

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM - I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended  
Dec 31, 2023
2. SEC Identification Number  
11840
3. BIR Tax Identification Number  
000-100-341-000
4. Exact name of issuer as specified in its charter  
SAN MIGUEL FOOD AND BEVERAGE, INC.
5. Province, country or other jurisdiction of incorporation  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City, Metro Manila  
Postal Code  
1604
8. Issuer's telephone number, including area code  
(632) 5317-5000
9. Former name, former address, and former fiscal year, if changed since last report  
N/A

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**SAN MIGUEL**  
FOOD AND BEVERAGE, INC.

# San Miguel Food and Beverage, Inc.

## FB

**PSE Disclosure Form I-ACGR - Integrated Annual Corporate Governance Report**  
*Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard*

**Description of the Disclosure**

Please see attached Integrated Annual Corporate Governance Report of the Company for the year ended December 31, 2023, submitted to the Securities and Exchange Commission ("SEC") via SEC eFAST on May 30, 2024.

**Filed on behalf by:**

<b>Name</b>	Alexandra Trillana
<b>Designation</b>	Corporate Secretary and Compliance Officer

# COVER SHEET

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

ALEXANDRA VICTORIA B. TRILLANA
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Contact Person

(632) 5 317-5450
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Company Telephone Number

## INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT SEC FORM

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Month

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Amended Articles Number/Section

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Total No. of Stockholders

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Total Amount of Borrowings

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**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
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**The Board's Governance Responsibilities**

**Principle 1:** The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

**Recommendation 1.1**

<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 34-39, setting out the names of the directors and their academic qualifications, industry knowledge and professional expertise.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 Annual Stockholders' Meeting (ASM) on June 5, 2024 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf</a>, pages 36-37, under the heading "Compliance with Leading Practices on Corporate Governance", stating the relevant training of the directors in 2023.</p> <p>See Board Diversity Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Board_Di">https://www.smfb.com.ph/files/reports/SMFB_Board_Di</a></p>	
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2. Board has an appropriate mix of competence and expertise.	Compliant	iversity Policy (Amended 8.2 .2023) .pdf, page 1, stating that the Company recognizes the benefits of embracing diversity in the Board from varied aspects,	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	including but not limited to, gender, age, ethnicity, religion, culture, sexual orientation, skills, backgrounds, competencies, knowledge, experience, length of service of directors, and other regulatory rules and regulations.  See also Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 3, fourth paragraph, pages 11-16 under Sections 2.2.1.5-2.2.1.6, pages 20-21 under Section 2.2.2.1.3, and page 43 under Section 6, all providing the qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of their performance.	

**Recommendation 1.2**

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>In 2023, the Board consisted of 15 members, 11 of whom were non-executive directors. Only Ramon S. Ang, Francisco S. Alejo III, Roberto N. Huang and Emmanuel B. Macalalag were executive directors. However, due to the demise of Mr. Roberto N. Huang on November 4, 2023, his seat remained vacant for the remainder of 2023. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 34-39, setting out the names of the directors, the effective dates and the type of their directorships as of December 31, 2023.</p>	
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**Recommendation 1.3**

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>See Board Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">http://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a>, page 31 under Section 7, and Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 11 under Section 2.2.1.4 (h), and page 43 under Section 6, all discussing the policy on training of directors.</p> <p>The Company had no first-time directors elected in 2023. Nevertheless, see Current Report at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(New_Director_Orientation_of_Justice_Estela_M._Perlas-Bernabe_on_25Oct22).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(New_Director_Orientation_of_Justice_Estela_M._Perlas-Bernabe_on_25Oct22).pdf</a> disclosing that a new director orientation briefing was conducted on October 25, 2022 for Justice Estela M. Perlas-Bernabe, who was elected to the Board of Directors of the Company on August 3, 2022. Justice Bernabe was the only first-time director of the Company elected in 2022.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf</a>, pages 36-37 under the heading “Compliance with Leading Practices on Corporate Governance”, stating the annual training attended by the directors in 2023, including the number of hours attended and topics covered.</p> <p>See SEC Form 17-C dated September 8, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificate_to_CG_Seminar_of_Justice_EPB_held_on_02Aug23).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificate_to_CG_Seminar_of_Justice_EPB_held_on_02Aug23).pdf</a>, SEC Form 17-C dated Sept. 15, 2023 at</p>	
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2. Company has an orientation program for first time directors.	Compliant	<a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_8,_2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_8,_2023).pdf</a> , SEC Form 17-C dated Sept. 27, 2023 at	
3. Company has relevant annual continuing training for all directors.	Compliant	<a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_disclosure_dated_27Sep23_(Certificates_of_Attendance_to_CG_Seminar_held_on_September_20,_2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_disclosure_dated_27Sep23_(Certificates_of_Attendance_to_CG_Seminar_held_on_September_20,_2023).pdf</a> , SEC Form 17-C dated September 27, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_disclosure_dated_27Sep23_(Certificate_of_Attendance_to_CG_Seminar_held_on_September_20,_2023)_VSJ.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_disclosure_dated_27Sep23_(Certificate_of_Attendance_to_CG_Seminar_held_on_September_20,_2023)_VSJ.pdf</a> , SEC Form 17-C dated Oct. 27, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_October_20,_2023_EBM,_ASL,_RMB,_WAC).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_October_20,_2023_EBM,_ASL,_RMB,_WAC).pdf</a> , and SEC Form 17-C dated November 17, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_November_10,_2023_RSA,_FKC,_ATC).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_November_10,_2023_RSA,_FKC,_ATC).pdf</a> , all submitting copies of the Certificates of Attendance to the annual corporate governance seminar issued to the directors.	
<b>Recommendation 1.4</b>			

1. Board has a policy on board diversity.	Compliant	<p>See Board Diversity Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Board_Diversity_Policy_(Amended_8.2_.2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_Board_Diversity_Policy_(Amended_8.2_.2023).pdf</a>, as well as the Company's Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 11, under the heading "Qualification and Disqualification of Directors", first paragraph.</p> <p>The Company's Board of Directors as of the year ended 2023 was composed of 10 male directors and 4 female directors. See Amended General Information Sheet (GIS) submitted on November 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_GIS_for_2023_(06Nov23_re_Mr._RNHuang)_-redacted_2_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_GIS_for_2023_(06Nov23_re_Mr._RNHuang)_-redacted_2_.pdf</a>.</p>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	<p>See Board Diversity Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Board_Diversity_Policy_(Amended_8.2_.2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_Board_Diversity_Policy_(Amended_8.2_.2023).pdf</a>, page 2, under the heading "Measurable Objectives", which states among others that the selection process of candidates for a director shall be based on merit and an objective criteria that is aligned with the strategic objectives and requirements of the Company and the Board, absence of conflict of interest, and commitment to faithfully fulfill the duties of a director.</p>	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>The Corporate Secretary of the Company is Atty. Alexandra Victoria B. Trillana. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual">https://www.smfb.com.ph/files/reports/SMFB_Annual</a></p>	

2. Corporate Secretary is a separate individual from the Compliance Officer.	Non-compliant	<p><a href="#">Report (SEC Form 17-A) for the year 2023 (04.12 .24) .pdf</a>, page 39, providing her qualifications. Atty. Trillana is not a member of the Board of Directors. See Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 31-33 under Section 2.2.4, setting out the duties and functions of the Corporate Secretary.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf</a>, pages 36-37, second paragraph and Table under the heading “Compliance with Leading Practices on Corporate Governance”, showing that in 2023, the Corporate Secretary attended a seminar on corporate governance, including number of hours attended and topics covered.</p>	The organizational set-up and resources of the Company provide for the positions of Corporate Secretary and Compliance Officer to be held by the same individual. Such individual is the General Counsel or Chief Legal Officer of the Company, and thus is ably supported by a competent legal and non-legal staff to ensure that her responsibilities as Corporate Secretary and Compliance Officer are performed well. The Board of Directors deems that this arrangement is effective, efficient and maximizes the Company’s resources.
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	See SEC Form 17-C dated September 15, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_8,_2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_8,_2023).pdf</a> , submitting a copy of the Certificate of Attendance to such training issued to the Corporate Secretary, Atty. Alexandra Victoria B. Trillana.	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	The undersigned Corporate Secretary hereby attests that she distributes materials for Board meetings at least five business days before the scheduled meetings. See also glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , page 42 under the heading “Board Performance”.	

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The Compliance Officer of the Company is Atty. Alexandra Victoria B. Trillana. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 39, providing her qualifications. Atty. Trillana is not a member of the Board of Directors.</p> <p>See Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 1-2 under Section 2.1, setting out the duties and functions of the Compliance Officer.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_.2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_.2024_with_SEC_stamp.pdf</a>, pages 36-37, second paragraph and Table under the heading "Compliance with Leading Practices on Corporate Governance", showing that in 2023, the Compliance Officer attended a seminar on corporate governance, including number of hours attended and topics covered.</p> <p>See SEC Form 17-C dated September 15, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_8,_2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_8,_2023).pdf</a>, submitting a copy of the Certificate of Attendance to such training issued to the Compliance Officer, Atty. Alexandra Victoria B. Trillana.</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-compliant		The Compliance Officer is also the General Counsel or Chief Legal Officer of the Company, a position with adequate stature and authority in the corporation. She has a rank of Vice President. There is no person with the rank of Senior Vice President or equivalent in the Company.
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant		

**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

**Recommendation 2.1**

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.

Compliant

The undersigned directors and officers, including the Corporate Secretary, hereby attest that directors actively participate on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company, its shareholders and other stakeholders during Board and Committee meetings. They seek clarification and provide their inputs on matters taken up at the meetings. They give recommendations when necessary or appropriate to protect the interests of the Company and its stakeholders. See glossy 2023 Annual Report at <http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf>, page 40 under the heading “Board of Directors”, second paragraph.

See various matters approved by the Board set out in the Current Reports (SEC Form 17-C) uploaded on Feb. 2, March 8, May 9, June 7, Aug. 2 and Nov. 8, 2023 at <http://www.smfb.com.ph/disclosures/l/current-reports--sec-form-17-c->.

**Recommendation 2.2**

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>The undersigned directors and officers, including the Corporate Secretary, hereby attest that the Board oversees the development, review and approval of the Company's business objectives and strategy. See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 57 under the heading "Corporate Objectives and Strategies".</p> <p>See SEC Form 17-C dated March 6, 2024, at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Mar24_matters_approved_at_the_BOD_mtg.)_pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Mar24_matters_approved_at_the_BOD_mtg.)_pdf</a> and glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 56-57 under the heading "Corporate Mission and Vision", disclosing that the Board of Directors reviewed the vision and core purpose of the Food, Beer and Spirits Divisions of the Company, which were updated to align with parent San Miguel Corporation's new vision and core purpose launched in the last quarter of 2023.</p> <p>The Board oversees and monitors the implementation of the Company's business objectives and strategy on a quarterly basis throughout the year, upon presentation</p>	
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<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>by management of the results of operations and financial performance for the quarter just ended at the regular Board meetings held prior to submission of the Company's Quarterly Reports (SEC Form 17-Q).</p> <p>See also SEC Form 17-C dated May 9, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(09May23_matters_approved_at_the_BO_mtg.)_pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(09May23_matters_approved_at_the_BO_mtg.)_pdf</a>, SEC Form 17-C dated August 2, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(02Aug23_matters_approved_at_the_BOD_mtg.)_pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(02Aug23_matters_approved_at_the_BOD_mtg.)_pdf</a> and SEC Form 17-C dated November 8, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(08Nov23_matters_approved_at_the_BOD_mtg.)_pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(08Nov23_matters_approved_at_the_BOD_mtg.)_pdf</a>, all reporting on the approval by the Board of the submission of such Quarterly Reports to the SEC, Philippine Stock Exchange (PSE) and Philippine Dealing &amp; Exchange Corp. (PDEX).</p>	
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<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 1 under the heading “About the Company”, pages 2-5 under the heading “Message to Shareholders”, and pages 56-57 under the heading “Corporate Mission and Vision”. The Board reviews and approves the corporate mission and vision of the Company every three years or after such period as it deems necessary, or upon the recommendation of management. In this regard, at its meeting in March 2024, the Board of Directors reviewed the vision and core purpose of the Food, Beer and Spirits Divisions of the Company, which were updated to align with parent San Miguel Corporation’s new vision and core purpose launched in the last quarter of 2023.</p> <p>See Code of Business Conduct and Ethics of the Company and its food subsidiaries, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, at <a href="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</a>, pages 2 and 4 under the headings “Our Core Value” and “Our Commitment”, respectively.</p> <p>See Sustainability Report for the year ended December 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 63-64.</p>	
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<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 2-5 under the heading "Message to Shareholders", pages 6-13 under the heading "Nurturing Planet, People, and Progress", pages 14-15 under the heading "Sustainability Highlights", pages 18-33 under the heading "Business Review", and page 57 under the headings "Corporate Objectives and Strategies" and "Corporate Social Responsibility".</p> <p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 30 under Section 2.2.3.2 (a), stating the responsibility and function of the President to implement or execute corporate strategy approved by the Board.</p>	
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**Recommendation 2.3**

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Mr. Eduardo M. Cojuangco, Jr. was the Chairperson of the Company from May 22, 2001 up to his demise on June 16, 2020. The Company has kept the position of Chairperson vacant following his untimely demise. The Company's Vice Chairperson for the year ended December 31, 2023 is Mr. Ramon S. Ang. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf</a>, page 35, providing Mr. Ang's qualifications.</p> <p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 29-30 under Section 2.2.3.1, setting out the responsibilities and functions of the Chairperson.</p>	
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**Recommendation 2.4**

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>Compliant</p>	<p>See Board Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a>, which provides that the Board shall adopt an effective succession planning program for key officers and management which should include a policy on the retirement age for officers as part of management succession. This extends to executive directors, as they are also key officers of the Company. Succession planning for independent directors is embedded in the Company's compliance with SEC Memorandum Circular No. 4, Series of 2017, which provides that independent directors shall serve for a maximum cumulative term of nine years only. In this regard, all independent directors of the Company have served as such for less than nine years.</p> <p>The Board approved the Corporate Governance (CG) Committee Charter on August 9, 2017 in furtherance of its responsibility to adopt a succession planning program, including a policy on retirement age, for directors and key officers. See CG Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf</a>, page 4 under Section 4.5.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 44-45 under the heading "Corporate Governance Committee", second paragraph, which states that the CG Committee oversees the implementation of policies relating to succession planning, and page 56, fourth paragraph, under the</p>	
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<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>Compliant</p>	<p>heading “Employee Relations, Health, Safety and Welfare” in the previous page, which provides a description of how talent is developed as part of the Company’s succession planning.</p> <p>With regard to retirement of officers of the Company, including executive directors, see SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 23, first paragraph, which provides a description of how talent is developed as part of the Company’s succession planning, as well as page 22 under the heading “Human Resources and Labor Matters”, fourth and fifth paragraphs. The retirement plans are further described in Note 29 (Retirement Plan) of the 2023 Audited Consolidated Financial Statements of the Company attached thereto as Annex “B”.</p>	
<p><b>Recommendation 2.5</b></p>			

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 4-5 under Section 2.2.1.2 (c).</p> <p>See Board Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a>, page 3 under Section 2.3 (c).</p> <p>See Corporate Governance Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf</a>, pages 3-4 under Section 4.2.</p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-</a>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">A) for the year 2023 (04.12 .24) .pdf</a> , pages 22-23, sixth paragraph under the heading “Human Resources and Labor Matters”, sixth paragraph, which discusses the implementation of the policy on remuneration based on performance, and pages 42-43 under Item 10 on Executive Compensation, stating that directors do not receive any compensation or director’s fee from the Company other than a reasonable per diem for every meeting attended. The directors did not participate in the determination of such per diems.	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.		Provide proof of board approval	

<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 22-23, under the heading “Human Resources and Labor Matters,” sixth paragraph, providing that the Company adopts a performance management system and salary review program wherein senior executives, which include executive directors, are appraised annually on the basis of achievement of specific objectives and key performance indicators, which include long-term business goals. Bonuses are determined in accordance with San Miguel Corporation’s Business Performance and Annual Incentive Programs, which tracks attainment of the San Miguel Group’s earnings targets.</p>	
<p><b>Recommendation 2.6</b></p>			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 16-17 under Section 2.2.1.7, which sets out the formal Board nomination and election policy and process, including the acceptance of nominations even from minority shareholders and the shortlisting of candidates that are aligned with the strategic direction of the Company, as well as pages 11-16 under Sections 2.2.1.5 and 2.2.1.6, which sets out the criteria for qualification and disqualification of directors in the Company.</p>	
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>See Corporate Governance Committee Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf">https://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf</a>, pages 4-5 under</p>	
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>Compliant</p>	<p>Section 4.6, which sets out the duties and responsibilities of the Corporate Governance Committee in respect of Board nomination and election.</p>	
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>Compliant</p>		

5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	See Board Diversity Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Board_Diversity_Policy_(Amended_8.2_2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_Board_Diversity_Policy_(Amended_8.2_2023).pdf</a> , page 2, which provides for the selection process of candidates	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	for directors that is aligned with the strategic objectives and requirements of the Company and the Board.  See SEC Form 17-C dated November 8, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.).pdf</a> , on the implementation of the policy for the 2024 Annual Stockholders' Meeting (ASM). The said disclosure expressly invites shareholders to nominate candidates to the Board for election at the 2024 ASM.  See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , page 44, fifth paragraph, which states that the Board assessed as effective the nomination and election process for directors.	
<b>Optional: Recommendation to 2.6</b>			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		Identify the professional search firm used or other external sources of candidates	
<b>Recommendation 2.7</b>			

<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>Compliant</p>	<p>See Board Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a>, page 4 under Section 2.3 (n), which provides that the Board shall formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and other unusual or infrequently occurring transactions.</p> <p>See Related Party Transactions (RPT) Policy as of August 7, 2019, at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf</a>, which includes the definition of RPTs, coverage and materiality threshold, guidelines to ensure arm’s length terms, identification of conflicts of interest, and review and approval process of material RPTs, among others, to guarantee fairness and transparency of the transactions.</p>	
<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>	<p>See also glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 46 under the heading “Related Party Transactions Committee”, third paragraph, reporting that in 2023, in view of the RPT Policy of the Company, the RPT Committee held only one meeting for the year where a summary of RPTs and outstanding receivable and payable balances as of December 31, 2022 was presented to the Committee. The Committee then reported to the Board at the meeting held the next day, that none of the transactions met the threshold (which is a transaction either individually, or in aggregate over a 12-month period from the first transaction, with the same related party, amounting to at least 10% of the Company’s total consolidated assets based on its 2021 audited financial statements) to be considered a material RPT for disclosure in accordance with the RPT Policy.</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>	<p>See also glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 46 under the heading “Related Party Transactions Committee”, third paragraph, reporting that in 2023, in view of the RPT Policy of the Company, the RPT Committee held only one meeting for the year where a summary of RPTs and outstanding receivable and payable balances as of December 31, 2022 was presented to the Committee. The Committee then reported to the Board at the meeting held the next day, that none of the transactions met the threshold (which is a transaction either individually, or in aggregate over a 12-month period from the first transaction, with the same related party, amounting to at least 10% of the Company’s total consolidated assets based on its 2021 audited financial statements) to be considered a material RPT for disclosure in accordance with the RPT Policy.</p>	

**Supplement to Recommendations 2.7**

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p>See coverage and materiality threshold for disclosure and approval of RPTs in pages 3-4, Section B, of the Related Party Transactions Policy as of August 7, 2019, at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf</a>.</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>Pursuant to SEC Memorandum Circular No. 10, series of 2019, the Company's Related Party Transactions Policy as of August 7, 2019, at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf</a>, in page 7 under Section G, provides that in case the vote of the majority of the independent directors is not secured as required in Section F of the Policy, the Material RPT (as defined in the Policy) may be ratified by shareholders representing at least 2/3 of the outstanding capital stock of the Company. All other RPTs determined by the RPT Committee to be subject to shareholders' approval in accordance with applicable laws, rules and regulations, will also be submitted to the shareholders, including minority shareholders, for approval. The Company encourages disinterested shareholders to decide on the matter. Non-compliance with any of the provisions of this Policy shall result in the nullification or revocation of any agreement or contract pertaining to the Material RPT.</p>	

**Recommendation 2.8**



<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 4 under Section 2.2.1.2 (a) and (b), which provide that it is the specific duty and function of the Board of Directors to select and appoint officers and management, and pages 7-8 under Section 2.2.1.3.1 (c) to (e), which provide that the Board shall select and appoint the CEO and other management officers as part of its oversight responsibilities on ensuring internal controls.</p> <p>See SEC Form 17-C dated June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_Results_of_Orgl_BOD_mtg.)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_Results_of_Orgl_BOD_mtg.)_.pdf</a>, which reports on the election by the Board of the key officers of the Company at the organizational meeting held on June 7, 2023.</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 8 under Section 2.2.1.3.1 (j), stating that the Board shall assess the performance of management led by the CEO, and control functions led by their respective heads (Chief Finance Officer, Compliance Officer, Internal Audit Group Head).</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp_.pdf</a>, pages 18-19 under the heading “Board Appraisals, Criteria and Procedures”, stating that the appraisal of performance of management is conducted by the Board on an annual basis. For the year 2023, 100% of the directors participated in the assessment process.</p>	

Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	The Company's performance management framework ensures that its personnel's performance is aligned with the standards set by the Board of Directors and senior management. See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 8 under Section	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	2.2.1.3.1 (i).  See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> , pages 22-23 under the heading "Human Resources and Labor Matters", sixth paragraph, which provides the Company's performance management framework for management and personnel.	
1. Board oversees that an appropriate internal control system is in place.	Compliant	See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , pages 7-8 under Section 2.2.1.3.1, as well as the Board Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a> , pages 7-8 under Section 2.6 (a), which provide that the Board has certain oversight responsibilities for ensuring the presence of appropriate, adequate and effective internal control mechanisms.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	See also Corporate Policy on Internal Control posted at <a href="http://www.smfb.com.ph/files/reports/SMFB_Corporate_Policy_on_Internal_Control.pdf">http://www.smfb.com.ph/files/reports/SMFB_Corporate_Policy_on_Internal_Control.pdf</a> .	

<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>See SEC Form 17-C dated November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Nov._6,_2019_BOD_mtg_re_17Q,_Audit_and_Board_Self-Asst).pdf">http://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Nov._6,_2019_BOD_mtg_re_17Q,_Audit_and_Board_Self-Asst).pdf</a>, reporting that upon endorsement of the Audit Committee, the Board approved the amendments to the Internal Audit Group Charter, in order to clarify that the Charter applies to the Internal Audit Group of the Company and its Food Division only.</p> <p>See amended Internal Audit Group Charter, at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_Internal_Audit_(Amended_08_May_2024).pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_Internal_Audit_(Amended_08_May_2024).pdf</a>. The Charter was re-executed on May 8, 2024 in view of the appointment of Ms. Johanna Dominique G. Esteban as Internal Audit Head effective Feb. 2, 2023. Aside from the update in signatories (from Ms. Ophelia L. Fernandez to Ms. Johanna Dominique G. Esteban), no other change was made to the Charter. The appointment of Ms. Esteban was approved by the Board upon the endorsement of the Audit Committee. See <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Feb23_SBOD_mtg_on_the_appointment_of_JGEsteban_as_Internal_Audit_Head)_1.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Feb23_SBOD_mtg_on_the_appointment_of_JGEsteban_as_Internal_Audit_Head)_1.pdf</a></p>	
<p><b>Recommendation 2.11</b></p>			

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 8-9 under Section 2.2.1.3.2, as well as the Board Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a>, pages 7-8 under Section 2.6 (a), which both provide that the Board shall oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. In this regard, the Board created a Board Risk Oversight Committee, now the Board Risk Oversight and Sustainability Committee (BROSC), and adopted a BROSC Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Board_Risk_Oversight_and_Sustainability_Committee_Charter.pdf">https://www.smfb.com.ph/files/reports/SMFB_Board_Risk_Oversight_and_Sustainability_Committee_Charter.pdf</a>.</p> <p>See SEC Form 17-A for the year ended Dec. 31, 2023 at</p>	
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[https://www.smfb.com.ph/files/reports/SMFB\\_Annual\\_Report\\_\(SEC\\_Form\\_17-A\)\\_for\\_the\\_year\\_2023\\_\(04.12\\_.24\).pdf](https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf), page 23 under the heading “Major Business Risks”, first and second paragraphs, which states that the Company has established policies to identify and analyze the key risks faced by the organization, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. While each of the Food, Beer and Spirits Divisions of the Company has appointed its own Chief Risk Officers who hold senior officer positions in their respective organizations, risk management functions are nonetheless performed at the management committee level of each operating subsidiary of the Company, as well as assumed by the Chief Operating Officers and heads of corporate service units of each division in the organization.

See Report of the Audit Committee for 2023 at [https://www.smfb.com.ph/files/reports/SMFB\\_Audit\\_Committee\\_Report\\_for\\_the\\_year\\_ended\\_December\\_31, 2023.pdf](https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31,2023.pdf)

<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>Compliant</p>	<p><a href="#">023.pdf</a>, which provides that the Audit Committee also assists the Board in its oversight responsibilities on risk management. The sixth bullet point states that the Committee reviewed the effectiveness and sufficiency of the Company's risk management systems, and the Committee confirms that these are adequate.</p>	
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**Recommendation 2.12**

<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>Compliant</p>	<p>See Board Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">http://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a>, adopted by the Board of Directors of the Company on August 7, 2019.</p>	
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Compliant</p>		
<p>3. Board Charter is publicly available and posted on the company's website.</p>	<p>Compliant</p>		

**Additional Recommendation to Principle 2**

<p>1. Board has a clear insider trading policy.</p>	<p>Compliant</p>	<p>See Policy on Securities Dealing at <a href="http://www.smfb.com.ph/files/reports/Policy_on_Securities_Dealing.pdf">http://www.smfb.com.ph/files/reports/Policy_on_Securities_Dealing.pdf</a>.</p>	
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**Optional: Principle 2**

<p>1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.</p>	<p>Compliant</p>	<p>See Related Party Transactions (RPT) Policy at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf</a>, definition of "Related Party/ies" in page 2, and definition of "RPTs" in page 3, on the basis of which transactions with directors are considered RPTs, and page 4 under Section C, stating that all RPTs shall be entered into on an arm's length basis and thus accounted for at market prices normally charged to unaffiliated customers or parties for equivalent or similar goods or services.</p>	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>	<p>See Related Party Transactions (RPT) Policy at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf</a>, pages 3-4 under Section B, which indicates the types of transactions that are considered material RPT, thus subject to review by the RPT Committee, who shall then endorse the transaction to the Board for final approval if found at arm's length, the terms are fair and will inure to the best interest of the Company.</p>	

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>To aid in the optimal performance of its roles and responsibilities, the Board of Directors established the Corporate Governance Committee, Audit Committee, Related Party Transactions Committee, and Board Risk Oversight and Sustainability Committee. See information on all Committees, the members of each Board Committee, and the Board Committee Charters, at <a href="https://www.smfb.com.ph/page/board-committees">https://www.smfb.com.ph/page/board-committees</a>.</p> <p>See also Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 19-29 under Section 2.2.2 on Board Committees, prior to the expanded role and renaming of the Board Risk Oversight Committee to include sustainability-related functions per SEC Form 17-C dated Aug 2, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Aug23_matters_approved_at_the_BOD_mtg.)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Aug23_matters_approved_at_the_BOD_mtg.)_.pdf</a></p>	
<b>Recommendation 3.2</b>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 22-26 under Section 2.2.2.2, which provides information on the Audit Committee, including its functions. In this connection, it is the Audit Committee's responsibility to recommend the appointment and removal of the Company's external auditor.</p>	



<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>See members of the Audit Committee at <a href="https://www.smfb.com.ph/page/board-committee-members">https://www.smfb.com.ph/page/board-committee-members</a>.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 45 under the heading "Audit Committee", first paragraph, which provides that all Committee members have relevant background, knowledge, skills or experience in the areas of accounting, auditing and finance.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp_.pdf</a>, page 16 in the Table of Attendance at Committee meetings, and pages 11-13, which provide information on the members of the Audit Committee for the year ended 2023, including their type of directorship.</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>The members of the Audit Committee for the year ended 2023 are Chairperson Cirilo P. Noel (Independent) and Directors Ricardo C. Marquez (Independent), Winston A. Chan (Independent), Aurora T. Calderon (Non-executive), and Ferdinand K. Constantino (Non-executive). Information on the background, knowledge, skills, and/or experience of said members are set out in SEC Form 17-A, for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 36-38.</p>	

<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>The Chairperson of the Audit Committee is Independent Director Cirilo P. Noel. He is not the Chairperson of the Board of any other committee. See SEC Form 17-C dated June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_Results_of_Orgl_BOD_mtg.)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_Results_of_Orgl_BOD_mtg.)_.pdf</a>, which identifies the members of all Board Committees appointed by the Board at the organizational meeting on June 7, 2023.</p>	
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>See Audit Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf</a>, page 6 under Section 4.4.6, which provides that the Audit Committee shall evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions. Nevertheless, see SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24)_.pdf</a>, page 33 under Item 8(A) on External Audit Fees and Services, second paragraph, which states that no non-audit services were rendered by the external auditor to Company in 2023.</p>	

<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>See Audit Committee Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf">https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf</a>, page 2 under Section 3.1, which provides that the Chairperson of the Committee, any Committee member, or the Corporate Secretary of the Company, may call a meeting of the Committee at such times and places as it considers appropriate, and page 2 under Section 3.9, which provides that the Committee is authorized to conduct an investigation into any matter within its scope of responsibility, without interference or censorship by management.</p> <p>In this regard, the undersigned Independent Director Cirilo P. Noel, who is the Audit Committee Chairperson, hereby attests that the external auditor held two dialogues with him on January 30, 2023 and February 15, 2023, without anyone else from management present.</p>	
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**Optional: Recommendation 3.2**

<p>1. Audit Committee meet at least four times during the year.</p>	<p>Compliant</p>	<p>The Audit Committee met on February 2, March 8, May 9, August 2, and November 8, 2023. See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM, Table of Attendance at Audit Committee meetings, at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf</a>, page 16.</p>	
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<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>	<p>See Report of the Audit Committee for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31_2023.pdf</a>, third bullet point.</p>	
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**Recommendation 3.3**

<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 19-22 under Section 2.2.2.1, which provides information on the Corporate Governance Committee, including its functions. See also page 16, third paragraph under the heading “Nomination of Directors”, pursuant to which, the Committee undertook the process of identifying the quality of directors aligned with the Company’s strategic direction.</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Compliant</p>	<p>See members of the Corporate Governance Committee at <a href="https://www.smfb.com.ph/page/board-committee-members">https://www.smfb.com.ph/page/board-committee-members</a>.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf</a>, page 16 in the Table of Attendance at Committee meetings, and pages 11-13, which provide information on the members of the Corporate Governance Committee for the year ended 2023 and their type of directorship.</p>	
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>The Chairperson of the Corporate Governance Committee as of year-end 2023 is Independent Director Aurora S. Lagman. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf</a>, page 38, which provides information on her.</p>	

**Optional: Recommendation 3.3.**

<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>Compliant</p>	<p>The Corporate Governance Committee met on March 7, May 9, and August 1, 2023. See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM, Table of Attendance at Corporate Governance Committee meetings, at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf</a>, page 16.</p>	
<p><b>Recommendation 3.4</b></p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 26-27 under Section 2.2.2.3, which provides information on the BROC, including its functions. At its meeting on August 2, 2023, the Board of Directors expanded the Committee's role to include oversight on sustainability efforts and initiatives of the Company, then renamed the Committee to the Board Risk Oversight and Sustainability Committee. See SEC Form 17-C dated August 2, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Aug23_matters_approved_at_the_BOD_mtg.)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Aug23_matters_approved_at_the_BOD_mtg.)_.pdf</a></p>	

<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Compliant</p>	<p>See members of the Board Risk Oversight and Sustainability Committee (BROSC) at <a href="https://www.smfb.com.ph/page/board-committee-members">https://www.smfb.com.ph/page/board-committee-members</a>.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf</a>, page 17 in the Table of Attendance at Committee meetings, and pages 11-13, which provide information on the members of the BROSC for the year ended 2023 and their type of directorship.</p>	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>The Chairperson of the Committee is Independent Director Ricardo C. Marquez. He is not the Chairperson of the Board of any other committee. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf</a>, pages 37-38, which provides information on him.</p>	

<p>4. At least one member of the BROSC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>The members of the BROSC for the year ended 2023 are Chairperson Ricardo C. Marquez (Independent) and Directors Winston A. Chan (Independent), Aurora S. Lagman (Independent), Estela M. Perlas-Bernabe (Independent), Menardo R. Jimenez (Non-executive), Ferdinand K. Constantino (Non-executive) and Aurora T. Calderon (Non-executive. Information on the background, skills and/or experience of said Committee members are set out in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 36-38. The Chairperson of the Committee, who previously held several positions in the Philippine National Police (PNP) including Chief of the PNP, has relevant thorough knowledge and experience on risk and risk management.</p>	
<p><b>Recommendation 3.5</b></p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 27-29 under Section 2.2.2.4, which provides information on the RPT Committee, including its functions.</p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>See members of the RPT Committee at <a href="https://www.smfb.com.ph/page/board-committee-members">https://www.smfb.com.ph/page/board-committee-members</a>.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp.pdf</a>, pages 16-17 in the Table of Attendance at Committee meetings, and pages 11-13, which provide information on the members of the RPT Committee for the year ended 2023 and their type of directorship.</p>	

<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	See Audit Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf</a> , Corporate Governance Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf</a> , Related Party	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Transactions Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Committee_Charter.pdf</a> , Board Risk	
3. Committee Charters were fully disclosed on the company's website.	Compliant	Oversight and Sustainability Committee Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Board_Risk_Oversight_and_Sustainability_Committee_Charter.pdf">https://www.smfb.com.ph/files/reports/SMFB_Board_Risk_Oversight_and_Sustainability_Committee_Charter.pdf</a> , and Executive Committee Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Executive_Committee_Charter.pdf">https://www.smfb.com.ph/files/reports/SMFB_Executive_Committee_Charter.pdf</a> .	

**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

<b>Recommendation 4.1</b>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	See Board Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a> , page 21 under Section 4.2 (a).  See various matters approved by the Board, including those approved upon the endorsement of the Committees, set out in the Current Reports (SEC Form 17-C) uploaded on February 3, March 8, May 9, June 7, August 3 and November 8, 2023 at <a href="http://www.smfb.com.ph/disclosures/l/current-reports--sec-form-17-c-">http://www.smfb.com.ph/disclosures/l/current-reports--sec-form-17-c-</a>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		



<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf</a>, pages 14-18, under the heading “Board Attendance”, setting out Tables of Attendance at Board meetings, the Annual Stockholders’ Meeting and Board Committee meetings in 2023.</p> <p>Further, the undersigned directors and officers, including the Corporate Secretary, hereby attest that directors ask questions or seek clarifications and explanations, as they deem necessary or appropriate, during Board and Committee meetings.</p>	
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**Recommendation 4.2**

<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management’s proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>The Company does have a Policy on Multiple Board Seats in its Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 18 under Section 2.2.1.10, which sets the limit of board seats in publicly-listed companies that a non-executive director (NED) can hold simultaneously.</p> <p>All the NEDs of the Company are compliant with such requirement. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 36-39, which sets out the directorships of the NEDs of the Company.</p>	
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**Recommendation 4.3**

<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 18 under Section 2.2.1.10, last paragraph, which contains the obligation for directors to notify the Company's Board before accepting a directorship in another company.</p> <p>Directors are regularly reminded to comply with this requirement. See sample notification sent annually at <a href="https://www.smfb.com.ph/files/reports/Annual_Notification_(2023)11.pdf">https://www.smfb.com.ph/files/reports/Annual_Notification_(2023)11.pdf</a>.</p>	
<p><b>Optional: Principle 4</b></p>			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>	<p>Compliant</p>	<p>None of the executive directors of the Company serves in a listed company outside of the group. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 35-36, which sets out the directorships of the executive directors of the Company.</p>	
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	<p>Compliant</p>	<p>See SEC Form 17-C dated November 8, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.)_pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.)_pdf</a>, page 2.</p>	

3. Board of directors meet at least six times during the year.	Compliant	The Board of Directors of the Company met six times in 2023. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> , pages 39-41, table of Board Attendance at meetings.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	See Amended By-laws as of December 7, 2018, Article II, Section 3, and Article III, Section 4, at <a href="http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec.7,2018_2.pdf">http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec.7,2018_2.pdf</a> , which provide that the Company requires a minimum quorum of 2/3 of the directors for Board meetings.	

**Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs

**Recommendation 5.1**

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Compliant</p>	<p>The independent directors (ID) of the Company as of the year ended December 31, 2023 are Ricardo C. Marquez, Cirilo P. Noel, Winston A. Chan, Aurora S. Lagman and Estela M. Perlas Bernabe. This is equivalent to one-third of the membership of the Company’s Board of Directors.</p> <p>See also Amended GIS submitted on November 6, 2023 showing that one-third or five out of the 15 directors of the Company are IDs, at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_GIS_for_2023_(06Nov23_re_Mr._RNHuang)_-redacted_2_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_GIS_for_2023_(06Nov23_re_Mr._RNHuang)_-redacted_2_.pdf</a>.</p>	
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**Recommendation 5.2**

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>See 2023 Certifications of Independent Directors of Ricardo C. Marquez, Cirilo P. Noel, Winston A. Chan, Aurora S. Lagman and Estela M. Perlas-Bernabe attached as Annexes “A-7” to “A-11” to the Definitive Information Statement (SEC Form 20-IS) disclosed on May 10, 2023 for the 2023 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a>.</p>	
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**Supplement to Recommendation 5.2**

<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 45, sixth paragraph.</p> <p>See Amended By-laws as of December 7, 2018 at <a href="http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec._7,_2018_2.pdf">http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec._7,_2018_2.pdf</a>, which contain no provisions that constrain the directors' ability to vote independently.</p>	
<b>Recommendation 5.3</b>			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p>As of December 31, 2023, none of the independent directors of the Company have served for a cumulative term of nine years. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 37-39, stating the years the independent directors have served as such.</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>The Company's policy on term limits for its independent directors is set out in its Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 17 under Section 2.2.1.7.4.</p>	

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>None of the incumbent independent directors of the Company have served for a cumulative term of nine years.</p> <p>In the instance, however, that the Company decides to retain an independent director in the same capacity after said nine-year period, the Board will provide meritorious justification and seek shareholder approval during the annual shareholders' meeting, as provided in the Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 17 under Section 2.2.1.7.5.</p>	
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**Recommendation 5.4**

<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>Mr. Eduardo M. Cojuangco, Jr. served as Chairperson of the Board until his demise on June 16, 2020, while the President and CEO is Mr. Ramon S. Ang. The Company has kept the position of Chairperson vacant. See Amended GIS submitted on November 6, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_GIS_for_2023_(06Nov23_re_Mr._RNHuang)_-redacted_2_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_GIS_for_2023_(06Nov23_re_Mr._RNHuang)_-redacted_2_.pdf</a>.</p>	
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<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 29-31 under Sections 2.2.3.1 to 2.2.3.2, which contains information on the roles and responsibilities of the Chairperson of the Board and the President and Chief Executive Officer of the Company.</p> <p>The President does not report to the Chairperson of the Board.</p>	
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**Recommendation 5.5**

<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Compliant</p>	<p>The Board appointed Mr. Cirilo P. Noel as lead director from among its independent directors. See SEC Form 17-C dated June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_Appointment_of_CPN_as_LID).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_Appointment_of_CPN_as_LID).pdf</a>, and Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 29 under Section 2.2.3, third paragraph, and page 31 under Section 2.2.3.3, containing information on the lead independent director and his/her roles and responsibilities.</p>	
<b>Recommendation 5.6</b>			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>Compliant</p>	<p>Under the Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 10 under Section 2.2.1.4 (a), it is the duty and responsibility of a director with a material interest in any transaction affecting the Company to abstain from taking part in the deliberations for the same. Nevertheless, there has been no instance where a director had a material interest in a transaction affecting the Company.</p>	
<b>Recommendation 5.7</b>			

<p>1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.</p>	<p>Compliant</p>	<p>As the non-executive directors deem necessary, they shall hold separate periodic meetings with the external auditor and heads of the internal audit group, compliance and risk functions, without the executive directors present to ensure that proper checks and balances are in place within the Company. See Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 18, under Section 2.2.1.8, third paragraph.</p> <p>See Current Report at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Feb23_SBOD_mtg._FB_Cash_Div._Dec._).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Feb23_SBOD_mtg._FB_Cash_Div._Dec._).pdf</a>, which provides that on February 2, 2023, the NEDs held a meeting with the external auditor and heads of the internal audit, compliance and risk functions in the persons of the Chief Finance Officer and Chairperson of the Board Risk Oversight Committee, without any executive director present.</p>	
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<p>2. The meetings are chaired by the lead independent director.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 18, under Section 2.2.1.8, third paragraph, which provides that meetings of NEDs shall be chaired by the lead independent director.</p> <p>The meeting of NEDs held on February 2, 2023 was chaired by lead independent director Cirilo P. Noel. See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp.pdf</a>, pages 17-18 in the Table of Attendance at the meeting of the Non-Executive Directors.</p>	
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**Optional: Principle 5**

<p>1. None of the directors is a former CEO of the company in the past 2 years.</p>	<p>Compliant</p>	<p>Aside from the current CEO, none of the directors is a former CEO of the Company in the past two years. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 35-39, under Item 9, Board of Directors of the Issuer, which identifies the directors of the Company and their respective periods of service, qualifications and positions held in the last five years.</p>	
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**Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	See SEC Form 17-C dated November 8, 2023, at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.)_.pdf</a>	
2. The Chairman conducts a self-assessment of his performance.	Compliant	f, and Definitive Information Statement disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf</a> , pages 18-19 under the heading “Board Appraisals, Criteria and Procedure”, both reporting on the distribution of the forms, with the policy, procedures and criteria, for the annual performance assessment of the Board as a whole, the individual directors, the Chairperson, the Committees, and the President. See copies of the assessment forms at <a href="https://www.smfb.com.ph/disclosures/l/directors--self-assessment-forms">https://www.smfb.com.ph/disclosures/l/directors--self-assessment-forms</a> .	
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant	See Manual on Corporate Governance at <a href="http://www/smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www/smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 44 under Section 7.1, which provides the requirement for assessments to be supported by an external facilitator every three years.  The Company engaged Good Governance Advocates and Practitioners of the Philippines (GGAPP), an organization of governance, ethics and compliance professionals, to conduct the 2021 annual performance assessment of the Board and key officers. The Company intends to repeat this process in 2024, and every three (3) years thereafter. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24)_.pdf</a> , page 47, eighth paragraph. See also GGAPP Certification at <a href="https://www.smfb.com.ph/files/reports/Certificate_of_3rd_Party_Board_Evaluation_-_SMFBI.pdf">https://www.smfb.com.ph/files/reports/Certificate_of_3rd_Party_Board_Evaluation_-_SMFBI.pdf</a> .	

<b>Recommendation 6.2</b>			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Copies of the 2023 and the previous years' assessment forms are available for viewing and download at <a href="https://www.smfb.com.ph/disclosures/l/directors--self-assessment-forms">https://www.smfb.com.ph/disclosures/l/directors--self-assessment-forms</a> . The forms provide the criteria and process to determine the performance of the Board, individual directors and committees. As the questionnaires are posted on the Company's website as above noted, shareholders are encouraged to provide feedback through stakeholder engagement touchpoints in the Company, such as the Investor Relations Office, Office of the Corporate Secretary, or SMC Stock Transfer Service Corporation, among others. Moreover, representatives of these offices are always in attendance at Annual Stockholders' Meetings of the Company.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	See Code of Business Conduct and Ethics of the Company and its food subsidiaries at <a href="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</a> , updated in 2023 to adopt parent San Miguel Corporation's new Code of Conduct and Ethical Business Policy.	

<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Compliant</p>	<p>The Board of Directors approved the Code of Business Conduct and Ethics at its meeting on August 8, 2013 and noted the adoption of the new SMC Code of Conduct and Ethical Business Policy at its meeting on August 2, 2023. See SEC Form 17-C dated August 2, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Aug23_matters_approved_at_the_BOD_mtg.)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Aug23_matters_approved_at_the_BOD_mtg.)_.pdf</a>. The Code, including language integrating the new SMC Code, is available for review and download on the corporate website. Regarding the launch and cascade of the Code, see glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 57-58 under the heading “Code of Business Conduct and Ethics, Whistleblowing and Other Policies”.</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>See Code of Business Conduct and Ethics at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s new Code of Conduct and Ethical Business Policy.</p>	

**Supplement to Recommendation 7.1**

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>See Anti-Corruption and Sanctions Compliance Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf</a>.</p> <p>See Group Policy on Solicitation or Acceptance of Gifts at <a href="http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf">http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf</a>.</p> <p>See Code of Business Conduct and Ethics of the Company and its food subsidiaries at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s new Code of Conduct and Ethical Business Policy, under the headings “Integrity and Mental Honesty”, “Business Integrity”, “Gifts, Meals, Entertainment”, etc.</p> <p>See also Sustainability Report in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24)_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24)_.pdf</a>, under Annex “H”.</p>	
<b>Recommendation 7.2</b>			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>Compliant</p>	<p>The Company has a Whistle-Blowing Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf</a> to ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and other internal policies of the Company. The Code of Business Conduct and Ethics is applicable to all employees and business partners (i.e., contractors, suppliers, distributors) of the Company and its food subsidiaries. See 2023 glossy Annual Report at</p>	

<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>Compliant</p>	<p><a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 57-58 under the heading “Code of Business Conduct and Ethics, Whistleblowing and Other Policies”.</p> <p>See also Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, page 10, third to the last paragraph.</p>	
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**Disclosure and Transparency**

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

**Recommendation 8.1**

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company’s financial condition, results and business operations.</p>	<p>Compliant</p>	<p>The Company’s disclosure policies and procedures are set out in its Manual on Corporate Governance at <a href="http://www/smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www/smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 5 under Section 2.2.1.2 (f), and pages 37-38 under Section 4.</p> <p>As to the Company’s reports made available to its shareholders and other stakeholders, see its Quarterly Reports under SEC Form 17-Q for the quarters ended March 31, June 30, and September 30, 2023 at <a href="https://www.smfb.com.ph/disclosures/l/quarterly-reports--sec-form-17-q-">https://www.smfb.com.ph/disclosures/l/quarterly-reports--sec-form-17-q-</a> and Annual Report under SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>.</p>	
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**Supplement to Recommendations 8.1**

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Non-compliant</p>		<p>The interim reports attached to the Company's SEC Form 17-Qs for the quarters ended March 31, June 30, and September 30, 2023 were filed with the SEC on May 11, August 14, and November 14, 2023 respectively, or all within the legally prescribed 45 days from the end of the reporting period. See <a href="https://www.smfb.com.ph/disclosures/l/quarterly-reports--sec-form-17-q-">https://www.smfb.com.ph/disclosures/l/quarterly-reports--sec-form-17-q-</a>.</p> <p>See consolidated audited financial statements of the Company for fiscal year ended December 31, 2023, filed with the SEC on April 15, 2024, which is within the legally prescribed 105 days from the end of the reporting period, as an attachment to the Company's annual report in SEC Form 17-A, at <a href="https://www.smfb.com.ph/files/reports/SMFB%20Annual%20Report%20(SEC%20Form%2017-A)%20for%20the%20year%202023%20(04.12%20.24).pdf">https://www.smfb.com.ph/files/reports/SMFB Annual Report (SEC Form 17-A) for the year 2023 (04.12 .24) .pdf</a>.</p>
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>The Company's SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> is prepared in accordance with the SRC and its IRR. Thus, the Report discloses (1) the Major Business Risks that the Company and its subsidiaries deal with, at pages 23-28, (2) the cross-holdings among the Company's subsidiaries and affiliates through which it operates its businesses, also at link <a href="http://www.smfb.com.ph/page/corporate-structure">http://www.smfb.com.ph/page/corporate-structure</a>, and (3) the top 20 stockholders of the Company showing the imbalance between the controlling shareholders' voting power and overall equity position in the Company, at pages 29-30. For item 1, none of the risks disclosed are due to the identity of the Company's controlling shareholder.</p>	
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**Recommendation 8.2**

<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>See Policy on Securities Dealing at <a href="http://www.smfb.com.ph/files/reports/Policy_on_Securities_Dealing.pdf">http://www.smfb.com.ph/files/reports/Policy_on_Securities_Dealing.pdf</a>, pages 4-5 under the Heading "Disclosure". The actual dealings of directors and officers involving the Company's shares, which are reflected in Statements of Beneficial Ownership of Securities (SEC</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>Forms 23-A and 23-B) filed with the SEC, are posted at <a href="http://www.smfb.com.ph/disclosures/l/statement-of-beneficial-ownership--sec-form-23-a-b-">http://www.smfb.com.ph/disclosures/l/statement-of-beneficial-ownership--sec-form-23-a-b-</a>.</p>	

**Supplement to Recommendation 8.2**



<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 45 under the Table setting out the shareholdings of directors and key officers as of start and end of 2023.</p> <p>See Top 100 Stockholders as of March 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_March_31,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_March_31,_2023.pdf</a>, Top 100 Stockholders as of June 30, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_June_30,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_June_30,_2023.pdf</a>, Top 100 Stockholders as of Sep. 30, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_September_30,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_September_30,_2023.pdf</a>, and Top 100 Stockholders as of December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_December_31,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_List_of_Top_100_Stockholders_(Common_Shares)_as_of_December_31,_2023.pdf</a>.</p> <p>See also Conglomerate Map at <a href="http://www.smfb.com.ph/page/corporate-structure">http://www.smfb.com.ph/page/corporate-structure</a>.</p>	
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**Recommendation 8.3**

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 35-39, setting out the directors' academic qualifications, membership in other boards, other executive positions and professional experiences, and page 45 under the Table on shareholdings of directors and key officers, setting out their share ownership in the Company.</p> <p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_.2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_.2024_with_SEC_stamp.pdf</a>, page 21 under the heading "Certain Relationships and Related Transactions (including directors' disclosures thereon)", second paragraph, setting out the requirement for directors to disclose their business interests and any other conflicts of interest, and declare the names of their relatives up to the fourth degree of consanguinity, and pages 36-37 under the heading "Compliance with Leading Practices on Corporate Governance", setting out the relevant training attended by the directors.</p>	
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<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 35, 36 and 39, setting out the key officers’ academic qualifications, membership in other boards, other executive positions and professional experiences, page 45 under the Table on shareholdings of directors and key officers, setting out their share ownership in the Company, and Definitive Information Statement disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07.2024_with_SEC_stamp.pdf</a>, pages 36-37 under the heading “Compliance with Leading Practices on Corporate Governance”, setting out the relevant training attended by the directors in 2023.</p>	
<p><b>Recommendation 8.4</b></p>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>For the policy, see Corporate Governance Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf</a>, pages 3-4 under Section 4.2.</p> <p>For actual practice, see SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 42 under Item 10 on Executive Compensation.</p>	

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>For the policy, see Corporate Governance Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Corporate_Governance_Committee_Charter.pdf</a>, pages 3-4 under Section 4.2.</p> <p>For actual practice, see glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 55-56 under the heading “Employee Relations, Health, Safety and Welfare”, which discusses employee benefits, such as health care and wellness initiatives, salary review, bonuses and incentives, retirement and career advancement opportunities offered by the Company.</p> <p>With regard to retirement, see SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 22 under the heading “Human Resources and Labor Matters”, fourth and fifth paragraphs. The retirement plans are further described in Note 29 (Retirement Plan) of the 2023 Audited Consolidated Financial Statements of the Company attached thereto as Annex “B”.</p>	
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<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>The Company discloses on an individual basis the per diem allowances that each director received for every Board and Committee meeting attended for the year, as well as the compensation that the President and CEO and senior executive officers received for the year broken down into salary, bonus, and others. See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 42 and 43 under Item 10 on Executive Compensation. There are neither compensatory plans nor arrangements with respect to an executive officer that results or will result from the resignation, retirement, or any other termination of such executive officer’s employment with the Company, or from a change-in-control of the Company, or a change in an executive officer’s responsibilities following a change-in-control of the Company. See also page 22 of the same SEC Form 17-A under the heading “Human Resources and Labor Matters”, fourth and fifth paragraphs. The retirement plans are further described in Note 29 (Retirement Plan) of the 2023 Audited Consolidated Financial Statements of the Company attached to the SEC Form 17-A as Annex “B”.</p>	
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**Recommendation 8.5**

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>The Company's policies on RPTs are set out in its Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 6 under Section 2.2.1.2 (n), pages 27-29 under Section 2.2.2.4, and page 38 under Section 4.9.</p> <p>There has been no instance where a director had a material interest in a transaction affecting the Company. Nevertheless, in the said Manual, page 10 under Section 2.2.1.4 (a), it is the duty and responsibility of a director with a material interest in any transaction affecting the Company to abstain from taking part in the deliberations for the same.</p>	
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<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 46 under the heading “Related Party Transactions Committee”, third paragraph, reporting that in 2023, in view of the Related Party Transactions Policy of the Company (the “RPT Policy”), the Related Party Transactions Committee held only one meeting for the year. In the meeting, the summary of RPTs and outstanding receivable and payable balances as of December 31, 2022 was presented to the Committee. The Committee then reported to the Board of Directors at the meeting held the following day, that none of the transactions met the threshold (which is a transaction either individually, or in aggregate over a 12-month period from the first transaction, with the same related party, amounting to at least 10% of the Company’s total consolidated assets based on its 2021 audited financial statements) to be considered a material related party transaction for disclosure in accordance with the RPT Policy.</p> <p>See also disclosure on RPTs in SEC Form 17-A for the year ended December 31, 2023 with audited consolidated financial statements attached thereto, which were approved for filing by the Board, at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 83-85 under Note 30 on Related Party Disclosures.</p> <p>Nevertheless, pursuant to the RPT materiality threshold in the RPT Policy at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf</a>, none of the foregoing transactions would be considered material.</p>	
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<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>See Related Party Transactions Policy at <a href="http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf">http://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf</a>, page 5 under Section E.</p> <p>See also Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf</a>, page 21 under the heading “Certain Relationships and Related Transactions (including directors’ disclosures thereon)”, second paragraph, which states the disclosure requirements of directors and nominees, as part of the process to determine whether they continue to have all the qualifications and none of the disqualifications to be a director of the Company.</p>	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms’ length.	Compliant	See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> , page 46 under Item 12 on Certain Relationships and Related Transactions.	
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<p>See all Company disclosures via the SEC, the PSE and the PDEx at <a href="http://www.smfb.com.ph/disclosures">http://www.smfb.com.ph/disclosures</a>.</p> <p>Moreover, SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, Annex “G”, sets out all Current Reports filed by the Company in 2023.</p>	



<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 37-38 under Section 4.8, which provides that in case of acquisition or disposal of significant assets, the Board shall appoint an independent party to evaluate the fairness of the transaction price to the extent practicable or legally required. Nevertheless, there was no acquisition or disposal of material assets made by the Company in 2023.</p> <p>See also Board Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf</a>, page 5 under Section 2.4 (d), which provides that in evaluating the fairness of the transaction price in a proposed acquisition or disposal of assets, an independent party shall be appointed by the Board of the offeree company.</p> <p>In this regard, PSE Disclosure Form LR-1 - Comprehensive Corporate Disclosure dated September 19, 2018 at <a href="http://www.smfb.com.ph/files/reports/SMFB_PSE_Disclosure_re_LR-1_Comprehensive_Corp_Disclosure_(Sept_19_2018).pdf">http://www.smfb.com.ph/files/reports/SMFB_PSE_Disclosure_re_LR-1_Comprehensive_Corp_Disclosure_(Sept_19_2018).pdf</a> reported that ING Bank, N.V., Manila Branch was appointed as the Company's Independent Financial Advisor to evaluate the fairness of the transaction price for the acquisition by the Company of SMC's common shares in San Miguel Brewery Inc. and Ginebra San Miguel Inc. in exchange for the issuance to SMC of new common shares in the Company, and that the price was determined using a discounted cash flow approach and validated by trading and transaction comparables.</p>	
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**Supplement to Recommendation 8.6**

<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 45, sixth paragraph, which states that the Company has no shareholder agreements, voting trust agreements, confidentiality agreements and such other agreements that may impact the control, ownership and strategic direction of the Company.</p> <p>See also Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_.2024_with_SEC_stamp.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_.2024_with_SEC_stamp.pdf</a>, page 6 under the heading “Voting Trust”, which states that there is no person holding more than 5% of the Company’s voting securities under a voting trust or similar agreement.</p>	
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**Recommendation 8.7**

<p>1. Company’s corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>Compliant</p>	<p>See PSE Disclosure Form 17-18 – Other SEC Forms/ Reports/Requirements reporting the submission of the new Manual on Corporate Governance as of May 9, 2017, posted at the Company’s website at <a href="http://www.smfb.com.ph/files/reports/SMPFC_New_Manual_on_Corporate_Governance_approved_on_May_9_20172.pdf">http://www.smfb.com.ph/files/reports/SMPFC_New_Manual_on_Corporate_Governance_approved_on_May_9_20172.pdf</a>.</p>	
<p>2. Company’s MCG is submitted to the SEC and PSE.</p>	<p>Compliant</p>	<p>See also PSE Disclosure Form 17-18 – Other SEC Forms/ Reports/Requirements dated November 8, 2019, reporting the submission to the SEC on November 8, 2019 of the amended Manual on Corporate Governance as of November 6, 2019, posted at the Company’s website at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a></p>	
<p>3. Company’s MCG is posted on its company website.</p>	<p>Compliant</p>		

**Supplement to Recommendation 8.7**

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	See amended Manual on Corporate Governance as of November 6, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> . The amended Manual contains updates and changes to the Company's corporate governance practices as approved by the Board of Directors of the Company at its meeting on November 6, 2019, as summarized in the cover letter to the SEC submitting the Manual, which was also uploaded to the PSE via the EDGE disclosure system.	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	Compliant	See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , "Message to Shareholders" in pages 2-5, "Nurturing Planet, People, and Progress" in pages 6-13, "Sustainability Highlights" in pages 14-15, "Business Review" in pages 18-33, and "Corporate Objectives and Strategies" in page 57.  See also Sustainability Report for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a> , pages 63-65, also attached as Annex "H" to the Company's SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> .	
b. Financial performance indicators	Compliant	See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , "Consolidated Financial Highlights" in page 9, "Business Review" in pages 18-33, "Financial Review" in pages 60-76, and "Audited Consolidated Financial Statements" starting page 79.	

c. Non-financial performance indicators	Compliant	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, “Message to Shareholders” in pages 2-5, “Nurturing Planet, People, and Progress” in pages 6-13, “Sustainability Highlights” in pages 14-15, and “Business Review” in pages 18-33.</p> <p>See also Sustainability Report in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, under Annex “H”.</p>	
d. Dividend Policy	Compliant	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 53 under the heading “Dividends and Dividend Policy”.</p>	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 35-38.</p>	
f. Attendance details of each director in all directors meetings held during the year	Compliant	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 43 for attendance at Board meetings and stockholders’ meetings, pages 47-48 for attendance at Board Committee meetings.</p>	

<p>g. Total remuneration of each member of the board of directors</p>	<p>Compliant</p>	<p>Although directors do not receive compensation from the Company other than reasonable per diem allowances for every Board and Committee meeting attended, see SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 43 under Item 10 on Executive Compensation, which provides a breakdown of the total per diem allowances received by each director for meetings attended by them in 2023.</p>	
<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>Compliant</p>	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> page 59 under the heading "Annual Training or Program on Corporate Governance", last paragraph.</p>	
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>Compliant</p>	<p>See Report of the Audit Committee for 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31_2023.pdf</a>, which provides that the Committee assists the Board in its oversight responsibilities on financial reporting, risk management, and internal controls among others. The sixth bullet point states that a review was conducted on the Company's financial and internal controls, risk management systems, and control and governance processes. Such Audit Committee Report is also set out in the glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 77.</p>	

4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	See Report of the Audit Committee for 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31,_2023.pdf</a> , also set out in the glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , page 77, sixth bullet point.	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> , pages 23-28 under the heading “Major Business Risks”, and Annex “H” setting out the Company’s Sustainability Report.	

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

**Recommendation 9.1**

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The appointment, reappointment, and removal of the external auditor, including audit fees, shall be recommended by the Audit Committee, approved by the Board of Directors and ratified by the shareholders, as provided in the Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 23 under Section 2.2.2.2.2 (c).	
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<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Compliant</p>	<p>See draft minutes of the Annual Stockholders' Meeting held on June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf">https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf</a>, page 5 under Item VI on the re-appointment of external auditor R.G. Manabat &amp; Co. for fiscal year 2023 and ratification of audit fees paid to said auditor in 2022 in the amount of approximately P1.35 million.</p> <p>In Annex "C" to said minutes, common stockholders owning or representing 88.76% of the total outstanding common shares of the Company, voted separately in favor of the re-appointment of the external auditor and ratification of audit fees above mentioned.</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 34 under Section 2.2.5.3, which provides that the reason/s for the resignation, dismissal or cessation from service of an external auditor and the date thereof shall be reported in the Company's annual and current reports. These reports are then uploaded onto the Company's corporate website.</p> <p>See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf</a>, page 33 under Item 8 on Information on Independent Accountant and Other Related Matters, first paragraph, which provides that the Company will again nominate the external auditor for fiscal year 2023, for reappointment as such for fiscal year 2024.</p>	

**Supplement to Recommendation 9.1**

1. Company has a policy of rotating the lead audit partner every five years.	Compliant	See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 34 under Section 2.2.5.5.	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	See Audit Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf</a> , page 6 under Section 4.4.  See also Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 23 under Section 2.2.2.2.2 (d).	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
<b>Supplement to Recommendations 9.2</b>			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	See Audit Committee Charter at <a href="http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf">http://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf</a> , page 6 under Section 4.4.  See also Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 33 under Sections 2.2.5.1-2.2.5.2, which provides that after consultations with the Audit Committee, the external auditor shall be selected in accordance with appropriate standards to enhance audit quality.	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant		



<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smbf.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smbf.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> , page 33 under Item 8(A) on External Audit Fees and Services, second paragraph, which states that no non-audit services were rendered by the external auditor to the Company in 2023.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	See Manual on Corporate Governance at <a href="http://www.smbf.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smbf.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 24 under Section 2.2.2.2 (g), page 34 under Section 2.2.5.4, and page 37 under Section 4.6.	
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smbf.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smbf.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a> , page 33 under Item 8(A) on External Audit Fees and Services, second paragraph, which provides information on audit fees paid, and states that no non-audit services were rendered by the external auditor in 2023.	
<b>Additional Recommendation to Principle 9</b>			

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>The Company's external auditor for the year ended December 31, 2023 is duly accredited by the SEC. See details below:</p> <ol style="list-style-type: none"> <li>1. Name of External Auditor: R.G. Manabat &amp; Co. The KPMG Center, 6787 Ayala Avenue, Makati City, 1226, Philippines; +632 8885 7000 SEC Accreditation No. 0003-SEC, Group A Certificate of accreditation issued on October 1, 2020, valid for a period of five years to engage in the audit of 2020 to 2024 financial statements of SEC covered institutions.</li> <li>2. Name of audit engagement partner: Mr. Jose P. Javier, Jr., SEC Accreditation No. 70807-SEC, Group A Certificate of Accreditation issued on September 21, 2022, valid for a period of five years to engage in the audit of 2021 to 2025 financial statements of SEC covered institutions.</li> </ol>	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Compliant</p>	<p>The Company's external auditor, R.G. Manabat &amp; Co., agreed to be subjected to the SEC SOAR Inspection Program. However, no inspection was conducted in 2023. The last inspection of R.G. Manabat &amp; Co. under the said program was in 2022.</p>	

**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 38 under Section 4.10, stating the policy to disclose material and reportable non-financial and sustainability issues.</p> <p>See Environment Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf</a>.</p> <p>In compliance with SEC Memorandum Circular No. 4, Series of 2019, the Company submitted its Sustainability Report which was attached to its SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf</a>, under Annex "H".</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>The Company reviewed and adopted relevant standards such as those of the Sustainability Accounting Standards Board Standards and the Global Reporting Initiative Standards for Sustainability Reporting, among others, in preparing its Sustainability Report. See Sustainability Report for the year ended December 31, 2023 attached to the 2023 SEC Form 17-A and separately uploaded at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 2-3 under the heading "Materiality Process".</p>	

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>See quarterly investors' briefings materials at <a href="http://www.smfb.com.ph/disclosures/I/investor-relations-presentations">http://www.smfb.com.ph/disclosures/I/investor-relations-presentations</a>, press releases and statements, including clarifications to news articles at <a href="http://www.smfb.com.ph/articles/press-and-news-releases">http://www.smfb.com.ph/articles/press-and-news-releases</a>. Other disclosures may be found at <a href="http://www.smfb.com.ph/disclosures">http://www.smfb.com.ph/disclosures</a> under the sub-tabs "SEC Filings" and "Other PSE Disclosures".</p> <p>See also glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 54 under the heading "Shareholder and Investor Relations".</p>	
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**Supplemental to Principle 11**

1. Company has a website disclosing up-to-date information on the following:	Compliant	<a href="http://www.smfb.com.ph">http://www.smfb.com.ph</a>	
a. Financial statements/reports (latest quarterly)	Compliant	<a href="http://www.smfb.com.ph/disclosures/I/quarterly-reports--sec-form-17-q-">http://www.smfb.com.ph/disclosures/I/quarterly-reports--sec-form-17-q-</a>	
b. Materials provided in briefings to analysts and media	Compliant	<a href="http://www.smfb.com.ph/disclosures/I/investor-relations-presentations">http://www.smfb.com.ph/disclosures/I/investor-relations-presentations</a>	
c. Downloadable annual report	Compliant	<a href="http://www.smfb.com.ph/articles/annual-reports">http://www.smfb.com.ph/articles/annual-reports</a> (glossy Annual Reports); <a href="http://www.smfb.com.ph/disclosures/I/annual-reports--sec-form-17-a-">http://www.smfb.com.ph/disclosures/I/annual-reports--sec-form-17-a-</a> (SEC Form 17-As)	
d. Notice of ASM and/or SSM	Compliant	<a href="http://www.smfb.com.ph/disclosures/I/notice-of-annual-and-special-stockholders--meetings">http://www.smfb.com.ph/disclosures/I/notice-of-annual-and-special-stockholders--meetings</a>	
e. Minutes of ASM and/or SSM	Compliant	<a href="http://www.smfb.com.ph/disclosures/I/minutes-of-annual-and-special-stockholders--meetings">http://www.smfb.com.ph/disclosures/I/minutes-of-annual-and-special-stockholders--meetings</a>	
f. Company's Articles of Incorporation and By-Laws	Compliant	<a href="http://www.smfb.com.ph/disclosures/I/articles-of-incorporation-and-by-laws">http://www.smfb.com.ph/disclosures/I/articles-of-incorporation-and-by-laws</a>	

**Additional Recommendation to Principle 11**

1. Company complies with SEC-prescribed website template.	Compliant	<a href="http://www.smfb.com.ph">http://www.smfb.com.ph</a>	
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**Internal Control System and Risk Management Framework**

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

**Recommendation 12.1**

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>See Corporate Policy on Internal Control at <a href="http://www.smfb.com.ph/files/reports/SMFB_Corporate_Policy_on_Internal_Control.pdf">http://www.smfb.com.ph/files/reports/SMFB_Corporate_Policy_on_Internal_Control.pdf</a>. The internal control system of the Company is reviewed annually by the Board of Directors, primarily through its Audit Committee. See Report of the Audit Committee for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31,_2023.pdf</a>. The Company's Internal Audit Group further conducts a quality assurance and improvement program that covers all aspects of the internal audit activity. See Charter of Internal Audit Group at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_Internal_Audit_(Amended_08_May_2024).pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_Internal_Audit_(Amended_08_May_2024).pdf</a>, page 3 under the heading "Quality Assurance and Improvement Program".</p>	
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>See Annual Report in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, pages 23-28 under the heading “Major Business Risks”, setting out the Company’s risk management procedures and processes, the key risks faced by the Company, and how these are managed.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 47, first paragraph, under the heading “Board Risk Oversight and Sustainability Committee” in the previous page, reporting that the Company’s Board Risk Oversight and Sustainability Committee (BROSC) held one meeting in 2023. The BROSC is updated at least annually on developments in such risk management framework.</p> <p>See also Report of the Audit Committee for 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Report_for_the_year_ended_December_31,_2023.pdf</a>, which provides in the sixth bullet point that a review was conducted by the Audit Committee on the Company’s risk management systems. The review and report are made and issued on an annual basis.</p>	
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Supplement to Recommendations			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	Compliant	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 58 under the heading “Compliance Monitoring”, first paragraph. The Corporate Secretary, who is also the Compliance Officer and General Counsel or Chief Legal Officer of the Company, hereby attests that the review on compliance with laws and relevant regulations is conducted on a periodic basis as may be necessary upon the effectivity of such laws and regulations, and at least annually. The Office of the General Counsel conducts appropriate training and awareness initiatives to facilitate understanding, acceptance, and compliance with the said issuances.</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	Compliant	<p>See Personal Data Privacy Policy at <a href="http://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf">http://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf</a>, pages 6-7 under the heading “Technical Security Measures”.</p> <p>In addition, see Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 59-62 under the headings “Customer Privacy” and “Data Security”.</p>	
Recommendation 12.2			

<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="https://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">https://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 34 under Section 2.2.6, which provides that the Company shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations. The internal audit of the Company is carried out by an in-house independent internal audit group. The internal audit group head oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to third party service providers. The following were the outsourced service providers for internal audit in 2023: Reyes Tacandong &amp; Co. and MV Reyes &amp; Associates.</p> <p>See also the Audit Committee Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf">https://www.smfb.com.ph/files/reports/SMFB_Audit_Committee_Charter.pdf</a>, pages 5-6 under Section 4.3, which sets out the duties and responsibilities of the Committee, particularly its internal audit function.</p>	
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**Recommendation 12.3**



<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>The head of the Company’s internal audit group as of the year ended December 31, 2023, is Ms. Johanna Dominique G. Esteban. Upon the endorsement of the Audit Committee, the Board appointed Ms. Esteban as internal audit head of the Company and its food subsidiaries effective February 2, 2023. See <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Feb23_SBOD_mtg_on_the_appointment_of_JGEsteban_as_Internal_Audit_Head)_1.pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(02Feb23_SBOD_mtg_on_the_appointment_of_JGEsteban_as_Internal_Audit_Head)_1.pdf</a>.</p> <p>The responsibilities of the internal audit head are set out in the Internal Audit Group Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Charter_of_Internal_Audit_(Amended_08_May_2024).pdf">https://www.smfb.com.ph/files/reports/SMFB_Charter_of_Internal_Audit_(Amended_08_May_2024).pdf</a>.</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Compliant</p>	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 49 under the heading “Internal Audit”, second paragraph.</p>	
<p>3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.</p>	<p>Compliant</p>	<p>The internal audit activity of the Company is not fully outsourced. At any rate, a qualified independent executive in the person of Ms. Johanna Dominique G. Esteban, internal audit head of the Company and its food subsidiaries, is assigned the responsibility for managing the partially outsourced internal audit activity.</p>	

**Recommendation 12.4**

<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>Compliant</p>	<p>Considering the Company’s size, risk profile and complexity of operations, the Company deemed it best for its three operating divisions to appoint its own Chief Risk Officers, who are tasked to work with the management committees of the subsidiaries of their respective divisions in identifying, assessing and monitoring such division’s key risk exposures. See See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 23 under the heading “Major Business Risks”, second paragraph.</p>	
<b>Supplement to Recommendation 12.4</b>			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>Compliant</p>	<p>See Board Risk Oversight and Sustainability Committee Charter at <a href="https://www.smfb.com.ph/files/reports/SMFB_Board_Risk_Oversight_and_Sustainability_Committee_Charter.pdf">https://www.smfb.com.ph/files/reports/SMFB_Board_Risk_Oversight_and_Sustainability_Committee_Charter.pdf</a>, page 3 under Section 3.8, which provides that the Committee may obtain independent professional advice if it considers it necessary in the performance of its functions such as risk management. The Company has engaged SGV &amp; Co. to assist it in establishing an ERM process, which is designed to link risk and opportunity, and position risk management as a source of competitive advantage for the Company. See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 50 under the heading “Risk Management”, fourth paragraph.</p>	
<b>Recommendation 12.5</b>			
<p>1. In managing the company’s Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>Compliant</p>	<p>See SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, page 23 under the heading “Major Business Risks”, second</p>	

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	paragraph, which provides that each of the Food, Beer and Spirits Divisions of the Company has appointed its own Chief Risk Officers. The Chief Risk Officers hold senior officer positions in San Miguel Foods, Inc., San Miguel Brewery Inc. and Ginebra San Miguel Inc., the three major operating subsidiaries of the Company, and thus they all have adequate authority, stature, access to resources, and support to fulfill their responsibilities.	
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**Additional Recommendation to Principle 12**

1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	See Internal Audit and Compliance Attestation for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Internal_Audit_and_Compliance_Attestation_(2023).pdf">https://www.smfb.com.ph/files/reports/SMFB_Internal_Audit_and_Compliance_Attestation_(2023).pdf</a> .	
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**Cultivating a Synergic Relationship with Shareholders**

**Principle 13:** The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

**Recommendation 13.1**

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , pages 39-42 under Section 5.1.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	In addition to the Manual, which is posted on the Company's website at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , see glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , pages 52-53 under the heading "Shareholder Rights".	

**Supplement to Recommendation 13.1**

<p>1. Company's common share has one vote for one share.</p>	<p>Compliant</p>	<p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 10, 2023 for the 2023 Annual Stockholders' Meeting (ASM) at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a>, page 4 under the heading "Voting Securities (including their voting rights) and Principal Holders Thereof", second paragraph.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 52 under the heading "Voting Rights and Voting Procedures", first paragraph.</p>	
<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Compliant</p>	<p>The Company's authorized capital stock is comprised of common and preferred shares. The holders of common shares have the right to vote on all matters requiring stockholders' approval. The holders of preferred shares are not entitled to vote except for the following matters provided in the Revised Corporation Code: amendment of articles of incorporation; adoption and amendment of by-laws; sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property; incurring, creating or increasing bonded indebtedness; increase or decrease of capital stock; merger or consolidation with another corporation; investment of corporate funds in another corporation or business; and dissolution of the corporation.</p> <p>See Article Seventh of the Amended Articles of Incorporation as of January 7, 2019 posted at <a href="http://www.smfb.com.ph/files/reports/SMFB_amended_AOI_approved_by_SEC_on_Jan._7,_2019_2.pdf">http://www.smfb.com.ph/files/reports/SMFB_amended_AOI_approved_by_SEC_on_Jan._7,_2019_2.pdf</a>.</p>	

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 10, 2023 for the 2023 Annual Stockholders' Meeting (ASM) at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a>, pages 33-35 under the headings "Voting and Vote Tabulation Procedures" and "Method of Voting". Voting at the ASM is conducted by poll (ballot or proxy).</p>	
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<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>Non-compliant</p>		<p>The Company complies with existing laws and regulations pertaining to the voting rights of shareholders. To protect minority shareholders against actions of controlling shareholders, the Company requires a minimum quorum of 2/3 of the directors for Board meetings, and no corporate policies, decisions or actions shall be taken by the Board or any Board Committee without the vote of at least 2/3 of the entire membership of the Board or Committee on any matters not in furtherance of the businesses currently carried on by the Company. See Amended By-laws as of December 7, 2018, Article II, Section 3 and Article III, Section 4, at <a href="http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec.7,_2018_2.pdf">http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec.7,_2018_2.pdf</a>. Shareholders may also exercise their right of appraisal in certain cases. See SEC Form 20-IS disclosed on May 10, 2023 for the 2023 ASM at <a href="https://www.smfb.com.ph/files/reports/S_MFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/S_MFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a>, pages 3-4 under the heading "Dissenters' Right of Appraisal".</p>
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<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>Compliant</p>	<p>See SEC Form 17-C dated November 8, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.)_pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08Nov23_matters_approved_at_the_BOD_mtg.)_pdf</a>, on the implementation of the policy for the 2024 ASM. The disclosure expressly invites shareholders to propose inclusion of additional items in the usual Agenda of the ASM. Despite an invitation, however, no shareholder submitted a proposal for consideration or additional agenda item at the ASM.</p> <p>On the other hand, a special stockholders' meeting must be called at the written request of stockholders representing 1/3 of the outstanding capital stock entitled to vote. See Amended By-laws as of December 7, 2018, Article I, Section 3 at <a href="http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec._7,_2018_2.pdf">http://www.smfb.com.ph/files/reports/SMFB_amended_By-laws_approved_by_SEC_on_Dec._7,_2018_2.pdf</a>.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 16 under Section 2.2.1.7.1, page 39 under Section 5.1.1, and pages 39-40 under Sections 5.1.2.3, 5.1.5.2 and 5.1.5.3.</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 53 under the heading "Dividends and Dividend Policy".</p> <p>The Company declared dividends to its common shareholders in 2023. The dividends for the common shares were paid within 30 days of declaration. The Company has no outstanding preferred shares.</p>	

<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The Company's independent stock transfer agent counted/validated the votes at the 2023 Annual Shareholders' Meeting (ASM). See draft minutes of the ASM held on June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf">https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf</a> , page 2, under Item II on Certification of Notice and Quorum, third to the last paragraph.	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>On March 8, 2023, the Company disclosed the Notice and Agenda of the Annual Stockholders' Meeting (ASM) to be held on June 7, 2023 pursuant to the By-laws, at <a href="https://www.smfb.com.ph/files/reports/SMFB_letter_to_PSE_re_Notice_of_ASM_on_June_7,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_letter_to_PSE_re_Notice_of_ASM_on_June_7,_2023.pdf</a>.</p> <p>On May 10, 2023, at least 28 days before the 2023 ASM on June 7, 2023, the Company disclosed the Definitive Information Statement (SEC Form 20-IS) containing the Notice and Agenda of the meeting at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a>.</p>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	See Definitive Information Statement (SEC Form 20-IS) disclosed on May 10, 2023 for the 2023 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a> , pages 10-14 under the heading "Board of Directors".	



b. Auditors seeking appointment/re-appointment	Compliant	See Definitive Information Statement (SEC Form 20-IS) disclosed on May 10, 2023 for the 2023 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a> , page 24 under the heading “Independent Public Accountants”.	
c. Proxy documents	Compliant	See Definitive Information Statement (SEC Form 20-IS) disclosed on May 10, 2023 for the 2023 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a> , where a sample Proxy was attached to the Notice and Agenda of the ASM.  See also sample Proxy posted on the Company’s website and thus available for download at <a href="https://www.smfb.com.ph/files/reports/SMFB_Ballot_Proxy_Form_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Ballot_Proxy_Form_for_the_June_7,_2023_ASM.pdf</a> .	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	See Definitive Information Statement (SEC Form 20-IS) disclosed on May 10, 2023 for the 2023 ASM at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(20-IS)_for_the_June_7,_2023_ASM.pdf</a> , where the Rationale and Explanation of Items for Stockholder Approval was attached to the Notice and Agenda of the ASM.	
<b>Recommendation 13.3</b>			

<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>Compliant</p>	<p>See Canvassing Results posted in the Company's website on June 7, 2023, the same day as the 2023 ASM, at <a href="https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_ASM_Canvassing_Results).pdf">https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Jun23_ASM_Canvassing_Results).pdf</a>.</p> <p>See question raised by a stockholder at the ASM and the answer thereto, in the draft minutes of the ASM held on June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf">https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf</a>, page 4.</p>	
<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>See draft minutes of the ASM held on June 7, 2023 (Wednesday), posted on the Company's website two days later on June 9, 2023 (Friday), at <a href="https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf">https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf</a>, under Annex "C", which indicate the voting results for all Agenda items, including the approving, dissenting and abstaining votes, as the case may be. The voting on resolutions at the ASM was by poll (ballot or proxy). There was an open forum at the meeting where stockholders were given the opportunity to ask questions, as noted in page 4 of the said minutes. Such draft minutes of the 2023 ASM were posted on the Company's website within five business days from the end of the meeting.</p>	

**Supplement to Recommendation 13.3**

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The presence of the relevant individuals to answer shareholder questions, if any, was reflected in the minutes of the ASM. See draft minutes of the ASM on June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf">https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf</a> , on page 1 under the headings “Directors Present” and “In Attendance”, where directors, key officers, and representatives of the external auditor and stock transfer agent were indicated as present at the meeting.	
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	The Office of the Corporate Secretary addresses the concerns of stockholders and potential disputes between the Company and its stockholders. The Company shall be assisted by its stock transfer agent in dealing with issues raised by stockholders, where relevant or necessary. See	
2. The alternative dispute mechanism is included in the company’s Manual on Corporate Governance.	Compliant	Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a> , page 42 under Section 5.1.9.	
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	See the following details on the Company’s Investor Relations Manager, as provided in the glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , page 53 under the heading “Right to Information”:  Ms. Kristina Lowella I. Garcia 7 <sup>th</sup> Floor, SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City Telephone: (632) 8632-3752; Fax: (632) 8632-3313 Email: <a href="mailto:kigarcia@sanmiguel.com.ph">kigarcia@sanmiguel.com.ph</a>	

2. IRO is present at every shareholder's meeting.	Compliant	The Company's Investor Relations Manager, Ms. Kristina Lowella I. Garcia, was present during the 2023 ASM. See draft minutes of the ASM held on June 7, 2023 at <a href="https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf">https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf</a> , page 1 under the heading "In Attendance".	
<b>Supplemental Recommendations to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	<p>See Definitive Information Statement (SEC Form 20-IS) disclosed on May 8, 2024 for the 2024 ASM, at <a href="https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Definitive_Information_Statement_(June_5_2024_ASM)_05.07_2024_with_SEC_stamp_.pdf</a>, page 21 under the heading "Certain Relationships and Related Transactions (including directors' disclosures thereon)".</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 40 under the heading "Board of Directors", second paragraph, which provides that the Company has no shareholder agreements, voting trust agreements, confidentiality agreements and such other agreements that constrain the directors' ability to vote independently or may entrench ineffective management or the existing controlling shareholder group, as well as page 52 under the heading "Shareholder Meetings", third paragraph, which provides that shareholders were invited to propose the inclusion of additional items to the usual Agenda of the ASM and/or nominate candidates to the Board.</p> <p>Further, the pre-emptive rights for issuances and dispositions of any and all shares have been denied in Article Seventh of the Company's Amended Articles of Incorporation as of January 7, 2019 at <a href="http://www.smfb.com.ph/files/reports/SMFB_amended_AOI_approved_by_SEC_on_Jan._7,_2019_2.pdf">http://www.smfb.com.ph/files/reports/SMFB_amended_AOI_approved_by_SEC_on_Jan._7,_2019_2.pdf</a>.</p>	

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-compliant		As of December 31, 2023, the Company is compliant with the minimum public ownership requirement, with a public float of 11.23%, as reflected in the Public Ownership Report at <a href="https://www.smfb.com.ph/files/reports/SMFB_Public_Ownership_Report_as_of_December_31,_2023.pdf">https://www.smfb.com.ph/files/reports/SMFB_Public_Ownership_Report_as_of_December_31,_2023.pdf</a> , page 3.
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**Optional: Principle 13**

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	In addition to the ASM, the Company engages with the investing community and keeps shareholders informed through timely disclosures via the PSE, reports filed with the SEC, regular quarterly briefings, investor conferences, press releases and statements, its corporate website, emails and telephone calls. The Company's quarterly and current disclosures and other reports submitted to the SEC and PSE are posted at <a href="http://www.smfb.com.ph/disclosures">http://www.smfb.com.ph/disclosures</a> under the sub-tabs "SEC Filings" and "Other PSE Disclosures". See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a> , page 54 under the heading "Shareholder and Investor Relations".	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	

**Duties to Stakeholders**

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

**Recommendation 14.1**

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p>The Company's stakeholders include without limitation, customers, employees, suppliers, shareholders, investors, creditors, the communities in which the Company and its subsidiaries operate, society, the government, regulators, competitors, and external auditors. See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, pages 42-43 under Section 5.2.</p> <p>See the San Miguel Group's Supplier Code of Conduct at <a href="https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf">https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf</a>.</p> <p>See also glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 54-58 under the headings "Stakeholder Relations", "Employee Relations, Health, Safety and Welfare" and "Code of Business Conduct and Ethics, Whistleblowing and Other Policies", pages 6-13 under the heading "Nurturing Planet, People, and Progress", and pages 14-15 under the heading "Sustainability Highlights".</p> <p>See Sustainability Report in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, under Annex "H".</p>	
<p><b>Recommendation 14.2</b></p>			

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>See Code of Business Conduct and Ethics at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, under the heading “Introduction and Application”. See Whistle-Blowing Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf</a>, Anti-Sexual Harassment Policy at <a href="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</a>, Anti-Corruption and Sanctions Compliance Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf</a>, Conflict of Interest Policy at <a href="https://www.smfb.com.ph/files/reports/Conflict_of_Interest.pdf">https://www.smfb.com.ph/files/reports/Conflict_of_Interest.pdf</a>, Group Policy on Solicitation or Acceptance of Gifts at <a href="http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf">http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf</a>, Company Personal Data Privacy Policy at <a href="http://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf">http://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf</a>, and Policy Relating to Health, Safety and Welfare of employees at <a href="http://www.smfb.com.ph/files/reports/SMFB_PolicyRelating-to-HealthSafetyandWelfare.pdf">http://www.smfb.com.ph/files/reports/SMFB_PolicyRelating-to-HealthSafetyandWelfare.pdf</a>.</p> <p>See also Sustainability Report in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, under Annex “H”.</p>	
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**Recommendation 14.3**

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>The Company maintains open and easy communication with its stakeholders, through stakeholder engagement touchpoints in the Company, such as the Investor Relations Office (IRO), Office of the Corporate Secretary, SMC Stock Transfer Service Corporation and San Miguel Customer Care Center. Their contact details below are in the last page of the glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>.</p> <p>For investor concerns: Ms. Kristina Lowella I. Garcia, IRO Email: <a href="mailto:kigarcia@sanmiguel.com.ph">kigarcia@sanmiguel.com.ph</a></p> <p>For shareholder concerns: Mr. Enrique L. Yusingco, SMC Stock Transfer Service Corporation Email: <a href="mailto:smc_stsc@sanmiguel.com.ph">smc_stsc@sanmiguel.com.ph</a></p> <p>For customer concerns: San Miguel Customer Care Email: <a href="mailto:customercare@sanmiguel.com.ph">customercare@sanmiguel.com.ph</a></p> <p>For data privacy concerns: Ms. Kristina Lowella I. Garcia, Data Protection Officer Email: <a href="mailto:smfb_dpo@sanmiguel.com.ph">smfb_dpo@sanmiguel.com.ph</a></p> <p>Procedures are also established for the communication and investigation of concerns regarding the Company's accounting, internal controls, auditing and financial reporting matters, as well as to deter or uncover any corrupt, illegal, unethical, fraudulent or other conduct detrimental to the interest of the Company committed by its employees, contractors or suppliers under the Company's Whistle-Blowing Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf</a>.</p>	
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**Supplement to Recommendation 14.3**



<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Compliant</p>	<p>Stakeholders may communicate with the Company to obtain redress for the violation of their rights through the stakeholder engagement touchpoints in the Company mentioned in Recommendation 14.3 above.</p> <p>See also Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 42 under Section 5.1.9.</p>	
<b>Additional Recommendations to Principle 14</b>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Compliant</p>	<p>The Company has not sought exemption from the application of a law, rule or regulation with respect to a corporate governance issue.</p>	

2. Company respects intellectual property rights.	Compliant	<p>In compliance with law and relevant regulations, the Company does not infringe on intellectual property rights of others or engage in unfair competition practices. See Code of Business Conduct and Ethics of the Company and its food subsidiaries at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, under the heading “Intellectual Property”.</p> <p>Further, the Corporate Secretary, who is also the General Counsel of the Company, hereby attests that the Company’s Intellectual Property Policy, Procedures and Guidelines specifically state that the Company strives to be original and creative in the formulation of its marks, and will respect the equity of previously applied or world famous or registered marks. In the creation, development and registration of its marks, the Company exhausts all publicly available resources to determine not only the prior registration of, but also the existence of identical or similar marks used in commerce for identical or similar goods. Whenever necessary, the Company confers with both internal and external legal advisers to ensure that the Company will avoid infringing on third parties’ intellectual property rights.</p>	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 18-33 under the heading “Business Review”, pages 54-55 under the heading “Suppliers/Contractors, Creditors and Customers”, and page 57 under the heading “Corporate Objectives and Strategies”.</p>	

		<p>See Code of Business Conduct and Ethics at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, under the headings “Customer Focus” and “Product Quality and Food Safety”. See Whistle-Blowing Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf</a>, Anti-Corruption and</p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>Compliant</p>	<p>Sanctions Compliance Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf</a>, Group Policy on Solicitation and Acceptance of Gifts at <a href="http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf">http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf</a>, San Miguel Group Supplier Code of Conduct at <a href="https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf">https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf</a>, and Company Personal Data Privacy Policy at <a href="http://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf">http://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf</a>.</p> <p>See also Sustainability Report in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, under Annex “H”.</p>	

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 42 under Section 5.2.5, which provides that the Company shall establish policies, programs and procedures that encourage employees to take a more dynamic role in the Company.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 1 under the heading "About the Company", pages 2-5 under the heading "Message to Shareholders", pages 6-13 under the heading "Nurturing Planet, People, and Progress", pages 14-15 under the heading "Sustainability Highlights", and pages 55-58 under the headings "Employee Relations, Health, Safety and Welfare" and "Code of Business Conduct and Ethics, Whistleblowing and Other Policies".</p> <p>See Code of Business Conduct and Ethics at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation's Code of Conduct and Ethical Business Policy, under the headings "Innovativeness and Continuous Learning", "Meritocracy and Passion for Success", "Teamwork and Open Communication", "Competency Development", etc. See Whistle-Blowing Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf</a> and Policy Relating to Health, Safety and Welfare for employees at <a href="http://www.smfb.com.ph/files/reports/SMFB_PolicyRelating-to-HealthSafetyandWelfare.pdf">http://www.smfb.com.ph/files/reports/SMFB_PolicyRelating-to-HealthSafetyandWelfare.pdf</a>.</p> <p>See also Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 35-38 under the heading "Employee Training and Development".</p>	
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**Supplement to Recommendation 15.1**

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 42 under Section 5.2.5, which provides that the Company shall establish policies, programs and procedures covering reward and compensation for employees beyond short-term financial measures.</p> <p>See SEC Form 17-A for the year ended Dec. 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf</a>, page 22 under the heading “Human Resources and Labor Matters”, sixth paragraph, providing that the Company adopts a performance management system and salary review program wherein employees are appraised annually on the basis of achievement of specific objectives and key performance indicators, which include long-term business goals. Bonuses are determined in accordance with San Miguel Corporation’s Business Performance and Annual Incentive Programs, which tracks attainment of the San Miguel Group’s earnings targets.</p>	
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<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, pages 55-56 under the heading “Employee Relations, Health, Safety and Welfare”.</p> <p>See Whistle-Blowing Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf</a>, Policy on Child and Forced Labor at <a href="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</a>, and Policy Relating to Health, Safety and Welfare for employees at <a href="http://www.smfb.com.ph/files/reports/SMFB_PolicyRelating-to-HealthSafetyandWelfare.pdf">http://www.smfb.com.ph/files/reports/SMFB_PolicyRelating-to-HealthSafetyandWelfare.pdf</a>. See Code of Business Conduct and Ethics at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, under the headings “Worker Protection”, “Emergency Preparedness”, “Fair and Humane Working Environment”, among others.</p> <p>See also Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 32-43.</p>	
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<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Career advancement and improvement are provided by the Company through various training programs and seminars. See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 56, third to fifth paragraphs.</p> <p>See Code of Business Conduct and Ethics at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, under the heading “Competency Development”.</p> <p>See also Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 35-37 under the heading “Employee Training and Development”.</p>	
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**Recommendation 15.2**

<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>See Code of Business Conduct and Ethics of the Company and its food subsidiaries at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, under the headings “Integrity and Mental Honesty”, “Business Integrity”, “Gifts, Meals, Entertainment”, among others.</p> <p>See Anti-Corruption and Sanctions Compliance Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy.pdf</a>.</p> <p>See also Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 8-11 under the heading “Anti-Corruption”, and pages 44-47 under the heading “Supply Chain Management”.</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>Compliant</p>	<p>Aside from making the Manual on Corporate Governance and Code of Business Conduct and Ethics available for review and download from the corporate website, see discussion on the launch and cascade of these policies in the glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 57 under the heading “Code of Business Conduct and Ethics, Whistleblowing and Other Policies”, fourth paragraph.</p>	



<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	<p>See Anti-Corruption and Sanctions Compliance Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf">https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf</a></p> <p>See Group Policy on Solicitation and Acceptance of Gifts posted at <a href="http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf">http://www.smfb.com.ph/files/reports/Policy_onSolicitationorAcceptanceofGifts.pdf</a>.</p> <p>See also Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 8-11 under the heading "Anti-Corruption".</p>	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	<p>See Whistle-Blowing Policy posted at <a href="https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf</a>. The whistleblowing framework of the Company includes procedures to protect employees from retaliation. The following are the contact details to report any illegal or unethical behavior:</p>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<p>Whistleblower Relations Officer, 100 E. Rodriguez Jr. Ave. (C5 Road), Brgy. Ugong, Pasig City Email: <a href="mailto:smfwhistleblower@sanmiquel.com.ph">smfwhistleblower@sanmiquel.com.ph</a>, <a href="mailto:ebay@sanmiquel.com.ph">ebay@sanmiquel.com.ph</a></p>	

<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p>See Manual on Corporate Governance at <a href="http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf">http://www.smfb.com.ph/files/reports/SMFB_Manual_on_Corporate_Governance2.pdf</a>, page 43 under Section 5.2.7, which states that the Board shall be conscientious in establishing the whistleblowing framework, as well as in supervising and ensuring its enforcement.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 58, second to the last paragraph under the heading “Code of Business Conduct and Ethics, Whistleblowing and Other Policies” in the previous page.</p>	
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**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>See Code of Business Conduct and Ethics of the Company and its food subsidiaries at <a href="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</a>, updated in 2023 to adopt parent San Miguel Corporation’s Code of Conduct and Ethical Business Policy, under the headings “Our Commitment” and “Social Responsibility”.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 1 under the heading “About the Company”, pages 2-5 under the heading “Message to Shareholders”, pages 6-13 under the heading “Nurturing Planet, People, and Progress”, and pages 14-15 under the heading “Sustainability Highlights”.</p> <p>Moreover, in compliance with SEC Memorandum Circular No. 4, Series of 2019, the Company submitted its Sustainability Report which was attached to SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_.24).pdf</a>, under Annex “H”.</p>	
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**Optional: Principle 16**

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>See Code of Business Conduct and Ethics at <a href="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</a>, under “Environmental Authorizations”, “Waste and Emissions”, “Hazardous Materials”, “Product Quality and Food Safety” and “Animal Welfare”; San Miguel Group Supplier Code of Conduct at <a href="https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf">https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf</a>, under “Environmental Practices”; Environment Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf</a>; Sustainability Report in SEC Form 17-A for the year ended December 31, 2023 at <a href="https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf">https://www.smfb.com.ph/files/reports/SMFB_Annual_Report_(SEC_Form_17-A)_for_the_year_2023_(04.12_24).pdf</a>, Annex “H”.</p>	
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<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>See Code of Business Conduct and Ethics of the Company and its food subsidiaries at <a href="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</a>, under the headings “Core Value”, “Our Commitment”, and “Social Responsibility”.</p> <p>See San Miguel Group Supplier Code of Conduct at <a href="https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf">https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf</a>.</p> <p>See Environment Policy at <a href="https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf">https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf</a>.</p> <p>See glossy 2023 Annual Report at <a href="http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf">http://www.smfb.com.ph/files/reports/SMFB2023AnnualReport.pdf</a>, page 1 under the heading “About the Company”, pages 2-5 under the heading “Message to Shareholders”, pages 6-13 under the heading “Nurturing Planet, People, and Progress”, and pages 14-15 under the heading “Sustainability Highlights”.</p> <p>See also Sustainability Report for the year ended Dec. 31, 2023 attached to the 2023 SEC Form 17-A and at <a href="https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf">https://www.smfb.com.ph/files/reports/SMFB_2023_Sustainability_Report.pdf</a>, pages 48-54 under the heading “Relationship with Community”.</p>	
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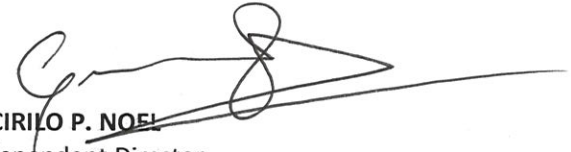
**SIGNATURES**

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed under oath on behalf of San Miguel Food and Beverage, Inc. by the undersigned, in the City of Pasig on MAY 22 2024.

By:



**RAMON S. ANG**  
Vice Chairperson, President and Chief Executive Officer



**CIRILO P. NOEL**  
Independent Director



**RICARDO C. MARQUEZ**  
Independent Director



**WINSTON A. CHAN**  
Independent Director



**AURORA S. LAGMAN**  
Independent Director



**ESTELA M. PERLAS-BERNABE**  
Independent Director

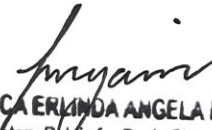


**ALEXANDRA VICTORIA B. TRILLANA**  
Compliance Officer and Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 22, 2024 day of \_\_\_\_\_, 2024 affiants exhibiting to me the following:

<u>NAME</u>	<u>GOVERNMENT ISSUED ID</u>	<u>EXPIRY DATE</u>	<u>PLACE OF ISSUE</u>
Ramon S. Ang	Passport No. P2247867B	May 21, 2029	Manila
Alexandra Victoria B. Trillana	Passport No. P1495082A	April 13, 2028	NCR East
Ricardo C. Marquez	Passport No. P8150038B	November 31, 2031	Manila
Cirilo P. Noel	Passport No. P5718000A	January 21, 2028	NCR South
Winston A. Chan	Passport No. P0845334C	July 7, 2032	NCR South
Aurora S. Lagman	Senior Citizen ID No. 099418	Issued on August 12, 2003	Quezon City
Estela M. Perlas Bernabe	Passport No. P6843338A	April 18, 2028	Manila

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Book No. X;  
Series of 2024.

  
MARIA JESSICA ERLINDA ANGELA M. GARCIA  
Notary Public for Pasig City  
Commission until 31 December 2024  
100 E. Rodriguez Jr. Avenue (C5 Road)  
Barangay Ugong, Pasig City 1604  
APPT No. 46 (2023-2024) / Roll No. 66422  
IBP Life Member No. 015084; 6/6/2016, Quezon City  
PTR No. 1650269; 1/4/2024; Pasig City  
MCLE Compliance No. VI-0019349. 5/27/2022