

SAN MIGUEL FOOD AND BEVERAGE, INC.

BOARD RISK OVERSIGHT AND SUSTAINABILITY COMMITTEE CHARTER

This Board Risk Oversight and Sustainability Committee Charter (this “Charter”) sets out the role, authority, duties and responsibilities of the Board Risk Oversight and Sustainability Committee (the “Committee”) of San Miguel Food and Beverage, Inc. (the “Company”), and the procedures which guide the conduct of its functions.

1. PURPOSE

Pursuant to the Company’s By-laws, Manual on Corporate Governance (the “CG Manual”), and SEC Memorandum Circular No. 4, Series of 2019, on Sustainability Reporting Guidelines for Publicly Listed Companies, the Board of Directors of the Company (the “Board”) constituted the Committee to be responsible for the oversight of the enterprise risk management system and sustainability practices across the Company and its operating subsidiaries (collectively, the “Group”) to ensure the long-term success of the Group.

Enterprise risk management is integral to an effective corporate governance process and the achievement of a corporation’s value creation objectives. Sustainability, on the other hand, refers to the way the Group conducts its operations to meet its existing needs, without compromising the ability of future generations to meet their needs. Sustainability gives attention to the impacts that business operations have on material issues affecting its stakeholders regarding relevant environmental, social and governance matters.

The Committee thus has the responsibility of assisting the Board (a) in ensuring that there is an effective and integrated risk management process in place in the organization; and (b) in determining and overseeing the implementation of policies, directions and strategies of the Group to achieve sustainable development.

With an integrated approach, the Board and top management will be in a confident position to make well-informed decisions, having taken into consideration risks and sustainability concerns related to significant business activities, plans and opportunities. The Committee is accountable to the Board for its performance.

2. MEMBERSHIP AND QUALIFICATIONS

2.1 Composition. The Committee shall have a minimum of three (3) voting members of the Board, the majority of whom should be Independent Directors (as defined in the CG Manual), including the Chairperson. The Chairperson should not be the Chairperson of the Board or of any other committee.

2.2 Qualification. Each member of the Committee shall have the qualifications and none of the disqualifications of a director, as set out in the CG Manual. At least one (1) member of the Committee must have relevant thorough knowledge and experience on risk and risk management, and one (1) member must have adequate understanding or

competence on key environmental, social and governance principles. The Chairperson and the members of the Committee are appointed by the Board.

2.3 Appointment. The Chairperson and the director-members of the Committee shall be appointed by a majority vote of members of the Board constituting a quorum either during the Organizational Board Meeting of the Company or, if there is a vacancy, during any meeting of the Board constituting a quorum. Membership shall be reviewed every year after election of the Board by the Company's stockholders at their annual meeting, or earlier if the Board deems necessary. The Board may appoint a Sustainability Advisor who, for the duration of the appointment, will be an ex-officio member of the Committee.

2.4 Removal. The Chairperson of the Committee or any of its director-members may be removed from office only by the Board.

3. STRUCTURE AND OPERATIONS

3.1 Meetings. The Committee shall meet at such times and places as it considers appropriate, but no less than two (2) times a year. The Chairperson of the Committee, any Committee member, or the Corporate Secretary of the Company, may call a meeting of the Committee.

3.2 Quorum. Attendance of a majority of the Committee members shall constitute a quorum for the Committee to transact business. The Committee shall act only on the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum.

3.3 Chairperson. The Chairperson of the Committee shall preside in all meetings of the Committee. In the absence of the Committee Chairperson, the Committee members present shall elect one (1) of their members as Chairperson of the meeting.

3.4 Secretary of the Meeting. The Company's Corporate Secretary shall be the secretary of the Committee.

3.5 Notice of the Meeting. A notice of each meeting confirming the date, time, venue, and agenda shall be sent to each member of the Committee at least two (2) working days prior to the date of the meeting. The notice will include the agenda items and materials to be taken up during the meeting.

3.6 Record of Meetings. Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Draft minutes shall be sent to the Committee members for their comment. Notices, minutes, agenda and supporting papers will be made available to any director upon request to the Corporate Secretary.

3.7 Other Attendees. As necessary, the Committee may invite members of management and organization staff of the Company and any of its subsidiaries, to attend the Committee meeting and provide pertinent information or data. At the discretion of the Committee, separate meetings with any member of the Company's or its subsidiaries'

management may be held, whenever it is deemed appropriate by the Committee for the exercise of its functions.

3.8 Access to Resources. The Committee shall have full access to management, personnel and records of the Group for the purpose of performance of its duties and responsibilities hereunder. The Committee may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. The Committee shall be provided with sufficient resources by the Company to discharge its duties.

4. DUTIES AND RESPONSIBILITIES

The Committee has the following duties and responsibilities, among others:

A. Board Risk Oversight

4.1 Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks; (b) well-defined risk management goals, objectives and oversight; (c) uniform processes of assessing risks and developing strategies to manage prioritized risks; (d) designing and implementing risk management strategies; and (e) continuing assessments to improve risk strategies, processes and measures;

4.2 Oversees the implementation of the enterprise risk management plan. The Committee conducts regular discussions on the Group's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;

4.3 Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and keeps abreast of significant developments that seriously impact the likelihood of harm or loss;

4.4 Advises the Board on its risk appetite levels and risk tolerance limits;

4.5 Reviews at least annually the Group's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Group;

4.6 Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are most likely to occur and to impact the performance and stability of the Group and its stakeholders;

4.7 Provides oversight over management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Group. This function includes regularly receiving information on risk exposures and risk management activities from management;

4.8 Reports to the Board on a regular basis, or as deemed necessary, the Group's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; and

4.9 Acts within such powers, duties and authority granted upon it by the Board.

B. Sustainability

4.10 Reviews the effectiveness of the policies, strategies, and initiatives adopted by the Company in progressing towards the achievement of the Group's sustainability targets;

4.11 Provides oversight and input to management to ensure that the Group's targets, policies, and strategies pertaining to sustainability are aligned with, promote, and advance the Company's vision and purpose;

4.12 Advises on the Company's Sustainability Report prior to reporting to the Board, including:

(a) Assessment of issues material to the Group's stakeholders and the initiatives undertaken to address said material issues;

(b) Compliance with the Group's sustainability policies; and

(c) Changes in sustainability policies, strategies and initiatives, and their implementation;

4.13 Reviews issues relating to sustainability arising from independent audits and assurance reports, ratings agencies and any matters highlighted by external parties;

4.14 Considers and recommends to the Board positioning on relevant emerging sustainability issues;

4.15 Provides the Board with assurance of the quality and technical content of the sustainability information used by the Board, and of the sustainability information issued publicly by the Group;

4.16 Oversees the stakeholder dialogue process and its outcomes that address social and environmental matters involving the Group – in particular, matters that may affect the Group's reputation. These shall include key concerns/allegations that are raised by stakeholders, evolving public sentiments, and government regulations;

4.17 Reviews the Sustainability Roadmap adopted by the Group and status updates about the implementation and progress of key initiatives related to the Sustainability Roadmap. These include discussing key findings and advising on appropriate action that is required;

4.18 Provides direction and oversight to the internal sustainability function and the Sustainability Advisor, if any, including assigning the following tasks:

- (a) Identifying emerging sustainability trends and their implications for the Group;
 - (b) Reviewing and updating the Group's sustainability strategies and initiatives;
 - (c) Advising on the implementation of the programs of the Group;
 - (d) Assessing the Group's progress toward achieving sustainable outcomes, in line with the sustainability targets; and
 - (e) Providing advice about sustainability reporting, including assurance methods;
- 4.19 Ensures that proper processes and procedures are in place to comply with all relevant laws, regulations, and rules that could have a significant impact on the implementation of the sustainability strategies;
- 4.20 Performs delegations of authority and responsibilities of the Committee as the Committee deems appropriate, and periodically reviews such delegations; and
- 4.21 Undertakes any such other functions as may be determined by the Board from time to time.

5. REPORTING PROCESS

5.1 The Chairperson of the Committee, or in his/her absence, the member elected by the members present in a meeting, shall report to the Board on the decisions and recommendations made by the Committee following each meeting.

5.2 The Committee shall prepare an annual report of its activities to the Board, which may be included in the Company's annual report.

6. PERFORMANCE EVALUATION

6.1 The Committee shall assess its effectiveness periodically, with a view to ensuring that its performance accords with best practice. Such assessment must compare its performance with the requirements of this Charter, which shall be the basis of its formulation of objectives and plans to improve its performance, including any recommendations for amendments to this Charter for approval by the Board.

6.2 This Charter shall be reviewed annually, updated as required, and shall be made available to any interested party upon written request to the Corporate Secretary.

7. AMENDMENT

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.