Policies and Procedures¹

SMFB provides regular training on anti-corruption policies to reinforce ethical standards, compliance, and proper reporting. These initiatives support a culture of integrity and accountability across the organization.

Disclosure	2025	2024	Unit
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	100	100	%

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

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

² SMFB directors and management separately attended Corporate Governance Seminars in 2025. Topics covered were: Overview of Corporate Governance, Cybersecurity, Anti-Bribery and Anti-Corruption and Customer Experience is Not Optional, It is Essential

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

In 2025, SMFB ensured the full implementation and communication of its Anti-Corruption and Sanctions Compliance Policy and the Code of Business Conduct and Ethics ("Anti-Corruption Policies"), which apply to all employees and business partners. The policies were cascaded organization-wide to promote a consistent standard of ethical conduct.

All directors and members of management attended Corporate Governance Seminars, while employees received anti-corruption training to strengthen awareness, accountability, and the ability to identify and address corruption-related risks.

Incidents of Corruption¹

Disclosure	2025	2024	Unit
Number of incidents in which directors were removed or dismissed for corruption	0	0	Count
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	Count
Number of incidents where contracts with business partners were terminated due to incidents of corruption	0	0	Count

¹ SMFB is not involved in any current proceeding, litigation, claim, or arbitration that would materially affect its financial position or those of its subsidiaries or affiliates.

SMFB reported zero incidents of corruption in 2024 and 2025. No directors or employees were removed or disciplined for corruption, and no contracts with business partners were terminated due to such incidents. The Company was not involved in any proceeding, litigation, claim, or arbitration that could materially affect its financial position.

Impacts and Risks

SMFB recognizes that corruption poses risks to business integrity, stakeholder trust, and long-term value creation. Left unaddressed, it can affect the reputation and operational efficiency of the Company and expose it to legal and regulatory consequences.

The Company maintains a strong zero-tolerance policy against bribery and unethical behavior and is committed to upholding integrity and transparency across all levels of the organization.

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

Management Approach for Impacts and Risks

As a subsidiary of SMC, SMFB is committed to the value of *Malasakit*, emphasizing integrity, accountability, and fairness in all aspects of its operations. The Company enforces zero tolerance against corruption, bribery, money laundering, and sanctions violations, as outlined in its Anti-Corruption Policies.

SMFB implements regular anti-corruption training for employees, management, directors, and stakeholders, supported by onboarding and refresher programs. Confidential whistleblowing and grievance channels are in place to enable reporting and ensure proper investigation.

The Company conducts due diligence on third-party relationships and clearly communicates expectations on ethical conduct. Contracts entered by the Food segment require the other party to comply with the Company's Code of Business Conduct and Ethics.

The Board of Directors provides oversight through regular reviews of compliance and governance practices, supported by internal controls and monitoring mechanisms.

Clear disciplinary measures are enforced for violations, including termination and legal action when applicable.

Through these measures, SMFB strengthens transparency, mitigates corruption risks, and promotes a culture of ethical conduct.

Opportunities and Management Approach

SMFB periodically reviews its Anti-Corruption Policies to ensure continued relevance and effectiveness. This enables the Company to strengthen controls, enhance training programs, and improve awareness initiatives.

The Company also continues to enhance reporting channels, ensuring employees, suppliers, business partners, and other stakeholders can raise concerns confidentially and without fear of retaliation, further reinforcing a culture of integrity across the organization.

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

Anti-Corruption and Sanctions Compliance Policy

[https://www.smfb.com.ph/files/reports/SMFB Anti-Corruption and Sanctions Policy .pdf](https://www.smfb.com.ph/files/reports/SMFB%20Anti-Corruption%20and%20Sanctions%20Policy.pdf)

Code of Business Conduct and Ethics

[https://www.smfb.com.ph/files/reports/SMFB Code of Business Conduct and Ethics 3.pdf](https://www.smfb.com.ph/files/reports/SMFB%20Code%20of%20Business%20Conduct%20and%20Ethics%203.pdf)

Manual on Corporate Governance

[https://www.smfb.com.ph/files/reports/SMFB Manual on Corporate Governance approved on August 6, 2025.pdf](https://www.smfb.com.ph/files/reports/SMFB%20Manual%20on%20Corporate%20Governance%20approved%20on%20August%206,%202025.pdf)

Policy on Conflict of Interest

[https://www.smfb.com.ph/files/reports/Conflict of Interest.pdf](https://www.smfb.com.ph/files/reports/Conflict%20of%20Interest.pdf)

Policy on Securities Dealing

[https://www.smfb.com.ph/files/reports/Policy on Securities Dealing.pdf](https://www.smfb.com.ph/files/reports/Policy%20on%20Securities%20Dealing.pdf)

Policy on Related Party Transactions

[https://www.smfb.com.ph/files/reports/SMFB Related Party Transactions Policy.pdf](https://www.smfb.com.ph/files/reports/SMFB%20Related%20Party%20Transactions%20Policy.pdf)

Group Policy on Solicitation or Acceptance of Gifts

[https://www.smfb.com.ph/files/reports/Group Policy on Solicitation or Acceptance of Gifts.pdf](https://www.smfb.com.ph/files/reports/Group%20Policy%20on%20Solicitation%20or%20Acceptance%20of%20Gifts.pdf)

Whistleblowing Policy

[https://www.smfb.com.ph/files/reports/SMFB Amended Whistleblowing Policy.pdf](https://www.smfb.com.ph/files/reports/SMFB%20Amended%20Whistleblowing%20Policy.pdf)

ENVIRONMENT

Resource Management

Energy Consumption Within the Organization

Disclosure	2025	2024	Unit
Energy consumption (renewable sources)	723,270.61	660,202.91	Gigajoules (GJ)
Energy consumption (non-renewable)	3,580,567.46	3,950,571.41	GJ
Energy consumption (electricity, heating, cooling, steam purchased)	1,888,706.52	1,866,189.65	GJ
Self-generated energy which is not consumed	622.99	906.42	GJ
Sold energy (electricity, heating, cooling, steam)	5,206.31	5,319.83	GJ
Net energy consumption	6,187,961.27	6,472,550.56	GJ

In 2025, SMFB's total net energy consumption reached 6,187,961 GJ, reflecting a 4.4% decline from the previous year, despite continued production and operational expansion across its business units.

The Group continued its gradual shift toward lower carbon energy, with renewable energy consumption rising to 723,271 GJ, up 9.6% from 2024. GSMI remained the largest contributor, driven by use of biogas and solar energy in its manufacturing facilities. One SMF facility used rice hulls as fuel for its boiler, also contributing to higher renewable energy use.

Non-renewable energy consumption decreased to 3,580,567 GJ, down 9.4%, reflecting more efficient use of coal in boilers, and ongoing efficiency initiatives such as a shift to electric-powered forklifts, and other equipment upgrades. While conventional fuels remain essential to support

production, these efforts demonstrate a balanced approach toward optimizing energy use while maintaining operational reliability.

Purchased energy increased slightly to 1,888,707 GJ, up 1.2%, with SMF accounting for the largest share, in line with the continued expansion of its operational sites and higher utilization of new production facilities.

Overall, while renewable energy remains a modest portion of the total mix, SMFB continues to make steady progress through targeted investments in efficiency, infrastructure upgrades, and enhanced energy management systems.

Reduction in Energy Consumption

Disclosure	2025	2024	Unit
Fuel reduction	67,701	60,936	GJ
Electricity reduction	37,892	41,934	GJ
Energy reduction (total)	105,593	102,870	GJ

In 2025, SMFB achieved total energy savings of 105,593 GJ, a 2.6% increase from 102,870 GJ in the previous year, reflecting the continued impact of fuel-saving measures and electricity efficiency initiatives across its business units.

Fuel reduction increased to 67,701 GJ, up 11.1% from 60,936 GJ in 2024, driven by ongoing optimization of fuel use and process improvements. In contrast, electricity reduction declined to 37,892 GJ, down 9.6% from 41,934 GJ in 2024.

Across the Group, initiatives such as equipment upgrades, process optimization, and enhanced energy monitoring systems continued to support efficiency improvements without compromising operational output.

Overall, these results underscore SMFB's sustained focus on operational efficiency and responsible energy management, with consistent savings achieved across business units.

Impacts and Risks

Energy remains a critical component of SMFB's operations, with demand increasing alongside business growth. The Group continues to rely primarily on non-renewable energy sources, including grid electricity and fossil fuels, to power its facilities nationwide, with the exception of

Distileria Bago, Inc. (DBI), which can access renewable energy from a sister company, San Miguel Global Power (SMGP).

Most facilities depend on electricity sourced from the national grid, which is largely coal-powered, as well as diesel for backup power and transportation. While this contributes to environmental challenges, the Group is positioned to benefit from the gradual transition to renewable energy as SMGP expands its hydroelectric and solar capacity, in line with national targets of at least 35% renewable energy by 2030 and 50% by 2040.

Beyond environmental considerations, energy use presents opportunities for cost management and operational efficiency. While fluctuations in fuel and electricity prices can affect production costs, they also drive initiatives to improve energy efficiency and optimize consumption. Managing energy use and exploring sustainable alternatives remain key to mitigating risks while supporting long-term business resilience.

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

Management Approach for Impacts and Risks

As a subsidiary of SMC, SMFB adopts established Environment Management Systems to manage energy use across its operations. The Group continues to implement energy efficiency initiatives aimed at reducing consumption while maintaining operational performance.

Key measures include the transition to LED lighting, which significantly reduces energy use and extends equipment life, and investments in more energy-efficient machinery and production processes. For example, GSMI installed a biogas dryer in its distillery which improved biogas quality, while DBI enhanced its fermentation processes to increase yield and efficiency.

Across brewery operations, system-wide upgrades have been implemented, especially in key process areas, including improvements in equipment, utilities, and cooling systems to enhance overall energy performance. The Food group also implemented energy efficiency initiatives across its operations, including improvements in fuel use, process optimization, and the adoption of more efficient equipment and systems.

Operational footprint optimization further supports efficiency. Strategically located facilities reduce transport requirements, helping lower both costs and emissions. At the same time, solar panels have been installed in selected sites to supplement energy requirements.

SMFB continues to strengthen its energy management practices in line with Republic Act No. 11285 (Energy Efficiency and Conservation Act), which supports national energy security and efficiency objectives. Efforts are focused on aligning operations with the ISO 50001 Energy Management System standard, enabling business units to systematically identify opportunities to reduce energy consumption, improve operational performance, and manage energy-related costs.

In 2025, three B-MEG feed plants achieved ISO 50001:2018 certification. The updated standard places greater emphasis on leadership accountability and the integration of energy management system into overall business operations.

SMB also advanced the implementation of its energy management system by establishing a formal policy, appointing an Energy Director, and organizing facility-level energy teams across its breweries. A total of 104 personnel underwent ISO 50001-based training, with a phased approach to certification beginning with pilot facilities.

Through these initiatives, the Company continues to align its energy management practices with the National Energy Efficiency and Conservation Plan (NEE&C) 2023–2050, contributing to improved operational efficiency, cost discipline, and near-term emissions reduction.

Opportunities and Management Approach

SMFB continues to assess opportunities to improve energy efficiency and reduce reliance on non-renewable sources. This includes ongoing investments in energy-efficient equipment, process improvements, and enhanced monitoring systems.

The Group is also evaluating initiatives such as co-locating operations and optimizing supply chain routes to improve overall efficiency. In parallel, SMFB plans to expand use of renewable energy sources, including solar power, as part of its longer-term transition toward a more sustainable energy mix.

Water Consumption Within the Organization

Disclosure	2025	2024 ¹	Units
Water withdrawal	18,097	17,707	Mega Liters (ML)
Surface water	1,426	1,176	ML
Groundwater	14,426	14,078	ML
Seawater	0	0	ML
Rainwater	10	5	ML
Produced water	45	40.22	ML

Third-party water	2,190	2,407	ML
Water discharged	13,137	11,896	ML
Stored water	1.63	(1.36)	ML
Total water consumption	4,962	5,810	ML
Water recycled and reused	544	694	ML
Percentage water recycled and reused	3.0	3.9	%

¹ Some figures have been updated to reflect improved accuracy.

In 2025, SMFB recorded total water withdrawal of 18,097 megaliters (ML), up 2.2% from 17,707 ML in 2024, reflecting continued production requirements across its business units. Groundwater remained the primary source at 14,426 ML, followed by third-party water at 2,190 ML and surface water at 1,426 ML, with smaller contributions from rainwater and produced water.

Water discharge increased to 13,137 ML from 11,896 ML in 2024, in line with higher withdrawal levels. Total water consumption declined to 4,962 ML, from 5,810 ML in the prior year, indicating improved efficiency in water use.

Water recycled and reused in 2025 was 544 ML, equivalent to 3.0% of total withdrawal, compared to 694 ML or 3.9% in 2024. While lower year-on-year, the Group continues to implement water conservation and reuse initiatives across its operations.

Impacts and Risks

Water is a crucial resource for SMFB's operations, supporting manufacturing processes and serving as a key input in several products. Ensuring sustainability and future availability of water supply is essential to managing potential impacts on cost, production continuity, and product availability.

Water is used across operations for production, maintenance, and domestic requirements, with a significant portion treated and discharged back to the environment. As operations expand, water demand may increase, heightening the importance of efficient use and responsible management.

Key risks include the availability of sufficient water supply and potential increases in water costs. The Group primarily sources water from deep wells and utility providers, exposing it to regulatory restrictions on groundwater use and price fluctuations, which could affect operating costs and overall business performance.

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

Management Approach for Impacts and Risks

SMFB continues to implement SMC's *Water for All* program, reinforcing its commitment to responsible water management through conservation, efficiency, and innovation. Several facilities have already exceeded or are approaching targeted reductions in water use relative to production output.

The Group adopts a structured approach to water management, anchored on monitoring, efficiency, improvements, and reuse. This includes regular upgrades of metering systems, installation of sub-meters, and proactive leak detection and repair to minimize water losses.

Water reuse and recycling remain key focus areas. Wastewater treatment systems are optimized to enable the use of treated water for non-potable applications such as utilities and irrigation. In parallel, the Group continues to expand initiatives on rainwater collection, wastewater recovery, and the use of alternative water sources where feasible.

These efforts have supported improved water efficiency, as reflected in lower overall consumption despite increased withdrawal. SMFB also works closely with stakeholders and local communities to promote responsible water use and strengthen water stewardship across its operations.

Opportunities and Management Approach

SMFB continues to identify opportunities to further improve water efficiency and strengthen resource sustainability. Key focus areas include expanding water reuse and recycling initiatives, improving process efficiency, and enhancing monitoring systems.

The Group is also exploring initiatives such as ground water recharge and expanded rainwater harvesting to support long-term water availability. Ongoing assessments of water consumption and quality trends help identify additional opportunities to optimize usage and reduce reliance on freshwater sources.

Through these initiatives, SMFB aims to enhance operational efficiency while supporting long-term water sustainability across its operations.

Materials Used by the Organization

Disclosure	2025	2024	Units
Materials by weight or volume	6,071,397	5,985,417	Metric Tons (MT)
Renewable materials used	5,684,107	5,594,325	MT
Non-renewable materials used	387,290	391,092	MT
Percentage of renewable materials used	93.6	93.5	%
Recycled	141,961	124,320	MT
Percentage of recycled input materials used to manufacture	2.3	2.1	%

In 2025, SMFB's total material usage increased to 6,071,397 metric tons (MT), up by just 1.4% from 5,985,417 MT in 2024, despite stronger overall volume growth, with the Food business delivering particularly strong volume expansion across several categories.

Renewable materials, primarily agricultural commodities, glass bottles, plastic crates and pallets, and reusable packaging, rose to 5,684,107 MT, accounting for 93.6% of total materials used, slightly higher than 93.5% in 2024. Non-renewable materials declined to 387,290 MT, reflecting ongoing efforts to optimize resource use.

Recycled input materials increased to 141,961 MT, equivalent to 2.3% of total materials used, up from 124,320 MT or 2.1% in 2024. It is worth noting that, in line with GRI Standards, reused packaging and process by-products (e.g., glass bottles, spent grains, and rendered organic materials) are not recognized as recycled input materials. These are instead accounted for as waste diverted from disposal through reuse and recovery pathways.

Impacts and Risks

Efficient use of raw materials is critical to both environmental sustainability and cost management, given their significant contribution to the Group's operating expenses.

SMFB remains exposed to supply-related risks, including volatility in global commodity prices and potential disruptions arising from weather conditions, disease outbreaks, geopolitical developments, and regulatory changes. Renewable materials, particularly agricultural inputs, are subject to climate variability and seasonality, while non-renewable materials, primarily from packaging inputs, face longer-term supply risks related to resource constraints and price fluctuations.

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

Management Approach to Impacts and Risks

SMFB adopts a comprehensive approach to resource efficiency, circularity, and supply chain resilience. Across its business units, the Group continues to optimize material use through process improvements, technological upgrades, and the integration of circular economy practices.

The Food group leverages advanced production systems to improve efficiency and reduce waste, such as the processing of poultry manure into organic fertilizer for the use of corn and cassava farmers who sell their produce to SMFI. In packaging, SMB and GSMI continue to strengthen bottle return-and-reuse systems, extending the lifecycle of returnable glass bottles and reducing the need for new raw materials. Broken and recovered glass is also recycled into new packaging materials within the SMC Group, supporting a closed-loop system.

Operational waste for disposal is further minimized through the repurpose of by-products, such as spent grains and yeast, and poultry offal and feathers for use in animal feeds. These initiatives reduce reliance on virgin materials while reducing cost and enhancing overall resource efficiency.

SMFB also diversifies its sourcing strategies and explores alternative inputs to improve sustainability. This includes the use of cassava as a partial substitute for corn in feeds, the evaluation of alternative brewing inputs, and strategic sourcing of alcohol across both local and international suppliers.

Subsidiaries of SMFB engaged in the food and spirits businesses are classified as obliged enterprises under Republic Act No. 11898, or the Extended Producer Responsibility (EPR) Act. In 2025, these entities reported a combined plastic footprint of 12,860 metric tons (MT), comprising 81% flexible plastics and 19% rigid plastics. In compliance with regulatory requirements, 50.3% of this footprint, equivalent to 6,467 MT, was recovered. Of the total recovered volume, 19% was recycled into new plastic products, while 81% was diverted through co-processing as alternative fuel in cement kilns. Compliance was achieved through partnerships with accredited waste diversion organizations, with recovery and processing volumes independently verified in accordance with EPR reporting and audit requirements.

Through these initiatives, SMFB strengthens material efficiency, reduces environmental impact, and supports long-term business operational resilience.

Opportunities and Management Approach

SMFB continues to enhance its use of sustainable materials by increasing the share of renewable and recycled inputs and improving resource efficiency across its operations.

Key opportunities include expanding circular practices, strengthening supplier collaboration, and investing in research and development for more sustainable packaging solutions, including recyclable and lower-impact materials.

The Group also aims to deepen integration within the SMC ecosystem to maximize by-product reuse and improve overall resource efficiency. Through these efforts, SMFB supports the transition toward a more circular and sustainable materials management approach while maintaining product quality and operational performance.

Ecosystems and Biodiversity

Disclosure	2025	2024	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2	2	Count
Habitats protected or restored	1,717	1,717	Hectares
International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations	3	3	Species type

Impacts and Risks

Two SMFB facilities are located in biodiversity-sensitive areas identified by the DENR, highlighting potential environmental risks associated with their operations.

GSMI's subsidiary, DBI, operates along the coastline of Guimaras where improper management of wastewater and emissions could affect water quality in the Guimaras Strait and surrounding marine ecosystems.

In Bukidnon, the B-MEG feed mill is situated near the Center for Ecological Development and Recreation (CEDAR), a protected ecological and reforestation site. Its proximity presents potential risks to local biodiversity if not properly managed.

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

Management Approach to Impacts and Risks

SMFB manages biodiversity-related risks through strict compliance with DENR regulations, including adherence to effluent standards to minimize environmental impact.

In Guimaras, GSMI supports coastal biodiversity through a 12-hectare mangrove reforestation program with a high survival rate, complemented by regular tree-planting, coastal clean-ups, and shoreline monitoring in partnership with local stakeholders.

In Bukidnon, SMFI works closely with the DENR and local government units to ensure that operations near CEDAR remain aligned with environmental safeguards and conservation efforts.

Across its operations, SMFB integrates biodiversity considerations into its sustainability initiatives, including habitat preservation, reforestation, and responsible site management in environmentally sensitive areas.

Opportunities and Management Approach

SMFB continues to identify opportunities to strengthen biodiversity conservation across its operations. These include expanding mangrove reforestation efforts in Guimaras, developing site-specific biodiversity action plans in Bukidnon, and enhancing collaboration with environmental experts and local communities.

At the Group level, there is potential to further integrate biodiversity considerations into risk assessment, land use planning, and supply chain practices. Initiatives such as reforestation, watershed rehabilitation, and sustainable sourcing can further support ecosystem protection.

Through these efforts, SMFB aims to enhance its contribution to ecosystem conservation while strengthening long-term environmental resilience.

Environmental Impact

Air Emissions

GHG

Disclosure	2025	2024	Unit
Direct (Scope 1) GHG Emissions	290,837	306,901	MT carbon dioxide equivalent (CO ₂ e)
Energy indirect (Scope 2) GHG Emissions	374,255	368,806	MT CO ₂ e
Total Scope 1 and Scope 2 GHG Emissions	665,092	675,706	MT CO ₂ e

In 2025, SMFB's GHG emissions totaled 665,092 MT CO₂e, slightly lower than in 2024. The decline reflects improvements in energy efficiency and ongoing optimization across operations, partially offset by increased electricity use to support production requirements.

Emissions from SMB and SMF continued to track business activity and production levels, while GSMI's emissions remained relatively lower, largely driven by distillery operations and logistics-related fuel use.

The increase in Scope 2 emissions highlights continued reliance on grid electricity, while also underscoring opportunities to further enhance energy efficiency and expand the use of cleaner energy sources.

Impacts and Risks

SMFB's GHG emissions primarily arise from energy consumption and fuel use across its Beer and NAB, Spirits, and Food operations. Electricity use in production facilities remains a key driver of Scope 2 emissions, reflecting continued reliance on a carbon-intensive grid. At the same time, the use of diesel for logistics and backup power, and coal for boilers, contributes to Scope 1 emissions, exposing the Group to fuel price volatility and potential regulatory constraints.

While overall emissions declined in 2025, the increase in Scope 2 emissions highlights ongoing exposure to grid electricity. In the Food segment, agricultural activities also contribute to emissions through methane and nitrous oxide from poultry operations, with ongoing efforts to quantify and manage these sources.

Across the value chain, Scope 3 emissions, including those from suppliers, packaging, and third-party logistics, present additional risks as stakeholders demand greater transparency and accountability.

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

Management Approach to Impacts and Risks

SMFB manages GHG emissions through a combination of energy efficiency, operational optimization, and gradual integration of cleaner energy sources. Emissions are primarily driven by electricity and fuel use across production and logistics and are monitored under an Environmental Management System aligned with the GHG Protocol.

Energy efficiency remains a key lever, with initiatives across facilities focused on improving process efficiency and reducing fuel consumption. The Group also continues to strengthen circular practices, including bottle recovery and reuse programs, which help reduce emissions associated with energy-intensive packaging production. In GSMI, biogenic CO₂ from fermentation is captured and reused, further reducing emissions.

To address longer-term risks, SMFB has begun integrating renewable energy sources such as solar and biogas in select facilities. These efforts support the gradual shift away from fossil fuels while maintaining operational reliability.

Governance is supported by Board-level oversight and alignment with SMC's broader sustainability agenda, including its net-zero target by 2050. Data collection and reporting are centralized and aligned with global standards, enabling consistent monitoring and informed decision-making.

Opportunities and Management Approach

SMFB continues to identify opportunities to reduce emissions and improve energy performance across its operations. Key priorities include enhancing energy efficiency in high-consumption processes, expanding the use of renewable energy, and strengthening circular packaging systems.

The Group is also exploring the broader application of solar and biogas solutions, as well as improvements in process design and equipment efficiency to reduce both electricity and fuel use. Strengthening partnerships across the value chain, particularly in packaging and logistics, presents further opportunities to manage Scope 3 emissions.

Through these initiatives, SMFB aims to progressively reduce its carbon footprint while supporting operational efficiency, regulatory readiness, and long-term resilience.

Air Pollutants

Disclosure	2025	2024	Unit
Nitrogen Oxides (NOx)	171	188	MT
Sulfur Oxides (SOx)	804	1,326	MT
Particulate Matter (PM)	96	73	MT
Carbon Monoxide (CO)	145	230	MT

Air pollution management remains a key environmental priority for SMFB, given the use of boilers, generator sets, and other combustion-based equipment across its Beer and NAB, Spirits, and Food segments. The Group ensures that emissions are managed in accordance with DENR standards, with business units implementing operational controls to minimize pollutants and maintain air quality in host communities.

In 2025, SMFB recorded overall improvements in key air pollutant emissions, reflecting better combustion efficiency and strengthened emission control measures. While most pollutants declined year-on-year, particulate matter increased, largely in line with production requirements.

Persistent organic pollutants (POPs), volatile organic compounds (VOCs), and hazardous air pollutants (HAPs) are currently not being monitored. SMFB continues to assess opportunities to expand its monitoring scope in line with evolving regulatory requirements and industry practices.

Impacts and Risks

SMFB faces environmental risks related to air quality arising from fuel combustion across its Beer and NAB, Spirits, and Food operations. The use of boilers, generator sets, and other equipment contributes to emissions of key pollutants such as Nitrogen Oxide (NOx), Sulfur Oxide (SOx), Carbon Monoxide (CO), and particulate matter (PM).

While most emissions showed improvement in 2025, the increase in PM highlights the ongoing impact of production activity and the need for sustained controls. The Group remains exposed to regulatory risks, as DENR standards impose strict emission limits, with potential penalties, operational constraints, or reputational impact in cases of non-compliance.

As stakeholder expectations on environmental performance continue to rise, effective air emissions management remains critical to maintaining trust, ensuring regulatory compliance, and supporting long-term competitiveness.

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

Management Approach to Impacts and Risks

SMFB manages air emissions through a systems-based approach integrated into its Environmental Management System, aligned with DENR standards and SMC's sustainability framework. Emissions from combustion processes are monitored through regular testing and compliance audits to ensure adherence to regulatory limits and to identify opportunities for improvement.

Operational measures focus on improving combustion efficiency, maintaining equipment, and implementing appropriate emission control systems. Routine maintenance practices, including boiler optimization and equipment inspections, support the reduction of pollutants and sustain performance across facilities.

The Group also pursues initiatives that contribute to emissions reduction, including the use of biogas in select facilities and the recovery and reuse of by-products such as biogenic CO₂. These efforts support both emissions management and resource efficiency.

Through these measures, SMFB continues to improve emissions performance while maintaining operational reliability and compliance.

Opportunities and Management Approach

SMFB continues to identify opportunities to further reduce air pollutants through improvements in energy efficiency, fuel optimization, and cleaner technologies.

Key areas of focus include expanding the use of alternative energy sources such as biogas, enhancing combustion systems, and strengthening monitoring capabilities across facilities. These initiatives support ongoing reductions in emissions and improved environmental performance.

At the same time, the Group continues to assess opportunities to enhance its monitoring framework and align with evolving regulatory and industry expectations.

Through these efforts, SMFB aims to sustain improvements in air quality management while supporting operational efficiency and long-term environmental resilience.

Solid and Hazardous Wastes

Solid Waste

Disclosure	2025	2024	Unit
Total solid waste generated	275,605	260,133	MT
Reused	1,048	2,576	MT
Recycled	186,665	214,057	MT
Other recovery operations	13,734	7,481	MT
Incineration (with energy recovery)	0.70	2.03	MT
Incineration (without energy recovery)	0	0	MT
Landfilling	27,341	25,017	MT
Other disposal operations	46,816	11,001	MT

In 2025, SMFB generated a total of 275,605 MT of solid waste, up 5.9% from 260,133 MT in 2024, reflecting higher production activity across its business units.

Recycled waste remained the largest component at 186,665 MT, although lower than the previous year, while waste diverted through other recovery operations increased to 13,734 MT, indicating continued efforts to expand recovery pathways. Reused waste declined to 1,048 MT, and incineration with energy recovery remained minimal.

Landfilled waste rose to 27,341 MT, alongside an increase in other disposal methods to 46,816 MT, reflecting changes in waste composition and operational requirements during the year.

Overall, while total waste generation increased, SMFB continues to prioritize recycling and recovery initiatives as part of its broader commitment to responsible waste management and resource efficiency.

Impacts and Risks

SMFB faces environmental and operational risks associated with solid waste generated across its Beer and NAB, Spirits, and Food operations. As production expands, waste generation has increased, raising the need for effective management to mitigate environmental impact and regulatory exposure.

While recycling remains the primary waste management pathway, increases in landfill and other disposal methods highlight ongoing challenges in waste diversion and changing waste composition. The Group is also subject to regulatory requirements, including the Ecological Solid Waste Management Act and the Extended Producer Responsibility (EPR) Act, which impose stricter obligations on waste handling and post-consumer recovery.

Inefficient waste management may lead to higher disposal costs, underutilization of recoverable materials, and potential reputational risks, particularly as stakeholder expectations on sustainability continue to rise.

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

Management Approach to Impacts and Risks

SMFB implements an integrated waste management approach aligned with SMC's sustainability and circular economy strategy. Waste management is embedded within the Group's Environmental Management System, ensuring proper segregation, handling, and disposal in compliance with DENR standards.

The Group prioritizes recycling and recovery, with initiatives focused on reducing landfill reliance and maximizing the reuse of by-products. Across business units, production waste is repurposed where feasible—for example, brewery by-products and poultry processing materials are reused in animal feed, which supports closed-loop practices and reduces disposal volumes.

Compliance with the EPR Act further strengthens efforts to manage post-consumer waste, particularly plastics, through recovery, recycling, and partnerships with accredited processors. At the same time, operational controls such as waste audits, monitoring systems, and accredited service providers support consistent compliance and performance across facilities.

These measures are complemented by ongoing efforts to improve waste efficiency, maintain sanitation standards, and support safe operations, particularly in food manufacturing environments.

Opportunities and Management Approach

SMFB continues to enhance its waste management practices by expanding recycling and recovery initiatives and improving waste segregation and monitoring across its operations.

Key opportunities include strengthening circular practices, increasing recovery of high-volume waste streams, and improving partnerships to reduce residual waste. The Group also continues to explore process improvements and technologies that support more efficient waste handling and diversion.

Through these initiatives, SMFB aims to reduce environmental impact, improve resource efficiency, and support its long-term transition toward a more circular and sustainable operating model.

Hazardous Waste

Disclosure	2025	2024	Units
Total weight of hazardous waste generated	2,482	2,051	MT
Total weight of hazardous waste transported	2,227	1,456	MT

The chart shows that from 2024 to 2025, SMFB recorded an increase in both the generation and transportation of hazardous waste, in line with higher operational activity. Total hazardous waste generated rose from 2,051 MT to 2,482 MT, while transported waste increased from 1,456 MT to 2,227 MT.

The increase reflects expanded production requirements, but continued adherence to proper handling, transport, and treatment protocols ensures that hazardous waste is managed safely and in compliance with regulatory standards.

Impacts and Risks

Hazardous waste management presents environmental, regulatory, and health risks for SMFB given the use of chemicals, oils, and other hazardous materials across its operations. In 2025, both the generation and transportation of hazardous waste increased in line with higher operational activity, underscoring the need for continued strict controls.

If not properly managed, hazardous waste may pose risks to employee safety, surrounding communities, and the environment. The Group is also exposed to regulatory risks under Republic Act No. 6969, otherwise known as the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, with potential penalties, operational disruptions, and reputational impact in cases of non-compliance.

As stakeholder expectations on environmental and occupational safety continue to rise, effective hazardous waste management remains critical to maintaining the Group’s licenses to operate and stakeholder trust.

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

Management Approach to Impacts and Risks

SMFB implements strict hazardous waste management practices in compliance with Republic Act No. 6969. All hazardous waste is properly labeled, stored, transported, treated, and disposed of through DENR-accredited providers, with processes documented through manifests and regularly reported to regulators.

Across its operations, hazardous materials are handled by trained personnel and stored in secure, designated facilities to prevent contamination or exposure. Regular monitoring, inspections, and established response protocols help mitigate risks from potential spills or incidents.

The increase in hazardous waste volumes in 2025 is managed through strengthened coordination with accredited transporters and treaters, ensuring timely collection, proper treatment, and regulatory compliance. Waste volumes and disposal activities are tracked under the Group’s Environmental Management System to support ongoing monitoring and performance improvement.

Opportunities and Management Approach

SMFB continues to pursue opportunities to reduce hazardous waste generation through process improvements, material substitution, and more efficient operations.

Key initiatives include minimizing the use of hazardous inputs, improving waste segregation and tracking, and exploring cleaner production technologies to reduce waste at source. The Group also strengthens partnerships with accredited waste service providers to ensure safe and compliant handling of unavoidable waste.

Through these efforts, SMFB aims to manage increasing waste volumes effectively while reducing environmental risks and supporting safer, more efficient operations.

Effluents

Disclosure	2025	2024 ¹	Unit
Total volume of water discharges	13,137	11,896	ML

Percent of water recycled	3.0	3.9	%
Total water consumption	4,962	5,809	ML

¹ Some figures have been updated to reflect improved accuracy.

In 2025, SMFB recorded an increase in total water discharge, in line with higher operational activity across its business units.

At the same time, overall water consumption declined, reflecting improved efficiency and the continued impact of water conservation initiatives across operations.

The percentage of water recycled decreased year-on-year, largely due to changes in water use and recovery volumes. Despite this, SMFB continues to strengthen its water stewardship efforts and explore opportunities to expand recycling and reuse.

Overall, the data reflects improved water efficiency alongside increased discharge, with continued focus on enhancing circular water practices across the Group.

Impacts and Risks

Effluents generated from brewing, distillation, and food processing operations present environmental and regulatory risks if not properly managed. Increased discharge volumes in line with operational activity heighten the importance of effective treatment to prevent water quality degradation, which harms aquatic ecosystems and surrounding communities.

Non-compliance with DENR effluent standards may result in penalties, operational disruptions, and reputational impact. As discharge levels increase, maintaining consistent treatment performance and regulatory compliance remains critical to mitigating these risks and ensuring business continuity.

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

Management Approach to Impacts and Risks

SMFB adopts a structured approach to effluent management to ensure compliance with DENR standards and mitigate environmental risks as discharge volumes increase with operational activity. All major facilities operate wastewater and sewage treatment systems designed to ensure that discharged water meets regulatory quality requirements.

Treatment performance is monitored through regular sampling and analysis, supported by trained Pollution Control Officers (PCOs) who oversee compliance, reporting, and system performance.

These controls are integrated within the Group’s Environmental Management System, enabling consistent monitoring and continuous improvement across sites.

In environmentally sensitive areas, enhanced controls and site-specific measures are implemented to further reduce potential impacts on surrounding ecosystems. Through these practices, SMFB maintains effective wastewater treatment while supporting operational reliability and regulatory compliance.

Opportunities and Management Approach

SMFB continues to strengthen its effluent management by improving treatment efficiency and exploring opportunities for water reuse.

Key initiatives include optimizing treatment processes, upgrading system components, and enhancing monitoring capabilities to improve discharge quality and operational performance. The Group also continues to assess opportunities to recycle treated wastewater for non-potable uses, supporting water conservation and reducing reliance on freshwater sources.

As recycling rates fluctuate with operational requirements, SMFB remains focused on expanding reuse initiatives and improving system efficiency to support more circular water management.

Through these efforts, SMFB aims to manage increasing discharge volumes effectively while enhancing water efficiency and long-term sustainability.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2025	2024 ¹	Unit
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	175,000	141,658.96	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	4	5	Count
No. of cases resolved through dispute resolution mechanism	1	0	Count

¹ Some figures have been updated to reflect improved accuracy.

Impacts and Risks

Non-compliance with environmental laws and regulations exposes SMFB to financial, operational, and reputational risks.

Potential risks include financial penalties, regulatory sanctions, and possible operational disruptions arising from non-compliance with standards on emissions, wastewater discharge, waste management, and hazardous material handling. Non-compliance may also delay or constrain expansion plans if permits or approvals are affected.

Environmental incidents, such as improper waste handling or water contamination, may lead to increased regulatory scrutiny and community concerns, particularly in areas where SMFB operates.

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

Management Approach to Impacts and Risks

SMFB adopts a structured and proactive approach to managing environmental compliance risks, ensuring alignment with key regulations such as the Clean Air Act, Clean Water Act, Ecological Solid Waste Management Act, and the EPR Act.

Environmental safeguards are integrated into facility design and operations, supported by designated PCOs who oversee monitoring, reporting, and regulatory compliance. These are reinforced through regular audits, site inspections, and the maintenance of required permits. The Group's Environmental Management System (EMS) provides a consistent framework for tracking compliance and responding to evolving regulatory requirements.

Across business units, SMFB implements circular and resource-efficient practices to reduce compliance risks. These include bottle recovery and reuse programs, repurposing of production by-products, and waste-to-resource initiatives that minimize disposal and environmental impact.

Water and emissions-related risks are managed through treatment systems, monitoring, and operational controls to ensure adherence to regulatory standards. Compliance is further strengthened through employee training and awareness, embedding environmental responsibility into day-to-day operations.

Through this integrated approach, SMFB reduces the risk of non-compliance while supporting operational continuity and long-term sustainability.

Opportunities and Management Approach

SMFB views environmental compliance not only as a regulatory requirement but also as an opportunity to enhance efficiency, drive innovation, and strengthen stakeholder trust.

Initiatives such as bottle recovery and reuse, waste-to-resource programs, and water efficiency measures help reduce costs, improve resource utilization, and support circular practices. These efforts also enable stronger collaboration with partners and communities, particularly in areas such as packaging recovery and sustainable sourcing.

The Group continues to enhance its systems and partnerships to stay aligned with evolving regulations and industry standards, while identifying opportunities to scale sustainable practices across its operations.

At the governance level, environmental performance is overseen by the Board Risk Oversight and Sustainability Committee, ensuring that compliance considerations are integrated into strategic decision-making.

Through these efforts, SMFB positions environmental compliance as a driver of operational efficiency, innovation, and long-term business resilience.

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

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

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	2025	2024	Units
Total number of employees	10,580	10,138	Count
a. Number of female employees	2,846	2,709	Count
b. Number of male employees	7,734	7,429	Count

SMFB employed a total of 10,580 direct employees in 2025. Women in the workforce accounted for 27%. The higher ratio of men reflects the traditional male-dominated roles, particularly in manufacturing. Nevertheless, representation of women among officers and middle managers has improved, reflecting broader opportunities for women in leadership roles.

Employee attrition remained stable at approximately 7-8% annually, broadly in line with industry benchmarks and indicative of a relatively stable workforce.

Employee Benefits

The Group ensures that all employees receive the full range of benefits mandated by law, promoting a fair and equitable work environment without discrimination. In addition, SMFB provides a comprehensive suite of benefits covering healthcare, leave entitlements, and financial support programs, with broadly consistent availment across the workforce.

The accessibility and relevance of these benefits support employee well-being and contribute to overall workforce stability, as reflected in the Group's consistently low and stable attrition rate.

List of Benefits	Y/N	% of Female employees who availed in 2025	% of Male employees who availed in 2025
SSS	Y	8	7

PhilHealth	Y	5	5
Pag-ibig	Y	6	8
Parental leaves	Y	1	1
Vacation leaves	Y	16	18
Sick leaves	Y	10	10
Medical benefits (aside from PhilHealth)	Y	19	21
Housing assistance (aside from Pag-ibig)	Y	0.2	0.6
Retirement fund (aside from SSS)	Y	0.7	0.7
Further education support	Y	0.01	0.00
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible working hours	N	N/A	N/A

Figures expressed as % of total employees; values below 1% are shown to up to two decimal places.

Diversity and Equal Opportunity

Diversity and inclusion are supported through fair and merit-based employment practices, aligned with SMFB's Code of Business Conduct and Ethics and its Diversity, Equity and Inclusion Policy. These frameworks guide recruitment, development, and day-to-day people management decisions, helping ensure that all employees are treated with respect and provided with equitable access to opportunities.

In 2025, along with other companies in the San Miguel Group, SMFB continued to broaden its talent sourcing efforts to support a more geographically diverse workforce. Recruitment activities were conducted across eight locations, with a total of 5,112 applications processed Group-wide. Engagements covered a range of academic institutions, from leading universities to regional colleges located across Metro Manila and nearby provinces such as Batangas and Cavite. These efforts support the Company's objective of expanding access to employment opportunities and aligning talent acquisition with its growing regional operations.

The Company continues to attract candidates with diverse educational, geographic, and professional backgrounds. Selection processes remain anchored on merit, values alignment, and the ability to contribute to the Company's long-term objectives.

Impacts and Risks

As an employer, SMFB aims to create a positive impact on its employees and, by extension, their families, through fair compensation, competitive benefits, and a work environment that supports both career and personal growth. Hiring is based on qualifications, skills, and experience, ensuring a fair and merit-based recruitment process.

The Group provides equitable benefits for all employees, independent of gender or position, fostering well-being, productivity, and job satisfaction, while supporting a diverse and inclusive workforce.

As with any organization, employee attrition, whether voluntary or involuntary, remains a risk and may result in temporary disruptions to operations.

Key Stakeholders Affected: Employees, Shareholders, and Investors

Management Approach to Impacts and Risks

On Employee Hiring, Benefits, Diversity and Equal Opportunity

SMFB addresses the impacts and risks associated with employee hiring, benefits, diversity, and equal opportunity through well-defined policies and programs that promote a merit-based and inclusive workplace. The Group's Code of Business Conduct and Ethics underpins this approach, emphasizing employee development through training, competitive compensation, and clear career pathways.

The Group complies with all applicable labor and wage regulations, including minimum wage, overtime, and statutory benefits, and provides a comprehensive suite of benefits upon regularization, including insurance and medical coverage.

To further strengthen inclusivity, SMFB adopted the San Miguel Group's Diversity, Equity and Inclusion Policy in 2023. The policy promotes a workplace that respects diversity and ensures equitable access to opportunities for all employees. Career advancement is based on performance, capacity, and capability, with equal opportunities for women to assume leadership roles.

SMFB supports employee growth and well-being through continuing education, specialized training, and wellness initiatives, including fitness programs, health seminars, and mental health awareness. The Group also encourages employee engagement through community involvement and volunteer activities.

To support workforce stability, SMFB regularly benchmarks its compensation and benefits against industry peers to maintain competitiveness. This is complemented by funded, non-contributory defined benefit retirement plans for all permanent employees, based on actuarial valuations.

Hiring practices and employee engagement are continuously monitored to ensure alignment with diversity and inclusion objectives. Recruitment processes and employee feedback mechanisms are regularly reviewed to strengthen meritocracy and inclusivity across the organization.

Through these initiatives, SMFB mitigates risks related to employee attrition, operational disruption, and workplace inequities, while fostering a stable, engaged, and high-performing workforce.

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

[https://www.smfb.com.ph/files/reports/SMFB Diversity Policy .pdf](https://www.smfb.com.ph/files/reports/SMFB_Diversity_Policy_.pdf)

Opportunities and Management Approach

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

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

Employee Training and Development

Disclosure	2025	2024	Unit
Total training hours provided to employees	412,368	452,276	hours
a. Female employees	129,343	127,256	hours
b. Male employees	283,025	325,020	hours
Average training hours provided to employees	41	45	hours
a. Female employees	48	47	hours/employee
b. Male employees	39	44	hours/employee

Some figures have been updated to reflect improved accuracy.

SMFB continues to invest in employee development to enhance skills and drive productivity. In 2025, training hours increased year-on-year, reflecting the continued rollout of strengthened learning and development initiatives across the organization.

Impacts and Risks

SMFB recognizes that continuous training and development are critical to sustaining competitiveness in the dynamic fast-moving consumer goods (FMCG) and food and beverage industries. These sectors require agility, innovation, and the ability to respond to evolving consumer preferences, regulatory changes, and technological advancements. Through ongoing learning, employees build both technical and soft skills, supporting higher productivity, operational efficiency, and overall performance.

Gaps in learning and development may pose risks, including slower adaptation to industry changes, and lower employee engagement. SMFB addresses these through sustained investments in training programs, ensuring a resilient and future-ready workforce aligned with the Group's long-term growth objectives.

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

Management Approach to Impacts and Risks

SMFB manages these risks through structured and comprehensive learning programs aligned with operational needs and strategic priorities. Targeted in-house and external training initiatives are implemented across business units.

In the Beer and NAB segment, tiered technical programs, from basic to advanced brewing, support continuous capability building. The Spirits segment focuses on sensory skills and critical process training to ensure product quality and operational efficiency. The Food segment delivers specialized training across leadership, sales, logistics, and core production processes, strengthening capabilities across functions.

Development plans are tailored to address competency gaps, while high-potential employees are supported through accelerated programs, coaching, mentoring, and exposure to strategic projects. Holistic programs covering personal effectiveness, work-life balance, and financial wellness further support employee engagement and retention.

By significantly increasing training investment in 2025, SMFB mitigates risks related to skills gaps, productivity, and attrition, while strengthening organizational resilience.

Opportunities and Management Approach

SMFB continues to expand its training and development programs to support employee growth and advancement. New initiatives increasingly leverage digital and virtual platforms, improving accessibility across locations.

The Group also benchmarks its programs against industry peers to adopt best practices and enhance learning effectiveness. Through continuous refinement of its development framework, SMFB ensures its workforce remains skilled, agile, and equipped to support sustained growth and competitiveness.

Leadership development remains a central priority, with SMFB managers participating in the Leadership and Management Development Program (LMDP), which has been expanded to include next-in-line leaders and high-potential employees, strengthening the leadership pipeline and integrating sustainability into training.

At the senior leadership level, SMFB senior management also participate in the Executive Management Development Program (EMDP), conducted in partnership with the Asian Institute of Management, which builds advanced leadership capabilities across strategy, innovation, operations, and people management, supported by coaching throughout the program.

Labor-Management Relations

Disclosure	2025	2024	Units
Percentage of employees covered by Collective Bargaining Agreements (CBAs)	18	19	%
Active CBAs	17	18	Count

Some figures have been updated to reflect improved accuracy.

Impacts and Risks

The Group recognizes that harmonious labor-management relations are essential to stable operations and sustained productivity. Across its Beer, Spirits, and Food segments, 1,931 employees are members of unions, with 17 active collective bargaining agreements (CBAs) currently in place.

SMFB ensures full compliance with applicable labor laws and regulations, including minimum wage, overtime, and mandated benefits, supporting fair and secure livelihoods for rank-and-file employees. This fosters mutual trust and a collaborative work environment.

While the periodic renegotiation of CBAs is a normal part of union-management dynamics, it may present challenges where alignment is not immediately achieved. In addition, evolving labor regulations require continuous monitoring and timely alignment of policies and practices.

Through open dialogue and constructive engagement with employees and union representatives, SMFB manages these risks effectively, supporting operational continuity and long-term organizational resilience.

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

Management Approach to Impacts and Risks

SMFB fosters strong labor-management relations through clear policies, open communication, and strict compliance with labor laws and regulations. Policies are regularly updated to align with evolving legal requirements and industry practices, including the timely renegotiation of CBA economic provisions every three years and representation elections every five years.

In 2023, SMFB introduced its Freedom of Association Policy, reinforcing employees' right to organize and participate in groups of their choice without fear of discrimination. The policy also

supports open dialogue and responsible expression, provided these remain consistent with Company values.

To strengthen engagement and transparency, SMFB provides multiple communication platforms, including regular consultations and town halls such as “Speak Ups” with senior leadership. These forums enable direct dialogue and timely resolution of concerns.

Digital channels further support accessible, real-time communication between employees and management. Together, these initiatives reinforce a respectful, inclusive workplace and support stable labor relations, employee satisfaction, and business continuity.

Opportunities and Management Approach

SMFB continues to strengthen labor relations by enhancing communication, engagement, and collaboration with employees. Ongoing compliance with labor laws provides a strong foundation, while engagement with union representatives supports trust-building, effective grievance resolution, and a harmonious workplace.

The Group further enhances relations by expanding platforms for dialogue, including “Speak Ups,” labor-management council meetings, and toolbox sessions. These channels enable employees to raise concerns, share ideas, and contribute to workplace improvements, supporting both engagement and operational efficiency.

SMFB’s Freedom of Association Policy reinforces these efforts by upholding employees’ rights to organize and engage in open, respectful dialogue. This supports a more inclusive and collaborative work environment.

Through these initiatives, SMFB strengthens employee engagement, minimizes the risk of labor disputes, and supports sustained productivity and long-term organizational success.

The Freedom of Association Policy can be accessed through the Company’s website at:

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

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2025	2024	Units
Safe man hours for all employees	27,104,964	23,107,913	Man-hours
No. of work-related injuries	191	253	Count

No. of work-related fatalities	0	0	Count
--------------------------------	---	---	-------

Figures reported cover all SMFB employees across the Beer, Spirits, and Food divisions.

Impacts and Risks

Occupational Health and Safety (OHS) is critical to protecting employees from workplace accidents, injuries, and exposure to hazards. SMFB’s commitment to a safe and healthy work environment helps minimize risks, support productivity, enhance employee morale, and ensure regulatory compliance.

Maintaining high OHS standards is essential to sustaining these outcomes. Gaps in safety practices may lead to injuries or illness, operational disruptions, and increased costs related to medical care and compensation, while also affecting employee well-being and retention.

As a publicly listed company, SMFB is also mindful of the reputational impact of safety-related incidents. Compliance with Republic Act No. 11058, otherwise known as the Occupational Safety and Health Law, and other regulations mitigate legal and financial risks while reinforcing stakeholder trust. Through continuous monitoring and improvement of its OHS practices, SMFB supports employee welfare, operational resilience, and long-term sustainability.

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

Management Approach to Impacts and Risks

SMFB places strong emphasis on occupational health and safety, recognizing that a safe work environment is essential to employee well-being, sustained productivity, and regulatory compliance. The Group proactively identifies workplace hazards and ensures employees are equipped with appropriate training, protective equipment, and resources.

Employees may face physical, ergonomic, and psychosocial risks, including exposure to noise, heat, repetitive tasks, and workplace stress. These are addressed through timely and preventive measures to minimize incidents and support consistent operations.

SMFB’s approach is anchored in its Code of Business Conduct and Ethics and its Policy on Health, Safety, and Welfare, which guide hazard prevention, training, and workplace preparedness. A comprehensive health and wellness program complements these efforts, offering medical services, preventive care, and employee engagement initiatives.

Health and Safety Committees conduct regular risk assessments and audits, while trained Emergency Response Teams ensure preparedness for critical incidents. Several facilities have also received Safety Seal Certifications, reflecting compliance with national safety standards.

Through these measures, SMFB reinforces a strong culture of safety that protects employees, supports operational performance, and ensures adherence to regulatory requirements.

Opportunities and Management Approach

SMFB continues to enhance OHS through proactive risk management, employee engagement, and continuous improvement. The Group regularly assesses workplace risks, identifies areas for improvement, and adopts best practices to strengthen safety standards and prevent incidents.

Targeted programs on safety awareness, physical fitness, mental health, and overall wellness support a holistic approach to employee well-being, contributing to reduced injuries, improved productivity, and higher engagement. Health and Safety Committees, regular training, and risk assessments further reinforce this approach, alongside strict adherence to regulatory standards.

SMFB also leverages technology to improve safety monitoring and reporting across its operations. Through these initiatives, the Group strengthens its safety culture, ensures compliance, and promotes a safe, healthy, and productive work environment.

The Policy relating to Health, Safety, and Welfare is available on the Company's website at:

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

Labor Laws and Human Rights

Disclosure	2025	2024	Units
No. of legal actions or employee grievances involving forced or child labor	0	0	Count

SMFB's Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, and the Code of Business Conduct and Ethics, all explicitly disallow violations of labor laws and human rights (e.g., harassment, bullying) in the workplace.

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

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

Impacts and Risks

Compliance with labor laws and respect for human rights are integral to SMFB’s operations and long-term sustainability. Adherence to employment regulations — including minimum wage, overtime, and mandated benefits — supports a fair and secure workplace while mitigating legal and reputational risks. As regulations evolve, particularly in areas such as outsourcing and contracting, SMFB proactively reviews its practices to ensure continued alignment.

The Group maintains contractual relationships with third-party service providers and remains mindful of potential risks, including disputes related to employment arrangements. These are managed through close oversight and strengthened accountability across its contractor base.

Upholding human rights, including the prohibition of forced and child labor, is a core commitment. Any lapses may expose the Group to regulatory and public scrutiny. As a publicly listed company, SMFB prioritizes transparency and responsible labor practices to maintain stakeholder trust. Through clear policies and ongoing diligence, the Group fosters an ethical and compliant work environment across its operations.

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

Management Approach to Impacts and Risks

SMFB takes a proactive approach to labor law compliance and human rights protection through clear policies and guidelines. Its Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity and Inclusion Policy, and Code of Business Conduct and Ethics collectively uphold ethical workplace standards and promote a safe, respectful, and inclusive environment.

The Group strictly prohibits all forms of harassment, coercion, and discrimination, and provides accessible, confidential channels for reporting concerns. Regular monitoring and open communication reinforce accountability and trust across the organization. Equal opportunity is ensured regardless of race, age, gender, gender identity, ethnicity, disability, religion, political views, union affiliation, or marital status.

SMFB complies with all applicable labor laws on wages, overtime, and mandated benefits, supported by regular reviews and audits to ensure alignment with regulatory requirements and industry practices. Through these measures, the Group mitigates risks while reinforcing a culture of fairness, inclusivity, and responsibility.

Opportunities and Management Approach

SMFB continues to strengthen its commitment to labor law compliance and human rights by enhancing policies, monitoring practices, and employee engagement. Upholding labor standards and ethical practices across its operations and supply chain supports regulatory compliance while fostering a culture of inclusivity, fairness, and respect.

The Group regularly reviews and updates its policies to align with evolving regulations and global best practices. Key frameworks, including the Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity and Inclusion Policy, and the Code of Business Conduct and Ethics, guide the promotion of a safe, equitable, and respectful workplace. These are accessible via the Company's website, reinforcing transparency and accountability.

SMFB supports implementation through ongoing monitoring, audits, and engagement with employees and partners, alongside accessible channels for reporting concerns and addressing grievances promptly.

Through these efforts, SMFB enhances employee well-being and engagement while strengthening its reputation as a responsible employer. Collaboration with suppliers and contractors further embeds ethical labor practices across its value chain, supporting long-term value creation.

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

[https://www.smfb.com.ph/files/reports/SMFB Policy on Child and Forced Labor .pdf](https://www.smfb.com.ph/files/reports/SMFB_Policy_on_Child_and_Forced_Labor_.pdf)

[https://www.smfb.com.ph/files/reports/SMFB Anti Sexual Harassment Policy.pdf](https://www.smfb.com.ph/files/reports/SMFB_Anti_Sexual_Harassment_Policy.pdf)

[https://www.smfb.com.ph/files/reports/SMFB Diversity Policy .pdf](https://www.smfb.com.ph/files/reports/SMFB_Diversity_Policy_.pdf)

[https://www.smfb.com.ph/files/reports/SMFB Code of Business Conduct and Ethics 3.pdf](https://www.smfb.com.ph/files/reports/SMFB_Code_of_Business_Conduct_and_Ethics_3.pdf)

[https://www.sanmiguel.com.ph/storage/files/reports/SMC Code of Conduct and Ethical Business Policy Final.pdf](https://www.sanmiguel.com.ph/storage/files/reports/SMC_Code_of_Conduct_and_Ethical_Business_Policy_Final.pdf)

Supply Chain Management

SMFB aligns with SMC's commitment to conduct business in an ethical, legal, and socially responsible manner, upholding high standards of integrity across its operations. This is reflected in the SMC Supplier Code of Conduct, which sets clear expectations for suppliers to adhere to ethical practices and comply with applicable laws, including those on environmental protection, occupational health and safety, labor standards, and data privacy. These standards support long-term, values-driven partnerships across the supply chain.

The Group follows a standardized supplier accreditation process to ensure prospective partners meet legal, quality, and business-specific requirements. Supplier contracts reinforce these standards through provisions on responsible labor practices, human rights, and anti-corruption.

SMFB has further strengthened its Supplier Code of Conduct by incorporating ESG principles, deepening its focus on sustainable sourcing, environmental stewardship, workplace safety, and fair labor practices.

Supporting local communities remains a priority. In 2025, about 60% of total procurement, equivalent to P118.9 billion, was sourced from local suppliers. This supports domestic economic activity while helping reduce emissions associated with long-distance transport.

Procurement policies promote good governance and responsible conduct among suppliers. To reinforce these, SMFB plans to roll out supplier awareness training on sustainability and develop periodic assessments of supplier alignment with its standards.

Across its businesses, SMFB maintains an integrated supply chain:

- SMB operates seven strategically located production facilities nationwide, supporting product availability and freshness within five to seven days of production.
- GSMI sources fine alcohol from a centralized distillery in Negros Occidental and operates five bottling facilities across the country.

- SMF runs a nationwide network of farms, feed mills, processing plants, and food manufacturing facilities, supported by efficient cold chain systems.

Through this approach, SMFB strengthens supplier relationships, promotes sustainable practices, and supports local development while maintaining operational efficiency and integrity.

In accrediting suppliers, the Group considers the following sustainability topics:

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers shall foster and maintain a management culture and attitude that establishes a results-based system toward the continual improvement of their environmental, health and safety practices and performance. SMG Suppliers shall comply with environmental laws and regulations applicable to their operations worldwide.”</p> <p>Environment Policy</p> <p>SMFB is “aligned with San Miguel Corporation in its commitment to do what is right and to lead in nation-building by creating opportunities so that all can share in the rewards of sustainable development and prosperity.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall comply with all applicable environmental regulations. All required environmental permits, licenses, authorizations, registrations and clearances must be obtained and their operational and reporting requirements followed.”</p>
Forced labor	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers must not utilize or benefit in any way from forced or compulsory labor, nor utilize factories or subcontractors that utilize forced or compulsory labor.”</p> <p>Policy on Child and Forced Labor</p>

		<p>“Moreover, pursuant also to the mandate of the 1987 Constitution that no involuntary servitude in any form shall exist, the San Miguel Group shall not engage, tolerate or support forced or involuntary labor.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall not use forced or involuntary labor.”</p>
Child labor	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers shall comply with local minimum working age laws and requirements and not employ child labor. SMG Suppliers must only employ workers who meet the applicable minimum legal age requirement. SMG Suppliers are also expected to comply with all other applicable child labor laws.”</p> <p>Policy on Child and Forced Labor</p> <p>“In compliance with Republic Act No. 7610, otherwise known as the "Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act", as amended by Republic Act No. 9231, the San Miguel Group shall not engage in child labor except in accordance with law. The San Miguel Group shall ensure that its employees are of legal working age and shall comply with the conditions of the law on child employment, such as internships or apprenticeships.”</p> <p>Code of Business Conduct and Ethics</p> <p>“We shall not use child labor. Employment of young workers shall only occur in accordance with the law.”</p>
Human rights	Y	<p>Supplier Code of Conduct</p> <p>“SMG Suppliers shall treat each employee with dignity and respect. SMG Suppliers shall prohibit threats of violence, physical punishment, confinement or any other form of physical, sexual, psychological, or verbal harassment or abuse and all other forms of intimidation or harassment in the</p>

		<p>workplace."</p> <p>Anti-Sexual Harassment Policy</p> <p>"Towards this end, all forms of sexual harassment against Personnel (hereinafter, the Personnel target of such sexual harassment referred to as the "Recipient") in the Workplace as hereinafter defined, are prohibited."</p> <p>Code of Business Conduct and Ethics</p> <p>"We shall provide a workplace free of harassment, discrimination, harsh and inhumane treatment."</p>
Bribery and corruption	Y	<p>Supplier Code of Conduct</p> <p>"SMG Suppliers shall not offer, make, or receive any form of bribe in order to win or retain business, or seek to influence a business or regulatory decision inappropriately. This shall include offering or providing any bribe, kickback, contribution, gift, favor, hospitality, entertainment, secret commission, reward, employment or promise of employment, or anything of value to (i) compromise the objectivity of SMG or an SMG employee or representative or any foreign or domestic government official or employee in making decisions; or (ii) obtain an undue advantage or benefit from SMG or any foreign or domestic government official or employee."</p> <p>Anti-Corruption and Sanctions Compliance Policy</p> <p>"Company Personnel are prohibited from engaging in any form of bribery, kickbacks, extortion, or other corrupt payments or practices in any way related to the San Miguel Group businesses."</p> <p>Code of Business Conduct and Ethics</p> <p>"Any form of corruption, extortion and embezzlement shall be prohibited. We shall not offer, pay nor accept bribes or participate in other illegal inducements in business or government relationships. We shall work against corruption in all its forms."</p>

Impacts and Risks

The Group's manufacturing, production, and logistics operations involve partnerships with independent third-party contractors, supporting operational flexibility and shared economic value. However, this also presents risks that SMFB actively manages. In areas prone to natural disasters, contractors may face delays or logistical constraints that can affect the timely delivery of goods and services. To address this, the Group continues to strengthen its supplier network and ensure consistent service quality.

Ensuring that suppliers meet quality, safety, and compliance standards remains critical, particularly in the Food segment where product safety and freshness are essential. SMFB works closely with suppliers to maintain high standards and safeguard against risks such as spoilage or contamination. The Group also monitors compliance with labor, health, safety, and environmental regulations to support operational continuity.

Fluctuations in the cost of key inputs, including feed, grains, packaging materials, and energy, may impact expenses. SMFB actively monitors these trends and adjusts sourcing strategies to manage costs and maintain supply stability.

The Group also remains focused on responsible sourcing, strengthening supplier oversight and engagement to uphold ethical and regulatory standards. In addition, SMFB recognizes the potential impact of climate-related events such as typhoons, droughts, and flooding, and continues to enhance supply chain resilience through contingency planning and sustainable sourcing strategies.

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

Management Approach to Impacts and Risks

SMFB adopts a comprehensive and proactive approach to managing supply chain risks. To minimize disruptions, the Group maintains a diversified pool of accredited suppliers and contractors, all subject to rigorous screening to ensure compliance with regulatory requirements and the Group's standards for quality, safety, and reliability.

Ethical conduct and good governance are reinforced through the Code of Business Conduct and Ethics and the Supplier Code of Conduct, which express clear expectations on legal compliance, ethical practices, and sustainability. Suppliers are assessed not only in terms of performance and reliability but also in adherence to these standards.

The Group supports supplier development through knowledge sharing and the adoption of best practices, strengthening capabilities, and alignment with SMFB's requirements. Supplier performance is continuously monitored to identify risks early and enhance overall supply chain resilience.

Through this approach, SMFB effectively mitigates risks while building strong, long-term partnerships with its suppliers and contractors.

Opportunities and Management Approach

The Group will continue to strengthen its supplier assessment processes and further integrate sustainability considerations into accreditation and monitoring.

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

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

Relationship with Community

Significant Impact on Local Communities

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

Operations with significant impacts on local communities	Location	Vulnerable groups, if applicable*	Does the particular operation have an impact on indigenous people (Y/N)?	Community right and concerns of communities	Mitigating or enhancement measures
SMB, SMF, and GSMI facilities	Nationwide	Not applicable	No	Local hiring, creating employment and business opportunities	Health, Education, Employment, and Livelihood projects
SMB's Mangrove Planting	Brgy. Busong, City of Puerto Princesa, Palawan	Not applicable	No known negative impact to indigenous people	Propagate mangroves along the coastlines of Carmen	Sustainability of breeding areas for fish and shellfish; improved fish catch
GSMI coastal clean-up	Guimaras Strait	Not applicable	No	Monitoring of the Guimaras Strait through regular coastal cleanups with local government units and community volunteers	Biodiversity conservation

SMB Community Clinics	Various locations	Not applicable	No	Provision of health services to host communities, focusing on adult and pediatric patients with various medical issues	Improving access to medical care in underserved areas
GSMI Fishnet Assistance Program launched by DBI	Barangay Taloc, Bago City, Negros Occidental	Not applicable	No	Provides opportunities for community members to rent or purchase fishnets through a revolving fund	Improving livelihoods and financial security for the community
SMB's Trees Brew Life	Various locations	Not applicable	No	Supporting the government's National Greening Program through tree planting	Environmental improvement through increased greenery
SMB's Relief Operations	Various locations	Not applicable	No	Provides relief to communities affected by calamities like storms, floods, and eruptions	Helping communities recover and return to normalcy
SMF's Sustainable Sourcing Program Highlights: - Guaranteed market with purchase agreement - Floor price protection (higher of floor or prevailing price) - Start-up planting material support	28 provinces across Luzon, Visayas, and Mindanao Luzon - Apayao - Ifugao - Cagayan - Isabela - Nueva Ecija - Pampanga - Quirino - Tarlac - Batangas - Occidental Mindoro - Masbate - Camarines Sur	Local farmers, indigenous people of Mindoro	No known negative impact to indigenous people	Ensures sustainable supply of agricultural raw materials through market guarantees, pricing support, and technical assistance	Supporting farmers' livelihoods and enhancing production efficiency

<p>- Technical support for crop production management</p>	<p>Visayas - Cebu - Eastern Samar - Leyte - Negros Occidental - Negros Oriental</p> <p>Mindanao - Zamboanga del Norte - Zamboanga del Sur - Lanao del Sur - Misamis Oriental - Bukidnon - Davao del Sur - Davao Occidental - North Cotabato - South Cotabato - Maguindanao - Sultan Kudarat</p>				
<p>SMFI's Contract Growing for Poultry</p>	<p>Various Regions (Nationwide): - 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) - Region VI (Iloilo, Negros Occidental) - Region VII</p>	<p>Local farmers</p>	<p>None</p>	<p>Partnering with local farmers for poultry business</p>	<p>Site qualifications, compliance inspections, and use of larvicide to address fly infestation</p>

	(Cebu) - Region VIII (Leyte) - Region IX (Zamboanga) - Region X (Cagayan de Oro, Misamis Occidental, Misamis Oriental) - Region XI (Davao) - SOCCSKSAR GEN (General Santos) - CARAGA (Butuan)				
SMF's Handog Kalikasan Coral Rescue Program	Mabini, Batangas	Aquatic environment	No	Transplanting corals to enhance marine biodiversity	Survival of corals and increase in fish biomass and diversity
GSMI, East Pacific Star Bottlers Phils Inc., DBI	Sta. Barbara, Pangasinan; Cabuyao, Laguna; Cauayan, Isabela; Ligao City, Albay; Mandaue City, Cebu; Bago City, Negros Occidental	Not applicable	No	Local hiring and community engagement	Health, Education, and Livelihood projects

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

The Company does not have operations that affect Indigenous Peoples (IPs).

Certificates	2025	2024	Unit
Free and Prior Informed Consent (FPIC) process which is still undergoing consultations	Not Applicable	Not Applicable	Count
Certification Preconditions (CP) secured	Not Applicable	Not Applicable	Count

Impacts and Risks

The Group's nationwide operations contribute meaningfully to local economies by ensuring product availability while supporting job creation, local businesses, tax revenues, and community development. Its presence across regions also helps stimulate infrastructure growth and expand livelihood opportunities.

While these contributions are significant, SMFB remains mindful of potential challenges associated with large-scale operations, including environmental impacts and broader social and governance considerations. The Group is committed to addressing these through responsible practices and continuous improvement, ensuring its operations remain sustainable and beneficial to the communities it serves.

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

Management Approach to Impacts and Risks

SMFB integrates social responsibility into its operations, encouraging employees and partners to support community welfare and environmental stewardship. Through engagement with local stakeholders, the Group aims to create shared value and contribute positively to the communities where it operates.

To address community concerns, SMFB has established a structured and responsive approach. Designated personnel manage local affairs and serve as primary points of contact, facilitating dialogue and coordinating with community members, leaders, and relevant authorities to resolve issues effectively.

Through proactive and transparent engagement, SMFB reinforces its commitment to ethical practices and sustains positive relationships with its host communities.

Opportunities and Management Approach

The Group sees opportunities to further enhance shared value with local communities. These include expanding livelihood programs that support skills development, entrepreneurship, and employment, as well as strengthening partnerships with local suppliers to boost regional economies and supply chain resilience.

Investments in education, healthcare, and infrastructure can further improve community well-being, while environmental initiatives such as reforestation, coastal clean-ups, and sustainable agriculture support ecological preservation and community engagement.

The Group also aims to leverage digital platforms to enhance communication and outreach. By aligning these efforts with its sustainability priorities, SMFB strengthens its corporate responsibility initiatives and fosters long-term, mutually beneficial relationships with host communities.

CUSTOMER MANAGEMENT

Customer Satisfaction

Customer satisfaction is a key focus for the Group. It conducts regular focus group discussions, monitors market data from partners such as Kantar and Nielsen, and leverages social media listening to track consumer sentiment and respond promptly to feedback. Customer complaints are managed through a centralized platform to ensure timely evaluation, resolution, and corrective action.

Impacts and Risks

The Group's products play an important role in consumers' daily lives, providing both nourishment and enjoyment. To remain relevant, SMFB closely monitors shifts in consumer preferences, economic conditions, and lifestyle trends that may affect demand and product acceptance.

Economic pressures may drive consumers toward more affordable options, prompting the Group to balance value and quality. Consumer feedback, including complaints and social media commentary, may also influence brand perception. SMFB addresses these risks by maintaining consistent product quality and responsive customer service to safeguard brand trust and equity.

By staying agile and responsive, the Group strengthens customer relationships and supports sustained business performance.

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

Management Approach to Impacts and Risks

SMFB adopts a customer-centric approach anchored on the principle that the customer is central to its operations. This is reflected in its product development, marketing, and distribution strategies, which aim to meet or exceed customer expectations.

The Group leverages market leadership and industry experience to monitor trends and identify opportunities for product and channel enhancements. Insights from research and data analytics inform initiatives that improve customer satisfaction and loyalty.

Customer engagement is supported through multiple channels, including focus groups, workshops, and market studies, enabling the Group to gather feedback and respond quickly to evolving needs. This structured approach enhances agility and strengthens the overall customer experience.

Opportunities and Management Approach

SMFB sees opportunities to expand and diversify its product portfolio to address evolving consumer preferences. Continued innovation across categories enables the Group to capture emerging trends, enter underserved segments, and strengthen brand loyalty.

Growth opportunities also exist in health-oriented, premium, and convenience products, as well as offerings tailored to different demographics. These initiatives support sustained relevance, competitiveness, and long-term growth.

Health and Safety

The Group considers health and safety a critical and material topic. While consolidated data is not yet available, systems are being developed to support comprehensive reporting in future cycles. The following section outlines the Group's management approach to address impacts and risks related to health and safety.

Impacts and Risks

The Group recognizes that health and safety compliance is critical to its operations, particularly under the Food Safety Act of 2013, which sets standards for product safety, hygiene, and labeling. SMFB upholds these through strict quality control and continuous process improvements, supporting consumer well-being, reinforcing brand trust, and minimizing regulatory risk.

In its Food operations, animal health and welfare are integral to product safety and quality. Poor animal welfare practices and inappropriate use of veterinary medicines, including antibiotics, may pose risks to food safety, supply reliability, and public health. These are managed through established animal care protocols and veterinary oversight across production systems.

The Group also operates within an evolving regulatory environment covering food safety, environmental standards, and responsible product marketing. For alcoholic beverages, compliance with regulations on advertising, labeling, and age restrictions is critical to managing reputational and regulatory risks associated with consumption.

SMFB remains proactive in securing and maintaining approvals and permits from agencies such as the FDA, DTI, and DENR, ensuring operational continuity and minimizing disruptions.

Compliance with established standards, including HACCP and Good Manufacturing Practices (GMP), enables the identification and control of potential hazards throughout production. While implementation challenges may arise, SMFB continues to strengthen its systems to uphold product quality and maintain consumer confidence.

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

Management Approach to Impacts and Risks

SMFB maintains high standards of quality and food safety, aligned with applicable regulations and global best practices. Its approach is guided by recognized frameworks and certifications across its operations, including ISO 9001:2015 (25), ISO 14001:2015 (16) for Environmental Management Systems, ISO 17025:2017 (1), ISO 22000:2018 (1), FSSC 22000 (17), HACCP (30), GMP (35), HALAL (3), ISO 45001 (1) for Occupational Health and Safety Management Systems, ISO 50001 (3) for Energy Management Systems, and SEDEX (1) for Suppliers Ethical Data Exchange, ensuring consistency and compliance across its facilities.

The Group's facilities undergo regular audits and its products are subject to stringent quality and safety checks prior to distribution. Employees receive continuous training in quality assurance and food safety, while safeguards are embedded across the supply chain, from raw material sourcing to delivery. This includes strict raw material acceptance, certified facilities, and adherence to good warehousing practices.

Animal health and welfare are managed through integrated farm and veterinary programs that promote preventive care, proper nutrition, and humane handling practices across production systems. Veterinary oversight governs the use of medicines, including antibiotics, with a focus on responsible and judicious use to protect animal welfare, food safety, and public health. Preventive health measures and alternative solutions are encouraged to reduce reliance on antibiotics while maintaining production performance. In line with this, San Miguel Foods, Inc. (SMFI), a subsidiary of the Company, has implemented a policy relating to antibiotic use in its operations.

The Antibiotic Use Policy for Poultry may be accessed through SMFI's website at:

<https://irp.cdn-website.com/b3fbd289/files/uploaded/Antibiotic%20use%20policy.pdf>

Customer feedback is managed through multiple channels, including social media, phone, email, and customer care platforms, with all concerns tracked and resolved to support continuous improvement. Product traceability is strengthened through standardized batch coding, enabling timely action, including recalls when necessary.

For beverage products, including alcoholic beverages, SMFB adheres to responsible marketing and labeling practices in line with regulatory requirements and industry standards. Marketing communications are directed at appropriate audiences and incorporate messaging that promotes responsible consumption, helping to mitigate regulatory and reputational risks.

SMFB also ensures compliance with national regulations, including the Code on Sanitation of the Philippines, and maintains required sanitary permits. Good warehousing practices and preventive control plans further reinforce product safety and quality across its operations.

Opportunities and Management Approach

The Group continues to enhance the safety, quality, and nutritional value of its food and beverage products. Guided by a zero-tolerance approach to food safety violations, it fosters a culture of accountability and continuously adopts best practices that meet or exceed industry standards.

In response to rising demand for healthier options and more responsibly produced products, SMFB is improving the nutritional profile of its offerings while strengthening responsible production practices across its value chain. This includes ongoing efforts to support animal health and welfare, advance responsible antibiotic use, and promote informed and responsible consumption of alcoholic beverages.

These initiatives position the Group to respond to evolving consumer preferences, regulatory expectations, and public health priorities, while strengthening long-term brand trust and market relevance.

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

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

Marketing and Labelling

Marketing and labeling are material topics for the Group, supporting consumer trust and regulatory compliance. While consolidated data is not yet available, systems are being developed to enable more comprehensive reporting in future cycles. The following section outlines the Group's approach to managing related impacts and risks related to product marketing and labelling.

Impacts and Risks

The Group recognizes the importance of responsible marketing and accurate labeling in maintaining transparency and consumer trust. Compliance with the Consumer Act and other regulations ensures that product information, including trade name, manufacturer details, ingredients, nutritional value, classification, and expiration dates, is clearly and accurately presented.

SMFB aligns its marketing and labeling practices with these requirements to support informed consumer choices and protect brand integrity. As regulations evolve, the Group proactively reviews its materials and processes to maintain compliance. Clear, accurate, and responsible communication also helps strengthen consumer confidence and helps mitigate risks related to misrepresentation, regulatory non-compliance, and reputational impact.

For alcoholic beverages, marketing practices carry additional responsibility, as inappropriate messaging or targeting may result in regulatory sanctions and reputational risks. Ensuring that communications promote responsible consumption and are directed only to appropriate adult audiences are critical to maintaining public trust.

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

Management Approach to Impacts and Risks

SMFB adheres to established marketing and labeling standards to ensure compliance and maintain consumer trust. Advertising is guided by the Advertising Standards Council's rules on

responsible advertising, which include screening procedures and mechanisms for resolving content-related concerns.

For alcoholic beverages, the Group promotes responsible drinking across all marketing materials through moderation messaging such as “Drink Responsibly.” Marketing communications are designed to reach appropriate adult audiences and avoid content that may encourage excessive consumption or misrepresent the effects of alcohol.

Product labeling complies with regulations set by relevant agencies such as the Philippine FDA and DTI, ensuring that information is accurate, clear, and aligned with national standards on health, safety, and consumer protection. These practices are supported by internal review processes that help mitigate risks related to non-compliance and ensure consistency across brands and products.

Opportunities and Management Approach

The Group continues to enhance its marketing, advertising, and labeling practices to improve clarity, accuracy, and consumer engagement. Collaboration with industry peers and regulators supports alignment with evolving standards and expectations.

In the Food segment, opportunities include communicating nutritional improvements and supporting national health initiatives, strengthening consumer perception and trust. In alcoholic beverages, the Group continues to promote responsible consumption through targeted messaging and campaigns, while adapting to evolving consumer preferences toward moderation.

Through these efforts, SMFB reinforces transparency, supports consumer protection, and sustains long-term brand value.

Customer Privacy

Disclosure	2025	2024	Unit
No. of substantiated complaints on customer privacy	0	0	Count
No. of complaints addressed	0	0	Count
No. of customers, users and account holders whose information is used for secondary purposes	0	0	Count

Impacts and Risks

The Group handles personal data from customers, suppliers, and employees through channels such as market research, marketing initiatives, and consumer feedback platforms, supporting product improvement and stakeholder engagement.

Recognizing the importance of data privacy, SMFB is committed to protecting personal information and complying with the Data Privacy Act of 2012, its Implementing Rules and Regulations, and other related issuances. While risks such as unauthorized access or data loss exist, the Group implements robust safeguards and regularly reviews its data protection practices to ensure security, maintain compliance, and uphold stakeholder trust.

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

Management Approach to Impacts and Risks

SMFB is committed to safeguarding personal data and ensuring it is used only for its intended purpose. This is outlined in its Privacy Statement, which requires consent prior to website access:

<https://www.smfb.com.ph/page/website-privacy-statement>

SMFB's Personal Data Privacy Policy is guided by principles of transparency, legitimate use, and proportionality, and is compliant with the Data Privacy Act of 2012. SMFB and its Beer and NAB, Food, and Spirits segments each have designated a Data Protection Officer (DPO) to oversee compliance and address privacy concerns. The said policy is available for viewing at the Company's website: https://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf.

Robust safeguards are in place, including secure data storage, controlled access, regular audits, and ongoing training to protect information integrity.

During the reporting period, SMFB recorded no customer privacy breaches and no incidents of non-compliance with privacy regulations.

Opportunities and Management Approach

SMFB recognizes data privacy as both a responsibility and an opportunity to strengthen consumer trust and reputation. The Group remains committed to complying with applicable laws and continuously enhancing its data protection practices in line with evolving regulations and industry standards.

Policies and processes are regularly reviewed and updated to reflect legal, technological, and regulatory developments. SMFB implements robust security measures, including encryption, controlled access, and regular audits, supported by ongoing employee training to reinforce accountability and compliance.

The Group also promotes transparency by strengthening communication with customers on how their data is collected, used, and protected. Oversight by designated DPOs ensures consistent adherence to privacy standards.

Through these efforts, SMFB reinforces trust, enhances transparency, and strengthens its position as a responsible steward of personal data.

Data Security

Disclosure	2025	2024	Unit
No. of data breaches, including leaks, thefts, and losses of data	0	0	Count

Impacts and Risks

The Group manages a significant volume of information assets, including sensitive personal data from customers, suppliers, and employees, stored across electronic systems and digital platforms. As SMFB advances its digital transformation, the use of cloud, network, and related technologies continues to expand, improving efficiency and connectivity.

This increased digital integration also introduces data security risks, including cybersecurity threats such as phishing, ransomware, unauthorized access, as well as system vulnerabilities and human error. SMFB addresses these through continuous system enhancements, strengthened data protection protocols, and ongoing employee awareness.

Compliance with data privacy regulations, including the Data Privacy Act of 2012, remains a key priority. The Group is committed to protecting the confidentiality, integrity, and availability of its data, while reinforcing stakeholder trust. As technology evolves, SMFB continues to enhance its data protection measures to support operational continuity and safeguard sensitive information.

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

Management Approach to Impacts and Risks

SMFB is committed to safeguarding customer privacy through a structured and proactive data protection framework anchored on transparency, legitimate use, and proportionality. These principles ensure that personal information is collected and processed only for its intended purpose and are outlined in the Company's Privacy Statement, available on its website.

The Company's Personal Data Privacy Policy serves as the foundation of SMFB's privacy management, aligning with the Data Privacy Act of 2012, its Implementing Rules and Regulations, and issuances from the National Privacy Commission. The policy is regularly reviewed to reflect evolving requirements and best practices. SMFB, SMB, SMF, and GSMI have each designated a DPO to oversee implementation, ensure compliance, and address privacy-related concerns.

Employee awareness is reinforced through regular training and integration of data privacy practices into daily operations. The Group also implements strict access controls, encryption, and continuous monitoring to protect against unauthorized access and data breaches.

During the reporting period, no complaints or incidents of non-compliance related to customer privacy were recorded, reflecting SMFB's strong commitment to responsible data management and stakeholder trust.

The full Personal Data Privacy Policy can be accessed on the Company's website at:

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

Opportunities and Management Approach

SMFB continues to enhance its data privacy and information security practices, recognizing the need for constant vigilance in an evolving risk landscape. The Group is adopting advanced technologies to strengthen data protection and ensure compliance with regulatory and industry standards.

Initiatives include the integration of cloud solutions, off-site storage, and advanced encryption to improve data security, accessibility, and resilience. New systems are also being implemented to streamline data management and strengthen overall security controls.

Aligned with the broader SMC Group, SMFB is investing in a Security Operations Center to enhance its ability to detect, manage, and respond to cybersecurity threats such as phishing, ransomware, and unauthorized access. This is supported by real-time monitoring and analytics to improve incident response and risk mitigation.

The Group regularly reviews its internal controls and security protocols to ensure they remain robust and responsive to emerging threats. Ongoing employee training further reinforces awareness and adherence to data protection practices.

Through these efforts, SMFB strengthens its privacy framework, supports operational resilience, and reinforces trust among its stakeholders.

Enterprise Risk Management

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

Code of Business Conduct and Ethics

<https://www.smfb.com.ph/files/reports/SMFB Code of Business Conduct and Ethics 3.pdf>

<https://www.sanmiguel.com.ph/storage/files/reports/SMC Code of Conduct and Ethical Business Policy Final.pdf>

Charter of the Board of Directors

<https://www.smfb.com.ph/files/reports/SMFB Charter of the Board of Directors.pdf>

Manual on Corporate Governance

<https://www.smfb.com.ph/files/reports/SMFB Manual on Corporate Governance approved on August 6, 2025.pdf>

Company Policies

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

OUR SUSTAINABILITY FRAMEWORK

Sustainability Framework

San Miguel Food and Beverage, Inc., along with its divisions under San Miguel Brewery Inc., San Miguel Foods, and Ginebra San Miguel Inc., is committed to being a constant presence in the daily lives and significant milestones of Filipinos. As one of the country's largest and most enduring food and beverage companies, with over 135 years of history, our responsibility goes beyond achieving financial success.

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

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

As part of this evolution, in 2025, SMFB also refreshed its Vision and Core Purpose to more clearly reflect its role in enriching everyday life and strengthening its connection with consumers and communities. These statements articulate the Group's long-term aspirations and guiding principles, grounded in Filipino values and a commitment to quality, accessibility, and shared progress. Together, they reinforce SMFB's direction as it continues to grow responsibly while creating meaningful impact across the communities it serves.



SAN MIGUEL FOOD AND BEVERAGE INC.'S VISION AND CORE PURPOSE

VISION

To be the Philippines' most trusted and beloved food and beverage company with valued presence worldwide—bringing nourishment, joy, and Filipino warmth to every table, every toast, and every gathering.

CORE PURPOSE

We create high-quality, safe, and accessible food and beverages that bring people together, enriching everyday life, and spreading cheer in every celebration.

Rooted in Filipino values and a tradition of excellence, we empower our people, nurture lasting relationships, and care for the environment and our communities.

**SAN MIGUEL CORPORATION'S
SUSTAINABILITY BLUEPRINT**



THE SAN MIGUEL GROUP VISION

A resilient and globally competitive Philippines where everyone can enrich and enjoy their lives

OUR CORE PURPOSE

To lead in nation-building by creating opportunities that will uplift generations of Filipinos, allowing all to share in the rewards of sustainable development and prosperity

OUR CORE VALUE - MALASAKIT

- Excellence** - We believe in doing our best. We think innovation. We help our people succeed.
- Accountability** - We do what is right. We take accountability for our decisions.
- Sustainability** - We are a good neighbor. We advocate sustainable development.

OUR SUSTAINABILITY AGENDA

We envision a WORLD OF GOOD, where our business fosters a sustainable future that is good for planet, good for people & good for progress, benefiting present and future generations of Filipinos.



KALIKASAN
Good for Planet



KALINGA
Good for People



KASAGANAHAN
Good for Progress

- 1 Establish a circular economy approach by 2040
- 2 Net Zero by 2050
- 3 At least 15 million people uplifted by 2030
- 4 A fully sustainable and ethical supply chain by 2040

OUR BUSINESSES





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



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

SUSTAINABILITY HIGHLIGHTS

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

COMPANY	KEY PRODUCTS & SERVICES, SOCIETAL IMPACT, AND ALIGNMENT WITH THE UN SDGs	POTENTIAL NEGATIVE IMPACTS	MITIGATION STRATEGIES & MANAGEMENT APPROACHES
<p>San Miguel Food and Beverage, Inc. (SMFB)</p>	<p>Produces and distributes a diverse range of food and beverage products including beer, spirits, poultry, animal feeds, pet care products, veterinary medicines, flour, fresh and processed meats, dairy products, spreads, and coffee.</p> <p>Supports economic growth through its extensive distribution network and exports to 70 markets worldwide.</p> <p>Aligns with SDGs: 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production).</p>	<p>Environmental impact from manufacturing processes including carbon emissions, waste generation, water usage, and packaging waste.</p>	<p>Implementing cleaner energy sources, improving resource efficiency, enhancing recycling efforts, adopting renewable materials, and promoting circular economy approaches.</p>



			
<p>San Miguel Brewery Inc. (SMB)</p>	<p>Produces and markets beer brands such as San Miguel Pale Pilsen, San Mig Light, and Red Horse. Operates 7 production facilities nationwide.</p> <p>Aligns with SDGs: 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production).</p> 	<p>Environmental impact from manufacturing processes, including emissions, waste, and water use. Non-compliance with evolving environmental regulations poses legal and reputational risks.</p>	<p>Improved energy efficiency, transitioning to cleaner energy, enhancing water use efficiency, bottle recovery and reuse programs, and promoting responsible marketing practices.</p>
<p>San Miguel Foods (SMF)</p>	<p>Produces food products including fresh chicken, meats, processed meats, flour, premixes, margarine, cheese, and plant-based meats. Contributes to food security through accessible and affordable nutrition.</p> <p>Aligns with SDGs: 2 (Zero Hunger), 3 (Good Health</p>	<p>High sodium content in processed foods may lead to health issues like high blood pressure, heart disease, and stroke. Waste generation from packaging and agricultural processes.</p>	<p>Reformulating products to reduce sodium, introducing fortified products, promoting balanced diets, enhancing recycling programs, utilizing renewable materials, and employing resource-efficient technologies</p>




	<p>and Well-being), 12 (Responsible Consumption and Production).</p> 		
<p>Ginebra San Miguel Inc. (GSMI)</p>	<p>Produces popular spirits, including <i>Ginebra San Miguel</i>, <i>GSM Blue Mojito</i>, and <i>Primera Light Brandy</i>. Supports economic growth through dealer networks.</p> <p>Aligns with SDGs: 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), 12 (Responsible Consumption and Production).</p> 	<p>Potential health risks associated with alcohol consumption including addiction and alcohol-related diseases. Environmental risks from glass bottle production and disposal.</p>	<p>Promoting responsible drinking campaigns, improving bottle retrieval and reuse programs, adhering to government regulations, and supporting health awareness initiatives.</p>

Company-Wide Sustainability Initiatives and Practices


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

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

Practice	Description	Mitigation Strategies & Management Approaches	Aligned SDGs
<p>Customer Welfare & Responsibility</p>	<p>Ensuring product and service safety through rigorous safety standards, including compliance with the Department of Agriculture (DA), National Meat Inspection Service (NMIS), Bureau of Animal Industry (BAI), Food and Drug Administration (FDA), and GMP regulations.</p>	<p>Implementation of ISO standards, FSSC, and rigorous internal audits. Supplier evaluation and risk assessments are strictly enforced.</p>	<p>3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p> 
<p>Food Safety & Quality</p>	<p>Ensures that all products, including food, non-alcoholic beverages, spirits, and beer, meet rigorous safety and quality standards throughout the entire supply chain. Compliance with local and international standards is maintained to ensure product integrity, safety, and excellence.</p>	<p>Implementation of robust quality management systems, including ISO standards, FSSC, GMP, and HACCP. Regular audits, employee training, and continuous improvement programs are applied across all production lines.</p>	<p>2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p> 

<p>Antibiotic Use for Poultry (SMF)</p>	<p>Restricts antibiotic use to essential treatment purposes only. Strictly prohibits antibiotics classified by WHO as "Highest Priority Critically Important" for human medicine.</p>	<p>Observance of the Department of Agriculture - Bureau of Animal Industry (DA-BAI) guidelines, adherence to mandated withdrawal periods, ensures supervision by licensed veterinarians, and promotes responsible antibiotic use.</p>	<p>2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p> 
<p>Nutrition (SMF)</p>	<p>Enhances nutritional quality of products by prioritizing consumer health and well-being. Aims to reduce sodium, sugar, total fat, and trans fats, while increasing beneficial ingredients and fortification.</p>	<p>Implementation of phased reduction strategies for sodium and sugar, promotes healthier product portfolios, and strengthens partnerships with regulatory bodies and experts.</p>	<p>2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p> 
<p>Product Labeling & Transparency</p>	<p>Ensures that all products, including food, non-alcoholic beverages, spirits, and beer, are clearly labeled with accurate and comprehensive information. Labels provide essential details such as nutritional content, ingredients, allergens, alcohol content, serving size, and product origin, as the case may be,</p>	<p>Compliance with FDA regulations and other applicable standards, adherence to labeling requirements under FDA Administrative Order No. 2014-0030, and continuous improvement in transparency and accuracy. Regular audits, updates to packaging information, and adherence to</p>	<p>3 (Good Health and Well-being) 12 (Responsible Consumption and Production).</p> 

	to enable informed consumer choices.	international best practices in product labeling.	
--	--------------------------------------	---	--

<p>Sustainable Packaging & Disposal</p>	<p>Complies with the EPR Law, utilizes eco-labels, and aligns with the International Resin Identification System.</p>	<p>Enhances recycling programs, promotes the use of eco-friendly packaging materials, and ensures proper disposal through clear labeling and responsible marketing.</p>	<p>12 (Responsible Consumption and Production).</p> <p>14 (Life Below Water)</p> <p>15 (Life on Land)</p> 
--	---	---	---