



April 15, 2024

Philippine Dealing & Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Suzy Claire R. Selleza
Head – Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Gentlemen:

We submit herewith the attached Annual Report (SEC FORM 17-A) for the period ended December 31, 2023 with the Audited Separate/Parent Financial Statements of the Company.

Very truly yours,


MARY ROSE S. TAN
Assistant Corporate Secretary

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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P	H	I	L	I	P	P	I	N	E	S									

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

Atty. Mary Rose S. Tan

Contact Person

(632) 8 632-3000

Company Telephone Number

1	2

Month

3	1

Day

SEC FORM

		1	7	-	A		

FORM TYPE

2nd Tuesday of June

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2023**
2. SEC Identification Number: **PW 000277**
3. BIR Tax Identification No. **000-060-741-000**
4. Exact name of issuer as specified in its charter **SAN MIGUEL CORPORATION**
5. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. 
Industry Classification Code:
7. **No. 40 San Miguel Avenue, Mandaluyong City**
Address of principal office
- 1550**
Postal Code
8. **(02) 8632-3000**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding and approximate Debt Outstanding (as of December 31, 2023)
Common Shares	2,383,896,588
Series "2-F" Preferred Shares	223,333,500
Series "2-I" Preferred Shares	169,333,400
Series "2-J" Preferred Shares	266,666,667
Series "2-K" Preferred Shares	183,904,900
Series "2-L" Preferred Shares	165,358,600
Series "2-M" Preferred Shares	173,333,325
Series "2-N" Preferred Shares	100,115,100
Series "2-O" Preferred Shares	<u>187,859,700</u>
TOTAL	3,853,801,780
Total Liabilities	Php1,794,199 million

11. Are any or all of these securities listed on a Stock Exchange?
Yes [☒] No [☐]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange: Common, Series "1" and Series "2" Preferred Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [☒] No [☐]

13. The aggregate market value of the 487,566,769 voting shares held by non-affiliates of the Company as of December 31, 2023 is Php 49,780,567,114.90 (based on the closing price as of December 31, 2023 of Php102.10 per share. The aggregate market value of the 487,642,586 voting shares held by non-affiliates of the Company as of March 31, 2024 is Php53,591,920,201.40 (based on the closing price as of March 31, 2024 of Php109.90 per share).

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are attached and incorporated by reference:

Please refer to annexes referred to and identified in this document.

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

San Miguel Corporation (“SMC”, or the “Parent Company”), together with its subsidiaries (collectively referred to as the “Group”), is one of the largest and most diversified conglomerates in the Philippines by revenues and total assets, with sales equivalent to approximately 6.0% of the Philippine gross domestic product in 2023.

Originally founded in 1890 as a single product brewery in the Philippines, SMC today owns market-leading businesses and investments in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure, cement, property development and leasing, car distributorship, and banking services. SMC has a portfolio of companies that is interwoven into the economic fabric of the Philippines, benefiting from, as well as contributing to the development and economic progress of the nation. The common shares of SMC were listed on the Manila Stock Exchange, now The Philippine Stock Exchange, Inc. (“PSE”) on November 5, 1948.

Since adopting its business diversification program in 2007, SMC has channeled its resources into what it believes are attractive growth sectors, which are aligned with the development and growth of the Philippine economy. SMC believes that continuing this strategy and pursuing growth plans within each business will achieve a more diverse mix of sales and operating income, and better position for SMC to access capital, present different growth opportunities, and mitigate the impact of downturns and business cycles.

SMC, through its subsidiaries and affiliates, has become a market leader in its businesses with 53,184 regular employees and more than 100 production facilities in the Asia-Pacific region as at December 31, 2023. SMC’s extensive portfolio of products include beer, spirits, non-alcoholic beverages (“NAB”), poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products, a full range of refined petroleum products and cement products, most of which are market leaders in their respective markets. In addition, SMC contributes to the growth of downstream industries and sustains a network of hundreds of third-party suppliers.

Through the partnerships it has forged with major international companies, the Group has gained access to the latest technologies and expertise, thereby enhancing its status as a world-class organization.

SMC has strategic partnerships with international companies, among them are Kirin Holdings Company Limited (“Kirin”) for beer, Hormel Netherlands B.V. (“Hormel”) for processed meats, Korea-Water Resources Corporation (“K-Water”) for the power business and Nihon Yamamura Glass Co. Ltd. (“NYG”), Fuso Machine & Mold Manufacturing Co. Ltd. (“Fuso”) and Can Pack SA (“Can-Pack”) for packaging products.

Major developments in the Group are discussed in the Management’s Discussion and Analyses of Financial Position and Financial Performance, attached hereto as Annex “A”, and in Note 5, Investments in Subsidiaries, and Note 11, Investments and Advances, of the Audited Consolidated Financial Statements attached hereto as Annex “B”.

Businesses

Food and Beverage

San Miguel Food and Beverage, Inc., (“SMFB”) is a leading food and beverage company in the Philippines. The brands under which SMFB produce, market, and sell its products are among the most recognizable and top-of-mind brands in the industry and hold market-leading positions in their respective categories. Key brands in the SMFB portfolio include San Miguel Pale Pilsen, San Mig Light and Red Horse for beer; Ginebra San Miguel for gin and VINO Kulafu for Chinese wine; Magnolia for chicken, dairy, ice cream, flour mixes, and salad aids; Monterey for fresh and marinated meats; Purefoods and Purefoods Tender Juicy for branded processed meats; Veega for plant-based protein products; Star and Dari Crème for margarine; and B-Meg for animal feeds.

SMFB has three primary operating divisions - (i) Beer and NAB, (ii) Spirits, and (iii) Food. SMFB operates its Beverage business through San Miguel Brewery Inc. and its subsidiaries (“SMB” or the “Beer and NAB Division”) and Ginebra San Miguel Inc. and its subsidiaries (“GSMI” or the “Spirits Division”). The Food business (the “Food Division”) is operated through several key subsidiaries, including San Miguel Foods, Inc. (“SMFI”), Magnolia Inc., (“Magnolia”) and The Purefoods-Hormel Company, Inc. (“Purefoods-Hormel”), San Miguel Mills, Inc. and San Miguel Super Coffeemix Co., Inc. SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to almost 70 markets worldwide.

Beer and NAB Division

The Beer and NAB Division is the largest producer of beer in terms of both sales and volume in the Philippines, offering a wide array of beer products across various segments and markets. Top beer brands in the Philippines include *San Miguel Pale Pilsen*, *Red Horse*, *San Mig Light*, and *Gold Eagle*. Its flagship brand, *San Miguel Pale Pilsen*, has a history of over 130 years which was first produced by *La Fabrica de Cerveza de San Miguel*, which started as a single brewery producing a single product in 1890 and has evolved through the years to become the diversified conglomerate that is SMC. The Beer and NAB Division also produces NAB such as ready-to-drink tea, ready-to-drink juice, and carbonates.

SMB markets its beer products under the following brands: *San Miguel Pale Pilsen*, which is SMB’s flagship brand, *Red Horse*, *Red Horse Super*, *San Mig Light*, *San Miguel Flavored Beer*, *San Miguel Super Dry*, *San Miguel Premium All-Malt*, *San Miguel Cerveza Negra*, *San Miguel Cerveza Blanca*, *San Mig Zero*, and *Gold Eagle*. SMB also exclusively distributes *Kirin Ichiban* in the Philippines. SMB also produces *San Mig Free*, an alcohol-free, non-fermented beverage with no added caloric and non-caloric sweeteners, as well as *San Mig Hard Seltzer*, an easy-to-drink alcoholic beverage made from sparkling water with alcohol in citrus mix flavor.

SMB's NAB business portfolio includes *Cali*, a sparkling non-alcoholic drink, *Magnolia Healthtea* (ready-to-drink tea), *Magnolia Fruit Drink* (ready-to-drink juice), *Magnolia Flavored Water* (still flavored water).

San Miguel Brewing International Limited and its subsidiaries ("SMBIL") also offer the *San Miguel Pale Pilsen* and *San Mig Light* brands in Hong Kong, China, Thailand, Vietnam, Indonesia and most export markets, and *Red Horse* in Thailand, China, Hong Kong, Vietnam and selected export markets, in addition to locally available brands: *Valor* and *Blue Ice* (Hong Kong), *Dragon* (South China), *W1N Bia* (Vietnam), and *Anker* and *Kuda Putih* (Indonesia).

SMBIL also sells a portfolio of specialty beers including *San Mig Zero* in Thailand, *San Miguel Flavored Beer* in Vietnam, Taiwan and the United States, *San Miguel Cerveza Negra* in Hong Kong, China, Vietnam, Indonesia, Thailand, United States, South Korea and Taiwan, as well as *San Miguel Cerveza Blanca* in Hong Kong, Thailand, Vietnam, South Korea, Singapore and Taiwan, and has recently rolled-out the limited edition *San Miguel Chocolate Lager* in Thailand, Taiwan, Hong Kong and Vietnam.

Meanwhile, as part of its NAB portfolio, SMBIL also carries *San Miguel NAB* in Korea and Saudi Arabia as well as *San Miguel Flavored NAB*.

Spirits Division

The Spirits Division is a leading spirits producer in the Philippines and the largest gin producer internationally by volume. It is the market leader in gin and Chinese wine in the Philippines. GSMI produces some of the most recognizable spirits in the Philippine market, including gin, Chinese wine, brandy, vodka, rum and other spirits. Ginebra traces its roots to a family-owned Spanish era distillery that introduced the *Ginebra San Miguel* brand in 1834. The distillery was then acquired by La Tondeña Incorporada in 1924, and thereafter by SMC in 1987 to form La Tondeña Distillers, Inc. In 2003, it was renamed to Ginebra San Miguel Inc. in honor of the pioneering gin brand.

GSMI has a diverse product portfolio that caters to the varied preference of the local market. Core brands *Ginebra San Miguel*, *GSM Blue* and *Vino Kulafu*, the leading brands in the gin and Chinese wine categories, accounted for 99% of GSMI's total revenues. The other products that complete the liquor business of GSMI comprise about 1% of its total revenues. These products are available nationwide while some are exclusively exported to select countries.

GSMI products are exported to markets with high concentration of Filipino communities such as the United Arab Emirates, Taiwan, India, Cayman Islands, New Zealand, Hong Kong, Saipan, Macau and the United States of America. It also produces certain brands that are for export only, which includes *Tondeña Manila Rum* and *Añejo Rum 5 Years*.

With the onset of the Corona Virus Disease 2019 (COVID-19) pandemic in early March 2020, GSMI pivoted its production facilities to produce disinfecting 70% ethyl alcohol and donated over 1.3 million liters around the country. In the third quarter of 2020, GSMI commercially launched *San Miguel Ethyl Alcohol* to provide supply of disinfectant alcohol in the local market as well as help stabilize the price.

Food Division

The Food Division holds market-leading positions in many key food product categories in the Philippines and offers a broad range of high-quality food products and services to household, institutional and food service customers. The Food Division has some of the most recognizable brands in the Philippine food industry, including *Magnolia* for chicken, ice cream, flour mixes and salad aids, *Monterey* for fresh and marinated meats, *Purefoods Tender Juicy* for hotdogs, *Purefoods* for other refrigerated processed meats, ready-to-eat cooked meals, canned meats and seafood lines, *Veega* for plant-based

protein food products, *Star* and *Dari Crème* for margarine, *San Mig Coffee* for coffee, and *B-Meg* for animal feeds.

The Food Division has a diversified product portfolio that ranges from branded value-added refrigerated meats and canned meats, ready-to-eat cooked meals, seafood, plant-based protein, butter, margarine, cheese, milk, ice cream, salad aids, flour mixes, and coffee products (collectively “Prepared and Packaged Food”) to integrated feeds (“Animal Nutrition and Health”), to poultry and fresh meats (“Protein”) as well as flour milling, grain terminal handling, foodservice, and international operations (“Others”).

The key operating segments, products, brands and services for each of the primary businesses of the Food Division are as follows:

- a) **Prepared and Packaged Food** – The Prepared and Packaged Food business includes refrigerated meats, canned meats, ready-to-eat meals, dairy, ice cream, spreads, salad aids, and coffee. The major operating subsidiaries for the Prepared and Packaged Food segment are Purefoods-Hormel, Magnolia and San Miguel Super Coffeemix Co., Inc. (“SMSCCI”). Purefoods-Hormel, a 60:40 joint venture with Hormel Netherlands, B.V. produces and markets value-added refrigerated processed meats and canned meat products. The joint venture agreement, which was entered into in 1998 sets out the parties’ agreement as shareholders of Purefoods-Hormel, including, among others, provisions on technical assistance and sharing of know-how, the use of trademarks, fundamental matters requiring shareholders or Board approval, exclusivity covenants, and restrictions on the transfer of Purefoods-Hormel shares.

Value-added refrigerated meats include hotdogs, nuggets, bacon, hams, ready-to-eat meal and meat free products, which are sold under the brand names *Purefoods*, *Purefoods Tender Juicy*, *Star*, *Higante*, *Purefoods Beefies*, *Vida*, *Purefoods Nuggets*, *Purefoods Ready-to Eat* and *Veega*. Canned meats, such as corned beef, luncheon meats, sausages, sauces, meat spreads and ready-to-eat viands, are sold under the *Purefoods*, *Star* and *Ulam King* brands.

The dairy and spreads business, primarily operated through Magnolia, manufactures and markets a variety of bread spreads, milk, ice cream, salad aids and flour mixes. Bread spreads include butter, refrigerated and non-refrigerated margarine and cheese sold primarily under the *Magnolia*, *Dari Crème*, *Star*, and *Cheezee*, *Quickmelt*, *Daily Quezo*, and *Buttercup* brands. Dairy products under the *Magnolia* brand include ready-to-drink milk, *Magnolia Fresh Milk* and *Chocolait*, *Gold Label* ice cream and all-purpose cream. Flour mixes and salad aids like mayonnaise, sandwich spreads and dressings, are likewise marketed and sold under the *Magnolia* brand. The margarine brands, *Star* and *Dari Crème*, established in 1931 and 1959 respectively, were acquired in the 1990s. Magnolia previously marketed jelly-based snacks under the *JellyYace* brand, until said trademark and other trademarks used in the jelly-based snacks business were divested in May 2021. Moreover, Magnolia also used to manufacture and sell biscuits under the *La Pacita* brand until it ceased operations at its manufacturing facility in October 2021. The *La Pacita* brand and other trademarks used in the biscuits business were divested in March 2023.

The coffee business under SMSCCI is a 70:30 joint venture between SMFB and a Singaporean partner, Jacobs Douwe Egberts RTL SCC SG Pte. Ltd., formerly Super Coffee Corporation Pte. Ltd. SMSCCI imports, packages, markets, and distributes coffee mixes in the Philippines.

- b) **Animal Nutrition and Health** - The Animal Nutrition and Health segment produces integrated feeds and veterinary medicines. The operating subsidiary for the Animal Nutrition and Health segment is SMFI. Commercial feed products include hog feeds, layer feeds, broiler feeds, gamefowl feeds, aquatic feeds, branded feed concentrates, and specialty and customized feeds. These feeds are sold and marketed under various brands such as *B-Meg*, *B-Meg Premium*, *Integra*, *Expert*, *Dynamix*, *Essential*, *Pureblend*, *Bonanza* and *Jumbo*. SMFI likewise produces and sells dog

food under the *Nutri Chunks* brand, as well as various veterinary medicines and preparations under *San Miguel Animal Health Care*.

- c) **Protein** - SMFI is also the operating subsidiary for the business' Protein segment, which sells poultry and fresh meats products. The poultry business operates a vertically-integrated production process that spans from broiler breeding to producing and marketing chicken products, primarily for retail. Its broad range of chicken products is sold under the *Magnolia* brand, which includes fresh-chilled or frozen whole and cut-up products. A wide variety of fresh and easy-to-cook products, such as those under the brand *Magnolia Chicken Timplados*, are sold through *Magnolia Chicken Stations*. The poultry business also sells customized products to foodservice and export clients, supplies supermarket house brands, serves chicken products to wet markets through distributors, and sells live chickens to dealers.

The fresh meats business breeds, grows and processes hogs and trades beef and pork products. Its operations include breeding, growing, and slaughtering live hogs and processing beef and pork carcasses into primal and sub-primal meat cuts. These specialty cuts and marinated products are sold in neighborhood meat shops under the well-recognized *Monterey* brand name.

- d) **Others** - Flour milling, the manufacture and marketing of premixes and baking ingredients, foodservice and international operations are categorized under Others. The bulk of this segment is accounted for by the flour milling business and grain terminal operation.

The flour milling segment operates under San Miguel Mills, Inc. ("SMMI"). SMMI owns Golden Bay Grain Terminal Corporation, which provides grain handling services (e.g. unloading, storage, bagging, and outloading) to clients, and Golden Avenue Corp., which holds investment in real properties.

The flour milling segment offers a variety of flour products that includes bread flour, noodle flour, biscuit and cracker flour, all-purpose flour, cake flour, whole wheat flour, customized flour, and flour premixes, such as pancake mix, cake mix, brownie mix, *pan de sal* mix, and *puto* (or rice cake) mix. The business pioneered the development of customized flours for specific applications, such as noodles and *pan de sal*, a soft bread commonly eaten in the Philippines for breakfast. Flour products are sold under brand names which enjoy strong brand loyalty among its institutional clients and other intermediaries, such as bakeries and biscuit and noodle manufacturers.

The Food Division currently has operations in Vietnam. San Miguel Foods Investment (BVI) Limited, which operates San Miguel Pure Foods (Vn) Co., Ltd. ("SMPFVN"), is a wholly-owned subsidiary of San Miguel Foods International, Limited. It is in the business of production and marketing of processed meats which are sold under the *Le Gourmet* brand. PT San Miguel Foods Indonesia is a 75:25 joint venture with PT Hero Intiputra of Indonesia, and engaged in the production and sale of processed meats sold under the *Farmhouse* and *Vida* brands, until it ceased operations on October 31, 2021.

The foodservice segment of the Food Division is handled by Great Food Solutions ("GFS"), a group under SMFI. GFS, which services institutional accounts such as hotels, restaurants, bakeshops, fast food, and pizza chains, was established in 2002 and is one of the largest foodservice providers in the Philippines. It markets and distributes foodservice formats of the value-added meats, dairy, flour and coffee businesses. In turn, GFS receives a development fee from these businesses for selling their products to foodservice institutional clients.

Below is a list of the major food and beverage subsidiaries as of December 31, 2023:

San Miguel Food and Beverage, Inc. and subsidiaries [including San Miguel Brewery Inc. and subsidiaries (including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary, and San Miguel Brewing International Limited and subsidiaries {including San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Jakarta Tbk. and subsidiary, San Miguel (Baoding) Brewery Co., Ltd.*, San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited}); Ginebra San Miguel Inc. and subsidiaries (including Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., Ginebra San Miguel International, Ltd., GSM International Holdings Limited, Global Beverage Holdings Limited and Siam Holdings Limited.); and San Miguel Foods, Inc. and subsidiaries, San Miguel Mills, Inc. and subsidiaries, Magnolia Inc. and subsidiary, The Purefoods-Hormel Company, Inc., San Miguel Super Coffeemix Co., Inc., PT San Miguel Foods Indonesia, San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, and San Miguel Pure Foods (VN) Co., Ltd.]

**Ceased operations in March 2020 and is in the process of liquidation.*

Packaging

The packaging business began operations in 1938 with the establishment of a glass plant that supplied glass bottles for the beer and non-alcoholic beverage products of SMC. Collectively called as the Packaging Group, the business is comprised of San Miguel Yamamura Packaging Corporation ("SMYPC"), San Miguel Yamamura Packaging International Limited ("SMYPIL") and their respective subsidiaries which are both joint venture companies of SMC and NYG, SMC Yamamura Fuso Molds Corp. ("SYFMC"), the only manufacturer of glass and plastics molds in the country and a joint venture between SMYPC and Fuso, Can Asia, Inc. ("CAI"), a pioneer in the production of two-piece aluminum cans, Wine Brothers Philippines Corporation, involved in the sale and distribution of wine products and Mindanao Corrugated Fireboard, Inc. ("Mincorr"), a manufacturer of paper corrugated carton.

SMYPC owns all the domestic plants of the Packaging Group, except the corrugated carton plant Mincorr, which is 100% owned by SMC. Mincorr is, nevertheless, being managed by SMYPC.

The Packaging Group manages one of the largest packaging operations in the Philippines with diversified businesses producing glass, molds, metal and plastic closures, aluminum cans, plastic bottles, pallets and crates, flexibles, paper, and other packaging products that offer a total packaging solution. The Packaging Group also provides services such as beverage filling for Polyethylene Terephthalate ("PET") bottles, aluminum cans, and glass bottles, pallet leasing, and logistics services.

It is the major provider of packaging requirements of other business units of SMC and a supplier of its products to customers, which include major multinational corporations in the Philippines, including Coca-Cola Beverages Philippines, Inc., Nestle Philippines, Inc., and Pepsi Cola Products Philippines, Inc.

The Packaging Group also caters to customers across the Asia Pacific region, the United States of America, and Australasia, including San Miguel Beer Breweries in China, Vietnam, Indonesia, and Thailand. Notably, it operates 18 international packaging companies located in China (glass, plastic, paper and trading of packaging products), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags, and radiant/thermal liners), Australia (trading of packaging products, retail/online packaging, cargo protection and materials handling products, plastic manufacturing, wine closures, and wine filling services) and New Zealand (plastic manufacturing and trading of packaging products).

The Packaging Group's businesses are as follows:

- a) **Glass** - The glass business is the Packaging Group's largest business segment. Currently, there are three glass manufacturing facilities, and one glass and PET mold plant in the Philippines, which service the requirements of the beverage, food, pharmaceutical, chemical, personal care, and health care industries.
- b) **Metal** - The metal business manufactures metal caps, crowns, resealable caps, and two-piece aluminum beverage cans for a range of industries that include beer, spirits, soft drinks, condiments, and food. In 2012, SMYPC formed CAI, as a joint venture with CANPACK S.A. ("CANPACK"), to modernize the two-piece aluminum can manufacturing business. In 2018, CAI expanded its product line to offer 180 ml aluminum cans. Utilizing the know-how and technologies of CANPACK on can manufacturing, CAI is now capable to produce aluminum cans and ends in three categories - regular (standard), sleek, and slim cans. CAI operates the pioneer two-piece aluminum can plant in the Philippines.

On September 29, 2022, SMYPC and CANPACK executed a Share Purchase Agreement for the purchase by SMYPC of the 3,500,000 common shares of CANPACK in CAI, giving SMYPC 100% ownership of CAI. To date, CAI is capable of producing six can sizes.

- c) **Plastics** - The plastics business, the second largest business of the Packaging Group, produces crates and pallets, poultry flooring, plastic bottles, PET preforms and bottles, plastic caps and handles to serve the beer, liquor, non-alcoholic beverages, food, pharmaceutical, personal care, petroleum, and industrial applications industries.
- d) **Beverage Filling** - The beverage filling operations is capable of filling beverages in two-piece aluminum cans as well as PET and glass bottles. The business has expanded its capability to include a retort process to serve coffee, milk, and chocolate drinks.
- e) **Paper** - The paper business produces corrugated cartons and partition boxes. It supplies the carton packaging needs of a broad range of manufacturing and agricultural industries.
- f) **Composites/Flexibles** - The composites/flexible packaging business manufactures flexible packaging, plastic films, industrial laminates, trademarked *Envirotuff* radiant barrier and woven bags. Customers for this segment include companies in the food, beverages, personal care, chemical and healthcare industries. It also provides composite materials for various industries including construction, semiconductor, and electronics sectors.

Below is a list of the major domestic and international packaging subsidiaries as of December 31, 2023:

San Miguel Yamamura Packaging Corporation and subsidiaries, SMC Yamamura Fuso Molds Corporation, Can Asia, Inc. and Wine Brothers Philippines Corporation

San Miguel Yamamura Packaging International Limited and subsidiaries [including San Miguel Yamamura Phu Tho Packaging Company Limited, San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited, Foshan San Miguel Yamamura Packaging Company Limited and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., and San Miguel Yamamura Australasia Pty. Ltd. and subsidiaries {including SMYC Pty Ltd and subsidiary, Foshan Cospak Packaging Co Ltd, SMYV Pty Ltd, SMYP Pty Ltd, Cospak Limited, SMYBB Pty Ltd, SMYJ Pty Ltd, Wine Brothers Australasia Pty Ltd and Vinocor Ltd.}]
Mindanao Corrugated Fibreboard, Inc.

Energy

The Energy business, which is conducted through San Miguel Global Power Holdings Corp. ("San Miguel Global Power", formerly SMC Global Power Holdings Corp.), together with its subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling 5,057 MW of combined capacity based on the total installed generating capacities reported by the Energy Regulatory Commission ("ERC") under ERC Resolution No. 02, Series of 2024, dated March 12, 2024 (A resolution Setting the Installed Generating Capacity and Market Share Limitation per Grid and National Grid for 2024). San Miguel Global Power benefits from a diversified power portfolio, including natural gas, coal and renewable energy such as hydroelectric power and battery energy storage systems ("BESS"). This portfolio includes:

- a) the power plants subject of the Independent Power Producer Administration ("IPPA") Agreements with the Power Sector Assets and Liabilities Management Corp. ("PSALM"), specifically the Sual Coal-Fired Thermal Power Plant in Sual, Pangasinan and the San Roque Multipurpose Hydroelectric Power Plant in San Manuel, Pangasinan, the output of which are being administered by Sual Power Inc. ("SPI", formerly San Miguel Energy Corporation) and San Roque Hydropower Inc. ("SRHI", formerly Strategic Power Devt. Corp.), respectively, both wholly-owned subsidiaries of San Miguel Global Power;
- b) the Ilijan Natural Gas Fired Combined Cycle Power Plant in Ilijan, Batangas that was the subject of the IPPA Agreement with PSALM and is now owned by South Premiere Power Corp. ("SPPC"), a wholly-owned subsidiary of San Miguel Global Power, after the expiration of the IPPA Agreement in June 2022;
- c) the Angat Hydroelectric Power Plant in Angat, Bulacan, owned by Angat Hydropower Corporation ("AHC"), whose outstanding capital stock is 60% owned by San Miguel Global Power through its wholly-owned subsidiary, PowerOne Ventures Energy Inc. ("PVEI");
- d) the Masinloc Coal-Fired Power Plant ("Masinloc Power Plant"), and the 10 MWh BESS Project all located in Masinloc, Zambales, owned by Masinloc Power Co. Ltd. ("MPCL", formerly Masinloc Power Partners Co. Ltd.), which was wholly acquired by San Miguel Global Power in March 2018. MPCL also intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical boiler technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each with target completion date in 2025-2026;
- e) the seven BESS facilities of SMGP BESS Power Inc. ("SMGP BESS", formerly Universal Power Solutions, Inc.) in various locations nationwide with a total installed capacity of 220 MWh, which commenced commercial operations in 2023;
- f) the 20 MW BESS facility in Kabankalan, Negros Occidental ("Kabankalan BESS"), owned by SMGP Kabankalan Co. Ltd. ("SMGP Kabankalan", formerly SMCGP Philippines Energy Storage Co. Ltd.), which is contracted under an Ancillary Service Procurement Agreement with the National Grid Corporation of the Philippines ("NGCP") with a term of five years which commenced in January 2022. The capacity of Kabankalan BESS Phase 2 (10 MWh) will be offered in the next round of ancillary services bidding to be conducted by NGCP. Alternatively, the same capacity can be traded as power reserves or ancillary services in the WESM. Both opportunities are anticipated to commence in 2024; and
- g) the greenfield power plants owned and developed by San Miguel Global Power, namely the Circulating Fluidized Bed Coal-Fired Power Plant in Limay, Bataan, (the "Limay Greenfield Power Plant") owned by its wholly-owned subsidiary, Limay Power Inc. ("LPI", formerly SMC Consolidated Power Corporation) and the Circulating Fluidized Bed Coal-Fired Power Plant in Malita, Davao Occidental, (the "Davao Greenfield Power Plant") owned by another wholly-owned subsidiary, Malita Power Inc. ("MPI", formerly San Miguel Consolidated Power Corporation). Units 1, 2, 3 and 4

of the Limay Greenfield Power Plant commenced commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively. Units 1 and 2 of the Davao Greenfield Power Plant commenced commercial operations in July 2017 and February 2018, respectively.

Based on the total installed generating capacities reported by the ERC under ERC Resolution No. 02, Series of 2024, dated March 12, 2024, San Miguel Global Power (together with other affiliates) has combined installed capacity comprising approximately 19.78% of the National Grid, 25.48% of the Luzon Grid, 4.12% of the Visayas Grid and 8.12% of the Mindanao Grid. Market share is computed by dividing the installed generating capacity of San Miguel Global Power with the installed generating capacity of Luzon Grid, Mindanao Grid, Visayas Grid or National Grid (17,961,724 kW, 4,187,838 kW, 3,417,708 kW and 25,567,270 kW, respectively, based on data provided under ERC Resolution No. 02, Series of 2024).

San Miguel Global Power was also issued retail electricity supplier licenses, through LPI and MPCL, which allow it to enter into contracts with contestable customers and expand its customer base.

San Miguel Global Power, through its subsidiaries SPI, SRHI, SPPC, LPI, MPI, SMGP Kabankalan, SMGP BESS and MPCL, sells power through offtake agreements directly to customers, including the Manila Electric Company ("Meralco") and other distribution utilities, electric cooperatives, industrial customers and the NGCP, or through the Wholesale Electricity Spot Market ("WESM").

San Miguel Global Power is currently undertaking the following expansion projects through its subsidiaries:

- a. The Mariveles Greenfield Power Plant, a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities using high efficiency low emission technologies (HELE Technologies) located in Mariveles, Bataan, being developed and constructed through Mariveles Power Generation Corporation ("MPGC"). Unit 1 of the Mariveles Greenfield Power Plant commenced commercial operations on March 28, 2024.
- b. The BESS Project, which is currently undertaken through SMGP Kabankalan, SMGP BESS and MPCL, will provide an additional ~1,000 MWh capacity to the energy business' existing power portfolio. The BESS Project includes the 10 MWh BESS (Phase 1) in Masinloc, Zambales, the 20 MWh (Phase 1) BESS project located in Kabankalan, Negros Occidental which commenced commercial operations in January 2022 and the seven BESS facilities of SMGP BESS with total capacity of 220 MWh that commenced commercial operations in 2023.
- c. Units 4 and 5 of the Masinloc Power Plant with a planned gross installed capacity of 350 MW each will utilize supercritical boiler technology, considered as another expansion project by MPCL after it completed the Unit 3 in September 2020.
- d. The Batangas Combined Cycle Power Plant, a planned 1,320 MW combined cycle power plant in Barangays Ilijan and Dela Paz Proper, Batangas will utilize re-gasified liquefied natural gas ("LNG") as fuel. The LNG power plant project is part of the Energy business' diversification of its power portfolio from the traditional coal technologies and will be constructed through its wholly-owned subsidiary, Excellent Energy Resources Inc. ("EERI").

Below is a list of the major energy subsidiaries as of December 31, 2023:

San Miguel Global Power Holdings Corp. and subsidiaries (including SPI and subsidiary, SPPC, SRHI, San Miguel Electric Corp., SMC PowerGen Inc, SMGP BESS, LPI, MPI, Central Luzon Premiere Power Corp., Prime Electric Generation Corporation and subsidiary, Lumiere Energy Technologies Inc., PVEI, SMCGP Masinloc Power Company Limited, SMCGP Masinloc Partners Company Limited and MPCL, APEC, Oceantech Power Generation and subsidiary, SMGP Kabankalan, EERI, SMC Power Generation Corp., and MPGC)

Fuel and Oil

SMC operates its fuel and oil business through Petron Corporation ("Petron"), which is involved in refining crude oil and marketing and distribution of refined petroleum products mainly in the Philippines and Malaysia. Petron is the largest and only oil refining and marketing company in the Philippines and a leading player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day. Petron participates in the retail (service station), industrial, lube, and liquefied petroleum gas sectors. In addition, Petron is also engaged in non-fuels business by capitalizing on the reacquired Treats convenience stores and earning income from billboards and locators, situated within the premises of the service stations.

Petron owns and manages the most extensive oil distribution infrastructure in the Philippines. Petron has extensive network of around 1,800 retail service stations in the Philippines and more than 750 retail service stations in Malaysia as of December 31, 2023. Petron also exports various petroleum products and petrochemical feedstock, including LSWR, gasoline, diesel, jet fuel, LPG, molten sulfur, naphtha, mixed xylene, benzene, toluene and propylene, to customers in the Asia-Pacific region.

In the Philippines, Petron owns the Petron Bataan Refinery complex located in Limay, Bataan, which is a 180,000 barrel-per day full conversion refinery. The Petron Bataan Refinery is capable of producing a range of all white petroleum products such as LPG, naphtha, gasoline, kerosene, jet fuel and diesel, with no residual fuel oil production. It also produces petrochemical feedstocks benzene, toluene, mixed xylene, and propylene. It has its own product piers and two offshore berthing facilities, one of which can accommodate very large crude oil carriers. Petron also owns a refinery in Malaysia with a capacity of 88,000 barrels per day, a palm oil methyl ester plant with an annual capacity of 78,000 metric tons and 10 product terminals, with presence in the airport segment through a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport.

Below is a list of the fuel and oil subsidiaries as of December 31, 2023:

Petron Corporation and subsidiaries [including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte., Ltd., Petron Global Limited, Petron Oil & Gas Mauritius Ltd. and subsidiary, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited and subsidiaries]
SEA Refinery Corporation

Infrastructure

The infrastructure business, conducted through San Miguel Holdings Corp. doing business under the name and style of SMC Infrastructure ("SMHC"), consists of investments in companies that hold long-term concessions in the infrastructure sector in the Philippines. Current operating toll roads include the South Luzon Expressway ("SLEX"), SLEX Elevated Extension, Skyway Stages 1, 2 and 3, the Southern Tagalog Arterial Road ("STAR"), Tarlac-Pangasinan-La Union Toll Expressway ("TPLEX") and NAIA Expressway ("NAIAX"). Ongoing projects include Skyway Stage 4, the extension of SLEX - Toll Road 4 ("SLEX TR4"), SLEX - Toll Road 5 ("SLEX TR5"), Pasig River Expressway ("PAREX"), Southern Access Link Expressway ("SALEX"), Northern Access Link Expressway ("NALEX"), Metro Rail Transit Line 7 ("MRT-7"), and Manila International Airport ("MIA"). It also operates and is currently expanding the Boracay Airport and has investments in Manila North Harbour Port Inc. (MNHPI) and Luzon Clean Water Development Corporation ("LCWDC") for the Bulacan Bulk Water Supply Project.

SLEX / Skyway Stages 1 and 2 / SLEX Elevated Extension

As of March 5, 2015, SMHC has a 95% stake in Atlantic Aurum Investments B.V. ("AAIBV"), a company which has the following shareholdings:

- 80.0% stake in SMC SLEX Inc. through SMC SLEX Holdings Company Inc., a wholly-owned subsidiary of AAIBV. SMC SLEX Inc. holds the 30-year concession rights to the SLEX TR1 - TR3, which currently spans 36.1 kilometers (km) from Alabang, Muntinlupa to Sto. Tomas, Batangas, and SLEX TR4, which runs a total length of 66.74 km that will extend the current SLEX alignment from Sto. Tomas, Batangas to Lucena City, Quezon. SLEX is one of the three major expressways that link Metro Manila to the key southern provinces of the Philippines, including Cavite, Laguna, Batangas, Rizal and Quezon ("CALABARZON"). AAIBV also holds 87.84% beneficial ownership in SMC Skyway Corporation, through SMC Tollways Corporation, a wholly-owned subsidiary of AAIBV. SMC Skyway Corporation holds the 30-year concession rights to construct, operate and maintain the 29.59 km Skyway Stage 1 and 2 Project. The Skyway Extension connects the Skyway Elevated Section from Sucat to Susana Heights in SLEX, providing direct access to and from the elevated section of the Skyway by adding new elevated lanes, three northbound (4.070 km) and two southbound (3.981 km). The project aims to decongest traffic along SLEX heading to Alabang and the Alabang viaduct.

STAR Tollway

SMHC, through Cypress Tree Capital Investments, Inc. ("CTCI") has an effective 100% interest in Star Infrastructure Development Corporation ("SIDC"). SIDC holds the 35-year Build-Transfer-Operate ("BTO") concession rights of the STAR Project consisting of: Stage 1 - operation and maintenance of the 22.16 km toll road from Sto. Tomas to Lipa City; and Stage 2 - financing, design, construction, operation and maintenance of the 19.74 km toll road from Lipa City to Batangas City.

TPLEX

SMHC, through its subsidiary, SMC TPLEX Holdings Company Inc., owns a 72.55% equity interest in SMC TPLEX Corporation ("SMC TPLEX"). SMC TPLEX is a company which holds the 35-year BTO concession rights to construct, operate and maintain an 89.21 km toll expressway from La Paz, Tarlac, through Pangasinan, to Rosario, La Union. The stretch from Tarlac to Pozzorbio, Pangasinan has been operational since December 2017. The last phase from Pozzorbio to Rosario, La Union was completed and has been operational since July 15, 2020.

NAIAX

On May 31, 2013, SMHC incorporated SMC NAIAX Corporation ("SMC NAIAX"). SMC NAIAX, a company that holds the 30-year BTO concession rights for the construction and operation of the NAIAX – a four-lane elevated expressway with end-to-end distance of 5.46 km that provides access to NAIA Terminals 1, 2 and 3. NAIAX connects to the Skyway system, the Manila-Cavite Toll Expressway (CAVITEX) and the Entertainment City of the Philippine Amusement and Gaming Corporation. NAIAX became fully operational in July 2017.

Skyway Stage 3

On February 28, 2014, SMHC through AAIBV incorporated Stage 3 Connector Tollways Holdings Corp. ("S3CTHC"), which holds an 80% ownership interest in SMC Skyway Stage 3 Corporation. SMC Skyway Stage 3 Corporation holds the 30-year concession rights to design, finance and construct the Skyway Stage 3, an elevated roadway with a total length of approximately 17.93 km from Buendia Avenue in Makati to Balintawak, Quezon City and is connected to the existing Skyway Stages 1 and 2. Skyway Stage 3 inter-connects the northern and southern cities of Metro Manila to help decongest traffic within the National

Capital Region and stimulate the growth of trade and industry in Luzon, outside of Metro Manila.

On March 15, 2016, AAIBV transferred its 100% ownership interest in S3CTHC to SMC Tollways Corporation, its 100% wholly owned subsidiary.

On April 16, 2019, a stockholder of SMC Skyway Stage 3 Corporation issued a waiver on its pre-emptive right to subscribe to 10% interest in favor of S3CTHC. As a result, S3CTHC's ownership interest in SMC Skyway Stage 3 Corporation increased to 90%.

End-to-end alignment (main alignment) was completed and partially opened on December 29, 2020. The Skyway Stage 3 Project was formally inaugurated and opened to motorists on January 14, 2021. The Notice to Collect Toll was received last July 1, 2021 from the Toll Regulatory Board of the Department of Transportation.

Skyway Stage 4 Project

SMHC, through its subsidiary, SMC Infraventures Inc., owns a 80.01% equity interest in SMC Skyway Stage 4 Corporation. SMC Skyway Stage 4 Corporation holds the concession right to construct Skyway Stage 4, a proposed tollable length of 34.81-km roadway from South Metro Manila Skyway to Batasan Complex, Quezon City. Skyway Stage 4 will serve as another expressway system that aims to further decongest EDSA, C5 and other major arteries of the Metropolis. Further, it aims to provide a faster alternate route and accessibility to the motorist when travelling from the provinces of CALABARZON area to the Metropolis. The project has a concession period of 30 years (from issuance of TOC for each Phase).

Boracay Airport

SMC, through the 99.92% interest of SMHC in Trans Aire Development Holdings Corp. ("TADHC"), is undertaking the expansion of Boracay Airport under a 25-year Contract-Add-Operate-and-Transfer concession granted by the Republic of the Philippines ("ROP"), through the Department of Transportation and Communications (now the Department of Transportation). Boracay Airport is the principal gateway to the Boracay Island, a popular resort for passengers traveling from Manila. The airport has seen recent upgrades including a longer runway and accommodation of international flights.

MRT-7

In October 2010, SMC, through SMHC, acquired a 51.0% stake in Universal LRT Corporation (BVI) Limited ("ULC BVI"), which holds the 25-year Build-Gradual Transfer-Operate-Maintain concession for MRT-7. MRT-7 is a planned expansion of the metro rail system in Manila which mainly involves the construction of a 22-km mass rail transit system with 14 stations that will start from San Jose del Monte City in Bulacan and end at the integrated LRT-1 / MRT-3 / MRT-7 station at North EDSA. The project also involves a 22-km six lane asphalt highway that will connect the North Luzon Expressway to an intermodal transport terminal in San Jose del Monte City, Bulacan.

As of July 1, 2016, SMC, through SMHC already holds 100% ownership in ULC BVI.

On December 12, 2016, the ROP through the Department of Transportation, gave its consent to the assignment of all the rights and obligations of ULC BVI under the Concession Agreement to SMC Mass Rail Transit 7, Inc. ("SMC MRT 7"). SMC through SMHC owns 100% of SMC MRT 7.

MNHPI

SMC through SMHC owns 50% of MNHPI as at December 31, 2023. MNHPI is the terminal operator of Manila North Harbor, a 60.96-hectare port facility situated at Tondo, City of Manila. The port has a total berth length of 5,758 meters and 36 berths which can accommodate all types of vessels such as containerized and non-container type vessels. Under the Contract for the Development, Management, Operation and Maintenance of the

Manila North Harbor entered with the Philippine Ports Authority on November 19, 2009, the Philippine Ports Authority awarded MNHPI the right to manage, operate, develop, and maintain the Manila North Harbor for 25 years, renewable for another 25 years. MNHPI commenced operations on April 12, 2010.

Bulacan Bulk Water Supply Project

The Bulacan Bulk Water Supply Project aims to provide clean and potable bulk water supply to the province of Bulacan that is environmentally sustainable and with a price that is equitable. The project also aims to help various water districts in Bulacan to meet the increasing water demand of consumers, expand its current service area coverage and increase the number of households served by providing a reliable source of treated bulk water. SMC through SMHC owns 90% of LCWDC, which will serve as the concessionaire for a period of 30 years (inclusive of the two-year construction period). Stage 1 of this project was completed in January 2019 and started supplying potable bulk water to seven Water Service Providers (San Jose del Monte, Marilao, Meycauayan, Obando, Bocaue, Balagtas and Sta. Maria) as of the first quarter of 2019. Stage 2 was completed and started its commercial operations for the other five Water Service Providers (Plaridel, Guiguinto, Bulakan, Malolos and Calumpit) in April 2019.

MIA Project

On September 18, 2019, San Miguel Aerocity Inc. doing business under the name and style of “Manila International Airport” (“SMAI”), signed a Concession Agreement (“CA”) with the Department of Transportation for the development of MIA. MIA will be governed by a 50-year CA (from issuance of Certificate of Substantial Completion) with the ROP and will be built under a Build-Operate-Transfer (“BOT”) framework. The project, which will be located in a 2,500-hectare property in Bulakan, Bulacan, will provide a long-term solution to air connectivity between the Philippines and the rest of the world.

On January 15, 2021, the CA was further enhanced by Republic Act No. 11506 entitled, “An Act Granting San Miguel Aerocity Inc. a Franchise to Construct, Develop, Establish, Operate, and Maintain a Domestic and International Airport in The Municipality of Bulakan, Province of Bulacan, and to Construct, Develop, Establish, Operate, And Maintain An Adjacent Airport City” (the Legislative Franchise). The Legislative Franchise gives SMAI tax exemptions (in general) during the development and operations stages of the project and the power to acquire any private lands forming part of the project. On January 21, 2021, SMAI formally accepted the incentives and obligations under the Legislative Franchise.

MIA will be developed in phases with an initial capacity of 35 million annual passengers (“MAP”) and ultimate capacity of 100 MAP, once fully complete. The airport shall primarily be linked by an 8-km toll road to Metro Manila via the North Luzon Expressway, with an integrated multi-modal transport network in the development pipeline.

PAREX Project

PAREX is a joint venture project between the Philippine National Construction Corporation (PNCC) and SMHC. SMHC, through its subsidiary, Pasig River Expressway Corporation, together with the Department of Public Works and Highways, Department of Transportation, and Toll Regulatory Board, signed on September 21, 2021 the Supplemental Toll Operations Agreement (STOA) for the financing, construction, operation and maintenance of the PAREX, an elevated and hybrid 19.37-km expressway, that would pass along the banks of Pasig River from Manila to Taguig. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

SLEX TR5 Project

SLEX TR5, also known as the Quezon-Bicol Expressway, is a 420-km two-lane each direction, toll road project which starts from SLEX TR4 in Brgy. Mayao, Lucena City, Quezon, and ends at Matnog, Sorsogon, near the Matnog Ferry Terminal. The four-lane expressway project shall consist of eight segments: Lucena to Gumaca, Quezon (59.60 kms), Gumaca to

Tagkawayan, Quezon (62.40 kms), Tagkawayan to Sipocot, Camarines Sur (59.00 kms), Sipocot to Naga City, Camarines Sur (35.40 kms), Naga City to Polangui, Albay (48.00 kms), Polangui to Legaspi City, Albay (35.00 kms), Legaspi to Sorsogon City, Sorsogon (54.30 kms), and Sorsogon City to Matnog, Sorsogon (62.78 kms). Centered on the proposal submitted by the joint venture of PNCC and SMHC, the SLEX TR 5 was officially designated as a certified toll road project in a TRB resolution dated June 29, 2020. The STOA was signed on June 3, 2022. The project has a concession period of 30 years (from the period of the Toll Operation Certificate).

NALEX Project

NALEX is a 136.4-km toll expressway that aims to connect the MIA, Metro Manila, and Central Luzon. The project is composed of two phases: Phase 1, divided into Section 1 (Skyway Stage 3 Balintawak to MIA), and Section 2 (MIA to Tarlac City and TPLEX), and Phase 2 that runs from Masantol, Pampanga to Tarlac City. The Phase 1 Section 1 is a 19.4-km elevated toll road that begins at Skyway Stage 3 to Balintawak and ends at MIA while the project's Phase 1 Section 2 is an at-grade expressway that runs from MIA to Tarlac City and TPLEX. NALEX Phase 1 shall have a total of 117-km toll road divided into three segments: Bulacan-Guagua (41 km), Guagua-Mabalacat (31 km), and Malabacat-Tarlac (45 km), with 8 interchanges/exits in total. On the other hand, NALEX Phase 2 is a 69.2 km toll road divided into 2 segments: Macabebe-Arayat, and Arayat-Tarlac. This will be a demand-driven expansion that will serve as an alternate route for Phase 1 Section 2. The project intends to provide a more accessible and convenient route from Metro Manila and Central Luzon to MIA, and vice versa.

NALEX is a joint venture project between SMHC and PNCC. On March 21, 2022, the STOA for the financing, construction, operation, and maintenance of the NALEX was signed between the TRB and SMHC. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

SALEX Project

SALEX is a 40.65 km toll elevated expressway network comprising of Section 1: C3-R10 Extension, Section 2 Segment 1: Shoreline Expressway, Section 2 Segment 2: Quirino Extension, and Section 2 Segment 3: Buendia Extension. Section 1 (4.52 km) is a four-lane elevated structure connecting MMSS3 at Sgt. Rivera in Quezon City to Shoreline Expressway at R-10. Section 2 Segment 1 (25.29 km), an elevated six-lane expressway, is the main spine along Manila Bay that will link MMSS3 and PAREX with Shoreline Expressway. It will begin at a connection with NALEX and runs south until it joins PAREX at Delpan Bridge, where it breaks. It will start again from PAREX at Ayala Bridge until it reaches Manila Cavite Toll Expressway (MCTEX) and NAIAX. Section 2 Segment 2, an elevated four-lane structure, starts from the intersection of Quirino Avenue and Osmeña Highway and ends at its connection with the Shoreline Expressway along Roxas Boulevard. Section 2 Segment 3, an elevated four-lane structure, is a vital link of NAIAX with Shoreline Expressway and Makati Central Business District at Buendia Avenue.

SALEX is a joint venture project between the PNCC and SMHC. The execution of the STOA for the financing, construction, operation and maintenance of the SALEX was signed on June 20, 2022. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

Pangasinan Link Expressway ("PLEX")

PLEX, a 76.80-km unsolicited expressway proposal, is a joint venture between the Provincial Government of Pangasinan and SMHC. The project is composed of two phases: Phase 1, which runs from the Binalonan section of TPLEX to Lingayen, and Phase 2, which extends from Lingayen to Alaminos. PLEX's Phase 2 will be implemented once the traffic demand is met/upon reaching a certain level of traffic. This project aims to improve the intra-provincial traffic and create a more accessible route within the province of Pangasinan.

The Original Proponent Status and Certificate of Successful Negotiations was granted by the Province of Pangasinan to SMHC last May 18, 2023. The Notice of Award was signed and issued on July 10, 2023.

Cavite-Batangas Expressway ("CBEX")

The Cavite-Batangas Expressway, a 27.06-km unsolicited toll road project, is a joint venture between the Provincial Government of Cavite and SMHC. It is a four-lane expressway which begins with a connection to Cavite-Laguna Expressway (CALAX) in Silang, Cavite and travels southwest parallel with the Emilio Aguinaldo Highway and ends at Tagaytay-Nasugbu Highway. It will traverse the municipalities of Silang, Amadeo, Tagaytay, Indang, Mendez, Alfonso in Cavite and Nasugbu, Batangas, and will have three access/interchange points in Silang, Tagaytay, and Nasugbu/Alfonso. This project aims to provide an additional highway that will help mitigate the road congestion in CALABARZON.

The Original Proponent Status and Certificate of Successful Negotiations was signed on September 1, 2022. The Notice of Award was signed and granted on January 24, 2023. On February 7, 2023, the Joint Venture Agreement and the Toll Concession Agreement was signed between the Provincial Government of Cavite and SMHC.

Nasugbu-Bauan Expressway ("NBEX")

NBEX is a 60.9-km toll road project that aims to ease congestion and create a more accessible route in the southeast part of Luzon. The project alignment begins at Tagaytay-Nasugbu Highway in Brgy. Kaylaway, runs parallel with the Tuy-Balayan Highway up to the Municipality of Balayan, then runs parallel with the Palico-Balayan-Batangas Road and ends at the Municipality of Bauan. This four-lane expressway will connect the municipalities of Nasugbu, Tuy, Balayan, Calaca, Lemery, Agoncillo, Taal, San Nicolas, Santa Teresita, San Luis and Bauan. There will be five access/interchange points in (1) Nasugbu (Kaylaway), (2) Nasugbu, (3) Balayan, (4) Lemery, and (5) Bauan.

The NBEX is a joint venture between the Provincial Government of Batangas and SMHC. The Certificate of Acceptance was signed on April 21, 2022, and its Notice of Award was signed on March 10, 2023. On March 22, 2023, the Joint Venture agreement was signed between the parties. The Toll Concession Agreement of this project was signed on July 31, 2023.

Below is a list of the major infrastructure subsidiaries as of December 31, 2023:

San Miguel Holdings Corp. doing business under the name and style of SMC Infrastructure and subsidiaries [including SMC TPLEX Holdings Company, Inc. and subsidiary, SMC TPLEX Corporation, TPLEX Operations & Maintenance Corp., Trans Aire Development Holdings Corp., SMC NAIAX Corporation, Universal LRT Corporation (BVI) Limited, SMC Mass Rail Transit 7 Inc., ULCOM Company, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Luzon Clean Water Development Corporation, Alloy Manila Toll Expressways Inc., Intelligent E-Processes Technologies Corp., Pasig River Expressway Corporation, SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway Inc., San Miguel Aerocity Inc. doing business under the name and style of "Manila International Airport", Wiselink Investment Holdings, Inc. and subsidiary, Cypress Tree Capital Investments, Inc. and subsidiaries, {including Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group)}, Atlantic Aurum Investments B.V. and subsidiaries {including SMC Tollways Corporation and subsidiaries [including Stage 3 Connector Tollways Holding Corporation and subsidiary, SMC Skyway Stage 3 Corporation, SMC Skyway Corporation and subsidiary, Skyway O&M Corporation], SMC SLEX Holdings Company Inc. and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc.}].

Cement

The Cement business is conducted under San Miguel Equity Investments Inc. ("SMEI") through the following subsidiaries:

Northern Cement Corporation ("NCC")

NCC has more than 50 years of cement production and domestic sales experience, mainly, in the Central Luzon (Region 3), and North Luzon (Regions 1 and 2) markets. It manufactures Type 1, Type 1T and Type N cement, the major cement products in the industry.

NCC was incorporated and registered with the SEC on February 10, 1967. From the commencement of its operations on February 1970 in Sison, Province of Pangasinan, it has been engaged in the business of manufacturing, developing, processing, exploiting, buying and selling cement and/or other allied products. NCC has an existing Mineral Production Sharing Agreement ("MPSA") with the Philippine Government granted through the Department of Environment and Natural Resources ("DENR") on March 12, 1998, and was renewed by the DENR for another 25 years, or until the year 2048. The MPSA covers a contract area of 630.4978 hectares within Sison, Pangasinan.

Presently, NCC owns and operates three dry-process rotary kilns and three finish mills. Collectively, the existing production facilities have annual rated capacity of 4.565 million metric tons per year ("MTPY") of finished cement, or 114 million 40-kg bags. The raw materials used in its cement manufacturing process are generally a mixture of quarried materials - limestone, shale and gypsum. Additionally, the construction of a fourth cement production line is ongoing. With the completion of four lines, NCC is projected to have an overall capacity of 6.93 million MTPY of finished cement, or 173 million 40-kg bags.

The additional supply of cement is targeted to meet the strong demand in Northern Luzon (Region 1 and Region 2), the Cordillera Administrative Region (CAR), and Central Luzon (Region 3).

Southern Concrete Industries, Inc. ("SCII")

SCII, a wholly-owned subsidiary of SMEI, recently completed the construction of its cement grinding plant in Santa Cruz, Province of Davao del Sur. Its world class equipment is capable of producing 2 million MTPY while minimizing impact to the environment. SCII declared its full commercial operations in May 31, 2023. Prior to its commercial operations, SCII commenced its promotional trial campaign and distribution activities simultaneous with the completion of the commissioning stage of its plant.

Eagle Cement Corporation ("ECC")

On December 14, 2022, SMC through SMEI completed the acquisition of 99.9581% of the total outstanding common shares of ECC.

ECC was incorporated in the Philippines and registered with the SEC on June 21, 1995. It is now the third largest player in the Philippine cement industry, with the fastest growing market share amongst all competitors since it started its commercial operations in 2010. ECC currently distributes Blended (Type 1P/Type 1T) and OPC (Type 1) cement products in the National Capital Region, Regions I, II, III and 4A.

ECC has the newest, state-of-the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan and a grinding and packaging facility in Limay, Bataan. The plant is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of ECC.

ECC through its subsidiary, holds MPSA covering mining areas in San Ildefonso, Bulacan where it operates a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant. Bulk of its production are used as input in ECC's cement production.

ECC also has a subsidiary engaged in the business of manufacturing, sale and distribution of fly-ash, bottom ash, hi carbon and other by-products.

Below is a list of the major cement subsidiaries as of December 31, 2023:

San Miguel Equity Investments Inc. and subsidiaries [including Northern Cement Corporation, Southern Concrete Industries, Inc and Eagle Cement Corporation and subsidiaries]

Real Estate

Established in 1990 as the corporate real estate arm of SMC, San Miguel Properties Inc. ("SMPI") is aiming to be one of the major players in the property sector through mixed-use developments. SMPI is 99.98% owned by SMC and is primarily engaged in the development, sale and lease of real property. SMPI is also engaged in leasing and managing the real estate assets of SMC.

Moving forward, SMPI is creating more synergies with its business units and is looking at developing quality residential, commercial and industrial developments.

The first project of SMPI was the SMC Head Office Complex, now considered as a landmark, which has served as a catalyst in transforming the area now known as the Ortigas Central Business District.

Cavite Projects

SMPI offers a diverse portfolio of mid-range homes in General Trias, Cavite, namely Bel Aldea, Maravilla, and Asian Leaf, offering townhouse units and single attached house-and-lots, with floor areas ranging from 41.48 to 140.00 square meters.

Bel Aldea

Bel Aldea is a 12-hectare development, which serves the economic housing segment, offers smartly designed townhouse units, with an average floor area of 42 square meters.

Maravilla

Spanning 17-hectare, Maravilla is a mid-range residential community offering Spanish Mediterranean houses, which currently offers new house models to suit the changing needs of the market.

Asian Leaf

Asian Leaf is a seven-hectare premier residential community composed of single attached house and lots, with floor areas ranging from 64.91 to 140.00 square meters. Fusing modern Asian architecture and vibrant landscaping, Asian Leaf is perfect for homeowners looking for a tranquil and ideal haven.

Wedge Woods

Wedge Woods is located west of Sta. Rosa, Laguna - in Silang, Cavite, offering prime lots on a rolling terrain, with a majestic view of Mount Makiling.

Metro Manila Projects

SMPI has expanded its portfolio, serving the high-end market with its foray into townhouse developments, such as Dover Hill in San Juan City, One Dover View and Two Dover View in Mandaluyong City, and Emerald 88 in Pasig City, and ventured also in hospitality segment through its Makati Diamond Residences ("MDR") in Makati City.

Dover Hill

A 95-unit luxury townhouse development in Addition Hills, San Juan City that offers three to five-bedroom units ranging from 202 up to 355 square meters. A three-car parking area located directly below each unit ensures maximum convenience. Aside from its amenities like

the swimming pool and playground, within the Dover Hill compound is Dover Club, a four-storey amenity building which includes a fully-equipped, state-of-the-art fitness gym, and a party venue with its own kitchen and dining area good for up to 30 guests.

One Dover View & Two Dover View

Both located along Lee St., Mandaluyong, One Dover View and Two Dover View are exclusive and premier condominium-townhouse projects, offering three and four bedrooms, with only 23 and eight units, respectively. Floor areas range from 222.80 to 327.10 square meters.

Emerald 88

Located along Dr. Sixto Avenue, Pasig City, Emerald 88 is a 14 three-level townhouse unit development, with generous floor areas ranging from 187.48 to 216.94 square meters. Each unit has two-car garage.

Makati Diamond Residences (MDR)

MDR is a luxury serviced apartment with 410 spacious guest rooms ranging from 41 square meters up to as much as 204 square meters and has top-of-the-line amenities and health and wellness facilities. Conveniently located in Makati Central Business District, the location of MDR provides easy access to many multinational companies, shopping, dining and entertainment destinations.

Mariveles Economic Zone Project

A 500-hectare industrial park development under the flagship of E-Fare Investment Holdings, Inc., and registered under Authority of the Freeport Area of Bataan. The Mariveles Economic Zone Project intends to provide an attractive location for private investments, stimulate regional economic activity and generate employment opportunities.

Tourism Development

The Bugsuk Island Development Project aims to be an eco-luxury leisure and tourism destination, governed by sustainable development principles. It is envisioned to be the economic driver in Southern Palawan.

Below is the list of major properties subsidiaries as of December 31, 2023:

San Miguel Properties, Inc. and subsidiaries [including SMPI Makati Flagship Realty Corp. and Bright Ventures Realty, Inc.].

Davana Heights Development Corporation and subsidiaries

Silvertides Holdings Corporation and subsidiary

Deity Holdings Corporation

Fonterra Verde Holdings, Inc.

One Verdana Holdings Inc.

Worldsummit Holdings Corporation

Banking

SMC, through SMPI, made a series of acquisitions of Bank of Commerce ("BankCom") common shares in 2007 and 2008 which represents 31.94% of the outstanding common stock of BankCom as of December 31, 2023.

On December 17, 2018, SMC, through SMC Equivest Corporation ("SMCEC"), acquired common shares of BankCom representing 4.69% of the outstanding common shares. On August 5, 2021, SMCEC subscribed to 41,666,667 Series 1 Preferred Shares of BankCom. On October 20, 2021, SMCEC acquired additional common shares of BankCom, which increased its ownership of common shares to 6.09%.

On December 23, 2021, the Monetary Board of the *Bangko Sentral ng Pilipinas*, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license. On February 22, 2022, the BOD of BankCom approved the amendments to the Articles of Incorporation to change its purpose from commercial bank to universal bank pursuant to BSP Monetary Board Resolution No. 1798 dated December 23, 2021.

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BankCom to be listed and traded in the Main Board of the PSE in relation to its initial public offering ("IPO"). On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the IPO. On March 15, 2022, the SEC issued its Order rendering effective the registration of up to 1,403,013,920 common shares of BankCom, and the Certification of Permit to Offer Securities for Sale. On March 31, 2022, BankCom listed its common shares with the PSE.

After completion of initial public offering and as at December 31, 2023, the Group through SMPI and SMCEC has 31.94% and 4.87% equity interest in BankCom, respectively.

Others

Other major subsidiaries include the following as of December 31, 2023:

- San Miguel International Limited and subsidiary, San Miguel Holdings Limited and subsidiaries [including San Miguel Insurance Company, Ltd. (SMICL)]
- SMC Shipping and Lighterage Corporation and subsidiaries [including SL Harbor Bulk Terminal Corporation]
- SMC Stock Transfer Service Corporation
- ArchEn Technologies Inc.
- SMITS, Inc. and subsidiaries
- San Miguel Integrated Logistics Services, Inc.
- Anchor Insurance Brokerage Corporation
- SMC Asia Car Distributors Corp. and subsidiaries
- SMC Equivest Corporation
- Petrogen Insurance Corporation

Principal Products or Services

The principal products of the Group are attached hereto as **Annex "E"**.

Percentage of Sales or Revenues and Net Income Contributed by Foreign Sales

The Group's 2023 foreign operations contributed about 28.99% of consolidated sales and 20.17% of consolidated net income. Foreign sales is broken down by market as follows:

Market	% to Consolidated Sales		
	2023	2022	2021
Malaysia	19.25	20.65	15.95
Singapore	7.67	9.01	7.21
Australia	0.77	0.72	1.09
China	0.66	0.54	0.54
Indonesia	0.32	0.34	0.48
Vietnam	0.16	0.15	0.22
Others	0.16	0.14	0.24

Distribution Methods

The Group employs various means to ensure product availability at all times. It distributes through a network of dealers, wholesalers, and various retailers. The Group owns, as well as contracts, third party fleet of trucks, delivery vans, and barges, to ensure timely and cost-efficient distribution of its various products, from beverages, food and packaging.

Status of Any Publicly-Announced New Product or Service

At present, the Group is not developing any new major products.

Competition

The Group owns leading brands with the highest quality in the industry, substantial market share leads over its nearest competitors, successful pricing strategies, and strong financial position.

The following are the major competitors of the Group's businesses:

Food and Beverage

Beverage

a) Beer and NAB Division

In the Philippine beer market, SMB's major competitors are Asia Brewery Inc. ("ABI") and Heineken International B.V. ("Heineken").

ABI competes mainly through licensed *Colt 45*, a strong alcohol brand which is positioned against SMB's strong alcohol beer *Red Horse*, local *Beer na Beer* which comes in regular and strong variants and positioned in the economy segment, *Brew Kettle* in the mainstream segment as well as *Brew Kettle Radler* and *Asahi Super Dry* in the premium segment. In 2022, ABI introduced *Paraíso Craft Beer Style*.

Heineken previously had a joint venture with ABI which was dissolved in 2020 and replaced with a new partnership. Under the new structure, Heineken established a sales and marketing office in the Philippines and engaged with ABI to brew and distribute Heineken beer brands (*Heineken* and *Tiger*) in the country effective January 1, 2021. *Tiger* competes with *Red Horse* while *Heineken* and *Heineken Silver* compete with SMB's premium beers, and *Heineken 0.0* competes with *San Mig Free*.

Competition from imported beers and local craft beers is minimal. These products comprise a small proportion of the market and are primarily found in upscale hotels, bars, restaurants, and supermarkets in Metro Manila and other key cities.

In the flavored alcoholic beverages category, ABI offers *Tanduay Ice* and *Spritz Hard Seltzer*. Other competitors include *Smirnoff Mule*, *Lemon-Dou* and *Chill Spiked Spirit*. These products compete with *San Mig Hard Seltzer* and *San Miguel Flavored Beer*.

SMB's beer products also compete with other alcoholic beverages, primarily brandy, gin, rum and soju. In the beer industry - and more generally the alcoholic beverage industry - competitive factors generally include price, product quality, brand awareness and loyalty, distribution coverage, and the ability to respond effectively to shifting consumer tastes and preferences. SMB believes that its market leadership, size and scale of operations and extensive distribution network in the Philippines provide SMB with significant competitive advantages in the country.

In the NAB market, SMB faces competition from established players and brands in ready-to-drink juice, ready-to-drink tea, carbonated drinks and water categories. For example, *Zest-O* and *Minute Maid Fresh* compete with *Magnolia Fruit Drink*, and *C2* and *Nestea* compete with *Magnolia Healthtea*. *Cali* is positioned in the softdrinks category where

Coke, Pepsi and RC Cola are the key players. *Absolute, Summit, Wilkins and Nature's Spring* compete with *San Mig Flavored Water* in the water category.

In its main international markets, SMBIL products compete with both foreign and local beer brands, such as *Heineken* (Hong Kong, South China, Thailand, Vietnam and Indonesia), *Tiger* (Vietnam, Thailand and Indonesia), *Carlsberg* (Hong Kong, Thailand and Vietnam), *Budweiser* (Hong Kong and China), *Guinness* (Hong Kong and Indonesia), *Asahi* (Hong Kong and Thailand), *Blue Girl* (Hong Kong), *Tsingtao* (Hong Kong and China), *Bintang* (Indonesia), *Snow* (China), *Singha* (Thailand), and *Saigon Beer* (Vietnam).

b) Spirits Division

The local hard liquor industry is segmented by category and geographically among the major players. GSML is the leader in the gin market catering mostly the northern and southern provinces of Luzon. The Greater Manila Area and key urban centers across the country patronize both *Emperador Light Brandy*, which is locally produced by Emperador Distillers, Inc. and *Ginebra San Miguel*, which is a product of GSML. Recently, value-priced imported *Alfonso Light Brandy* distributed by Montosco, Inc. has likewise been gaining popularity.

The Visayas and Mindanao regions prefer *Tanduay Rhum Dark 5 Years* and recently the low-proof alcohol *Tanduay Light*, both products of Tanduay Distiller's Inc. Moreover, there is a market for Chinese wine in various islands in the region with GSML's *Vino Kulafu* emerging as the top choice in this category.

These major players compete in their development of brand equity, as the industry's consumers generally develop affinity and loyalty to the brands that they patronize.

As the spirits industry matures, major spirits players also compete by adopting a product portfolio that caters to shifting consumer preferences.

The elastic demand for mainstream liquor products also leads major players to compete on the basis of pricing.

The spirits industry is dependent on the supply of molasses, the raw material for alcohol production. While the molasses supply has remained stable, the steady increase in demand for bioethanol globally due to increasing ethanol blending policy requirements of different countries, including the Philippines since the implementation of the Biofuel Act of 2006, further worsened the shortage of supply for beverage alcohol production. This led to GSML's multi-continent and sourcing diversification of alcohol supply to ensure supply security and partly offset higher raw material costs.

Spirits manufacturers also compete in terms of production efficiencies, as the price-sensitive nature of the industry's consumers makes them more reliant on cost improvements than on price increases to brace against profit squeezes from an inflationary operating environment.

Manufacturers further compete in the breadth of their distribution network.

Food Division

a) Prepared and Packaged Food

In recent years, the Prepared and Packaged Food segment has faced increased competition mainly from other local players, who employ aggressive pricing and promotion schemes. Competitors and competing brands in the branded processed meats category include Foodsphere, Inc. (CDO), Virginia Foods, Inc. (*Winner* and *Champion*), Pacific Meat Company Inc. (*Swift, Argentina* and *555*), Meken Food Corporation (*Meken*), Frabelle Food Corp. (*Bossing*), Sunpride (*Sunpride, Holiday* and *Good Morning*), and Shanghai Maling Food (*Shanghai*).

For butter, competitors include Fonterra Brands Philippines, Inc. (*Anchor*) and New Zealand Creamery, Inc. (*Queensland*). For margarine, *Magnolia* competes with New Zealand Creamery, Inc. (*Dairy Magic*), San Pablo Manufacturing Corporation (*Minola*), and growing unbranded players. In the cheese category, the main competitor of the *Magnolia* brand is Mondelez International, Inc. (*Eden*, *Cheez Whiz*, and *Kraft*). In the salad aids category, particularly mayonnaise and sandwich spreads, Magnolia's main competitor is Unilever Philippines, Inc. (*Lady's Choice*, *Best Foods Mayo Magic*). In the ice cream market, Unilever-RFM Ice Cream Inc. (*Selecta*) is the dominant player. Competitors in the coffee-mix business include Nestle SA (*Nescafe*), PT Mayora Indah (*Kopiko*), and Universal Robina Corporation (URC; *Great Taste*).

b) Animal Nutrition and Health

SMFI is the largest producer of commercial feeds in the Philippines. Competitors under the Animal Nutrition and Health segment include major domestic producers such as Univet Nutrition and Animal Healthcare Co., Pilmico Foods Corporation ("Pilmico") and ADM Animal Nutrition Philippines, as well as numerous regional and local feedmills. There are also foreign feeds manufacturers which have established operations in the Philippines.

c) Protein

Major competitors under the Protein segment include Bounty Fresh Foods Inc., Bounty Agro Ventures, Inc., and Charoen Pokphand. There are also occasional imports from the United States, Canada, and Brazil.

The Philippine fresh meats industry remains highly fragmented consisting mostly of backyard hog raisers. Its main competitors are Charoen Pokphand and Foremost Farms. It also competes with several commercial-scale and numerous small-scale hog and cattle farms that supply live hogs and cattle to live buyers, who in turn supply hog and cattle carcasses to wet markets and supermarkets.

d) Others

Major competitors of the flour milling business include Pilmico, URC and Philippine Foremost Milling Corporation.

Local players face competition from imported flour that primarily originates from Vietnam and Turkey. Imported flour has increased its presence in the country through low-cost flour offerings.

Petron Corporation

Petron operates in a deregulated oil industry which has seen the entry of more than 200 other industry market participants, rendering the petroleum business more competitive. The Philippine downstream oil industry is dominated by three major oil companies: Petron, Shell and Chevron. Petron competes with other industry market participants on the basis of price, product quality, customer service, operational efficiency and distribution network, with price being the most important competitive factor. Providing total customer solutions has increased in importance as consumers became more conscious of value of value.

San Miguel Properties, Inc.

Among SMPI's major competitors in the South are the Ayala West Grove Heights and Amaia Scapes by Ayala Land and Nuvali by Ayala Land Premier, South Forbes by Cathay Land, Solen Residences by Greenfield Properties, and Eton City by Eton Properties, Solviento by GeoEstate, Natania Homes and Sabella by My Citi Homes, Meridian Place by Filinvest and Cedarwood Residences by Asia Landbest.

For General Trias, Cavite project, major competitors include Pro-Friends, Vista Land, Filinvest, Ayala Land, Century Properties, Robinsons Land, Sun Trust and Northpine.

SMPI's competitors in Metro Manila are KMC Mag Group's Baron Residences, Federal Land's One Wilson Square, Ortigas & Company's Veridian Greenhills, Robinson Land's Chimes, and Shang Properties' Shangri-La Residences.

For the properties of SMPI generating lease income located in the Ortigas area, its competitors include the One Corporate Center, Philippine Stock Exchange Tower, Wynsum Corporate Plaza, IBP Tower, Cyberspace Gamma, Rockwell Business Center, and Estancia Offices.

San Miguel Global Power Holdings Corp.

San Miguel Global Power's main competitors are the Aboitiz Group, which holds interests in Aboitiz Power Corporation and Hedcor, Inc., among others, ACEN Corporation and First Gen Corporation.

Cement

The major competitors of ECC and NCC in the Luzon region, are Holcim Philippines, Inc., Cemex Holdings Philippines, Inc. and Republic Cement and Building Materials, Inc. ECC has an estimated market share of 27%, 33%, 44% and 29% in Luzon, NCR, Region 3 and Region 4A, respectively, based on internal market survey. Because of this, ECC is considered as one of the leading cement players in the areas with highest economic activities in the Philippines.

Sources and Availability of Raw Materials and Supplies

The Group obtains its principal raw materials on a competitive basis from various suppliers here and abroad. The Group is not aware of any dependency upon one or a limited number of suppliers for essential raw materials as it continuously looks for new principals/traders where the strategic raw materials could be sourced out and negotiations are done on a regular basis. The Group has contracts with various suppliers for varying periods ranging from three to twelve months. All contracts contain renewal options.

Among the Group's third-party supplier of major raw materials in 2023 are as follows:

FOOD and BEVERAGE

Beer and NAB Division

Malt and Hops

Boortmalt Asia Pacific Pty. Ltd.
Cofco Malt (Dalian) Co., Ltd.
GDH Supertime Guangzhou Malting Company Limited
Malterurop
Malteurop Australia Pty Ltd.
Malteurop France
PT. Agromas Gemilang
Taiwan Hon Chuan Enterprise Co., Ltd.

Corn Grits/Tapioca/Rice/Sugar/Starch

Cagayan Corn Products Corp.
Limketkai Manufacturing Corporation
Southern Mindanao Commodities, Inc.
Binh Phuoc General Import Export Joint Stock Company
T P K Advance Starct Co., Ltd.
SCG International Corporation
Eiamheng Tapioca Starch Industry
Cgrain Technology Co., Ltd. (c059)
Guangzhou Yuhua Cereals and Oils Co., Ltd.

	Hefei Longjie Food & Oil Co. Ltd. Lucky Grains Ricemill Corporation My Tuong Corporation PT Sinar Unigrain Indonesia Ricor Mills Corporation
Packaging Materials	Bangkok Can Manufacturing Co., Ltd. Baosteel Can Making Viet Nam Co Ltd. Boonpongkit Ltd. Crown Beverage Cans Hong Kong Double Paper Product Industries Farmarindo Jaya PT. Guangdong Huaxing Glass Co., Ltd. Muliaglass Container Org (Foshan) Packaging Co., Ltd. PT Karya Indah Multiguna PT Taewon Indonesia Siam Glass Ayutthaya Co., Ltd. T.C.P. Industry Co., Ltd. Westrock MWV Hong Kong Limited Zhangzhou Shengxing Pacific Packing Co. Ltd.
Fuel	Mabuhay Vinyl Corporation Ecolab Philippines
<i>Spirits Division</i> Alcohol	Shoalhaven Starches Pty. Ltd. Raizen Trading S.A. Heindrich Trading Pte. Ltd. Alcotra SA
Molasses and Sugar	E D & F Man Molasses B.V. United Molasses Trading Ltd. Biscom Inc (for Binalbagan Isabela) Schuurmans & Van Ginneken Hawaiian-Philippine Company All Asian Bioethanol Corporation
Glass Bottles	Hicap AIOT Technologies (Yantai)
Flavoring and Refined Sugar	Firmenich Asia Pte. Ltd. All Asian Countertrade Inc.
Breeder Stocks	Aviagen Group Cobb Vantress Inc.
Beef Carcass	D'Meter Fields Corporation
Soybean Meal and Feed Wheat	Louis Dreyfus Commodities Asia Pte Ltd. Viterra B.V. Bunge Asia Pte. Ltd.
Wheat	Viterra B.V CHS Inc.
Imported Meat	Seara Singapore Pte. Ltd.
Cheese Curd and Anhydrous Milk Fat	Fonterra (SEA) Pte. Ltd.

Coffee Mixes	Jacobs Douwe Egberts RTL SCC SG PTE. LTD.
<u>PACKAGING</u>	
<i>Glass</i>	
Silica Sand	Tochu Corporation
Soda Ash	Arvin International Marketing, Inc. Tata Chemicals Magadi Limited Connell Bros Company Pilipinas, Inc. Alchemco Philippines, Inc.
Cullet	Lucky Real Junkstore INGCO Brothers Trading Corp.
ACL Paints	Chemdis Manufacturing Corp.
<i>Molds</i>	
Casting Molds	Metals Engineering Resources Corp.
<i>Plastics</i>	
Colorants/Pigments	Esta Fine Colour Corp. Masterbatch Philippines, Inc.
Inks	MCR Industries, Inc. Union Inks and Graphics Philippines, Inc.
HDPE Resin	JG Summit Petrochemical Corporation Lotte Chemical Titan Corporation SDN. BHD. PTT Global Chemical Public Company Toyota Tsusho Asia Pacific Pte. Ltd.
Tolling Services	Miyako Plastic Manufacturing Corporation Ecostorage Solutions Inc. Muzon Plastic Manufacturing Inc. Octaplas Industrial Services Inc. Jayala Mdse & Services Corp.
<i>Metal</i>	
Inks and Coatings	Henkel Philippines Inc. The Valspar (Singapore) Corporation Pte. Ltd. Inkote Phils. Inc. CDI Sakata Inx
Plate, TFS	Nippon Steel Trading Corporation Jiangsu Suxun New Material Co., Ltd. Perstima (Vietnam) Co. Ltd. Toyota Tsusho Corporation
Liner Resin	D & L Polymer & Colours, Inc. Abuchem Plas OPC Actega DS GmbH
Aluminum Coil	Toyota Tsusho Corporation Shinko Shoji Singapore Pte. Ltd.
Lubricants	Elasco Int'l Corp.

Laminates

PET/OPP and Other Films

AJ Plast Public Company Limited
Polyplex Thailand Ltd.
Pt Kolon Ina
SRF Industries Thailand Ltd.

PE Films

Cofta Mouldings Corporation

Aluminum Foil

Shanghai Sunhuo
Shandong Deli
Eastern Valley Co., Ltd.
Hangzhou Dingsheng Import and Export Co. Ltd.
SNT0 International Trade Limited

Resins

Dow Chemicals Pacific, Ltd.
Itochu Plastics Pte. Ltd.
JG Summit Petrochemical Corporation
Sabic Asia Pacific Pte. Ltd.

Inks

Toyo Ink (Philippines) Co., Inc.

PET

Beverage Filling

Hannibal Industries Corporation

CO2

Hannibal Industries Corporation

Paper

Kraft Paper

Visy Trading Singapore Pte. Ltd.
American Paper Export Inc.
Klabin Trade
Oji Fibre Solutions (NZ) Inc.
Batangas Paper Corporation

FUEL AND OIL

Crude

Saudi Arabian Oil Company
ADNOC Trading Ltd.
Exxonmobil Exploration and Production Malaysia Inc.
Trafigura Pte. Ltd.

Finished Product

PTT International Trading PTE Ltd.
Trafigura Pte. Ltd.
Equinor ASA
Vitol Asia Pte. Ltd.

ENERGY

Coal

PT Bayan Resources Tbk
Vitol Asia Pte Ltd.
PT Trubaindo Coal Mining
PT Kaltim Prima Coal
PT Antang Gunung Meratus
PT Kideco Jaya Agung
Semirara Mining and Power Corporation

LNG

Vitol Asia Pte. Ltd.
Trafigura Pte. Ltd.

	Shell Eastern Trading (Pte) Ltd.
Other Consumables	SI Resources Corporation Nupur Merchandise Pvt. Ltd. B-Mirk Enterprises Corp.
Electricity	Independent Electricity Market Operator

CEMENT

Clinker	Tradeland Group B.V. Cemcoa Ltd. Itochu Singapore Pte Ltd.
Gypsum	Philippine Phosphate Fertilizer Corporation Tradeland Shipping PTD / Tradeland Group BV KG Inc. Capp Industries Inc. United Overseas Commodities Pte. Ltd. CEMCOA Ltd. Full Max Corporation Ltd.
Pozzolana	CNT Trading TLD Aggregates Trading
Limestone	TLD Aggregates Trading
Packaging	Sakomoto International Packaging Corp. FIBC Greenbag Philippines Kingswood Trading Co Inc. Philpackaging Corporation NFF Packaging Solutions Corp.
Coal	PT Bayan Resources TBK Cemcoa Ltd. Semirara Mining and Power Corporation PT TIWA ABADI PT BARA TABANG
Silica	Land Movers Marketing and Sales Inc. Go Enterprises Huang Construction Corporation Rapid City Realty and Development Corporation
Iron	HK Imperial Awards Mining (Philippines) Inc.
Fly Ash	Pozzolanic Philippines Inc. Republic Cement & Building Materials, Inc. Tipco Estates Corporation

Dependency Upon a Single Customer or a Few Customers

Due to constant drive toward customer satisfaction and continuous improvement, the Group is able to maintain its wide base of customers. The Group is not dependent upon a single or a few customers.

Transactions with and/or Dependence on Related Parties

The Group and certain related parties purchase products and services from one another in the normal course of business. Please see Note 33, Related Party Disclosures, of the Audited Consolidated Financial Statements attached hereto as **Annex “B”**.

Registered Trademarks/Patents, etc.

All marks used by the Group in its principal products are either registered or pending registration in the name of the Parent Company or its subsidiaries in the Philippines and in foreign markets of said products.

The SMC Group uses various brand names and trademarks, including “San Miguel”, “Ginebra San Miguel”, “Purefoods”, “Magnolia”, “Star”, “Dari Creme”, “B-Meg”, “Petron”, “Gasul”, “Eagle Cement” and other intellectual property rights to prepare, package, advertise, distribute and sell its products.

The disclosures on the Group’s intangible assets are reflected in the following section of the Audited Consolidated Financial Statements attached hereto as **Annex “B”**.

Note 3	Material Accounting Policy Information - Intangible Assets
Note 17	Goodwill and Other Intangible Assets
Note 34	Significant Agreements and Lease Commitments

Government Approvals and Compliance with Environmental Laws

Being an investment holding company, apart from its corporate registration with and primary franchise granted by the SEC, the Parent Company does not have any other government approvals which may be material to its operations. Likewise, the Parent Company is required to comply with environmental laws and regulations in respect of any of its operations.

The Group has obtained all necessary permits, licenses and government approvals to manufacture and sell its products.

Government Regulation

The Group has no knowledge of recent or impending legislation, the implementation of which can result in a material adverse effect on the Group’s business or financial condition.

Research and Development

The Parent Company’s subsidiaries undertake regular research and development in the course of their regular business:

Food and Beverage

Beer and NAB Division

The Beer and NAB Division employs modern brewing technology. Its highly experienced brewmasters and quality assurance practitioners provide technical leadership and direction to continuously improve and maintain high standards in product quality, process efficiency, cost effectiveness, and manpower competence.

Technology and processes are constantly updated and new product development is ensured through the research and development of beer and NAB products. Research and development activities are conducted in a technical center and pilot plant located in one of SMB's production facilities.

SMB also has a central analytical laboratory which is equipped with modern equipment necessary for strategic raw materials analysis and validation, alcoholic and NAB evaluation, and new raw material accreditation. Specialized equipment includes gas chromatography, high performance liquid chromatography, atomic absorption spectroscopy, protein analyzer, laboratory scale mashing/milling system for malt analysis and wort extract analyzer. Analytical methods and validation procedures are constantly enhanced and standardized across all SMB laboratories. The central analytical laboratory likewise runs proficiency tests for brewery laboratories and suppliers to ascertain continuous reliability and quality of analytical test results. It is also tasked with ensuring compliance of all systems with international standards, specifically ISO 17025-2017.

To promote technical manpower development, SMB runs the San Miguel School of Brewing, which offers various programs spanning all levels of professional brewing technical training, starting from the basic brewing course for newly hired personnel to the advanced brewing course for senior technical personnel. Courses offered at the school include those highly-advanced classes necessary to qualify the most senior of its technical personnel known as brewmasters. Each of the approximately 40 brewmasters has extensive advanced coursework from both in-house and international institutions and over ten years of on-the-job-training experience with SMB.

Spirits Division

GSMI continuously focuses on research and development to stay attuned to the evolving market preferences. As such, GSKI has a dedicated Research and Development team which maintains a well-equipped laboratory and closely collaborates with the market research group to constantly develop and formulate innovative products. The Research and Development team's mandate is to enhance and further expand GSKI's product library that will allow timely product launches as the need arises.

Food Division

The Food Division has developed a systematic approach to new product development referred to as the stage-gate process, which is a five-step process comprising idea generation, feasibility testing, commercialization, launch and post-launch evaluations. The process optimizes returns on new product development by prioritizing innovations in the pipeline in a disciplined approach. New products that cater to the more sophisticated palates of consumers as well as address the health awareness and convenience food trends are continuously introduced.

The Food Division owns several research and development facilities used by its Animal Nutrition and Health business that analyze average daily weight gain, feed conversion efficiency, and other performance parameters. Results of these analyses are immediately applied to commercial feed formulations to minimize costs and maximize animal growth.

The Food Division has several research and development teams that engage in the development, reformulation and testing of new products. The teams believe that their continued success will be affected in part by their ability to be innovative and attentive to

consumer preferences and local market conditions. Aside from product innovations, the research and development teams also look into efficiency improvement for operations through the use of new technology, a measure of increasing production cycles per farm per year, improving feed consumed to weight ratio and achieving better harvest recovery.

Packaging

The Packaging Group's continuing objective is to penetrate new markets and segments through the introduction of new products, such as semiconductors and electronics (anti-static bags), food tubs, plastic wide-mouth jars, and various converted can ends.

Further, as the Packaging Group expects the future consumer trend to move towards environment-friendly products and environment-sound manufacturing systems, it plans to increase its investments in eco-friendly facilities, processes, and products.

Fuel and Oil

To enhance productivity, efficiency, reduce costs and strengthen its competitiveness, Petron engages in research and development to identify improvements that can be made to its products and production processes. Petron's Research and Development Departments ("R&D") engages in various technical research and testing activities to develop and enhance the performance of products and optimize production processes. In addition to research and product development, Petron also engages in quality control and technical training. The development, reformulation and testing of new products are continuing business activities of Petron.

Petron continuously develop and enhance its lubricants product range catering to top tier to cost-competitive customer requirements. It has expanded its product lines to include food-grade industrial oils and grease with product approvals (i.e., Kosher, Halal, and NSF licenses), and added in its list of engine oils with product approvals, i.e., our top tier motorcycle oil, Sprint 4T HTP SAE 5W-40 under JASO MA2 quality (Japanese Automotive Standards Organization). It has also developed quality lubricants and greases that are reasonable to price-sensitive market and to specific customer requirements.

The R&D group also spearheaded the implementation of Total Quality Management ("TQM") at the terminals and Petron Research and Testing Centers ("PRTC") laboratories. TQM is a management system where all members of the organization participate and work together in improving processes by eliminating unnecessary steps and doing value-adding and innovative activities, thereby resulting to a more efficient, productive, and cost-saving operations.

With the implementation of TQM, Petron terminals were able to optimize resources and safeguard product quality with the use of quality assurance tools. TQM has expanded its scope to marine vessels by issuing guidelines in marine vessel tank cleaning resulting to substantial improvement in vessel turn-around and savings in tank cleaning cost. Further, R&D has continually implemented process improvement programs at service stations that reduce business losses and operating cost. PRTCs were also able to save on operating costs by rationalizing critical test properties and focusing on customer requirements. With this quality system, the laboratories were able to develop innovative procedures that enhance operating efficiency, reduce hazardous wastes, and provide customer-focused services. The Petron TQM program works in conjunction with Loss Prevention System wherein it focuses on quality management system without compromising loss in safety, business opportunity, and capital expenditures.

Petron is committed to continuously develop innovative and revolutionary products that meet and exceed the highest industry quality standards and the demands of the market. Petron believes that its continued success will be affected in part by its ability to be innovative and attentive to consumer preferences and local market conditions.

Petron's testing facilities are ISO/IEC17025 certified, a testament to its ability to perform tests and analyses in accordance with global standards. R&D also has long-standing partnerships

with leading global technology providers in fuels, lubricants and grease products. In addition, it provides technical training to keep internal and external customers updated of the latest technology trends. By providing these updates, it fosters a culture of continuous learning, innovation within the organization, and technical expertise and competitiveness in the industry.

R&D provides technical training sessions, ensuring both internal and external customers stay abreast of the latest technology trends. By sharing these insights, it fosters a culture of continuous learning and innovation within the organization, while enhancing the competitiveness and expertise in the industry.

Energy

San Miguel Global Power seeks to capitalize on regulatory and infrastructure developments by scheduling the construction of greenfield power projects to coincide with the planned improvements in the interconnectivity of the Luzon grid and Visayas grid, as well as the eventual interconnectivity of the Mindanao grid. In addition, San Miguel Global Power seeks to maintain the cost competitiveness of these new projects by strategically locating them in high-demand areas and in areas with the closest proximity to the grid. San Miguel Global Power is also considering further expansion of its power portfolio of new capacity nationwide through greenfield power plants over the next few years, depending on market demand.

San Miguel Global Power plans to carry out the expansion of its power portfolio in phases across Luzon, Visayas and Mindanao. San Miguel Global Power is confident from its experience in building the Limay and Davao Greenfield Power Plants that it will be able to build new cost competitive plants. San Miguel Global Power also actively seeks to identify and pursue renewable energy investments such as hydroelectric power and solar power projects, subject to the outcome of viability and feasibility analyses. This is in line with San Miguel Global Power's objective to operate in an environmentally-responsible manner, while taking into consideration energy security and affordability to its consumers.

San Miguel Global Power is further expanding the Masinloc Power Plant through the construction of additional units utilizing supercritical boiler technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each, targeted for completion in 2025-2026. San Miguel Global Power's other expansion projects include the 600 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan, using HELE Technologies, which is expected to commence commercial operations in 2024.

As part of the diversification of its power portfolio into LNG, San Miguel Global Power is constructing a 1,320 MW combined cycle power plant in Barangays Ilijan and Dela Paz Proper, Batangas City. The projected construction period is expected to be shorter than the typical construction period for coal-fired power plants, with expected substantial completion in November 2024.

In addition to power generating plants, San Miguel Global Power is rolling out grid-wide BESS projects in addition to its existing BESS facilities in Masinloc, Zambales, and Kabankalan, Negros Occidental. San Miguel Global Power is expanding its BESS portfolio nationwide with a capacity of up to 1,000 MWh through its subsidiaries SMGP BESS, MPCL, and SMGP Kabankalan, which have mostly executed turnkey contracts with world-leading battery EPC contractors.

As a leading power company in the Philippines with a large customer base, San Miguel Global Power believes that it is in a strong position to leverage its relationships with its existing customers to service their expected increase in electricity demand.

Infrastructure

SMC's Infrastructure group is currently undertaking various research and development activities in relation to its infrastructure projects, such as transport planning, traffic, and ridership studies and analyses.

The Group's expenses for research and development are as follows (amounts in millions):

	2023	2022	2021
Research and Development	P591	P305	P436
Percentage to Net Income	1.32%	1.14%	0.91%

Cost of Compliance with Environmental Laws

On an annual basis, operating expenses incurred by the Group to comply with environmental laws are not significant or material relative to the Parent Company and its subsidiaries' total cost and revenues.

Human Resources and Labor Matters

As of December 31, 2023, the Group has about 53,184 employees and has entered into 35 collective bargaining agreements ("CBA"). Of the 35 CBAs, 6 will be expiring in 2024.

The list of CBAs entered into by the Parent Company and its subsidiaries with their different employee unions, is attached hereto as **Annex "F"**.

Major Business Risks

The major business risks facing the Group are as follows:

a) Competition Risks

The Group operates in highly competitive environments. New and existing competitors can erode the Group's competitive advantage through the introduction of new products, improvement of product quality, increase in production efficiency, new or updated technologies, costs reductions, and the reconfiguration of the industry's value chain. The Group has responded with the corresponding introduction of new products in practically all businesses, improvement in product propositions and packaging, and redefinition of the distribution system of its products.

b) Operational Risks

The facilities and operations of the Group could be severely disrupted by many factors, including accidents, breakdown or failure of equipment, interruption in power supply, human error, natural disasters, public epidemics, outbreak of diseases, and other unforeseen circumstances and problems. These disruptions could result in product run-outs, facility shutdown, equipment repair or replacement, increased insurance costs, personal injuries, loss of life and unplanned inventory build-up, all of which could have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group undertakes necessary precautions to minimize impact of any significant operational problems in its subsidiaries through effective maintenance practices.

c) Legal and Regulatory Risks

The businesses and operations of the Group are subject to a number of national and local laws, rules and regulations governing several different industries in the Philippines and in other countries where it conducts its businesses. The Group is also subject to various taxes, duties and tariffs.

In addition, the Philippine government may periodically implement measures aimed at protecting consumers from rising prices, which may constrain the ability of the Group to pass on price increases to distributors who sell its products, as well as its customers. Implementation of any such measures could have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group regularly consults relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are secured in a timely manner. Further, the Group strongly complies with and adheres to laws and regulations. In the event that the Group becomes involved in future litigation or other proceedings or be held responsible in any future litigation and proceedings, SMC will work to amicably settle legal proceedings. In the event of any adverse ruling or decision, SMC will diligently exhaust all possible legal remedies to achieve a favorable outcome.

d) Social and Cultural Risks

The ability of the Group to successfully develop and launch new products and maintain demand for existing products depends on the acceptance of such products by consumers and their purchasing power and disposable income levels, which may be adversely affected by unfavorable economic developments in the Philippines. A significant decrease in disposable income levels or consumer purchasing power in the target markets of the food and beverage businesses could materially and adversely affect the financial position and financial performance of the Group. Consumer preferences may shift for a variety of reasons, including changes in culinary, demographic, and social trends or leisure activity patterns. Concerns about health effects due to negative publicity regarding alcohol consumption, negative dietary effects or other factors may also affect consumer purchasing patterns for the beverage and food products. If the marketing strategies of the Group are not successful or do not respond timely or effectively to changes in consumer preferences, the business and prospects of the Group could be materially and adversely affected.

Sales of beer are highly influenced by the purchasing power and disposable income levels of consumers. In periods of economic uncertainty or downturns, consumers may purchase fewer alcoholic beverages which could affect the financial performance of the beverage business. Likewise, demand for many of the food products is tied closely to the purchasing power of consumers.

The Group has introduced products that try to address or are attuned to the evolving lifestyles and needs of its consumers. *San Mig Light* and *San Mig Zero*, a low-calorie beer, were introduced to address increasing health consciousness and *San Mig Strong Ice* for the upwardly mobile market. Initiatives similar to this have been pushed in the food division for years.

e) Raw Materials Sourcing Risks

The products and businesses of the Group, specifically the beverage, food, packaging, fuel and oil and energy businesses, depend on the availability of raw materials. Most of these raw materials, including some critical raw materials, are procured from third parties. These raw materials are subject to price volatility caused by a number of factors, including changes in global supply and demand, foreign exchange rate fluctuations, weather conditions, and governmental controls.

Movements in the supply of global crops may affect prices of raw materials, such as wheat, malted barley, adjuncts, and molasses for the beverage and food businesses. The Group may also face increased costs or shortages in the supply of raw materials due to the imposition of new laws, regulations or policies.

Alternative sources of raw materials are used in the Group's operations to avoid and manage risks on unstable supply and higher costs.

The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins.

f) Financial Risks

In the course of its operations, the Group is exposed to financial risks, namely:

1. Interest Rate Risk

The Group's exposure to changes in interest rates relates primarily to the long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

2. Foreign Currency Risk

The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group.

3. Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall under normal and stress circumstances.

4. Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables and investment securities.

Prudent fund management is employed to manage exposure to changes in earnings as a result of fluctuations of interest rates, foreign currency rates, etc.

The Group uses a combination of natural hedges, which involve holding U.S. dollar-denominated assets and liabilities, and derivative instruments to manage its exchange rate risk exposure.

Liquidity risks are managed to ensure adequate liquidity of the Group through monitoring of accounts receivables, inventory, loans, and payables. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

Please refer to Note 39 of the Audited Consolidated Financial Statements attached hereto as **Annex "B"** for the discussion of the Group's Financial Risk Management Objectives and Policies.

Item 2. Properties

A summary of information on the Parent Company and its significant subsidiaries principal properties and conditions thereof, is attached hereto as **Annex "D"**.

The Parent Company and its significant subsidiaries have no principal properties that are subject to a lien or mortgage, except for certain power plants, including all related facilities therein, that are mortgaged in favor of the lenders to secure the loan obligations. There are no imminent acquisitions of any material property that cannot be funded by working capital of the Group.

For additional information on the Group's properties, please refer to Note 13, Property, Plant and Equipment, and Note 15, Investment Property, of the Audited Consolidated Financial Statements attached hereto as **Annex "B"**.

Item 3. Legal Proceedings

The Group is not a party to, and its properties are not the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Group's financial performance.

For further details on pending legal proceedings of the Group, please refer to Note 43, Other Matters, of the Audited Consolidated Financial Statements attached hereto as **Annex "B"**.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters which were submitted to a vote of the Parent Company's stockholders, through the solicitation of proxies or otherwise, in 2023.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

The Company's common shares, Series "1" preferred shares and Series "2" preferred shares are listed and traded in the Philippine Stock Exchange. The percentage of public ownership of the Company as of December 31, 2023 is 20.45%.

The Company's high and low closing prices for each quarter of the last two (2) fiscal years and for the first quarter of 2024 are as follows:

	2023								2024	
	1 st		2 nd		3 rd		4 th		1 st	
	High	Low	High	Low	High	Low	High	Low	High	Low
Common	116.40	92.75	108.90	102.20	109.50	97.00	115.50	101.80	124.70	101.10
Preferred – 2F	76.00	74.00	74.95	73.00	74.90	72.00	74.30	70.00	73.50	71.50
Preferred – 2I	75.95	70.50	74.00	70.50	74.80	69.00	73.60	70.50	73.75	70.10
Preferred – 2J	72.95	67.00	71.90	68.10	71.50	66.00	70.00	65.00	73.90	67.00
Preferred – 2K	73.90	62.00	71.80	66.00	71.20	65.30	70.00	62.00	75.00	66.00
Preferred – 2L	-	-	-	-	-	-	79.00	75.00	79.00	75.25
Preferred – 2N	-	-	-	-	-	-	78.95	75.50	78.80	76.50
Preferred – 2O	-	-	-	-	-	-	78.70	75.50	80.70	76.75

	2022							
	1 st		2 nd		3 rd		4 th	
	High	Low	High	Low	High	Low	High	Low
Common	115.00	98.95	110.00	100.00	107.80	92.10	103.40	92.80
Preferred – 2F	79.75	75.05	78.20	75.00	77.50	75.30	76.50	74.00
Preferred – 2H	77.40	75.20	76.70	74.50	76.00	74.00	75.50	73.80
Preferred – 2I	79.60	76.00	80.00	76.00	77.00	75.30	75.75	72.00
Preferred – 2J	78.00	76.20	76.50	70.50	75.00	70.00	74.00	67.50
Preferred – 2K	77.00	74.25	76.00	72.15	74.50	71.15	73.00	67.10

	2021							
	1 st		2 nd		3 rd		4 th	
	High	Low	High	Low	High	Low	High	Low
Common	134.00	110.00	121.70	111.10	118.00	102.30	122.00	109.60
Preferred – 2C	80.90	77.70	80.00	77.65	79.90	75.90	-	-
Preferred – 2E	78.00	75.40	77.85	75.70	77.45	75.50	-	-
Preferred – 2F	79.75	77.25	79.90	78.00	79.90	77.60	80.00	78.25
Preferred – 2G	77.00	75.40	-	-	-	-	-	-
Preferred – 2H	79.00	75.65	78.85	76.00	78.20	76.60	77.50	75.60
Preferred – 2I	79.00	76.70	79.80	77.00	79.50	76.00	79.80	76.00
Preferred – 2J	77.20	75.10	80.00	75.00	77.00	75.50	77.80	76.25
Preferred – 2K	77.50	75.00	77.15	75.00	77.00	75.15	76.95	75.30

The closing prices as of December 29, 2023, and as of as of April 12, 2024, the latest practicable trading date, are as follows:

	<u>December 29, 2023</u>	<u>April 12, 2024</u>
Common	₱ 102.10	₱ 102.00
Series “2-F” Preferred	₱ 72.50	₱ 72.30
Series “2-I” Preferred	₱ 70.50	₱ 70.25
Series “2-J” Preferred	₱ 67.95	₱ 69.95
Series “2-K” Preferred	₱ 68.00	₱ 69.80
Series “2-L” Preferred	₱ 78.00	₱ 78.00
Series “2-M” Preferred	₱ 75.00	₱ 75.00
Series “2-N” Preferred	₱ 77.00	₱ 78.20
Series “2-O” Preferred	₱ 78.00	₱ 80.20

The approximate number of shareholders as of December 31, 2023 is 33,619.

The top 20 common and preferred stockholders as of December 31, 2023 are attached as **Annex “G”**.

The BOD of the Parent Company approved the declaration and payment of the following cash dividends to common and preferred stockholders as follows:

The BOD of the Parent Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common				
	March 9, 2023	March 31, 2023	April 28, 2023	P0.35
	June 13, 2023	June 30, 2023	July 26, 2023	0.35
	September 7, 2023	October 6, 2023	October 27, 2023	0.35
	December 7, 2023	January 5, 2024	January 26, 2024	0.35
Preferred				
SMC2F	January 26, 2023	March 21, 2023	April 4, 2023	1.27635
	May 11, 2023	June 21, 2023	July 5, 2023	1.27635
	August 3, 2023	September 21, 2023	October 5, 2023	1.27635
	November 9, 2023	December 21, 2023	January 4, 2024	1.27635
SMC2I	January 26, 2023	March 21, 2023	April 4, 2023	1.18790625
	May 11, 2023	June 21, 2023	July 5, 2023	1.18790625
	August 3, 2023	September 21, 2023	October 5, 2023	1.18790625
	November 9, 2023	December 21, 2023	January 4, 2024	1.18790625
SMC2J	January 26, 2023	March 21, 2023	April 4, 2023	0.890625
	May 11, 2023	June 21, 2023	July 5, 2023	0.890625
	August 3, 2023	September 21, 2023	October 5, 2023	0.890625
	November 9, 2023	December 21, 2023	January 4, 2024	0.890625
SMC2K	January 26, 2023	March 21, 2023	April 4, 2023	0.84375
	May 11, 2023	June 21, 2023	July 5, 2023	0.84375
	August 3, 2023	September 21, 2023	October 5, 2023	0.84375
	November 9, 2023	December 21, 2023	January 4, 2024	0.84375
SMC2M	November 9, 2023	December 21, 2023	January 4, 2024	1.5703125

2022

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common				
	March 10, 2022	April 1, 2022	April 29, 2022	P0.35
	June 14, 2022	July 1, 2022	July 27, 2022	0.35
	September 22, 2022	October 7, 2022	October 28, 2022	0.35
	December 7, 2022	January 6, 2023	January 27, 2023	0.35
Preferred				
SMC2F	February 10, 2022	March 21, 2022	April 1, 2022	1.27635
	May 5, 2022	June 21, 2022	July 4, 2022	1.27635
	August 4, 2022	September 21, 2022	October 4, 2022	1.27635
	November 14, 2022	December 21, 2022	January 3, 2023	1.27635

SMC2H	February 10, 2022	March 21, 2022	April 1, 2022	1.1854125
	May 5, 2022	June 21, 2022	July 4, 2022	1.1854125
	August 4, 2022	September 21, 2022	October 4, 2022	1.1854125
	November 14, 2022	December 21, 2022	January 3, 2023	1.1854125
SMC2I	February 10, 2022	March 21, 2022	April 1, 2022	1.18790625
	May 5, 2022	June 21, 2022	July 4, 2022	1.18790625
	August 4, 2022	September 21, 2022	October 4, 2022	1.18790625
	November 14, 2022	December 21, 2022	January 3, 2023	1.18790625
SMC2J	February 10, 2022	March 21, 2022	April 1, 2022	0.890625
	May 5, 2022	June 21, 2022	July 4, 2022	0.890625
	August 4, 2022	September 21, 2022	October 4, 2022	0.890625
	November 14, 2022	December 21, 2022	January 3, 2023	0.890625
SMC2K	February 10, 2022	March 21, 2021	April 1, 2022	0.84375
	May 5, 2022	June 21, 2022	July 4, 2022	0.84375
	August 4, 2022	September 21, 2022	October 4, 2022	0.84375
	November 14, 2022	December 21, 2022	January 3, 2023	0.84375

On January 18, 2024, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at March 21, 2024 on the following shares to be paid on April 4, 2024, as follows:

Class of Shares	Dividends Per Share
SMC2F	P1.27635
SMC2I	1.18790625
SMC2J	0.890625
SMC2K	0.84375
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.611300

On March 11, 2024, the BOD of the Parent Company declared cash dividends at P0.35 per share to all common shareholders of record as at March 27, 2024 to be paid on April 26, 2024.

The Parent Company paid P2,007 million to the holders of SPCS in 2023, and P1,957 million and P200 million to the holders of SPCS and RPS, respectively, in 2022, as distributions in accordance with the terms and conditions of their respective separate subscription agreements with the Parent Company.

Description of the securities of the Group may be found in Note 24, Equity, of the Audited Consolidated Financial Statements attached hereto as Annex "B".

There were no securities sold by the Parent Company within the past three (3) years which were not registered under the Securities Regulation Code, except for the following:

Name of Security Sold	Date of Sale	Amount of Securities	Basis for Exemption
U.S.\$3,000,000,000 Medium Term Note Programme	July 29, 2020	U.S.\$500,000,000.00	Section 10.1 (l) of the SRC
Redeemable Perpetual Securities – U.S. Dollar	August 5, 2020	U.S.\$100,000,000.00	Section 10.1 (k) of the SRC
Series 2-M Preferred Shares	August 23, 2023	173,333,325 Series 2-M Preferred Shares equivalent to ₱12.9 billion at an issue price of ₱75.00 per share	Section 10.1(k) of the SRC

Item 6. Management's Discussion and Analysis or Plan of Operation.

(A) Management Discussion and Analysis

The information required by Item 6 (A) may be found on **Annex "A"** hereto.

(B) Information on Independent Accountant and Other Related Matters

The accounting firm of R.G. Manabat & Co. served as the Parent Company's external auditors for the last sixteen fiscal years. The BOD will again nominate R.G. Manabat & Co. as the Parent Company's external auditors for this fiscal year.

Representatives of R.G. Manabat & Co. are expected to be present at the stockholders' meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire.

The Parent Company paid the external auditor the amount of P8 million and P6 million, respectively, for its services rendered in 2023 and 2022.

The stockholders approve the appointment of the Parent Company's external auditors. The Audit and Risk Oversight Committee reviews the audit scope and coverage, strategy and results for the approval of the board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. The Parent Company's Audit and Risk Oversight Committee's approval policies and procedures for external audit fees and services are stated in the Parent Company's Manual of Corporate Governance.

Item 7. Financial Statements

The Audited Consolidated Financial Statements and Statement of Management's Responsibility are attached as **Annex "B"** with the Supplementary Schedules attached as **Annex "C"** hereto. The auditors' PTR, name of certifying partner and address are attached as **Annex "B-1"** hereto.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Parent Company's external auditors on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The names of the incumbent and key executive officers of the Company, and their respective ages, periods of service, directorships in other reporting companies and positions held in the last five (5) years, are as follows:

Board of Directors

Name	Age	Citizenship	Position
Ramon S. Ang	70	Filipino	Vice Chairman, President and Chief Executive Officer
John Paul L. Ang	44	Filipino	Director
Aurora T. Calderon	69	Filipino	Director
Joselito D. Campos, Jr.	73	Filipino	Director
Jose C. De Venecia, Jr.	87	Filipino	Director
Menardo R. Jimenez	91	Filipino	Director
Estelito P. Mendoza	94	Filipino	Director
Ernesto M. Pernia	80	Filipino	Director
Alexander J. Poblador	70	Filipino	Director
Ramon F. Villavicencio	82	Filipino	Director
Iñigo Zobel	67	Filipino	Director
Teresita J. Leonardo-De Castro	75	Filipino	Independent Director
Diosdado M. Peralta	72	Filipino	Independent Director
Reynato S. Puno	83	Filipino	Independent Director
Margarito B. Teves	80	Filipino	Independent Director

Ramon S. Ang is the Vice Chairman since January 28, 1999, President and Chief Operating Officer since March 6, 2002 of the Company. He has been a member of the Board of Directors of the Company for 24 years. On December 2, 2021, the Board of Directors confirmed the change in designation of Mr. Ang from “President and Chief Operating Officer” to “President and Chief Executive Officer” in accordance with the approval of the amended by-laws of the Corporation by the SEC on November 2, 2021. He is also a Member of the Executive Committee of the Company. He also holds, among others, the following positions in other publicly listed companies: President and Chief Executive Officer of Top Frontier Investment Holdings, Inc. and Petron Corporation; President of Ginebra San Miguel, Inc.; Chairman of the Board of Directors of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia) ; and Vice Chairman of the Board, President and Chief Executive Officer of San Miguel Food and Beverage, Inc. He is also the Chairman of the Board of San Miguel Brewery Inc.; Chairman of the Board and Chief Executive Officer, and President and Chief Operating Officer of San Miguel Global Power Holdings Corp.; Chairman of the Board and President of San Miguel Holdings Corp., SMC SLEX, Inc., San Miguel Equity Investments Inc., San Miguel Properties, Inc., and San Miguel Aerocity Inc.; Chairman of the Board and Chief Executive Officer of SMC Asia Car Distributors Corp.; Chairman of the Board of San Miguel Foods, Inc., Eagle Cement Corporation, San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, Philippine Diamond Hotel & Resort, Inc. SEA Refinery Corporation and New NAIA Infra Corp.; President and Chief Executive Officer of Northern Cement Corporation. He is also the sole director and shareholder of Master Year Limited and the Chairman of the Board of Privado Holdings, Corp. He formerly held the following positions: Chairman of the Board of Liberty Telecoms Holdings, Inc. and Cyber Bay Corporation, President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; and Vice Chairman of the Board and Director of Manila Electric Company. Mr. Ang has held directorships in various domestic and international subsidiaries of the Company in the last five (5) years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 10, 2023.

John Paul L. Ang was elected as a director of the Company on January 21, 2021 and has been a member of the Board of Directors for two (2) years. Mr. Ang holds directorships in other listed companies namely, Petron Corporation, San Miguel Food and Beverage, Inc., and Top Frontier Investment Holdings, Inc.. He is also the President and Chief Executive Officer of Eagle Cement Corporation since 2016, Solid North Mineral Corp., and Southwestern Cement Corporation since 2017. He is the Chairman and President of San Miguel Equity Investments, Inc. He is also the Vice Chairman of San Miguel Global Power Holdings Corp. since 2021. He is the President of Armstrong Ash-fly and Logistocs Company Inc. He is also a director of SMC SLEX Inc., Aerofuel Storage Management Inc., Argonbay Construction Company, Inc., Pacific Nickle Philippines, inc., Philnico Industrial Corporation, and KB Space Holdings, Inc. Mr. Ang graduated with a degree in Bachelor of Arts Major in Interdisciplinary Studies at the Ateneo de Manila University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on September 20, 2023.

Aurora T. Calderon has been a director of the Company since June 10, 2014. She has been a member of the Board of Directors of the Company for nine (9) years. She is also Senior Vice President and the Senior Executive Assistant to the President and Chief Operating Officer of SMC since January 20, 2011. In line with the change in designation of the office of the “President and Chief Operating Officer” to “President and Chief Executive Officer,” on December 2, 2021 her designation is now Senior Executive Assistant to the President and Chief Executive Officer. She is a member of the Corporate Governance Committee and Sustainability Committee of the Company. She holds the following positions in other publicly listed companies, namely: Director and Treasurer of Top Frontier Investment Holdings, Inc.; and Director of San Miguel Food and Beverage, Inc., Ginebra San Miguel, Inc., Petron Corporation and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia). She is also a member of the Board of Directors of San Miguel Global Power Holdings Corp., SMC SLEX, Inc., Petron Marketing Corporation, Petron Freeport Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, San Miguel Equity Investments Inc., SMC Asia Car Distributors Corp., San Miguel Yamamura Packaging Corp., and San Miguel Aerocity Inc. She was formerly a Director of PAL Holdings, Inc., Philippine Airlines, Inc., Trustmark Holdings Corporation, Zuma Holdings and Management Corporation, Air Philippines Corporation, and Manila Electric Company. A certified public accountant, Ms. Calderon graduated magna cum laude from the University of the East with a degree in BS Business Administration, major in Accountancy. In addition, Ms. Calderon holds directorships in various SMC domestic and international subsidiaries. As a director of a number of companies including listed companies, Ms. Calderon has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 10, 2023.

Joselito D. Campos, Jr. has been a Director since May 31, 2010. He has been a member of the Board of Directors of the Company for 13 years. He is a member of the Related Party Transactions Committee of the Company. He is the Managing Director and Chief Executive Officer of Del Monte Pacific Ltd., President and Chief Executive Officer of Del Monte Philippines, Inc. He is also the Chairman of the Board and Chief Executive Officer of the NutriAsia Group of Companies, Chairman of the Board of Fort Bonifacio Development Corp. and Vice Chairman of the Board of Ayala Greenfield Development Corp. He is also a Director of FieldFresh Foods (P) Ltd. He was the former Chairman of the Board and Chief Executive Officer of United Laboratories, Inc. and its regional subsidiaries and affiliates. He is also the Honorary Consul in the Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Center for Entrepreneurship and a member of the WWF (World Wildlife Fund) for Nature - Philippines. He graduated with a degree in BS Commerce, Major in International Business from the University of Santa Clara, California and a Masters in Business Administration degree from Cornell University, New York. As a director of a number of companies including listed companies, Mr. Campos has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 10, 2023.

Jose C. De Venecia, Jr. is a Director of the Company since March 16, 2017. He has been a member of the Board of Directors of the Company for six (6) years. He was former Speaker of the House of Representatives (from 1992 to 1998, and from 2001 to 2008). Before joining politics, he was an international entrepreneur, engaged in the business of port operations in Saudi Arabia, agriculture in Africa, mass housing in Iraq and oil exploration in the United Arab Emirates. He has a Bachelor of Arts degree in Journalism from the Ateneo de Manila University. He completed his secondary education at De La Salle College, Manila. As a director of a number of companies including listed companies, Mr. De Venecia, Jr. has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 10, 2023.

Menardo R. Jimenez has been a Director of the Company since February 27, 2002 and a Member of the Executive Committee and Corporate Governance Committee of the Company. He has been a member of the Board of Directors of the Company for 21 years. He is also a Director of San Miguel Food and Beverage, Inc., a publicly listed company, and Magnolia, Inc. He is the Chairman of Coffee Bean and Tea Leaf Holdings, Inc., Dasoland Holdings Corporation, Majent Management and Development Corporation, Meedson Properties Corporation, Menarco Holdings, Inc., Next Century Building Systems, Inc., Television International Corporation and the Table Group, Inc. He is also Chairman Emeritus of Majent Agro Industrial Corporation, and NuvoLand Philippines, Inc. He is also a director of Cunickel Mining & Industrial Corporation, Dasoland Corporation, Menarco Development Corporation, Menarco Property Development & Management Corporation, Modesto Holdings Philippines, Inc., and Unicapital Equities Ventures Inc. He is a graduate of Far Eastern University with a degree of Bachelor of Science in Commerce and is a certified public accountant. As a director of a number of companies including listed companies, Mr. Jimenez has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on September 8, 2023.

Estelito P. Mendoza was first elected as a Director of the Company on October 30, 1991 and served until April 21, 1993. He was re-elected as Director of the Company on April 21, 1998 up to the present. He has been a member of the Board of Directors of the Company for a total of 30 years. He is a Member of the Executive Committee and the Audit and Risk Oversight Committee of the Company. He is also a Director of Petron Corporation and Philippine National Bank which are both publicly listed companies. He was formerly a director of the Manila Electric Company and Philippine Airlines, Inc. Atty. Mendoza, a former Solicitor General, Minister of Justice, Member of the Batasang Pambansa and Governor of the Province of Pampanga, heads the E.P. Mendoza Law Office, and was also formerly Chairman of the Board of Dutch Boy Philippines, Inc. and Alcorn Petroleum and Minerals Corporation, and Director of East-West Bank. He graduated from the University of the Philippines College of Law cum laude. He also holds a Master of Laws degree from Harvard Law School. As a director of a number of companies including listed companies, Atty. Mendoza has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on December 1, 2023.

Ernesto M. Pernia was elected as a Director of the Company on August 4, 2022 and is a Member of the Sustainability Committee of the Company. Mr. Pernia was the Secretary of Socioeconomic Planning and Director General of the National Economic and Development Authority of the Philippines from 2016 until 2020. Since 2013, he has served as Professor Emeritus of Economics, University of the Philippines (U.P.), after having been on the faculty of the U.P. School of Economics for several years. He likewise held the position of Lead Economist at the Asian Development Bank from 1999-2003. Mr. Pernia obtained his MA Economics degree from the University of Bridgeport, Connecticut in 1969, his AB Economics degree from the University of San Carlos in 1967, his degree of Bachelor of Theology from the UST Central Seminary in 1965, and his AB in Philosophy degree from the San Carlos Major Seminary (Cebu) in 1963. Mr. Pernia has served as Chairman of the Board of Trustees of the University of San Carlos, and a Director on the board of the Philippine-American Academy of Science and Engineering. He was also a former President of the Philippine Economic Society. Mr. Pernia has most recently attended the training on Corporate Governance conducted by the Center for Global Best Practices on November 10, 2023.

Alexander J. Poblador has been a Director of the Company since September 1, 2009 and a Member of the Related Party Transactions Committee and Sustainability Committee of the Company. He has been a member of the Board of Directors of the Company for 14 years. He is the Founding Partner and Chairman of the Executive Committee of Poblador Bautista & Reyes Law Office. Atty. Poblador is a practicing lawyer, specializing in the fields of commercial litigation, international arbitration, real estate finance and project development, bankruptcy and corporate reorganization. He also sits as a member of the Board of Directors of Alpha Aviation Group (Phil), Inc., Alsa Industries, Inc., Delfi Foods Inc., Delfi Marketing Inc., Xytron International, Inc. and B-Light Universal Trading, Inc. He is a graduate of the University of the Philippines with a degree in Bachelor of Laws cum laude, class valedictorian, and Bachelor of Arts in Political Science cum laude. He also holds a Master of Laws degree from the University of Michigan, at Ann Arbor, School of Law (De Witt Fellow). As a director of a number of companies including listed companies, Atty. Poblador has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on November 10, 2023.

Ramon F. Villavicencio is a Director of the Company since March 15, 2018. He has been a member of the Board of Directors of the Company for five (5) years. Prior to his election as director of the Company, he owns the ICVI Financial Consultancy Services, has ownership interests in JoyToAll Amusement Corporation and is a consultant of Petro Finance Services, Inc. He graduated from De La Salle College with a degree in Bachelor of Science in Commerce and a Masters in Business Administration. As a director of a number of companies including listed companies, Mr. Villavicencio has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on November 10, 2023.

Iñigo U. Zobel has been a Director of the Company since October 2009 and was an Independent Director of the Company from May 5, 1999 until October 2009. He has been a member of the Board of Directors of the Company for 24 years. He is a Member of the Executive Committee of the Company. He holds the position of Chairman of the Board of Top Frontier Investment Holdings, Inc. and is a Director of PAL Holdings, Inc., which are both publicly listed companies. He is also the Chairman of the Board and President of Zygnnet Prime Holdings Inc.; Chairman of the Board of IZ Investment Holdings, Inc. and E. Zobel, Inc.; Director of E. Zobel Foundation, Inc. Calatagan Golf Club, Inc., Calatagan Bay Realty, Inc., Hacienda Bigaa, Inc., MERMAC, Inc., among others. He was formerly Chairman (2015-2016), Vice Chairman (since 2016) and President (since 2015) of Manila North Harbour Port, Inc., Philippine Airlines, Inc., and President and Chief Operating Officer of Air Philippines Corporation. He was formerly an Independent Director of San Miguel Brewery Inc., San Miguel Pure Foods Company, Inc., San Miguel Properties, Inc., and Ginebra San Miguel, Inc. He attended Santa Barbara College, California, U.S.A. As a director of a number of companies including listed companies, Mr. Zobel has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on November 10, 2023.

Teresita J. Leonardo-de Castro was elected as an Independent Director of the Company on August 6, 2020. She has been a member of the Board of Directors of the Company for three years. She is also the Chairman of the Related Party Transactions Committee and Sustainability Committee of the Company and a Member of the Audit and Risk Oversight Committee of the Company. She is currently an independent director of the following publicly listed companies: Top Frontier Investment Holdings, Inc. since July 9, 2019 and the Philippine Stock Exchange, Inc. She also sits as an independent director of the Securities Clearing Corporation of the Philippines. She is the President of the UP Sigma Alpha Sorority Alumnae Association, Inc. and Consultant of the Supreme Court Committee on Family Courts and Juvenile Concerns. In 2018, she was the Chief Justice of the Supreme Court until her retirement on October 10, 2018. She joined the Supreme Court as an Associate Justice on December 4, 2007. She was also the Presiding Justice of the Sandiganbayan from 2004 to 2007 and was previously Associate Justice of the Sandiganbayan (1997-2004). She completed her Bachelor of Laws in 1972 and Bachelor of Arts degree in political science cum laude in 1968, both from the University of the Philippines. As a director of a number of companies including listed companies, Madame De Castro has attended various trainings

and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on November 10, 2023.

Diosdado M. Peralta was elected as an Independent Director of the Company on June 8, 2021 and was appointed as a member of the Audit and Risk Oversight Committee, Corporate Governance Committee, and Sustainability Committee. He has been a member of the Board of Directors of the Company for two (2) years. He was the Chief Justice of the Supreme Court from October 23, 2019 until his early retirement on March 27, 2021. He joined the Supreme Court as an Associate Justice in 2011 and was previously Associate Justice of the Sandiganbayan since 2002 prior to his appointment to the Supreme Court. He was previously a judge at the Regional Trial Court of Quezon City, and prosecutor in the City of Manila and Laoag City, Ilocos Norte. He completed his Bachelor of Laws degree from the University of Santo Tomas in 1979 and his undergraduate degree from Colegio de San Juan de Letran in 1974. He was admitted to the Bar in 1980. As a director of a number of companies including listed companies, Mr. Peralta has attended various trainings and seminars on Corporate Governance, the most recent of which is the training conducted by Center for Global Best Practices on November 10, 2023.

Reynato S. Puno was elected to the Board as an Independent Director of the Company on January 20, 2011 and is the Chairman of the Corporate Governance Committee and a Member of the Audit and Risk Oversight Committee and Related Party Transaction Committee of the Company. He has been a member of the Board of Directors of the Company for 12 years. He is also an independent director of San Miguel Brewery Hong Kong Ltd. (a company publicly listed in the Hong Kong Stock Exchange) and Union Bank of the Philippines, Inc., and a member of the Board of Commissioners of PT Delta Djakarta Tbk (a company listed in the Indonesia Stock Exchange). He is also the Chairman of the Environmental Heroes Foundation and World Vision; Vice Chairman of the Board of the GMA Kapuso Foundation; and Director of The New Standard newspaper. He was the Chief Justice of the Supreme Court from December 6, 2006 until his retirement on May 17, 2010. He joined the Supreme Court as an Associate Justice on June 1993 and was previously Associate Justice of the Court of Appeals (1980, 1986 to 1993), Appellate Justice of the Intermediate Appellate Court (1983), Assistant Solicitor General (1974-1982) and City Judge of Quezon City (1972-1974). He also served as Deputy Minister of Justice from 1984-1986. He completed his Bachelor of Laws from the University of the Philippines in 1962, and has a Master of Laws degree from the University of California in Berkeley (1968) and a Master in Comparative Law degree from the Southern Methodist University, Dallas, Texas (1967). As a director of a number of companies including listed companies, Mr. Puno has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on November 10, 2023.

Margarito B. Teves was elected as an Independent Director of the Company on June 14, 2012 and is the Chairman of the Audit and Risk Oversight Committee and a Member of the Corporate Governance Committee and Related Party Transactions Committee of the Company. He has been a member of the Board of Directors of the Company for 11 years. He is also an Independent Director of Petron Corporation, a publicly listed company, SMC Tollways Corporation (formerly, Atlantic Aurum Investments Philippine Corporation), AB Capital Investment Corp., Alphaland Corporation, Alphaland Balesin Island Club, Inc., Alphaland Marina Club, Inc., The City Club at Alphaland Makati Place, Inc., and Atok-Big Wedge Corporation. He is also the Managing Director of The Wallace Business Forum and Chairman of the Board of Think Tank Inc. and a director of Pampanga Sugar Development Co. He was Secretary of the Department of Finance of the Philippine government from 2005 to 2010, and was previously President and Chief Executive Officer of the Land Bank of the Philippines from 2000 to 2005, among others. He holds a Master of Arts in Development Economics from the Center for Development Economics, Williams College, Massachusetts and is a graduate of the City of London College, with a degree of Higher National Diploma in Business Studies which is equivalent to a Bachelor of Science in Business Economics. As a director of a number of companies including listed companies, Mr. Teves has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on September 20, 2023.

Officers

Name	Age	Citizenship	Position
Ferdinand K. Constantino	72	Filipino	Senior Vice President - Chief Finance Officer and Treasurer
Virgilio S. Jacinto	67	Filipino	Senior Vice President – General Counsel, Compliance Officer and Corporate Secretary
Aurora T. Calderon	69	Filipino	Senior Vice President – Senior Executive Assistant to the Office of the President and Chief Operating Officer
Joseph N. Pineda	59	Filipino	Senior Vice President – Deputy Chief Finance Officer and Head of Treasury
Lorenzo G. Formoso III	62	Filipino	Senior Vice President – Head of SMC Infrastructure Business
Cecile Caroline U. De Ocampo	58	Filipino	Senior Vice President - Head of Corporate Mergers and Acquisitions
Bryan U. Villanueva	54	Filipino	Senior Vice President for Special Corporate Projects – Office of the President
Bella O. Navarra	63	Filipino	Senior Vice President and Comptroller
Susan Y. Yu	48	Filipino	Senior Vice President - Head of Corporate Procurement

Ferdinand K. Constantino was a Director of the Company from May 31, 2010 to February 28, 2018. He is the Senior Vice President - Chief Finance Officer and Treasurer of the Company. He is also a Director of Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia), President of Anchor Insurance Brokerage Corporation; Director of San Miguel Brewery Inc., San Miguel Yamamura Packaging Corporation, San Miguel Foods International Limited (formerly, San Miguel Pure Foods International Limited), SMC Skyway Corporation (formerly, Citra Metro Manila Tollways Corporation), San Miguel Aerocity Inc. and Northern Cement Corporation; and a Trustee of the San Miguel Foundation, Inc. Mr. Constantino is also a member of the board of directors of The Philippine Stock Exchange, Inc. He was formerly a Director of PAL Holdings, Inc., and Philippine Airlines, Inc. Mr. Constantino previously served San Miguel Corporation as Chief Finance Officer of the San Miguel Beer Division (1999-2005) and as Chief Finance Officer and Treasurer of San Miguel Brewery Inc. (2007-2009); Director of San Miguel Pure Foods Company, Inc. (2008-2009); Director of San Miguel Properties, Inc. (2001-2009); Chief Finance Officer of Manila Electric Company (2009); Director of Top Frontier Investment Holdings, Inc. (2010-2021); Director (2010-2021), Treasurer (2010-2011), and Vice Chairman (2011-2021) of San Miguel Global Power Holdings Corp.; and Director and Chief Finance Officer of San Miguel Northern Cement, Inc. (2017-2021). He has held directorships in various domestic and international subsidiaries of the Company during the last five (5) years. He holds a degree in AB Economics from the University of the Philippines and completed academic requirements for an MA Economics degree. On September 8, 2023, and November 10, 2023, he attended the corporate governance trainings conducted by SGV & Co., and the Center for Global Best Practices, respectively.

Virgilio S. Jacinto is the Senior Vice President - Corporate Secretary, General Counsel, and Compliance Officer of SMC (since October 2010). He is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc. and Corporate Secretary of Ginebra San Miguel, Inc. and other subsidiaries and affiliates of SMC. He is a Director of Petron Corporation. He was formerly the Vice President and First Deputy General Counsel from 2006 to 2010 and appointed as SMC General Counsel in 2010. He was Director and Corporate Secretary of United Coconut Planters Bank, Partner at Villareal Law Offices and Associate at SyCip, Salazar, Feliciano & Hernandez Law Office. Atty. Jacinto is an Associate Professor at the University of the Philippines, College of Law. He obtained his law degree from the University of the Philippines cum laude where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Master of Laws degree from Harvard

Law School. He holds various directorships in various local and offshore subsidiaries of SMC. On September 20, 2023, he attended the corporate governance training conducted by SGV & Co.

Joseph N. Pineda is the Senior Vice President and Deputy Chief Finance Officer. Effective June 1, 2021, he was also appointed Head of Treasury of SMC. He was formerly Vice President prior to his promotion on July 27, 2010 and has been the Deputy Chief Finance Officer since December 2005. He was previously Special Projects Head of SMC since January 2005. Mr. Pineda has a degree of Bachelor of Arts in Economics from San Beda College and obtained units towards a Masters in Business Administration degree from De La Salle University. In addition, Mr. Pineda holds directorships in various SMC domestic and international subsidiaries. On September 8, 2023, he attended the corporate governance training conducted by CGV & Co.

Lorenzo G. Formoso III is the Senior Vice President and Head of SMC Infrastructure Business. Atty. Formoso holds various directorships in various local and offshore subsidiaries of SMC. He is a member of the Board of Directors of SMC SLEX, Inc., SMC Mass Rail Transit Inc., SMC Skyway Corporation, SMC Skyway Stage 3 Corporation, SMC TPLEX Corporation, Trans Aire Development Holdings Corp.,. Previously, he was a consultant of the Company for Infrastructure and Transportation from July 2009 to August 2010. He was previously Assistant Secretary of the Department of Transportation and Communication of the Philippine Government from September 2006 to June 2009 and Deputy Commissioner of the Commission on Information and Communications Technology. He obtained his Juris Doctor degree from University of California, Davis School of Law and a degree in Bachelor of Arts in Philosophy from the University of the Philippines. Atty. Formoso is a director in various SMC subsidiaries. On November 10, 2023, he attended the corporate governance training conducted by Center for Global Best Practices.

Cecile Caroline U. De Ocampo is the Senior Vice President and Head of Corporate Mergers and Acquisitions of SMC. She has been the head of Corporate Mergers and Acquisitions since 2016. She has been an officer of the Company since 2002 as Assistant Vice President for Planning and Project Development, and later as Vice President in 2007. She was Planning and Product Development Manager of the Company since 2002. She has been with the Company in various positions since 1990 and has been with Corporate Planning and Development since 2002 until 2007. She is a graduate of Ateneo de Manila University with a degree in BS Management Engineering. On November 10, 2023, she attended the corporate governance training conducted by Center for Global Best Practices.

Bryan U. Villanueva is the Senior Vice President for Special Corporate Projects – Office of the President of SMC since November 2023. He is concurrently serving as Chief Finance Officer of San Miguel Aerocity Inc., a position which he has held since 2020. He has been a consultant of SMC since 2018. Prior to joining SMC, Mr. Villanueva was the Managing Director, Global Head of Finance Sponsors Coverage at Standard Chartered Bank (Singapore) from 2008 to 2017. He was previously with Framework Capital Corporation (Singapore) as Director from 2006 to 2008, Executive Director at UBS Investment Bank (Hong Kong) from 2002 to 2006 and an Associate at Goldman Sachs (US/Singapore/Hong Kong) from 1998 to 2002. In 1991, he obtained a degree in BS Management Engineering from Ateneo de Manila University. He also has a Masters degree in Business Administration, Major in Finance from Wharton Business School. On October 21, 2021, he attended the corporate governance training conducted by Center for Global Best Practices.

Bella O. Navarra is the Senior Vice President and Comptroller of the Company. Ms. Navarra holds various directorships in various local and offshore subsidiaries of SMC. Since 2000, Ms. Navarra was VP and Comptrollership Manager of the Company. Prior to joining SMC, Ms. Navarra was Vice President – Office of the Treasurer at SGV & Company from 1989 to 2000. She was also audit manager at PCI Bank from 1980 to 1989. She graduated with a degree in BS Accounting from the University of the East. On November 10, 2023, she attended the corporate governance training conducted by Center for Global Best Practices.

Susan Y. Yu is the Senior Vice President of the Company and Head of Corporate Procurement. Ms. Susan Yu holds various directorships in various local and offshore subsidiaries of SMC. Prior to this appointment, Ms. Susan Yu was Vice President for Special Projects at Petron Corporation from January to February 2024, and Vice President, Senior Procurement Manager at Petron Corporation from April 2009 to December 2023. She was also AVP and Senior Procurement Manager at San Miguel Brewery Inc from March 2008 to March 2009, AVP and Senior Procurement Manager at CSU from 2006 to 2008 and was at CSU Corporate Procurement from 2003 to 2006. She was Fuel Purchasing and Risk Management Manager at Philippine Airlines from 1997 to 2003. She graduated with a degree in BS Management from De La Salle University and has an MBA from Ateneo de Manila University. On September 20, 2023, she attended the corporate governance training conducted by SGV&Co.

Term of Office

Pursuant to the Company's By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and his successor is duly elected, unless he resigns, dies or is removed prior to such election.

Independent Directors

The independent directors of the Company are as follows:

1. Teresita J. Leonardo-De Castro
2. Diosdado M. Peralta
3. Reynato S. Puno
4. Margarito B. Teves

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of SMC have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in SMC.

Item 10. Executive Compensation

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and senior executive officers of the Company are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total	2024 (estimated)	₱174.5 Million	₱52.4 Million	₱15.9 Million	₱242.8 Million
Compensation of the Chief Executive Officer and Senior Executive Officers ¹	2023	₱184.8 Million	₱49.7 Million	₱28.3 Million	₱262.8 Million
	2022	₱182.3 Million	₱149.7 Million	₱26.8 Million	₱358.8 Million

¹ The Chief Executive Officer and senior executive officers of the Company for 2023, 2022 and 2021 are Ramon S. Ang, Ferdinand K. Constantino, Aurora T. Calderon, Virgilio S. Jacinto and Joseph N. Pineda..

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
All other officers and directors as a group unnamed	2024 (estimated)	₱282.0 Million	₱84.8 Million	₱61.5 Million	₱428.3 Million
	2023	₱265.7 Million	₱80.6 Million	₱62.6 Million	₱408.9 Million
	2022	₱240.9 Million	₱94.7 Million	₱63.3 Million	₱398.9 Million
Total	2024 (estimated)	₱456.5 Million	₱137.2 Million	₱77.4 Million	₱671.1 Million
	2023	₱450.5 Million	₱130.3 Million	₱90.9 Million	₱671.1 Million
	2022	₱423.2 Million	₱244.4 Million	₱90.1 Million	₱757.7 Million

Section 10 of the Amended By-Laws of the Company provides that the Board of Directors shall receive as compensation no more than 2% of the profits obtained during the year after deducting therefrom general expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties. Such compensation shall be apportioned among the directors in such manner as the Board deems proper. The Company provides each director with reasonable per diem of ₱50,000 and ₱20,000 for each Board and Committee meeting attended, respectively.

The Long-Term Incentive Plan for Stock Options ("LTIP") of the Company grants stock options to eligible senior and key management officers of the Company as determined by the Committee administering the said Plan. Its purpose is to further and promote the interests of the Company and its shareholders by enabling the Company to attract, retain and motivate senior and key management officers, and to align the interests of such officers and the Company's shareholders.

On November 10, 2005, the Company approved the grant of stock options to 1,096 executives and middle managers of about 4.43 million shares based on the closing price of the Company's shares, computed in accordance with the LTIP. Also on March 1, 2007, the Parent Company approved the grant of options to 822 executives consisting of 18.31 million shares. On June 25, 2009 and June 26, 2008, the Parent Company approved the grant of options to 755 executives consisting of 5.77 million shares and to 742 executives consisting of 7.46 million shares, respectively. At the end of 2018, there are no more outstanding options to purchase the shares of the Company arising from the LTIP.

There were no employment contracts between the Company and a named executive officer. There were neither compensatory plans nor arrangements with respect to a named executive officer.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Owners of more than 5% of the Company's voting² securities as of December 31, 2023 were as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent to Total Outstanding Capital Stock
Common	Top Frontier Investment Holdings, Inc. ³ 5th Floor, ENZO Bldg., No. 339 Sen. Gil Puyat, Makati City	Iñigo Zobel, Filipino, Director of the Company, and Ramon S. Ang, Filipino, the President and Chief Operating	Filipino	1,472,668,340	38.21%

² Common stockholders have the right to vote on all matters requiring stockholders' approval. The holders of the Series "2" Preferred shares shall not be entitled to vote except in matters provided for 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 or other corporations; investment of corporate funds in another corporation or business; and dissolution.

³ The shares owned by Top Frontier Investment Holdings, Inc. are voted, in person or by proxy, by its authorized designate. As of December 31, 2023, Top Frontier Investment Holdings, Inc. has voting rights to a total of 1,472,668,340 shares of the Company which represent about 61.78% of the outstanding common capital stock of the Company.

		Officer of the Company, are beneficial owners of 52.82% and 34.86% ⁴ of the outstanding common stock of Top Frontier, respectively.			
Common	PCD Nominee Corporation (Filipino) Makati City	Various individuals/entities	Filipino	291,922,077	35.86%
Series "2" Preferred Shares	PCD Nominee Corporation (Filipino) Makati City	Various individuals/entities	Filipino	1,090,196,750	
Common	Privado Holdings, Corp. Room 306 Narra Building, 2776 Pasong Tamo Extension, Makati City	Ramon S. Ang, Filipino, as beneficial owner of 100% of the outstanding capital stock of Privado. ⁵	Filipino	373,623,796 ⁶	9.69%

The following are the number of shares comprising the Company's capital stock (all of which are voting shares) owned of record by the President, the directors, key officers of the Company, and nominees for election as director, as of December 31, 2023:

Name of Owner	Amount and Nature of Ownership		Citizenship	Total No. of Shares and Percent to Total Outstanding Capital Stock
	Common	Preferred		
Ramon S. Ang	1,345,429 (D) 363,140,516 (I) ⁷ 5,483,280 (I) ⁸ 194,076,265 (I) ⁹ 143,642,255 ¹⁰ 175,370,472 (I) ¹¹ 295,741 (I) ¹²		Filipino	888,353,958 (23.05%)
John Paul L. Ang	5,000 (D)		Filipino	5,000 (0.00%)
Aurora T. Calderon	22,600 (D)		Filipino	22,600 (0.00%)
Joselito D. Campos, Jr.	9,149 (D)		Filipino	9,149 (0.00%)
Teresita J. Leonardo-de Castro	5,000 (D)		Filipino	5,000 (0.00%)
Jose C. de Venecia	5,000 (D)		Filipino	5,000 (0.00%)
Menardo R. Jimenez	5,000 (D)		Filipino	5,000 (0.00%)
Estelito P. Mendoza	31,972 (D)		Filipino	31,972 (0.00%)
Diosdado M. Peralta	5,000 (D)		Filipino	5,000 (0.00%)
Ernesto M. Pernia	5,000 (D)		Filipino	5,000 (0.00%)
Alexander J. Poblador	5,000 (D)		Filipino	5,000 (0.00%)
Reynato S. Puno	5,000 (D)		Filipino	5,000 (0.00%)

⁴ As of December 31, 2023, through Privado Holdings, Corp., Far East Holdings, Inc. and Master Year Limited, all stockholders of record of Top Frontier Investment Holdings, Inc.

⁵ As of December 31, 2023.

⁶ Inclusive of 368,140,516 common shares held in the name of Privado Holdings Corp. and 5,483,280 common shares which are lodged with the PDTC.

⁷ Through his 100% shareholdings in Privado Holdings, Corp.

⁸ Through his 100% shareholdings in Privado Holdings, Corp. which has shares which are lodged with the PDTC.

⁹ Through his direct shareholdings in Master Year Limited which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

¹⁰ Through his direct shareholdings in Privado Holdings Corp. which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

¹¹ Through his direct shareholdings in Far East Holdings, Inc. which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

¹² Through his direct shareholdings in Top Frontier Investment Holdings, Inc. which has shares in the Company.

Margarito B. Teves	5,000 (D)		Filipino	5,000 (0.00%)
Ramon F. Villavicencio	35,000(D) 9,000 (I)		Filipino	44,000 (0.00%)
Iñigo U. Zobel	16,171 (D) 777,871,381 (I) ¹³		Filipino	777,887,552 (20.18%)
Ferdinand K. Constantino	477,692 (D)	66,600 (I)	Filipino	544,292 (0.01%)
Virgilio S. Jacinto	180,830 (D)		Filipino	180,830 (0.00%)
Joseph N. Pineda	62,715 (I)		Filipino	62,715 (0.00%)
Lorenzo G. Formoso III	20,000(D)		Filipino	20,000 (0.00%)
Cecile Caroline U. De Ocampo	1,950 (D)	47,800 (I)	Filipino	49,750 (0.00%)
Bryan U. Villanueva	0 (N/A)		Filipino	0 (0.00%)
Bella O. Navarra	116,913 (D)	65,000 (I)	Filipino	181,913 (0.00%)
Susan Y. Yu	0 (N/A)		Filipino	0 (0.00%)

The aggregate number of shares directly or indirectly owned of record by the President and Chief Executive Officer, key officers and directors (as a group) of the Company as of December 31, 2023 is 1,667,251,818 or approximately 43.26% of the outstanding capital stock of the Company.

The aggregate number of shares directly or indirectly owned of record by the President and Chief Executive Officer, key officers and directors (as a group) of the Company as of March 31, 2024 is 1,667,433,731 or approximately 43.27% of the outstanding capital stock of the Company.

The aggregate number of shares owned of record of all officers and directors (as a group) of SMC as of December 31, 2023 is 1,667,777,916 shares or approximately 43.28% of the Company's outstanding capital stock.

There were no LTIP options exercised by the Chief Executive Officer, key officers and directors of the Company in 2023 and 2022.

Voting Trust

There is no person holding more than 5% of the Company's voting securities under a voting trust arrangement.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

Foreign Ownership

As of December 31, 2023, the following is the foreign ownership of the shares of stock of the Company:

Share Class	Foreign Shares	Percentage of Foreign Ownership	Local Shares/ Shares held by Filipinos	Percentage of Filipino Ownership	Total Shares Outstanding
Common	129,866,881	5.45%	2,255,885,742	94.55%	2,383,896,588
Preferred Series "2-F"	1,468,734	0.66%	221,499,648	99.34%	223,333,500
Preferred Series "2-I"	1,460,120	0.86%	167,412,450	99.14%	169,333,400
Preferred Series "2-J"	790,810	0.30%	265,911,907	99.70%	266,666,667
Preferred Series "2-K"	2,367,585	1.29%	181,590,560	98.71%	183,904,900
Preferred Series "2-L"	1,787,010	1.08%	163,571,590	98.92%	165,358,600
Preferred Series "2-M"	0	0.00%	173,333,325	100.00%	173,333,325
Preferred Series "2-N"	1,560,410	1.56%	98,554,690	98.44%	100,115,100
Preferred Series "2-O"	572,360	0.30%	187,287,340	99.70%	187,859,700
Total	139,882,910	3.62 %	3,713,918,870	95.37%	3,853,801,780

¹³ Through his 52.82% shareholdings in the common stock of Top Frontier Investment Holdings, Inc.

Item 12. Certain Relationships and Related Transactions

Related Party Disclosures

SMC, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. SMC requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31, 2023 and 2022:

<i>(Amounts in Million)</i>	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	2023	P8	P -	P -	P515	On demand;	Unsecured
	2022	11	-	-	515	non-interest bearing	
	2023	-	-	3,037	-	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest bearing	Unsecured; no impairment
	2022	-	-	3,037	-		
Retirement Plans	2023	29	-	3,332	-	On demand; non-interest bearing	Unsecured; no impairment
	2022	23	-	3,480	-		
	2023	239	-	4,129	9	On demand; interest bearing	Unsecured; no impairment
	2022	246	-	4,127	-		
Associates	2023	2,466	-	1,119	73	On demand; non-interest bearing	Unsecured; no impairment
	2022	1,970	11	888	74		
	2023	469	-	4,288	25,076	Less than 1 to 12 years; interest bearing	Unsecured and secured; no impairment
	2022	6	-	12,346	19,875		
Joint Ventures	2023	74	65	197	18	On demand; non-interest bearing	Unsecured; no impairment
	2022	63	471	117	17		
	2023	40	-	621	-	On demand; interest bearing	Unsecured; with impairment
	2022	-	-	621	-		
	2023	77	-	1,479	-	Less than 1 to 10.5 years; interest bearing	Unsecured; no impairment
	2022	59	-	1,135	-		
Shareholder of the Ultimate Parent Company	2023	-	-	1,300	-	On demand; non-interest bearing	Unsecured; no impairment
	2022	-	-	-	-		
Shareholders in subsidiaries	2023	30	990	100	1,304	On demand; non-interest bearing	Unsecured; no impairment
	2022	184	890	91	2,658		
Others	2023	451	2,965	157	162	On demand; non-interest bearing	Unsecured; no impairment
	2022	6,157	4,284	173	13		
Total	2023	P3,883	P4,020	P19,759	P27,157		
Total	2022	P8,719	P5,656	P26,015	P23,152		

1. Revenue consists of sale of power, fuel and other products and services to related parties.
2. Purchases consist of purchase of inventories, power and other products and services from related parties.
3. Amounts owed by related parties consist of current and noncurrent receivable, advances to suppliers and deposits and share in expenses.
 - a) Amounts owed by related parties include interest bearing receivable from Top Frontier Investment Holdings, Inc. (Top Frontier or the Ultimate Parent Company) related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 million and the assignment of certain receivables of the Ultimate Parent Company amounting to P725 million.
 - i) *Amounts owed by the Ultimate Parent Company amounting to P2,312 million:* On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099 million, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213 million, plus 6.00% interest rate per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing. The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte undertaken by Pacific Nickel Philippines, Inc., an indirect subsidiary of Clariden. As at December 31, 2023 and 2022, the Nonoc Project has not yet started commercial operations. These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2023 and 2022.
 - ii) *Amounts owed by the Ultimate Parent Company amounting to P725 million:* These amounts are subject to 5.75% interest rate per annum and will accrue upon commencement of commercial operations of the Nonoc Project. As at December 31, 2023 and 2022, the Nonoc Project has not yet started commercial operations. These amounts are included as part of noncurrent receivables and deposit under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2023 and 2022.
 - b) Amounts owed by related parties include investments in debt securities under investment agreement with BankCom for a total amount of P4,288 million and P12,250 million as at December 31, 2023 and 2022, respectively.
 - c) Amounts owed by related parties include non-interest bearing receivable from joint ventures included as part of "Trade and other receivables - net" account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to P621 million as at December 31, 2023 and 2022.
 - d) Amounts owed by related parties include the receivable from the assignment by ECC to FEHI of the advances for future investment in KSHI, included as part of "Trade and other receivables - net" account in the consolidated statement of financial position as at December 31, 2023.
4. Amounts owed to related parties consist of trade payables, professional fees and leases. Amounts owed to a related party for the lease of office space presented as part of "Lease liabilities - current portion" amounted to P4 million and P6 million as at December 31, 2023 and 2022, respectively, and as part of "Lease liabilities - net of current portion" amounted to P5 million as at December 31, 2023. The amount owed to the Ultimate Parent Company pertains to dividends payable.

5. The amounts owed to associates include interest bearing loans payable to BankCom presented as part of "Loans payable" account amounting to P6,382 million and P8,172 million and "Long-term debt" account amounting to P18,694 million and P11,703 million in the consolidated statements of financial position as at December 31, 2023 and 2022, respectively.

The amounts owed to associates include syndicated project finance loans amounting to P8,315 million and P10,913 million as at December 31, 2023 and 2022, respectively, which were secured by certain property, plant and equipment and other intangible assets.

There were no known transactions with parties that fall outside the definition of "related parties" under PAS 24 but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART IV – CORPORATE GOVERNANCE

Pursuant to SEC Memorandum Circular 15, Series of 2017, the Integrated Annual Corporate Governance Report (I-ACGR) of the Company for 2023 will be filed with the SEC on or before May 30, 2024.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The Audited Consolidated Financial Statements are attached as **Annex "B"** and the Supplementary Schedules are attached as **Annex "C"** hereto. The other Schedules as indicated in the Index to Schedules are either not applicable to the Parent Company and its subsidiaries or require no answer.

(b) Reports on Form 17-C

A summary list of the reports on Form 17-C filed during the last six-month period covered by this report is attached as **Annex "H"**.

(c) Sustainability Report

Attached as **"Annex I"** is the 2023 Sustainability Report of SMC.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code of the Philippines, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on

APR 12 2024

By:



RAMON S. ANG

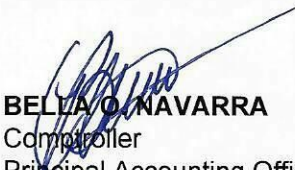
Vice Chairman

President and Chief Executive Officer



FERDINAND K. CONSTANTINO

Chief Finance Officer and Treasurer



BELLA O. NAVARRA

Controller

Principal Accounting Officer



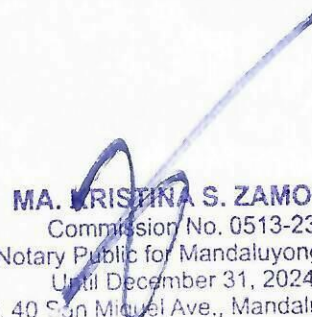
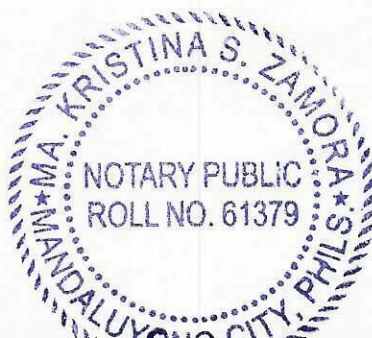
VIRGILIO S. JACINTO

Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 12 2024 at Mandaluyong City, the following persons with their Competent IDs, as follows:

<u>NAME</u>	<u>PASSPORT NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Ramon S. Ang	P2247867B	May 22, 2019	DFA-Manila
Ferdinand K. Constantino	P6892447B	June 2, 2021	DFA-NCR-East
Bella O. Navarra	P8424946B	December 10, 2021	DFA-Manila
Virgilio S. Jacinto	P3157226B	September 12, 2019	DFA-NCR-East

Doc. No.: 153
Page No.: 32
Book No.: 11
Series of 2024.



MA. KRISTINA S. ZAMORA

Commission No. 0513-23

Notary Public for Mandaluyong City

Until December 31, 2024

SMC, 40 San Miguel Ave., Mandaluyong City

Roll of Attorneys No. 61379

PTR No. 5427159; 01/02/2024; Mandaluyong City

IBP Lifetime Member No. 018307; 12/14/17; RSM

MCLE Compliance No. VII-0023074; 07/07/22; Pasig City

ANNEX “A”**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL
PERFORMANCE**



SAN MIGUEL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Corporation ("SMC" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2023. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023. Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance for any period (*Please refer to Note 40 of the Audited Consolidated Financial Statements as at December 31, 2023*). All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2023 and the financial performance and cash flows for the year ended December 31, 2023 and for all the other periods presented, have been made.

The financial information appearing in this report is presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

I. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following tables.

	For the Years Ended December 31		
	2023	2022	2021
		<i>(In Millions)</i>	
Sales	P1,446,703	P1,506,591	P941,193
Cost of Sales	1,208,410	1,314,607	751,015
Gross Profit	238,293	191,984	190,178
Selling and Administrative Expenses	(93,808)	(83,972)	(77,991)
Operating Income	144,485	108,012	112,187
Interest Expense and Other			
Financing Charges	(91,303)	(60,795)	(49,265)
Interest Income	14,027	7,108	3,591
Equity in Net Earnings of Associates and Joint Ventures	1,729	1,197	1,040
Gain on Sale of Investments and Property and Equipment	83	733	167
Other Income (Charges) - net	4,086	(16,178)	(1,768)
Net Income	44,699	26,760	48,159
Net Income (Loss) Attributable to Equity Holders of the Parent Company	198	(12,968)	13,925
Net Income Attributable to Non-controlling Interests	44,501	39,728	34,234

2023 vs. 2022

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Millions)</i>					
Sales	P1,446,703	P1,506,591	(P59,888)	(4%)	100%	100%
Cost of Sales	1,208,410	1,314,607	(106,197)	(8%)	84%	87%
Gross Profit	238,293	191,984	46,309	24%	16%	13%
Selling and Administrative Expenses	(93,808)	(83,972)	9,836	12%	(6%)	(6%)
Operating Income	144,485	108,012	36,473	34%	10%	7%
Interest Expense and Other Financing Charges	(91,303)	(60,795)	30,508	50%	(6%)	(4%)
Interest Income	14,027	7,108	6,919	97%	1%	1%
Equity in Net Earnings of Associates and Joint Ventures	1,729	1,197	532	44%	0%	0%
Gain on Sale of Investments and Property and Equipment	83	733	(650)	(89%)	0%	0%
Other Income (Charges) - Net	4,086	(16,178)	20,264	125%	0%	(1%)
Income Before Income Tax	73,107	40,077	33,030	82%	5%	3%
Income Tax Expense	28,408	13,317	15,091	113%	2%	1%
Net Income	P44,699	P26,760	P17,939	67%	3%	2%
Net Income (Loss) Attributable to:						
Equity Holders of the Parent Company	P198	(P12,968)	P13,166	102%	0%	(1%)
Non-controlling Interests	44,501	39,728	4,773	12%	3%	3%
Net Income	P44,699	P26,760	P17,939	67%	3%	2%

The Group's consolidated sales of P1,446,703 million for the year ended December 31, 2023, declined by 4% compared to last year mainly due to the lower average selling prices of Petron Corporation (Petron) and the Energy business and the decrease in volume of the Energy business and the Food division under the Food and Beverage business. The decrease was partly offset mainly by the higher sales volume of Petron, San Miguel Brewery Inc. (SMB) and Ginebra San Miguel Inc. (GSMI) and the sales contribution of Eagle Cement Corporation (ECC), which was consolidated effective December 14, 2022.

The Group's cost of sales decreased by 8% mainly due to: (a) lower cost per liter of petroleum products, partly offset by the higher volumes of Petron; and (b) lower cost to supply of the Energy business brought by the decline in average coal prices and lower overall power purchases. The decrease was partly offset by the: (a) higher cost of sales relative to increase in volume of SMB and the higher cost of major raw materials consumed in production, reduced by the lower volumes of the Food division; and (b) the cost of sales of ECC.

Selling and administrative expenses increased by 12% to P93,808 million compared to last year, mainly due to higher salaries and employee benefits of the Group, distribution costs and contracted services primarily from the Food and Beverage business and Petron, and the operating expenses of ECC.

Consolidated operating income increased by 34% to P144,485 million from last year mainly driven by the sustained performance improvements of Petron, Energy and Infrastructure businesses, and the operating income contribution of ECC in 2023.

The increase in interest expense and other financing charges was mainly due to both higher interest rates and from increased average level of loans of SMC and Petron.

The increase in interest income was primarily due to higher interest rates and average balance of short-term placements of the Infrastructure and Food and Beverage businesses and SMC, as well as the investment in debt securities of SMB in December 2022, and the interest income contribution of ECC.

The increase in equity in net earnings of associates and joint ventures was mainly due to the share in the higher net income of Bank of Commerce (BankCom) and in the lower net loss of Angat Hydropower Corporation (Angat Hydro).

The decrease in gain on sale of investments and property and equipment was mainly due to the gain recognized in 2022 by San Miguel Global Power Holdings Corp. (San Miguel Global Power; formerly SMC Global Power Holdings Corp.) from the sale of its investment in shares of stock of Strategic Energy Development, Inc. (SEDI).

Other income - net of P4,086 million was a turnaround from last year's other charges - net of P16,178 million. This primarily pertains to the gain on foreign exchange in 2023 compared to the loss recognized in 2022 mainly by the Energy business and SMC resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents, and the income recognized from the assignment of product rights by GSML. In December 2023, the Philippine Peso appreciated against the US Dollar by P0.385 (2023 - P55.370 vs. 2022 - P55.755), while in December 2022, the Philippine Peso significantly depreciated against the US Dollar by P4.756 (2022 - P55.755 vs. 2021 - P50.999).

The increase in income tax expense was mainly due to the turnaround of deferred income tax from income tax benefit in 2022 to income tax expense in 2023 primarily from SMC and the Energy business as a result of the deferred income tax recognized on unrealized losses in 2022 compared to unrealized gains in 2023 from the revaluation of foreign currency-denominated long-term debt and derivatives.

Consolidated net income significantly increased by 67% to P44,699 million, from P26,760 million last year, mainly on account of the: (a) improved operations of most businesses mainly Petron, Energy, Infrastructure, SMB and GSML; (b) gain on foreign exchange in 2023, a turnaround from the loss recognized in 2022 mainly by the Energy business and SMC; (c) net income contributed by ECC; and (d) income recognized from the assignment of product rights by GSML. The increase was partly offset by the higher net financing cost.

The income attributable to equity holders of the Parent Company was a turnaround from the loss recognized in 2022 mainly due to the higher net income, partly reduced by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the share of NCI on the Group's net income was mainly due to the higher net income of SMB and higher amount of dividend on preferred shares and distribution on Senior Perpetual Capital Securities (SPCS) of Petron.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) delivered a year of steady topline growth despite challenging macroeconomic conditions particularly in the first half of the year.

SMFB's consolidated sales for the year ended 2023 amounted to P379,822 million, reflecting a 6% increase from 2022. All business segments delivered sales growth, driven by better volumes and prices.

SMFB's consolidated income from operations for the year amounted to P48,411 million, 1% lower, as the growth in volumes and prices were not sufficient to offset rising input costs and operating expense increases.

Consolidated net income jumped 10% to P38,105 million, the highest net income figure achieved by the Food and Beverage Group since the SMFB consolidation in 2018.

a. Beer and Non-Alcoholic Beverages (NAB) Division

SMB sustained its growth and recovery in 2023 with consolidated sales of P147,347 million, up 8%, driven by higher volumes and selling prices in both domestic and overseas markets.

SMB's consolidated net income was up 16% at P25,322 million.

Domestic Operations

SMB's domestic sales climbed 8% to P131,720 million on the back of a 3% growth in volumes coupled with a price increase effective March 1, 2023. Improved results were supported by effective marketing campaigns, expanded sales initiatives, as well as the resumption of tourism activities, fiestas, and festivals.

International Operations

SMB's revenue from its international operations rose 7% as volumes increased 6%, driven by robust demand for its San Miguel global brands, including Red Horse, across all markets that resulted in overall growth, particularly in South China, Thailand, and Exports.

b. Spirits Division

GSMI registered another record-breaking year, which coincidentally marked its tenth year of continued growth.

Revenues grew 13% to P53,639 million as a result of higher volumes and selling prices. Total volumes in 2023 recorded a 4% growth from 2022 as the Spirits division implemented initiatives to sustain strong brand equity through creative, consistent, and relevant messaging. This was complemented by consumer promos and various marketing programs on-ground that made consumers experience its brands better. Distribution coverage was, likewise, further broadened last year.

Income from operations grew 14% to P6,835 million, while net income was up 55% to P7,046 million.

c. Food Division

The Food division delivered P178,847 million in consolidated revenues, 2% higher than the previous year, driven largely by increased pricing to cope with rising input costs, backed by aggressive marketing efforts to boost demand.

Income from operations amounted to P10,228 million and net income at P6,590 million. While lower than the previous year, these figures still surpass pre-pandemic levels.

All the Food segments, except for the Protein segment, sustained topline growth.

- The Animal Nutrition and Health segment saw a 5% increase in revenue, driven by higher selling prices, which helped offset a decline in volume due to the lingering effects of African Swine Fever (ASF) on hog feeds and the Avian Flu on layer feeds.
- The Prepared and Packaged Food segment demonstrated resilience with a 3% revenue growth despite challenging market conditions marked by high inflation and reduced consumer spending. Strategic price adjustments played a significant role in sustaining revenue growth despite a decline in overall volumes.
- The Flour segment capitalized on the favorable trend of easing wheat prices, employing a competitive pricing strategy that boosted volumes and enabled it to achieve a 15% increase in revenue.
- The Protein segment which consists of the Poultry and Fresh Meats businesses, experienced a 3% decline in revenues. This can be primarily attributed to Poultry which grappled with capacity limitations early in the year that hindered volume growth. Although this was substantially addressed during the year, the influx of imported chicken created an industry oversupply that exerted downward pressure on chicken prices and impeded revenue growth.

The performance of fresh meats reflects a deliberate strategy to keep hog operations at a minimum to manage the impact of ASF on the business. For the meantime, the Food division has been importing pork to supplement the needs of the Monterey meat shops.

Thus, although the Feeds, Prepared and Packaged Food, and the Flour segments delivered strong revenue and income growth, the overall performance of the Food division was adversely affected by the challenges faced in the Poultry segment due to its significant contribution to the Food division.

2. PACKAGING

The Packaging business recorded consolidated revenues of P38,379 million in 2023, 4% better than the previous year's level. This was driven by the sustained demand of glass containers, plastic crates and pallets from the food and beverage customers complemented by the continued growth of its operations in Australia.

Operating income reached P1,915 million, a significant increase of 16% against 2022 on account of enhanced operational efficiencies coupled with cost containment programs.

3. ENERGY

San Miguel Global Power posted relatively flat generation volumes year-on-year, primarily due to the extended outage of the 1200 megawatts (MW) Ilijan Power Plant from June 2022 up to June 2023 while it underwent retrofitting works to improve its fuel efficiency and reliability, and as it awaited the substantial completion of an adjacent full-scale Liquefied Natural Gas (LNG) terminal that has been tolled on a long-term basis.

San Miguel Global Power sold 8% lower offtake volumes in 2023 as it ceased to supply 670 MW contract capacity to Manila Electric Company (Meralco) following the suspension and eventual termination of the pertinent power supply agreement, anchored on a favorable decision from the higher court. It has, however, been able to secure several emergency power supply agreements that allowed the contracting of its available capacities, and to operate the Ilijan Power Plant using commercial LNG on a fuel pass-through basis.

Consolidated revenues were at P169,590 million, 23% lower from last year, as fuel tariffs went down with an equivalent decline in coal prices - averaging only US\$172.79/Metric Tons (MT) in 2023 compared to US\$360.19/MT in 2022, in terms of GlobalCoal Newcastle indexed prices.

However, San Miguel Global Power was able to improve its operating income by 13% on contracted volumes as it worked out a transition to fuel pass thru arrangements for most of its bilateral customers and with fuel prices going significantly lower. Operating income reached P32,526 million.

Consequently, with improved margin and turnaround from foreign exchange loss to foreign exchange gain in 2023, consolidated net income surged to P9,903 million, a significant increase from the P3,134 million net income reported in 2022.

4. FUEL AND OIL

Petron's consolidated revenues slipped to P801,027 million in 2023 despite higher volumes, down 7% from last year's P857,638 million, reflecting the continued price correction of the extraordinarily elevated levels in the oil market. The average benchmark Dubai crude as of full year 2023 closed at US\$82 per barrel, still down by 15% from 2022 average.

This was primarily driven by the strong performance in its Philippine operations, while Malaysia continued to deliver steady growth. Petron's volumes of 126.9 million barrels in 2023 was 13% higher than last year's level, fueled by the significant growth in its jet fuel and Liquefied Petroleum Gas (LPG) sales, backed by higher production at its Bataan and Port Dickson refineries.

Consolidated operating income reached P30,721 million, a notable 60% leap from last year's level, primarily driven by its continued efforts in optimizing assets and resources, capturing continued demand recovery, and response to market volatility.

Petron posted a consolidated net income of P10,134 million, growing by 51% from P6,697 million in 2022.

5. INFRASTRUCTURE

The Infrastructure business delivered a remarkable performance in 2023, posting consolidated revenues of P34,006 million, 17% higher than last year. This was mainly brought by the sustained growth from all operating toll roads reaching a combined average daily traffic volumes of 1.0 million vehicles, up 8% from the previous year's level complemented by the continued increase in travel activities.

Driven by the robust volume growth, operating income surged 25% to P17,722 million, coupled by continued cost management initiatives. Net income also posted a 29% increase to P11,413 million.

The Group's major infrastructure projects are in full swing.

The railway component percentage accomplishment for its Metro Rail Transit Line 7 (MRT 7) is at 68.70% while the detailed engineering design and site development for the depot is still ongoing and on track to operate by end of 2025 or early 2026.

At the center of SMC's push to transform the Philippines into a regional hub and major tourist destination, its Manila International Airport (MIA) Project is underway, with the overall progress of land development and ground improvement works at 77%.

6. CEMENT

The cement business, comprised of ECC, Northern Cement Corporation (NCC) and Southern Concrete Industries, Inc. (SCII), registered a four-fold growth in consolidated revenues to P37,231 million in 2023, mainly due to the sales contribution of ECC in 2023.

Operating income, likewise, posted robust growth amounting to P5,980 million while net income reached P4,010 million.

Despite the challenges in the market, the business continued to deliver a strong performance through various cost containment initiatives and significant improvement in the cost of major inputs.

2022 vs. 2021

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
	<i>(In Millions)</i>					
Sales	P1,506,591	P941,193	P565,398	60%	100%	100%
Cost of Sales	1,314,607	751,015	563,592	75%	87%	80%
Gross Profit	191,984	190,178	1,806	1%	13%	20%
Selling and Administrative Expenses	(83,972)	(77,991)	5,981	8%	(6%)	(8%)
Operating Income	108,012	112,187	(4,175)	(4%)	7%	12%
Interest Expense and Other Financing Charges	(60,795)	(49,265)	11,530	23%	(4%)	(5%)
Interest Income	7,108	3,591	3,517	98%	1%	0%
Equity in Net Earnings of Associates and Joint Ventures	1,197	1,040	157	15%	0%	0%
Gain on Sale of Investments and Property and Equipment	733	167	566	339%	0%	0%
Other Charges - Net	(16,178)	(1,768)	14,410	815%	(1%)	(0%)
Income Before Income Tax	40,077	65,952	(25,875)	(39%)	3%	7%
Income Tax Expense	13,317	17,793	(4,476)	(25%)	1%	2%
Net Income	P26,760	P48,159	(P21,399)	(44%)	2%	5%
Net Income (Loss) Attributable to:						
Equity Holders of the Parent Company	(P12,968)	P13,925	(P26,893)	(193%)	(1%)	1%
Non-controlling Interests	39,728	34,234	5,494	16%	3%	4%
Net Income	P26,760	P48,159	(P21,399)	(44%)	2%	5%

The Group recorded an all-time high consolidated sales of P1,506,591 million, up 60% from P941,193 million in 2021, beating its pre-pandemic 2019 sales of P1,020,502 million by 48%.

The Group's cost of sales increased by P563,592 million or 75% mainly due to: (a) higher cost per liter of fuel products and increase in sales volume of Petron; (b) higher cost of coal and higher power purchases of the Energy business; and (c) higher prices of major raw materials of the Food division under the Food and Beverage business.

The increase in selling and administrative expenses by 8% to P83,972 million was mainly due to higher: (a) personnel expenses of Petron and the Energy business; (b) advertising and promotions of Petron and the Beer and NAB and Spirits divisions of the Food and Beverage business; (c) impairment loss on receivables of the Energy business and on deferred containers of the Beer and NAB division under the Food and Beverage business; (d) repairs and maintenance of Petron; and (e) taxes and licenses of the Energy business.

The increase in interest expense and other financing charges was mainly due to the higher average loan balance of SMC, Petron and the Infrastructure business, partly offset by the declining outstanding lease liabilities of entities under the Independent Power Producer Administration (IPPA) Agreements and long-term debt of the Energy business.

The increase in interest income was mainly due to the higher interest rates on cash and cash equivalents of SMC and higher balance of short-term placements of the Group.

The increase in equity in net earnings of associates and joint ventures was mainly due to the share in the higher net income of Manila North Harbour Port, Inc. (MNHPI) partly offset by the share in the higher net loss of Angat Hydro.

The gain on sale of investments and property and equipment in 2022 primarily represents the sale by: (a) San Miguel Global Power of its investment in shares of stock of SEDI; and (b) Sual Power Inc. (SPI; formerly San Miguel Energy Corporation) of its investments in Daguma Agro-Minerals, Inc., Sultan Energy Phils. Corp. and Bonanza Energy Resources, Inc. The gain on sale of property and equipment in 2021 mainly represents the gain on the disposal of properties by San Miguel (Baoding) Brewery Co., Ltd. and San Miguel (China) Investment Company Limited.

Other charges - net increased primarily due to the higher net loss on foreign exchange from the revaluation of foreign currency-denominated net liabilities of the Group, as a result of the higher depreciation of Philippine Peso against the US Dollar by P4.756 in December 2022 (2022 - P55.755 vs. 2021 - P50.999) as compared to P2.976 in December 2021 (2021 - P50.999 vs. 2020 - P48.023).

The lower income tax expense was primarily due to the recognition in 2022 of deferred tax benefit on: (a) NOLCO by SPI and South Premiere Power Corp. (SPPC); and (b) unrealized net foreign exchange loss by SMC. This was partly offset by the: (a) impact for 2020 of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act which was adjusted in the first quarter of 2021 and reduced income tax expense by P3,607 million in 2021; and (b) higher income tax from the improved performances of the Beer and NAB division under the Food and Beverage business, the Infrastructure business and other subsidiaries of the Energy business.

Excluding the significant effect of foreign exchange losses recognized in 2022 and the adjustment in 2021 of the impact of CREATE Act for 2020, consolidated core net income amounted to P43,216 million, down by 8% from last year's P47,042 million.

With higher interest expense and foreign exchange losses, consolidated net income ended at P26,760 million.

The loss attributable to equity holders of the Parent Company was a turnaround from the income recognized in 2021 mainly due to the lower net income and increase in the share of NCI on the Group's net income.

The share of NCI on the Group's net income increased in 2022 mainly due to the: (a) higher amount of distribution on SPCS of San Miguel Global Power and Petron and (b) higher net income of the SMB and Infrastructure businesses. The increase was partly offset by the lower amount of dividend on preferred shares of Petron.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB posted full year consolidated sales of P358,853 million, 16% increase from 2021 mainly driven by sustained volume growth and better selling prices across the Beer and NAB, Spirits and Food divisions.

SMFB's consolidated operating income grew 11% to P48,711 million and net income rose 10% to P34,665 million compared to 2021.

a. Beer and NAB Division

SMB sustained its growth trend in 2022 delivering consolidated volumes of 224.6 million cases, up 10% from 2021, primarily driven by the positive impact of relaxed mobility and continued re-opening of markets in both domestic and international operations. Consolidated sales amounted to P136,235 million, an increase of 17% from 2021.

Accordingly, consolidated operating income and net income ended at P29,516 million and P21,750 million, higher by 10% and 6% from 2021, respectively.

Domestic Operations

SMB's domestic beer volumes reached 198.9 million cases, 9% higher than 2021, the result of continuous brand-building and demand-generating programs in key channels capitalizing on the further easing of restrictions and expanded mobility beginning end of March of 2022 which paved the way for the re-opening of on-premise outlets.

This was further supported by effective volume-generating programs and marketing in traditional and modern trade channels from core brands such as Pale Pilsen's ongoing "*Gintong Dagat*" campaign and new digital materials for "*Sarap Laging Kasama*" alongside online posts in SMB Viber Community; Red Horse' new digital contents including the "*Muziknuman*" and "*Lakas Sa-Rap Battle*" episodes on Red Horse Beer's "*Lakas Tama*" YouTube channel, continued airing of "*Una*" Entry Point Drinker and "*Spirit Horse*" core campaigns; and San Mig Light's ongoing "*Bright Side*" thematic campaign, New "*Speakeasy*" podcast episode and "*The Light Space*" live Twitter Space, together with other trade and social media marketing programs.

With higher volumes and reflecting the full impact of the price increase implemented in October 2021, SMB's domestic sales grew 16% to P121,849 million. Operating income reached P26,993 million, 7% higher than 2021 on the back of cost saving initiatives and improvements in operational efficiencies.

International Operations

SMB's international operations sustained its strong performance, ending 2022 with a double-digit volume growth of 15% compared to 2021 brought about by the consistent volume gains recorded from Thailand, Indonesia and Export businesses. These were the result of continued re-opening of the economy, revival of tourism supported by distributor and wholesaler incentive programs implemented, and Exports growth to the United States of America, Bahrain, Middle East and new markets in Asia and Africa. Meanwhile, Hong Kong, South China and Vietnam have shown signs of recovery but still remained lower compared to 2021.

b. Spirits Division

GSMI delivered another record-breaking performance in 2022 registering its highest-ever net income of P4,547 million, exceeding 2021 by 9%.

Volumes reached an all-time high of 44.6 million cases, surpassing 2021 levels by 7%. Growth was supported by effective marketing campaigns which resonated well with consumers, such as Ginebra San Miguel's award-winning "*Hanggang Huling Patak ng Bagong Tapang*", Vino Kulafu's "*Lakas Ka Namo*" and GSM Blue's "*Choose What's True*" advertising campaigns alongside the on-ground market penetration promos such as "*Kusog Kulafu Buenas Grasya*" and expanded distribution.

Full year 2022 sales reached P47,341 million, 11% higher from the P42,534 million reported in 2021. Operating income ended at P5,987 million, 13% higher than 2021 on account of the increase in selling price implemented in February 2022, operational efficiency improvements and rationalization of fixed expense, offsetting the impact of inflationary pressures on raw materials and other inputs.

c. Food Division

The Food division sustained its robust top line performance throughout the year 2022, delivering consolidated sales of P175,288 million, 16% higher than 2021. Amidst rising inflation, volumes in most segments grew, boosted by intensified distribution, aggressive promotional activities, launch of new products and utilization of additional capacity from new facilities. Faced with escalating raw material prices, most businesses implemented price increases to partly recover rising costs.

Despite the challenges brought about by rising commodity prices, inflation and depreciating peso, the Food Division managed to grow operating income by 15% to P13,270 million on the back of optimized utilization of company-owned facilities and strategic spending on revenue-generating advertising and promotions.

Net income stood at P9,218 million, a 21% increase compared to 2021's level.

- The Protein segment, comprised of the Poultry and Meats businesses, registered sales 4% higher than 2021. Poultry's sales climbed 9% mainly on account of better selling prices as volumes were constrained by capacity shortages. Notwithstanding, Poultry benefitted from the strong recovery of food service and positive market acceptance of marinated *Timplados* products. Meanwhile, the decline in meats' sales is reflective of deliberate moves to downsize hog operations due to the ASF.
- The Animal Nutrition and Health segment posted 26% growth in sales compared to 2021, propelled by volume growth and better selling prices. Volume grew on the back of higher sales of broiler, layer, and hog feeds, as well as growing demand for its Nutri Chunks pet care and San Miguel Animal Health Care veterinary medicine products.
- The Prepared and Packaged Food segment sales exceeded 2021 by 17%. Growth was led by flagship products - *Purefoods Tender Juicy Hotdogs*, *Purefoods Chicken Nuggets*, whole hams, and Magnolia butter and cheese, with significant contribution from newly launched products under the Purefoods native line and Magnolia salad aids. Significant volume growth along with market share gains was seen across multiple categories.
- Revenue of the Flour segment soared 38%, mainly driven by higher prices, as the business had to cover for higher wheat cost.

2. PACKAGING

The Packaging business generated consolidated sales of P37,039 million in 2022, 10% higher than 2021, boosted by the increase in domestic demand for Glass, Metal, two-piece Aluminum Cans, Beverage Filling and Logistics Services operations from domestic food and beverage customers combined. International operations in China, Vietnam, Malaysia, and Australia also grew from 2021.

Better productivity, management of expenses along with cost saving programs implemented across all business units propelled operating income to increase by 42% at P1,648 million compared to 2021.

3. ENERGY

San Miguel Global Power recorded offtake volumes of 27,402 gigawatt hours (GWh) in 2022, higher by 181 GWh from 2021 mainly driven by the increase in energy demand from distribution utilities with the recovery in economic activities.

Consolidated sales amounted to P221,389 million, up by 66% from P133,710 million in 2021, brought about by the increase in average realization prices reflecting higher fuel costs, increase in spot sale prices, and improved power nominations. In addition, the commencement of commercial operations of the 20 MW Kabankalan Battery Energy Storage System (BESS) in January 2022 likewise contributed to the increase.

The unprecedented spikes in coal prices in 2022 has challenged San Miguel Global Power's operating performance, with prices soaring from US\$65 or P3,340.00 per metric ton (at P51.30 per US\$1) at execution date of contract to as high as US\$434 or P25,430.00 per metric ton (at P58.59 per US\$1). This resulted in incremental supply costs that the Energy business had absorbed to cover the 1,000 MW capacity contracted to Meralco alone. This, along with the increase in power purchase costs driven by elevated spot sale prices combined with the deration of the Ilijan Power Plant resulting from the Malampaya gas supply restriction and the plant's shutdown for inspection, repairs, and maintenance since June 5, 2022, all translated to a significant increase in supply costs. Hence, operating income declined by 22% from P36,841 million in 2021 to P28,886 million.

With lower margins and the recognition of unrealized net foreign exchange losses resulting from the unprecedented depreciation of Philippine Peso against the US dollar in 2022, net income amounted to P3,134 million, 80% behind 2021. Without the recognized foreign exchange losses and CREATE Act adjustments in the first quarter of 2021, net income would have been P10,046 million, lower by 25% from 2021.

Despite these challenges, San Miguel Global Power has remained focused on its goal to provide stable and reliable power to the country through its baseload capacities. Construction of committed additional capacities located in Mariveles, Bataan, Masinloc, Zambales and the Batangas Combined Cycle Power Plant (BCCPP) in Ilijan, Batangas that will provide additional 2,600 MW are progressing well, along with the 1,000 MW BESS and 800 MW from Solar. These will boost the baseload power capacity of the country in the next two years. In particular, the BESS and BCCPP is San Miguel Global Power's path to transitioning its power generation to more renewable sources.

4. FUEL AND OIL

Petron ended 2022 strong mainly driven by the recovery in demand specifically from the industrial and aviation sectors. Combined sales volumes from its Philippine and Malaysia operations reached 112.8 million barrels, 37% higher compared to 2021. The Philippine operation registered 68.5 million barrels, 43% higher than the 47.9 million barrels in 2021. Demand for gasoline and diesel products remained high with notable increases as well in the sales of jet fuel, LPG and polypropylene products, as Petron resumed its production of polypropylene in 2022.

Consolidated sales rose 96% to P857,638 million mainly driven by growth in fuel demand and higher crude oil prices. Dubai crude oil averaged at US\$96 per barrel in 2022, nearly 40% higher than 2021's average of US\$69 per barrel. The year 2022 was characterized with high volatility in crude oil prices. Dubai crude oil surged to as high as US\$113 per barrel in June, dropping by 32% in the second half to US\$77 per barrel in December, due to global inflationary and recession fears.

Consolidated operating income ended 12% higher at P19,213 million, compared to P17,215 million in 2021, despite external headwinds and lower prices in the second semester of 2022. Operating costs were contained, further supported by continued optimization of refining assets. Petron ramped up its refinery production to take advantage of favorable refining cracks, partly countered by more expensive crude and finished product import costs, higher working capital requirements and borrowing rates.

Consolidated net income settled at P6,697 million, up 9% from 2021's P6,136 million.

5. INFRASTRUCTURE

The Infrastructure business continued its growth momentum for the year 2022 recording a 25% increase in combined average daily traffic volumes. Travel and mobility have returned to normal with the resumption of onsite work and classes and increased outdoor activities. Consolidated revenues ended at P29,008 million, 47% higher than 2021's level.

Operating income soared 112% to P14,142 million, mainly driven by the sustained double-digit volume growth in all operating toll roads.

The Group's major ongoing infrastructure projects are all on track.

The railway component of the Metro Rail Transit Line 7 (MRT 7) Project which include the guideway and stations is already 60% completed. The detailed engineering design and site development of the depots are ongoing. The road component is undergoing the study of the realignment.

The South Luzon Expressway - Toll Road 4 Project is progressing well with ongoing right-of-way (ROW) acquisition, construction of underpass, bridges, earthworks and embankments including installation of reinforced concrete pipe culvert and concrete box culvert, including clearing works.

The Supplemental Toll Operation Agreement (STOA) for the South Luzon Expressway - Toll Road 5 Project was signed on June 3, 2022 and was approved by the Office of the President on June 27, 2022. Detailed engineering design studies, ROW acquisitions and awarding of the independent contractor contract are in progress.

The Ninoy Aquino International Airport Expressway (NAIAX) Tramo Connecting Ramp has been issued the Notice to Proceed on May 16, 2022 by the Department of Public Works and Highways, with variation order approval issued on July 6, 2022. Ongoing works for the bored piling are almost complete. Delivery of universal beams girders and accessories has been completed. Civil works for the columns and fabrication of the pre-cast coping beam are set to begin.

Skyway Stage 4 Project is also progressing well with ongoing ROW acquisition, detailed engineering design either already approved or undergoing review and evaluation by the Toll Regulatory Board and pre-construction activities already started which include inspection of seedlings for the planting of trees.

The STOA for Pasig River Expressway Project has been signed on September 21, 2021 and approved by the Office of the President on March 13, 2022. Environmental Compliance Certificate application and detailed engineering design services are in progress while ongoing activities are still limited to site development and river dredging.

The Northern Access Link Expressway and Southern Access Link Expressway's STOA have been signed on March 21 and June 20, 2022 and approved by the Office of the President on May 6 and June 27, 2022, respectively.

On March 31, 2022, SMC entered into a loan facility agreement with several lenders amounting to US\$2,165 million for the financing of the land development works for the MIA Project, of which US\$871 million has been drawn as at December 31, 2022. SMC has received the initial certification from the Independent Environmental and Social Consultant of the Airport land development works lenders and is in continuous compliance with the International Finance Corporation Performance Standards. The project team together with the consultants and third-party providers are currently working on the Airport Masterplan along with the critical components of the airport. Site clearing activities is almost complete while land filling and ground improvement works are almost 50% done.

II. FINANCIAL POSITION

A. The following are the major developments in 2023:

In 2023, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **Energy**

- a) Masinloc Power Co. Ltd. (MPCL; formerly Masinloc Power Partners Co. Ltd.)**

On January 17, 2023, MPCL agreed with local bank lenders to amend its Omnibus Refinancing Agreement, with an outstanding obligation amounting to US\$149 million as at the agreement date, into a Peso-denominated loan amounting to P8,155 million, subject to floating interest rate with maturities up to January 2023. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary allowed under the terms of the agreement.

- b) San Miguel Global Power**

On June 15 and August 8, 2023, San Miguel Global Power drew P5,000 and P2,500 million, respectively, from a P10,000 million Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028. The proceeds of the loan were used to partially refinance maturing debt obligations, fund general corporate purposes, including investments in LNG and BESS, and cover transaction-related costs, fees and expenses.

- c) SMGP BESS Power, Inc. (SMGP BESS; formerly Universal Power Solutions, Inc.)**

On October 27, 2023, SMGP BESS drew the first tranche amounting to P28,000 million from the P40,000 million Omnibus Loan and Security Agreement (OLSA) executed on October 23, 2023 with various local banks. The loan is subject to a fixed interest rate and will mature in October 2033. The proceeds from the first tranche were used for the purchase of outstanding perpetual securities issued to SMC and reimbursement or repayment of reimbursable advances from San Miguel Global Power, both of which were used to finance payment for interest, design, construction and the operation of the BESS projects, and cover transaction-related costs, fees and expenses.

- **Infrastructure**

- a) **SMC NAIAX Corporation (SMC NAIAX)**

On various dates in 2023, SMC NAIAX availed of a total of P1,187 million term loans from its P5,656 million OLSA with various banks executed on December 21, 2022. The term of the loan is for seven years and three months and is subject to a floating interest rate. The proceeds of the loan are being used to partially finance the construction and development of the NAIAX Tramo Extension Project.

- b) **SMC SLEX Holdings Company Inc. (SSHCI)**

On April 19, 2023, SSHCI availed of the remaining P4,200 million of the P20,000 million term loan facility agreement executed on December 3, 2021. The loan is subject to a floating interest rate payable quarterly and with a term of three years. The proceeds were used to partially finance investments, expansion and capital expenditure programs in toll roads and other infrastructure and infrastructure-related projects.

- c) **SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On June 1 and July 17, 2023, SMC MRT 7 availed of a total of P14,300 million term loan from the P100,000 million OLSA with various local banks executed on May 18, 2023. The proceeds of the loan are being used to partly finance the MRT 7 Project. The loan is subject to a floating interest rate and with a term of 15 years.

- **Food and Beverage**

- SMB**

On February 21, 2023, SMB availed of the remaining P5,000 million term loan from its P10,000 million loan facility executed on December 19, 2022 to partially finance capital expenditures. The term of the loan is for five years and is subject to a fixed interest rate for the first two years and repricing thereafter.

- **Cement**

- a) **San Miguel Equity Investments Inc. (SMEII)**

On July 14, 2023, SMEII availed of a P30,000 million term loan, subject to a fixed interest rate and with a term of ten years. The proceeds were used for refinancing of existing short-term loan and/or other general corporate purposes.

- b) **NCC**

On various dates in 2023, NCC availed of a total of P3,750 million term loan from its existing P12,500 million OLSA executed in June 2021. The loan is subject to a fixed interest rate and with final repayment date on June 30, 2031. Proceeds of the loan are being used to partially finance the ongoing cement plant project in Sison, Pangasinan. The OLSA was fully drawn as at December 31, 2023.

- **SMC**

On June 30, 2023, SMC availed of a P5,200 million term loan for the refinancing of its Corona Virus Disease 2019 response activities during the period 2020 to 2022. The loan is subject to a fixed interest rate and with a term of six years.

FOREIGN CURRENCY-DENOMINATED LOANS

- **San Miguel Global Power**

- a) On March 16, 2023, San Miguel Global Power availed of a US\$100 million term loan from a facility agreement executed on March 10, 2023 with a foreign bank. The loan is subject to a floating interest rate and will mature in September 2024.

The proceeds of the loan, net of transaction-related fees and costs of the facility, were used for general corporate purposes, as well as for various capital expenditures and debt refinancing.

- b) On October 31, 2023, San Miguel Global Power availed of a US\$50 million term loan from a facility agreement executed on October 24, 2023 with a foreign bank. The loan is subject to a floating interest rate and will mature in April 2025. The proceeds of the loan were used to refinance the US\$50 million three-year term loan drawn in April 2021 which matured in October 2023, and payment of transaction related fees, costs and expenses in relation to the facility agreement.

- **SMC**

- a) On various dates in 2023, SMC availed of a total of US\$1,330 million from the term loan facility executed on March 21, 2023, which was increased from US\$1,200 million to US\$1,330 million effective June 30, 2023. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.
- b) On various dates in 2023, SMC availed of a total of US\$622 million term loan from the US\$2,165 million loan facility executed on March 31, 2022. The loan is subject to a floating interest rate and with a term of 13 years. The proceeds were used to fund the land development works of the MIA Project in Bulacan. Total drawdowns as at December 31, 2023 amounted to \$1,493 million.
- c) On July 10 and July 31, 2023, SMC availed of a US\$200 million term loan, subject to a floating interest rate and US\$150 million term loan, subject to a fixed interest rate, with a term of five years. The proceeds of the loans were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.
- d) On September 20, 2023, SMC availed of a US\$300 million term loan, subject to a floating interest rate and with a term of five years. The proceeds of the loan were used to refinance a total of US\$300 million term loans availed in 2018.
- e) In November 2023, SMC availed of a total of US\$300 million term loans, subject to a floating interest rate and with a term of five years. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

- **Petron**

On various dates in 2023, Petron availed of a total of US\$399 million loans from the following: (1) US\$174 million from the remaining balance of the term loan facility executed in November 2022, which was increased from US\$550 million to US\$669 million effective February 17, 2023 (the "US\$669 million Facility"), and (2) US\$225 million from the term loan facility executed on March 28, 2023 (the "US\$225 million Facility"). The final amortization of the US\$669 million Facility will be

on November 8, 2027, while the final amortization of the US\$225 million Facility will be on March 28, 2028. Both Facilities are subject to floating interest rates.

The US\$174 million loans from the US\$669 million Facility were used to partially prepay the amortizations for the JPY15,000 million long-term loan amounting to US\$30 million, to prepay the remaining balance of the US\$800 million long-term loan amounting to US\$113 million, and partially fund payment of the P7,000 million Series B Bonds due on October 27, 2023 amounting to US\$31 million. Proceeds from the US\$225 million Facility were used to partially fund the redemption of Petron's US\$500 million SPCS.

PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

- **SMC**

On March 20, 2023, SMC paid its Series E Fixed Rate Peso-denominated Bonds amounting to P13,146 million, which matured on the same date. The Series E Bonds, which formed part of the P20,000 million Series E, Series F and Series G Fixed Rate Bonds were issued by SMC in 2018.

The Series E Bonds were paid from the proceeds of the P60,000 million Series L, Series M and Series N Fixed Rate Peso-denominated Bonds issued on December 14, 2022.

- **San Miguel Global Power**

On July 11 and August 17, 2023, San Miguel Global Power paid its Series B and Series G Bonds, respectively, with a total amount of P19,090 million. The Series B Bonds formed part of the P15,000 million Series A-B-C fixed rate bonds issued in July 2016, while the Series G Bonds were issued in 2018.

The payment was funded through capital infusion by SMC and cash generated from operations.

- **Petron**

On October 27, 2023, Petron paid its Series B Fixed Rate Peso-denominated Bonds amounting to P7,000 million, which matured on the same date. The Series B Bonds formed part of the P20,000 million retail bonds issued by Petron in 2016.

The payment was funded by the US\$31 million term loan drawn on August 14, 2023 from the US\$669 million facility and cash generated from operations.

PAYMENT OF TERM LOANS

FOREIGN CURRENCY-DENOMINATED TERM LOANS

- **San Miguel Global Power**

On March 13, 2023, San Miguel Global Power paid the remaining balance of the US\$700 million term loan facility availed on March 16, 2018, amounting to US\$500 million, which matured on the same day.

The payment was funded by the proceeds from issuance of Redeemable Perpetual Securities (RPS) by San Miguel Global Power to SMC amounting to US\$500 million on March 10, 2023 and cash generated from operations.

- **SMC**

- a) On February 23, 2023, SMC prepaid in full the US\$400 million term loan availed on March 16, 2018. The US\$400 million was paid from the available cash balance.
- b) On April 28, 2023, SMC paid in full the US\$300 million loan availed in 2018, funded by the proceeds from the issuance of P60,000 million Series L, Series M and Series N Fixed Rate Peso-denominated Bonds issued on December 14, 2022.

PESO TERM LOAN

- **ECC**

On May 29, 2023, ECC prepaid in full the balance of its Term Loan Facility and Security Agreement entered in 2016, amounting to P4,049 million. The payment was funded by the proceeds from the redemption on May 25, 2023 of the P4,000 million RPS issued by SMC in 2020.

PAYMENT OF OTHER MATURING OBLIGATIONS

During the year, the Group paid a total of P27,497 million of its scheduled amortizations and maturing obligations.

The Infrastructure, Energy, Cement, Petron, Packaging, Food and Beverage businesses and SMC paid a total of P9,526 million, P5,129 million, P4,900 million, P4,643 million, P2,625 million, P514 million and P160 million, respectively, of their maturing obligations.

ISSUANCE OF EQUITY AND CAPITAL SECURITIES

- **Petron**

On July 7, 2023, Petron issued and listed at the Philippine Stock Exchange (PSE) 5,000,000 Series 4A, 2,995,000 Series 4B and 6,005,000 Series 4C Preferred Shares (inclusive of the oversubscription of 1,500,000 shares) under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 per share or for a total amount of P14,000 million. The Series 4 Shelf Registered Preferred Shares, which were approved for issue by the Securities and Exchange Commission (SEC) on June 14, 2023, are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares.

The Series 4 Preferred Shares are redeemable in whole and not in part, starting on the second and half, third and fifth year or on any dividend payment date thereafter for Series 4A, Series 4B and Series 4C Preferred Shares, respectively. Dividend rates are 6.7079%, 6.7972% and 7.0861% per annum for Series 4A, Series 4B and Series 4C Preferred Shares, respectively.

The net proceeds were used to partly fund the full redemption on July 19, 2023 of the remaining US\$478 million SPCS issued in 2018.

- **SMC**

On August 23, 2023, SMC issued 173,333,325 Series 2-M Preferred Shares (Series 2-M) and were listed at the PSE on August 29, 2023. The shares were issued at an offer price of P75.00 per share for a total amount of P13,000 million, with dividend rate of 8.375% per annum. The shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of SMC. The Series 2-M Preferred Shares were privately-placed.

The net proceeds from the issuance of Series 2-M were used for general corporate purposes.

On December 1, 2023, SMC issued a total of 453,333,400 Series 2-L, 2-N and 2-O (Series 2-LNO) Preferred Shares which were under the 866,666,700 shelf-registration and were listed at the PSE on the same date. The shares were issued at an offer price of P75.00 per share for a total amount of P34,000 million, with dividend rates of 7.9145% (Series 2-L), 8.3466% (Series 2-N) and 8.5936% (Series 2-O) per annum. The shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of SMC.

The net proceeds of the from the issuance of the Series 2-LNO were used for repayment of Peso-denominated short-term facilities, repayment of Series B Bonds and will be used for the repayment of Series H Bonds on October 4, 2024.

REDEMPTION OF US\$500 MILLION SPCS BY PETRON

On January 4, 2023, Petron conducted a tender offer of up to US\$50 million to the holders of its outstanding US\$500 million SPCS issued and listed at the Singapore Exchange Securities Trading Limited (SGX-ST) in January 2018. On January 12, 2023, the expiration deadline of the tender offer, a total of US\$22 million in principal amount of SPCS were accepted by Petron. Security holders that validly tendered their securities at or prior to the expiration deadline and which Petron accepted for purchase from such security holder were paid the applicable purchase price of US\$927.00 per US\$1,000.00 on January 19, 2023.

On July 19, 2023, Petron fully redeemed at par the remaining balance of the SPCS with an aggregate amount of about US\$478 million.

Following the full redemption, distributions ceased to accrue, and the redeemed securities were cancelled and delisted from the SGX-ST.

The redemption was funded through availment of a US\$225 million term loan, issuance of 14,000,000 Series 4 Preferred Shares and cash generated from operations.

SUBSEQUENT EVENTS

- **Payment of P7,294 million Series B Fixed Rate Peso-denominated Bonds by SMC**

On March 1, 2024, SMC paid the P7,294 million Series B Fixed Rate Peso-denominated bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 million shelf registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued by the Parent Company in 2017.

- **Rehabilitation, Operation and Maintenance of Ninoy Aquino International Airport (NAIA) by SMC SAP & Company Consortium (Consortium)**

On February 16, 2024, the Consortium, led by San Miguel Holdings Corp. (SMHC), has officially won the contract to rehabilitate, operate and maintain the NAIA which is the country's main international gateway. The Consortium is comprised of SMHC owning 33%, RMM Asian Logistics Inc. owning 30%, RLW Aviation Development Inc. owning 27% and Incheon International Airport Corp owning 10%. Together, the members of the consortium incorporated the concession company, New NAIA Infra Corp. in the same ownership percentage sharing.

On March 18, 2024, the Concession Agreement was signed with the concession company, New NAIA Infra Corp. The operation of NAIA is expected to be turned-over by the Manila International Airport Authority to the concession company, six months after the execution of the Concession Agreement.

- **Joint Investment in an Integrated LNG Facility by San Miguel Global Power and Chromite Gas Holdings, Inc. (CGHI)**

On March 1, 2024, the Board of Directors (BOD) of San Miguel Global Power approved the following transactions:

- 1) Subscription by CGHI, a joint venture company owned by Meralco PowerGen Corporation and Therma NatGas Power Inc., of approximately 67% equity interest in the wholly-owned subsidiaries of San Miguel Global Power, namely: SPPC, Excellent Energy Resources Inc. (EERI) and Ilijan Primeline Industrial Estates, Inc. (IPIEC); and
- 2) Purchase by San Miguel Global Power of approximately 33% of the total outstanding capital stock of Linseed Field Corporation (LFC) from Eurodite Universal Power Incorporated.

The assets covered by the transaction consists of the: (a) 1,275 MW Ilijan Combined Cycle Gas Power Plant owned by SPPC which is currently operational, (b) 1,320 MW BCCPP owned by EERI which is under construction, (c) 390,829 sqm land where the BCCPP of EERI is situated, and (d) import and regasification LNG terminal owned by LFC which will process LNG for SPPC and EERI and has capacity to service additional third-party customers.

B. The following are the major developments in 2022:

INVESTING ACTIVITIES

Acquisition by SMC through SMEII of ECC

On October 5, 2022, SMEII signed a share purchase agreement with Far East Holdings, Inc., the parent company of ECC and three other individual shareholders (collectively, the Selling Shareholders) for the acquisition by SMEII of a total of 4,425,123,001 common shares (Sale Shares) representing approximately 88.50% of the total outstanding and issued capital stock of ECC for a total consideration of P97,441 million or P22.02 per Sale Share.

ECC and its subsidiaries are engaged in manufacturing, marketing, sale, and distribution of cement. ECC owns a cement production facility in San Ildefonso, Bulacan and a grinding and packaging facility in Limay, Bataan.

On October 27, 2022, the Philippine Competition Commission issued a notice which states that the transaction is not subject to the notification requirement under the Philippine Competition Act and its implementing rules and regulations. Consequently, on November 7, 2022, SMEII proceeded to conduct a mandatory tender offer to acquire a total of 574,877,004 common shares of ECC, representing approximately 11.46% of the outstanding capital stock of ECC held by the minority shareholders, as required by the Securities Regulations Code, which tender offer was likewise considered as the tender offer required for the voluntary delisting of ECC under the relevant rules of the PSE after the required written assent of the stockholders of ECC was secured.

The tender offer period ended on December 5, 2022, a total of 572,780,677 ECC shares representing approximately 11.46% of the total outstanding common shares of ECC were tendered (Tendered Shares) for a total consideration of P12,613 million or P22.02 per share (Tender Offer Price). The Tendered Shares were crossed through the PSE on December 14, 2022, upon approval of the PSE of a special block sale of the Tendered Shares. Thereafter, ECC petitioned for a voluntary delisting and was approved by the PSE effective February 28, 2023.

As a result of the transaction, ECC was consolidated effective December 14, 2022. SMEII beneficially owns 4,997,903,678 common shares representing 99.96% of the total outstanding common shares of ECC as at December 31, 2023 and 2022.

The total acquisition cost of ECC amounting to P110,054 million was funded by short-term loan availed by SMC and existing cash balance.

Redemption of Investment in Preferred Shares of Top Frontier Investment Holdings, Inc. (Top Frontier)

On December 20, 2022, the BOD of Top Frontier approved the redemption of the remaining 1,904,540 preferred shares held by SMC. On December 21, 2022, Top Frontier redeemed the preferred shares at the redemption price of P35,424 million, corresponding to the original issue price, plus unpaid cash dividends amounting to P267 million.

In 2022, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **SSHCI**

On various dates in 2022, SSHCI availed of a total of P15,800 million term loans from the P20,000 million term loan facility agreement executed on December 3, 2021. The loans are subject to a floating interest rate and will mature on January 3, 2025. The proceeds were used to partially finance investments, expansion and capital expenditure programs in toll roads and other infrastructure and infrastructure-related projects and other related and/or allied businesses which provide service to the toll roads and other infrastructure-related projects.

- **Petron**

- a. On May 19, June 15 and June 16, 2022, Petron availed of a total of P15,000 million term loans for the: (a) partial financing of power plant project, (b) payment of the remaining balance of US dollar term loan, and (c) payment of various loan facilities. The P15,000 million term loan is divided into three P5,000 million loans, each with a term of five years and subject to fixed interest rates. The term loans will mature on May 19, June 15 and June 16, 2027, respectively.
- b. On September 8 and September 30, 2022, Petron availed of a total of P3,000 million term loans for the repayment of indebtedness. The loans are subject to fixed interest rates and will mature on September 8, 2025.

- **SMC NAIAX**

On December 28, 2022, SMC NAIAX availed of a P3,124 million term loan from its P5,656 million OLSA with various banks executed on December 21, 2022. The loan is subject to a fixed interest rate and will mature on June 21, 2030. The proceeds of the loan were used to prepay the balance of the OLSA executed in 2014 and will be used to partially finance the construction and development of the NAIAX Tramo Extension Project.

- **SMB**

On December 20, 2022, SMB availed of a P5,000 million five-year term loan from its P10,000 million loan facility with a local bank. The loan is subject to a fixed interest rate and will mature on December 20, 2027. The proceeds of the loan were used to partially finance capital expenditures.

- **NCC**

On various dates in 2022, NCC availed of a total of P1,674 million term loan from its existing P12,500 million OLSA executed on June 22, 2021. The loan is subject to a fixed interest rate and with final repayment date on June 30, 2031. Proceeds of the loan were used to finance the ongoing cement plant project in Sison, Pangasinan. Total drawdowns from the OLSA as at December 31, 2022 amounted to P8,749 million.

FOREIGN CURRENCY-DENOMINATED LOANS

- **San Miguel Global Power**

- a. On January 21, 2022, San Miguel Global Power availed of a US\$200 million term loan from the loan facility agreement executed on September 8, 2021. Proceeds of the loan were used for capital expenditures relating to expansion projects and payment of other transaction related fees, costs and expenses of the facility. The term of the loan is for three years and is subject to a floating interest rate.
- b. On May 24, 2022, San Miguel Global Power availed of a US\$100 million term loan from the loan facility agreement executed on May 18, 2022. Proceeds of the loan were used mainly for working capital requirements of BESS and BCCPP Projects, for general corporate requirements and payment of other transaction related fees, costs and expenses of the facility. The loan is subject to a floating interest rate and will mature in May 2025.
- c. On August 26, 2022, San Miguel Global Power availed of a US\$300 million term loan from its loan facility agreement executed on August 18, 2022. Proceeds of the loan were used mainly for general corporate purposes, including capital expenditures and refinancing of short-term loan. The loan is subject to a floating interest rate and will mature in August 2027.

- **SMC**

- a. On February 18 and April 20, 2022, SMC availed of a total of US\$450 million term loan from the US\$900 million loan facility agreement executed on October 21, 2021 for general corporate purposes. The loan is subject to a floating interest rate and will mature on October 21, 2026.
- b. On various dates in June, August and September 2022, SMC availed of a total of US\$700 million term loan from the US\$700 million loan facility agreement executed on March 28, 2022 for general corporate purposes. The loan is subject to a floating interest rate and will mature on March 29, 2027.

- c. On various dates in 2022, SMC availed of a total of US\$871 million term loan from the US\$2,165 million loan facility executed on March 31, 2022 for the financing of the MIA Project's land development works. The term of the loan is 13 years and is subject to a floating interest rate.
- d. On August 2, 2022, SMC availed of a US\$100 million loan from the US\$100 million term loan facility executed on May 27, 2022 for general corporate purposes. The loan is subject to a floating interest rate and will mature on May 27, 2027.

- **Petron**

In November and December 2022, Petron availed of US\$267 million and US\$228 million loans, respectively, from the US\$550 million term loan facility executed on November 8, 2022. The loan is amortized over five years with a two-year grace period and subject to a floating interest rate. The proceeds were used to partially prepay the US\$800 million term loan facility availed in 2019 and the US\$150 million term loan availed in 2020.

ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

- **Issuance of P30,000 Million Fixed Rate Bonds by SMC**

On March 4, 2022, SMC issued and listed at the Philippine Dealing & Exchange Corporation (PDEX) P17,440 million Series J and P12,560 million Series K Fixed Rate Peso-denominated Bonds from the P60,000 million Shelf Registered Fixed Rate Bonds. The bonds are due in March 2027 and 2029 with interest rates of 5.2704% and 5.8434% per annum, respectively.

The proceeds from the issuance of the bonds were used to refinance short-term loan facilities and other general corporate purposes.

- **Registration and Issuance of P60,000 Million Fixed Rate Peso-denominated Bonds by SMC**

On December 14, 2022, SMC issued and listed at the PDEX a total of P60,000 million Fixed Rate Peso-denominated Bonds comprising of P27,101 million Series L, P9,712 million Series M and P23,187 million Series N bonds which were approved by the SEC on November 22, 2022. The Series L, Series M and Series N bonds are due in December 2028, 2029 and 2032 with interest rates of 7.4458%, 7.8467% and 8.4890% per annum, respectively.

Portion of the proceeds from the issuance of the bonds were used for: (i) the optional redemption of the Subseries "2-H" Preferred Shares; and (ii) the repayment of Peso-denominated short-term loan facilities used to redeem the Series A and Series D Bonds, and the remaining balance will be used for (iii) the final redemption and payment of the Series E Bonds due in 2023; and (iv) the refinancing of certain US Dollar-denominated obligations.

- **Registration of P60,000 Million-Worth of Fixed Rate Peso-Denominated Bonds and Issuance of P40,000 Million Series K, L and M Bonds by San Miguel Global Power**

On July 26, 2022, San Miguel Global Power issued and listed at the PDEX a total of P40,000 million Fixed Rate Peso-denominated Bonds, the first tranche of the P60,000 million shelf registered fixed rate bonds approved by the SEC on July 11, 2022.

The bonds comprised of P5,000 million Series K Bonds due 2025, P25,000 million Series L Bonds due 2028 and P10,000 million Series M Bonds due 2032, with interest rates per annum of 5.9077%, 7.1051% and 8.0288%, respectively.

The proceeds from the issuance of the bonds were used: (i) to partially finance San Miguel Global Power's investments in power-related assets, particularly BCCPP and related assets, coal power plant projects, BESS and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

- **Payment of Fixed Rate Peso-Denominated Series A and D Bonds by SMC**

On March 1 and April 7, 2022, SMC paid its Series A and D Fixed Rate Peso-denominated Bonds amounting to P6,683 million and P10,000 million, respectively. The Series A and Series D Bonds matured on their respective payment dates and were issued by SMC in 2017.

The Series A and D Bonds were paid using the proceeds from short-term loan facilities.

- **Payment of Fixed Rate Peso-Denominated Series D and Series H Bonds by San Miguel Global Power**

On April 25 and December 22, 2022, San Miguel Global Power paid its P13,845 million Series H and P9,913 million Series D Fixed Rate Peso-denominated Bonds, which matured on the same dates. The Series D and Series H Bonds were issued by San Miguel Global Power in 2017 and 2019, respectively.

The Series H Bonds were paid partly from the proceeds of short-term loan facilities and from cash generated from operations.

- **Payment of Fixed Rate Peso-Denominated Series F Bonds by SMB**

On April 2, 2022, SMB paid its Series F Fixed Rate Peso-denominated Bonds amounting to P7,000 million, which matured on the same day. The Series F Bonds were issued by SMB in 2012.

The payment was funded by the proceeds from the P7,000 million term loan availed on April 1, 2022 from a local bank. The loan is subject to a fixed interest rate and will mature in 2025 and 2027.

- **Payment of Fixed Rate Peso-Denominated Series B Bonds by SMC SLEX Inc. (SMC SLEX)**

On May 22, 2022, SMC SLEX paid its Series B Fixed Rate Peso-denominated Bonds amounting to P2,400 million, which matured on the same day. The Series B Bonds were issued by SMC SLEX in 2015.

The Series B Bonds were paid using internally generated funds.

PAYMENT OF OTHER MATURING OBLIGATIONS

In 2022, the Group paid a total of P22,074 million of its scheduled amortizations and maturing obligations funded by cash generated from operations.

Infrastructure, Energy, Petron, Packaging, Food and Beverage and SMC paid a total of P8,575 million, P6,824 million, P3,430 million, P2,902 million, P183 million and P160 million, respectively, of their maturing obligations.

REDEMPTION OF PREFERRED SHARES BY SMC

Redemption of Series “2” Preferred Shares - Subseries “2-H” by SMC

On December 21, 2022, SMC redeemed its outstanding 164,000,000 Subseries “2-H” Preferred Shares issued in March 2016. The redemption price was the issue price of P75.00 per share, plus any accumulated unpaid cash dividends. The redemption of Subseries “2-H” Preferred Shares was approved by the BOD of SMC on September 22, 2022.

The Subseries “2-H” Preferred Shares were redeemed using part of the proceeds of the P60,000 million Fixed Rate Peso-denominated Bonds issued on December 14, 2022.

The redeemed shares were not retired and may be re-issued by SMC at a price to be determined by the BOD. The listing of the shares are suspended until re-issued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

REPURCHASE OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

On October 26, 2022, the BOD of San Miguel Global Power authorized the conduct of tender offer to the holders of its US dollar-denominated SPCS listed at the SGX-ST to purchase for cash up to US\$400 million SPCS. The conduct of the tender offer commenced on October 26, 2022, and expired on November 4, 2022 (the “Expiration Deadline”). All valid tender offers from security holders, representing an aggregate of US\$124 million in principal amount of SPCS were accepted by San Miguel Global Power. Security holders that validly tendered their securities at or prior to the expiration deadline and which San Miguel Global Power accepted for purchase from such security holder were paid the applicable purchase price and the relevant accrued distribution amount on November 9, 2022.

The payment for the repurchased SPCS was funded by San Miguel Global Power’s issuance of RPS to SMC.

C. The following are the major developments in 2021:

INVESTMENT IN SUBSIDIARIES

Merger of NCC and San Miguel Northern Cement, Inc. (SMNCI)

On March 3, 2021, the BOD and stockholders of NCC and SMNCI approved the plan of merger of NCC and SMNCI, with NCC as the surviving entity.

On June 14, 2021, the SEC approved the Articles and Plan of Merger executed by NCC and SMNCI, whereby the entire assets and liabilities of SMNCI were transferred to and absorbed by NCC, the surviving entity.

On July 1, 2021, the effective date of the merger, NCC issued 131,835,212 common shares in favor of SMEII for a total amount of P9,834 million as consideration for the net assets of SMNCI in accordance with the Plan of Merger. The shares were issued out of the increase in the authorized capital stock of NCC, which was approved by the SEC on June 14, 2021.

The merger of NCC and SMNCI is considered to be a business combination under common control. The Group accounts for business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and the control is not transitory, using the pooling of interest method.

The assets and liabilities of the combining entities are reflected in the consolidated statement of financial position at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination.

On October 6, 2021, the BIR issued Ruling No. S40M-371-2021 which confirmed the tax-free exchange of investment relative to the merger of NCC and SMNCL.

Investment by SMC Equivest Corporation (SMCEC) in Preferred Shares and Common Shares of BankCom

On August 5, 2021, SMCEC subscribed to 41,666,667 Series 1 Preferred Shares of BankCom at P132.00 per share or a total of P5,500 million.

The preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of BankCom and subject to the other terms and conditions as may be fixed by the BOD of BankCom, required under regulations, and to the extent permitted by applicable law.

On October 20, 2021, SMCEC acquired 1,571,600 common shares of BankCom at P226.48 per share or P357 million, including transaction cost, representing additional 1.4% ownership interest.

The Bangko Sentral ng Pilipinas (BSP) and SEC approved the Amendment of Articles of Incorporation of BankCom on October 4 and November 2, 2021, respectively, for the change in the par value of BankCom's common and preferred shares from P100.00 per share to P10.00 per share, which was approved by the BOD and stockholders of BankCom on May 25 and July 8, 2021, respectively. As a result, San Miguel Properties, Inc. (SMPI) and SMCEC's investment in BankCom's common shares increased from 44,771,180 shares to 447,711,800 shares and from 6,830,556 shares to 68,305,560 shares, respectively. SMCEC's investment in BankCom's preferred shares also increased from 41,666,667 shares to 416,666,670 shares.

As at December 31, 2021, SMC through SMPI and SMCEC, respectively, has 39.93% and 6.09% equity ownership interests in BankCom.

On December 23, 2021, the Monetary Board of the BSP, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license.

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BankCom to be listed and traded in the Main Board of the PSE in relation to its initial public offering. On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the initial public offering. On March 31, 2022, BankCom listed its common shares with the PSE.

In 2021, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **San Miguel Global Power**

On May 28, 2021, San Miguel Global Power availed of a P5,000 million from its term loan facility agreement with a local bank executed in May 2020. The proceeds of the loan were used for general corporate purposes. The loan is subject to a fixed interest rate and will mature on May 28, 2025.

- **SMC Tollways**

On March and June 2021, SMC Tollways drew a total of P12,900 million from the P41,200 million Corporate Notes Facility Agreement dated December 9, 2019 with various local banks. The proceeds of the loan were mainly used to refinance existing debt obligations, invest and/or advance for infrastructure projects, for general corporate purposes and to finance transaction-related fees, taxes and expenses. The loan is subject to a fixed interest rate and repricing on the fifth year from initial drawdown date, and payable in 40 quarterly installments up to December 14, 2029. As at December 31, 2021, the total amount of the P41,200 million facility has been fully drawn.

- **NCC**

On June 30, 2021, SMNCI availed of a P7,075 million from the P12,500 million OLSA executed on June 22, 2021. The loan is subject to a fixed interest rate and with final repayment date on June 30, 2031. Proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement plant in Sison, Pangasinan, repay the reimbursable sponsor advances and finance the transaction costs, other taxes, costs and operation expenses and other financing costs incurred in availing the loan. On July 1, 2021, the balance of the loan was transferred to NCC following the merger of NCC and SMNCI.

- **The Purefoods-Hormel Company, Inc. (PF-Hormel)**

On September 29, 2021, PF-Hormel availed of a P7,000 million term loan, subject to a fixed interest rate and will mature on September 29, 2026. The proceeds of the loan were used for the refinancing of existing indebtedness and general corporate purposes.

- **SCII**

On December 29, 2021, SCII fully availed the P4,800 million loan from the OLSA executed on December 22, 2021. The loan is subject to a fixed interest rate and with final repayment date on December 31, 2028. Proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement grinding facility with cement packing and pier facilities of SCII in Davao.

FOREIGN CURRENCY-DENOMINATED TERM LOANS

- **San Miguel Global Power**

- a. On March 9, 2021, San Miguel Global Power executed a five-year term loan facility agreement for the amount of US\$200 million used to refinance its maturing US\$200 million loan obligation. Drawdown was completed on March 12, 2021. On May 21, 2021, the loan facility agreement was amended to increase the amount from US\$200 million to US\$300 million.

On June 7, 2021, San Miguel Global Power availed of the remaining US\$100 million from its amended loan facility agreement. The proceeds of the loan were used mainly for the payment of Series A Fixed Rate Bonds in July 2021. The loan is subject to a floating interest rate and will mature in March 2026.

- b. On April 12, 2021, San Miguel Global Power availed of a US\$50 million from its term loan facility with a foreign bank executed on October 12, 2020. Proceeds of the loan were used for the payment of capital expenditures of the BCCPP (including expansion projects related thereto), funding of liquid natural gas import, storage and distribution facilities, pre-operating and operating working capital requirements for the BESS Projects, and transaction-related fees, costs and expenses of the facility. The loan is subject to a floating interest rate and will mature in October 2023.
- **SMC**
 - a. On October 21, 2021, SMC executed a five-year term loan facility agreement for the amount of US\$700 million. The facility agreement was amended on November 29, 2021 increasing the amount from US\$700 million to US\$900 million. On October 28 and December 23, 2021, SMC drew a total of US\$450 million from the facility. The loan is subject to a floating interest rate and will mature on October 21, 2026. The proceeds of the loan were and will be used for general corporate purposes.
 - b. On December 13, 2021, SMC executed a five-year term loan facility agreement for the amount of US\$100 million. Drawdown was completed on December 23, 2021. The loan is subject to a floating interest rate and will mature on December 14, 2026. The proceeds of the loan were used for general corporate purposes.

ISSUANCE AND PAYMENT OF BONDS

- **Shelf-registration of P50,000 Million Fixed Rate Peso-Denominated Bonds by SMC and Issuance of P30,000 Million Bonds**

On June 21, 2021, the SEC approved the shelf-registration of P50,000 million fixed rate Peso-denominated bonds of SMC.

On July 8, 2021, SMC issued and listed at the PDEX P30,000 million Series I Bonds. The bonds are due in 2027, with an interest rate of 3.3832% per annum and with a put option on the part of the bondholder on the third anniversary of its issue date. Interest is payable every 8th of January, April, July and October of each year.

The proceeds from the issuance of the Bonds were used to repay existing obligations.

- **Issuance of P18,000 Million Fixed Rate Bonds by Petron**

On October 12, 2021, Petron issued and listed at the PDEX P18,000 million fixed rate, Peso-denominated bonds, the first tranche of the P50,000 million shelf-registered fixed rate bonds approved by the SEC.

The bonds consist of P9,000 million Series E Bonds maturing in 2025 with an interest rate of 3.4408% per annum and P9,000 million Series F Bonds maturing in 2027 with an interest rate of 4.3368% per annum. Interest is payable quarterly in arrears every 12th of January, April, July and October of each year.

The proceeds from the issuance of the bonds were used primarily for the payment of the outstanding Series A Bonds, partial financing of the power plant project and payment of existing indebtedness.

- **Payment of Fixed Rate Peso-Denominated Series G Bonds by SMB**

On April 5, 2021, SMB paid its Series G Fixed Rate Bonds amounting to P12,462 million, which matured on the same day. The Series G Bonds form part of the P15,000 million fixed rate bonds issued by SMB in 2014.

The payment was financed from the proceeds of the P12,000 million term loans availed on March 30, 2021 from four banks. The loans are subject to fixed interest rates, where P10,000 million are due on March 30, 2026 and P2,000 million are due on March 30, 2028.

- **Payment of Fixed Rate Peso-Denominated Series A Bonds by San Miguel Global Power**

On July 12, 2021, San Miguel Global Power paid its Series A Fixed rate Bonds amounting to P6,153 million, which matured on the same day. The Series A Bonds, which form part of the P15,000 million Series ABC Fixed Rate Bonds issued by San Miguel Global Power in 2016.

The Series A Bonds were paid partly from the proceeds of the US\$100 million out of the US\$300 million Syndication Agreement availed in June 2021 and partly from the P5,000 million term loan availed in May 2021.

PAYMENT OF OTHER MATURING OBLIGATIONS

In 2021, the Group paid P18,686 million of maturing obligations funded by cash generated from operations.

Energy, Petron, Infrastructure, Packaging and other businesses paid a total of P7,293 million, P4,785 million, P3,778 million, P2,488 million and P342 million, respectively, of their maturing long-term debt.

ISSUANCE OF CAPITAL SECURITIES BY SUBSIDIARIES

- **Issuance of US\$550 Million SPCS by Petron**

On April 19, 2021, Petron issued US\$550 million SPCS at an issue price of 100%, with an initial distribution rate of 5.95% per annum. The securities were listed at the SGX-ST on April 20, 2021. The net proceeds were used for the repayment of its indebtedness and for general corporate purposes.

- **Issuance of US\$750 Million SPCS by San Miguel Global Power**

On June 9, 2021, San Miguel Global Power issued US\$600 million SPCS at an issue price of 100%, with an initial distribution rate of 5.45% per annum. The securities were listed at the SGX-ST on June 10, 2021.

On September 15, 2021, San Miguel Global Power issued US\$150 million SPCS at an issue price of 100.125%, with an initial distribution rate of 5.45% per annum. The additional securities which were listed at the SGX-ST on September 16, 2021 were consolidated into single series with the securities issued in June 2021.

The net proceeds were used primarily for the 1,320 MW BCCPP and for general corporate purposes.

REDEMPTION OF PREFERRED SHARES BY SMC

Redemption of Series “2” Preferred Shares - Subseries “2-G”, Subseries “2-C” and Subseries “2-E” by SMC

On March 30 and September 21, 2021, SMC redeemed its outstanding 66,666,600 Subseries “2-G”, 255,559,400 Subseries “2-C” and 134,000,100 Subseries “2-E” Preferred Shares issued in March 2016, September 2012 and 2015, respectively. The redemption price was the issue price of P75.00 per share, plus any accumulated unpaid cash dividends. The redemption of Subseries “2-G” Preferred Shares was approved by the BOD of SMC on March 11, 2021 while the redemption of Subseries “2-C” and Subseries “2-E” Preferred Shares was approved by the BOD of SMC on August 5, 2021.

The Subseries “2-G” Preferred Shares were redeemed using the proceeds of the US\$1,950 million drawdown in March 2020 from the remainder of the term loan facility amounting to US\$2,000 million.

The Subseries “2-C” and Subseries “2-E” Preferred Shares were redeemed from proceeds of short-term loan availments.

The redeemed shares were not retired and may be re-issued by SMC at a price to be determined by the BOD. The shares are suspended until re-issued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

REDEMPTION OF SERIES 2B PREFERRED SHARES BY PETRON

On November 3, 2021, Petron redeemed its 2,877,680 Series 2B Preferred Shares issued on November 3, 2014 at a redemption price of P1,000.00 per share or a total of P2,878 million. The Series 2B Preferred Shares were redeemed from proceeds of short-term loan availments. The redemption was approved by the BOD of Petron on March 9, 2021.

REDEMPTION OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

On February 26, 2021, San Miguel Global Power completed the redemption of its US\$300 million Undated Subordinated Capital Securities (USCS) issued on August 26, 2015 pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The US\$300 million USCS were redeemed using part of the proceeds of the US\$350 million SPCS issued on December 15, 2020.

D. MATERIAL CHANGES PER LINE OF ACCOUNT

2023 vs. 2022

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
			(In Millions)			
Cash and cash equivalents	P261,358	P318,214	(P56,856)	(18%)	11%	13%
Trade and other receivables - net	263,119	238,782	24,337	10%	11%	10%
Inventories	161,986	190,193	(28,207)	(15%)	6%	8%
Current portion of biological assets - net	3,515	3,418	97	3%	0%	0%
Prepaid expenses and other current assets	141,424	133,691	7,733	6%	6%	6%
Total Current Assets	831,402	884,298	(52,896)	(6%)	34%	37%
Investments and advances - net	37,089	32,523	4,566	14%	2%	1%
Investments in equity and debt instruments	19,417	18,921	496	3%	1%	1%
Property, plant and equipment - net	753,472	708,192	45,280	6%	31%	30%
Right-of-use assets - net	108,014	112,067	(4,053)	(4%)	4%	5%
Investment property - net	79,513	74,660	4,853	7%	3%	3%
Biological assets - net of current portion	2,667	2,671	(4)	(0%)	0%	0%
Goodwill - net	182,791	184,100	(1,309)	(1%)	7%	8%
Other intangible assets - net	306,638	249,321	57,317	23%	12%	10%
Deferred tax assets	19,633	22,554	(2,921)	(13%)	1%	1%
Other noncurrent assets - net	118,729	102,518	16,211	16%	5%	4%
Total Noncurrent Assets	1,627,963	1,507,527	120,436	8%	66%	63%
Total Assets	P2,459,365	P2,391,825	P67,540	3%	100%	100%
Loans payable	P214,881	P267,704	(P52,823)	(20%)	9%	11%
Accounts payable and accrued expenses	223,055	227,126	(4,071)	(2%)	9%	9%
Lease liabilities - current portion	19,631	21,020	(1,389)	(7%)	1%	1%
Income and other taxes payable	46,254	37,694	8,560	23%	2%	2%
Dividends and distributions payable	4,605	4,037	568	14%	0%	0%
Current maturities of long- term debt - net of debt issue costs	236,798	170,032	66,766	39%	9%	7%
Total Current Liabilities	745,224	727,613	17,611	2%	30%	30%

Forward

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
Long-term debt - net of current maturities and debt issue costs	P953,786	P918,164	P35,622	4%	39%	39%
Lease liabilities - net of current portion	36,941	54,455	(17,514)	(32%)	2%	2%
Deferred tax liabilities	29,503	26,297	3,206	12%	1%	1%
Other noncurrent liabilities	28,745	26,144	2,601	10%	1%	1%
Total Noncurrent Liabilities	1,048,975	1,025,060	23,915	2%	43%	43%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,468	177,719	(251)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	7,354	12,753	(5,399)	(42%)	0%	1%
Retained earnings:						
Appropriated	87,170	71,004	16,166	23%	4%	3%
Unappropriated	103,151	129,239	(26,088)	(20%)	4%	6%
Treasury stock	(109,763)	(156,763)	47,000	30%	(4%)	(7%)
Equity Attributable to						
Equity Holders of the Parent Company	316,221	284,793	31,428	11%	13%	12%
Non-controlling Interests	348,945	354,359	(5,414)	(2%)	14%	15%
Total Equity	665,166	639,152	26,014	4%	27%	27%
Total Liabilities and Equity	P2,459,365	P2,391,825	P67,540	3%	100%	100%

Consolidated total assets as at December 31, 2023 amounted to P2,459,365 million, P67,540 million higher than December 31, 2022. The increase was primarily due to the increase in property, plant and equipment, intangible assets, trade and other receivables and other noncurrent assets, offset by the decrease in cash and cash equivalents and inventories.

The decrease in cash and cash equivalents of P56,856 million was mainly due to the net payment of short-term loans, capital expenditures for the ongoing projects of the Infrastructure, Energy, Food and Beverage and Cement businesses, payment of interests, dividends and distributions and lease liabilities. This was partly offset by cash generated from operations, net proceeds from the availment of long-term debt and from the reissuance of treasury shares by SMC and Petron.

The increase in trade and other receivables - net by P24,337 million was mainly attributable to the: (a) higher trade receivables of the Energy business as a result of the Emergency Power Supply Agreement with Meralco which commenced in March and August 2023, (b) higher receivables recognized versus collections during the year by SPI, and (c) higher receivable of Petron from the Philippine Government due to increased excise tax refund claims.

The decrease in inventories by P28,207 million was attributable mainly to the: (a) lower materials and supplies inventory of the Food division as a result of the normalized level coming from the high level in December 2022 due to purposive buying of raw materials at that time in anticipation of price increases, depletion of hedged meat materials, and higher production volumes, (b) lower price of both crude oil and finished products and lower volume of crude oil, partly offset by higher volume of finished products of Petron.

The increase in prepaid expenses and other current assets by P7,733 million was primarily due to: (a) higher input taxes from the ongoing projects and power purchases of the Energy business, (b) increase in advances to suppliers mainly contributed by advances for LNG procurement of SPPC and (c) higher unused creditable withholding taxes of Petron. The increase was partly offset by the utilization of restricted cash fund for debt servicing requirements of the Energy business.

The increase in investments and advances - net by P4,566 million was mainly due to the advances for future investments to certain companies by the Energy business and the Group's share in the net earnings of BankCom and MNHPI in 2023. The increase was partly offset by the dividend received from MNHPI.

The increase in property, plant and equipment - net by P45,280 million was mainly due to the costs of the ongoing projects of the Energy business, the Food and Beer and NAB divisions of the Food and Beverage business and Cement business.

The increase in investment property - net by P4,853 million was mainly due to the reclassification from property, plant and equipment to investment property of certain properties of the Energy business as a result of the change in usage, acquisition of parcels of land in Bulacan for the Airport Project and the consolidation of the investment property of IPIEC and Blue Eagle Star, Corp.

The increase in other intangible assets - net by P57,317 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partly offset by the total amortization for the year.

The decrease in deferred tax assets by P2,921 million was primarily due to the recognition by SMC of deferred tax on unrealized gains on foreign exchange mainly from the revaluation of the foreign currency-denominated long-term debt and derivatives.

The increase in other noncurrent assets - net by P16,211 million was mainly due to the higher amount of: (a) contract assets for the MRT 7 Project, (b) advances paid to contractors and suppliers of the ongoing projects of the Infrastructure and Energy businesses, and (c) restricted cash balance for debt servicing requirements of the Energy business.

The decrease in loans payable by P52,823 million was mainly due to the net payment made by SMC, Food division and the Energy business.

The increase in income and other taxes payable by P8,560 million was mainly due to the higher amount of Value-Added Tax (VAT) payable: (a) on the sales of the Energy business subject to VAT and (b) of the Food and Beverage business as a result of the implementation of quarterly VAT remittance compared to monthly remittance in 2022.

The increase in dividends and distributions payable by P568 million was mainly due to the declaration of dividends by Petron and SMC to preferred shareholders in November 2023 payable in 2024.

The increase in total long-term debt, net of debt issue costs, of P102,388 million was primarily due to the net availments of foreign currency-denominated and Peso term loans by the Group, partly offset by the payment of Series B and G Bonds by San Miguel Global Power, Series E Bonds by SMC and Series B Bonds by Petron and translation adjustments for the year.

The decrease in total lease liabilities by P18,903 million was primarily due to the payments made to Power Sector Assets and Liabilities Management (PSALM) by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P3,206 million was mainly due to the temporary differences on lease-related expenses in relation to the IPPA lease agreement of SPI and San Roque Hydropower Inc. (formerly Strategic Power Devt. Corp.) and on qualifying assets and capital allowance of Petron Malaysia.

The increase in other noncurrent liabilities by P2,601 million was mainly due to the increase in: (a) retention payable for the ongoing projects of the Infrastructure business and (b) retirement liabilities of the Food and Beverage business resulting from the net remeasurement loss on plan assets net of contributions paid, partly offset by the application of retention payable to contractors' billings of the Energy business.

The decrease in equity reserves by P5,399 million was mainly due to the loss on exchange differences on the translation of foreign operations for the year, loss from the redemption of SPCS by Petron, and remeasurement loss on the retirement plan assets of SMFB.

The increase in appropriated retained earnings by P16,166 million was mainly due to the net appropriations made by: (a) the Infrastructure business for the capital expenditures of the various ongoing projects, (b) San Miguel Foods, Inc. for the Feeds Expansion Projects; (c) SMB for the payment of Series H Bonds and the P10,000 million term loans maturing on April 2, 2024 and December 20, 2027, respectively, and (d) SMC Shipping and Lighterage Corporation (SMCSLC) for the construction of shipyard and warehouse and purchase of vessels, partly offset by the reversal of appropriations for the Power Plant Project of Petron.

The decrease in unappropriated retained earnings by P26,088 million was mainly due to the net appropriations of retained earnings and dividends and distributions.

The decrease in treasury stock by P47,000 million represents the re-issuance of 173,333,325 Series "2-M" Preferred Shares on August 29, 2023 and a total of 453,333,400 Series "2-L, 2-N and 2-O" Preferred Shares on December 1, 2023 of SMC at an issue price of P75.00 per share.

2022 vs. 2021

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
			<i>(In Millions)</i>			
Cash and cash equivalents	P318,214	P300,030	P18,184	6%	13%	15%
Trade and other receivables - net	238,782	161,808	76,974	48%	10%	8%
Inventories	190,193	141,209	48,984	35%	8%	7%
Current portion of biological assets - net	3,418	3,106	312	10%	0%	0%
Prepaid expenses and other current assets	133,691	108,689	25,002	23%	6%	5%
Total Current Assets	884,298	714,842	169,456	24%	37%	35%
Investments and advances - net	32,523	55,002	(22,479)	(41%)	1%	3%
Investments in equity and debt instruments	18,921	41,966	(23,045)	(55%)	1%	2%
Property, plant and equipment - net	708,192	567,609	140,583	25%	30%	28%
Right-of-use assets - net	112,067	163,364	(51,297)	(31%)	5%	8%
Investment property - net	74,660	69,825	4,835	7%	3%	3%
Biological assets - net of current portion	2,671	2,244	427	19%	0%	0%
Goodwill - net	184,100	130,081	54,019	42%	8%	6%
Other intangible assets - net	249,321	190,979	58,342	31%	10%	9%
Deferred tax assets	22,554	17,141	5,413	32%	1%	1%
Other noncurrent assets - net	102,518	98,600	3,918	4%	4%	5%
Total Noncurrent Assets	1,507,527	1,336,811	170,716	13%	63%	65%
Total Assets	P2,391,825	P2,051,653	P340,172	17%	100%	100%
Loans payable	P267,704	P190,779	P76,925	40%	11%	9%
Accounts payable and accrued expenses	227,126	194,579	32,547	17%	9%	10%
Lease liabilities - current portion	21,020	23,423	(2,403)	(10%)	1%	1%
Income and other taxes payable	37,694	23,102	14,592	63%	2%	1%
Dividends and distributions payable	4,037	4,296	(259)	(6%)	0%	0%
Current maturities of long- term debt - net of debt issue costs	170,032	88,857	81,175	91%	7%	4%
Total Current Liabilities	727,613	525,036	202,577	39%	30%	25%

Forward

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
Long-term debt - net of current maturities and debt issue costs	P918,164	P725,108	P193,056	27%	39%	35%
Lease liabilities - net of current portion	54,455	71,569	(17,114)	(24%)	2%	4%
Deferred tax liabilities	26,297	28,742	(2,445)	(9%)	1%	1%
Other noncurrent liabilities	26,144	19,959	6,185	31%	1%	2%
Total Noncurrent Liabilities	1,025,060	845,378	179,682	21%	43%	42%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,719	177,719	-	0%	7%	9%
Capital securities	24,211	28,171	(3,960)	(14%)	1%	1%
Equity reserves	12,753	14,136	(1,383)	(10%)	1%	1%
Retained earnings:						
Appropriated	71,004	66,630	4,374	7%	3%	3%
Unappropriated	129,239	157,707	(28,468)	(18%)	6%	8%
Treasury stock	(156,763)	(144,363)	(12,400)	(9%)	(7%)	(7%)
Equity Attributable to Equity Holders of the Parent Company	284,793	326,630	(41,837)	(13%)	12%	16%
Non-controlling Interests	354,359	354,609	(250)	(0%)	15%	17%
Total Equity	639,152	681,239	(42,087)	(6%)	27%	33%
Total Liabilities and Equity	P2,391,825	P2,051,653	P340,172	17%	100%	100%

Consolidated total assets as at December 31, 2022 amounted to P2,391,825 million, P340,172 million higher than December 31, 2021. The increase was primarily due to the higher balance of cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment and other intangible assets. The increase was partly offset by the decrease in right-of-use assets.

The increase in cash and cash equivalents by P18,184 million was mainly due to net proceeds from the availments of short-term loans and long-term debt, redemption of investment in equity securities and collection of advances for investments. This was partly offset by the capital expenditures for the ongoing projects of Petron, the Energy, Food and Beverage, Cement and Infrastructure businesses, acquisition of subsidiaries, payment of lease liabilities and dividends and distributions and repurchase and redemption of equity and capital securities.

The increase in trade and other receivables - net by P76,974 million was mainly attributable to higher trade customer balances from: (a) the Energy business on account of higher average realization prices driven by higher coal prices and overall spot market rates; and (b) Petron brought about by the increase in prices of fuel products.

The increase in inventories by P48,984 million was mainly due to the: (a) higher prices of both crude oil and finished products coupled with higher volume of finished products of Petron; (b) higher prices of imported raw materials and higher level of finished goods relative to increase in demand and prices of the Food division under the Food and Beverage business; and (c) higher cost of coal shipments of the Energy business brought about by the significant increase in coal prices.

The increase in total biological assets by P739 million was due to higher volume of chicken loaded in the farm.

The increase in prepaid expenses and other current assets by P25,002 million was primarily due to the: (a) higher input taxes of the Energy business from vatable purchases in 2022; (b) additional restricted cash funding by the Energy and Infrastructure businesses for the payment of long-term debt; and (c) higher specific tax and product replenishment claims and unused creditable withholding taxes of Petron.

The decrease in investments and advances - net by P22,479 million mainly represents the collection of advances for investment to Bryce Canyon Investments Limited in accordance with an investment agreement executed in 2016. In December 2022, the agreement was terminated as agreed by both parties.

The decrease in investments in equity and debt instruments by P23,045 million mainly represents the redemption of SMC's investments in preferred stocks of Top Frontier partly offset by the investment in debt securities under investment agreement with BankCom by SMB, GSMI and Petrogen Insurance Corporation.

The increase in property, plant and equipment - net by P140,583 million and the decrease in right-of-use assets - net by P51,297 million were mainly due to the reclassification by SPPC of the Ilijan Power Plant from right-of-use assets to property, plant and equipment following the end of its IPPA agreement with PSALM and subsequent acquisition in June 2022, including directly attributable costs. The increase in property, plant and equipment - net was also due to the consolidation of the cement plant and properties of ECC, the costs of the ongoing projects of Petron, the Energy and Cement businesses and the Food and Beer and NAB divisions under the Food and Beverage business.

The increase in investment property - net by P4,835 million was mainly due to the acquisition of a property in Mandaluyong and reclassification of properties from property, plant and equipment due to change in use by SMPI and acquisition of various properties in Bulacan.

The increase in goodwill - net by P54,019 million mainly represents the goodwill recognized as a result of the consolidation of ECC.

The increase in other intangible assets - net by P58,342 million was mainly due to the: (a) additions to concession rights for the MIA Project and for the various ongoing Infrastructure projects; and (b) the mining rights recognized upon the consolidation of ECC. The increase was partly offset by the total amortization in 2022.

The increase in deferred tax assets by P5,413 million was mainly due to: (a) the recognition by SMC and San Miguel Global Power of deferred tax on unrealized foreign exchange loss primarily from the translation of its foreign currency-denominated long-term debt; and (b) the recognition by SMC of deferred tax on the remeasurement of its retirement plan assets.

The increase in loans payable by P76,925 million was mainly due to the net availments by Petron and Food Division for working capital requirements and San Miguel Global Power to partly finance the payment of Series H Bonds in April 2022 and for general corporate requirements.

The increase in accounts payable and accrued expenses by P32,547 million was mainly due to: (a) higher outstanding liabilities to contractors and vendors by the Energy and Infrastructure businesses for the ongoing projects; (b) higher coal purchases of the Energy business on account of the surge in coal prices; and (c) consolidation of the balances of ECC.

The increase in income and other taxes payable by P14,592 million was mainly due to higher VAT and withholding tax payable of the Energy business and higher excise tax liability of Petron Philippines.

The decrease in dividends and distributions payable by P259 million was mainly due to payment to preferred shareholders of Petron for dividends which were declared in 2021.

The increase in total long-term debt, net of debt issue costs, by P274,231 million was primarily due to the: (a) issuance of P90,000 million and P40,000 million fixed rate Peso-denominated bonds by SMC and San Miguel Global Power, respectively; (b) the availment by the Group of various foreign and Peso term loans; and (c) the revaluation of foreign currency-denominated loans by the Group. The increase was partly offset by the payment of fixed rate Peso-denominated bonds by SMC, San Miguel Global Power, SMC SLEX and SMB and payment by the Group of other maturing obligations.

The decrease in total lease liabilities by P19,517 million was primarily due to the payments made to PSALM, partly offset by foreign exchange loss and interest expense recognized in 2022 by the Energy business' entities under the IPPA Agreements.

The decrease in deferred tax liabilities by P2,445 million was mainly attributable to the recognition of deferred tax benefit on NOLCO by the Energy business partly offset by the deferred tax liability recognized from the differences in actual PSALM payments over finance lease liability-related expenses.

The increase in other noncurrent liabilities by P6,185 million was mainly due to increase in retention payable for: (a) the Mariveles Power Plant and BESS Projects of the Energy business and (b) the land development works for the MIA Project and the increase in retirement liabilities of SMB and SMC as a result of the higher actuarial loss on defined benefit obligation and remeasurement loss on retirement plan assets, respectively.

The decrease in the balance of capital securities by P3,960 million represents the RPS of SMC issued to ECC in 2020 which was eliminated upon consolidation of ECC in 2022.

The decrease in equity reserves by P1,383 million was mainly due to the remeasurement loss on the retirement plan assets of SMC, SMB and Petron partly offset by the gain on exchange differences on the translation of foreign operations in 2022.

The increase in appropriated retained earnings by P4,374 million was due to the appropriations by: (a) Multi-Ventures Investment Holdings, Inc. for the expansion projects located in Cavite; and (b) SMCSLC for the acquisition of new bulk carriers and vessel. The increase was partly offset by the reversal of appropriation for the final settlement of fixed monthly payments to PSALM following the end of the IPPA agreement of SPPC for the Ilijan Power Plant in June 2022.

The decrease in unappropriated retained earnings by P28,468 million was primarily due to the net loss attributable to equity holders of the Parent Company, cash dividends declared and distributions and the net appropriations in 2022.

The increase in treasury stock by P12,400 million mainly represents the redemption by SMC of the Subseries "2-H" Preferred Shares.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	For the Years Ended December 31		
	2023	2022	2021
	<i>(In Millions)</i>		
Net cash flows provided by (used in) operating activities	P83,096	(P12,393)	P50,138
Net cash flows used in investing activities	(155,457)	(201,528)	(127,572)
Net cash flows provided by financing activities	15,303	224,298	21,096

Net cash flows provided by (used in) operating activities basically consists of income for the year and changes in noncash current assets, certain current liabilities and others.

Net cash flows provided by (used in) investing activities are as follows:

	For the Years Ended December 31		
	2023	2022	2021
	<i>(In Millions)</i>		
Additions to:			
Property, plant and equipment	(P71,173)	(P75,986)	(P74,421)
Intangible assets	(64,677)	(58,162)	(26,007)
Advances to contractors and suppliers	(9,448)	(11,449)	(16,067)
Investment property	(5,450)	(4,415)	(6,546)
Investments and advances	(5,271)	(2,432)	(5,223)
Investments in equity and debt instruments	(616)	(12,937)	(6,101)
Increase in other noncurrent assets and others	(15,699)	(6,330)	(7,053)
Interest received	13,396	5,973	3,313
Proceeds from:			
Sale of property and equipment and other intangible assets	1,307	253	1,350
Redemption and disposal of investments in equity and debt instruments	606	35,454	6,509
Disposal of subsidiaries, net of cash and cash equivalents disposed of	418	385	-
Dividends received	1,150	2,452	2,674
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(97,204)	-
Collection of advances for investment	-	22,870	-

Net cash flows provided by (used in) financing activities are as follows:

	For the Years Ended December 31		
	2023	2022	2021
	<i>(In Millions)</i>		
Net proceeds from (payments of) short-term borrowings	(P52,100)	P74,582	P49,599
Cash dividends and distributions paid	(44,145)	(42,123)	(39,310)
Repurchase and redemption of capital securities and preferred shares of subsidiaries	(27,134)	(4,703)	(17,459)
Payments of lease liabilities	(20,995)	(26,031)	(26,151)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	(3,014)	(2,630)	(623)
Net proceeds from long-term borrowings	102,057	237,503	27,358
Net proceeds from reissuance of treasury shares	46,749	-	-
Net proceeds from issuance of capital securities, preferred shares and treasury shares of subsidiaries	13,885	-	61,899
Redemption of preferred shares	-	(12,300)	(34,217)

The effect of exchange rate changes on cash and cash equivalents amounted to P202 million, P7,807 million and P9,159 million in 2023, 2022 and 2021, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The unappropriated retained earnings of the Parent Company is restricted in the amount of P67,093 million in 2023, 2022 and 2021, representing the cost of common shares held in treasury.

The unappropriated retained earnings of the Group includes the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures not available for declaration as dividends until declared by the respective investees.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items I “Financial Performance” and II “Financial Position” of the MD&A for the discussion of certain Key Performance Indicators.

	December 31	
	2023	2022
Liquidity:		
Current Ratio	1.12	1.22
Quick Ratio	0.70	0.77
Solvency:		
Debt to Equity Ratio	2.70	2.74
Asset to Equity Ratio	3.70	3.74
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	0.07%	(4.24%)
Interest Rate Coverage Ratio	1.80	1.66
Return on Assets	1.84%	1.20%
Operating Efficiency:		
Volume Growth	6%	20%
Revenue Growth (Decline)	(4%)	60%
Operating Margin	10%	7%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$

KPI	Formula
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

VI. OTHER MATTERS

▪ Commitments

The outstanding purchase commitments of the Group amounted to P248,484 million as at December 31, 2023.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position, Financial Performance and Cash Flows.
- There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.
- There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2023.
- There are no significant elements of income or loss that did not arise from continuing operations.
- Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.



April 15, 2024

Philippine Dealing & Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Suzy Claire R. Selleza
Head – Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Gentlemen:

We submit herewith the attached Annual Report (SEC FORM 17-A) for the period ended December 31, 2023 with the Audited Separate/Parent Financial Statements of the Company.

Very truly yours,


MARY ROSE S. TAN
Assistant Corporate Secretary

ANNEX “B”

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

SAN MIGUEL CORPORATION AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021**

With Independent Auditors' Report



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

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Company Information

SEC Registration No.: PW00000277

Company Name: SAN MIGUEL CORPORATION

Industry Classification: D15530

Company Type: Stock Corporation

Document Information

Document ID: OST10415202482200549

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents



SAN MIGUEL CORPORATION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of San Miguel Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG

Vice Chairman, President and
Chief Executive Officer

FERDINAND K. CONSTANTINO

Senior Vice President and
Chief Finance Officer/Treasurer

Signed this 11th day of March 2024

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S

BEFORE ME, a Notary Public for and in Mandaluyong City, this 11th day of March 2024, personally appeared the following:

Name	Passport No.	Date of issue	Place of Issue
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila
Ferdinand K. Constantino	P6892447B	June 2, 2021	DFA Manila

known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed and that of the corporation they represent.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal on the date and place first above written.

Doc. No.: 393 ;
Page No.: 80 ;
Book No.: VI ;
Series of 2024.


JOSE ANGELITO M. ILANO

Commission No. 0520-23

Notary Public for Mandaluyong City

Until December 31, 2024

SMC, 40 San Miguel Ave., Mandaluyong City

Roll of Attorneys No. 62172

PTR No. 5427158; 01/02/2024; Mandaluyong City

IBP Lifetime Member No. 018308; 12/14/17; Quezon City

MCLE Compliance No. VII-0016522; 04/28/22; Pasig City





R.G. Manabat & Co.
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Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

Opinion

We have audited the consolidated financial statements of San Miguel Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition (P1,446,703 million).

Refer to Notes 6, 25 and 33 of the consolidated financial statements.

The risk

Revenue is an important measure used to evaluate the performance of the Group and is generated from various sources. It is accounted for when control of the goods or services is transferred to the customer over time or at a point in time, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. While revenue recognition and measurement are not complex for the Group, revenues may be inappropriately recognized in order to improve business results and achieve revenue growth in line with the objectives of the Group, thus increasing the risk of material misstatement.

Our response

We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies in accordance with PFRS 15, *Revenue from Contracts with Customers*.
- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.
- We involved our information technology specialists, as applicable, to assist in the audit of automated controls, including interface controls among different information technology applications for the evaluation of the design and operating effectiveness of controls over the recording of revenue transactions.
- We vouched, on a sampling basis, sales transactions to supporting documentation such as sales invoices and delivery documents to ascertain that the revenue recognition criteria is met.
- We tested, on a sampling basis, sales transactions for the last month of the financial year and also the first month of the following financial year to supporting documentation such as sales invoices and delivery documents to assess whether these transactions are recorded in the appropriate financial year.
- We tested, on a sampling basis, journal entries posted to revenue accounts to identify unusual or irregular items.
- We tested, on a sampling basis, credit notes issued after the financial year, to identify and assess any credit notes that relate to sales transactions recognized during the financial year.

Valuation of Goodwill (P182,791 million).

Refer to Notes 4 and 17 of the consolidated financial statements.

The risk

The Group has embarked on a diversification strategy and has expanded into new businesses through a number of acquisitions and investments resulting in the recognition of a significant amount of goodwill. The goodwill of the acquired businesses are reviewed annually to evaluate whether events or changes in circumstances affect the recoverability of the Group's investments.

The methods used in the annual impairment test of goodwill are complex and judgmental in nature, utilizing assumptions on future market and/or economic conditions. The assumptions used include future cash flow projections, growth rates, discount rates and sensitivity analyses, with a greater focus on more recent trends and current market interest rates, and less reliance on historical trends.

Our response

We performed the following audit procedures, among others, on the valuation of goodwill:

- We assessed management's determination of the recoverable amounts based on fair value less costs to sell or a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined for each individual cash-generating unit.
- We tested the reasonableness of the discounted cash flow model by comparing the Group's assumptions to externally derived data such as relevant industry information, projected economic growth, inflation and discount rates. Our own valuation specialist assisted us in evaluating the models used and assumptions applied.
- We performed our own sensitivity analyses on the key assumptions used in the models.



Valuation of Other Intangible Assets (P306,638 million).

Refer to Notes 4, 5 and 17 of the consolidated financial statements.

The risk

The methods used in the annual impairment test for other intangible assets with indefinite useful lives and tests of impairment indicators for other intangible assets with finite useful lives are complex and judgmental in nature, utilizing assumptions on future market and/or economic conditions. These assumptions include future cash flow projections, growth rates, discount rates and sensitivity analyses, with a greater focus on more recent trends and current market interest rates, and less reliance on historical trends.

Our response

We performed the following audit procedures, among others, on the valuation of other intangible assets:

- We evaluated and assessed management's methodology in identifying any potential indicators of impairment.
- We assessed management's determination of the recoverable amounts based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined for each individual cash-generating unit.
- We tested the reasonableness of the discounted cash flow model by comparing the Group's assumptions to externally derived data such as relevant industry information, projected economic growth, inflation and discount rates. Our own valuation specialist assisted us in evaluating the models used and assumptions applied.
- We performed our own sensitivity analyses on the key assumptions used in the models.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

ANNEX “B-1”

Signature Page of KPMG



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(In Millions)

	<i>Note</i>	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4, 5, 7, 38, 39, 40	P261,358	P318,214
Trade and other receivables - net	4, 5, 8, 33, 35, 38, 39, 40	263,119	238,782
Inventories	4, 5, 9, 38	161,986	190,193
Current portion of biological assets - net	4, 16	3,515	3,418
Prepaid expenses and other current assets	4, 5, 10, 12, 23, 33, 34, 38, 39, 40	141,424	133,691
Total Current Assets		831,402	884,298
Noncurrent Assets			
Investments and advances - net	4, 5, 11, 23	37,089	32,523
Investments in equity and debt instruments	4, 12, 33, 39, 40	19,417	18,921
Property, plant and equipment - net	4, 5, 13, 34	753,472	708,192
Right-of-use assets - net	4, 5, 14, 34	108,014	112,067
Investment property - net	4, 15, 34	79,513	74,660
Biological assets - net of current portion	4, 16	2,667	2,671
Goodwill - net	4, 17	182,791	184,100
Other intangible assets - net	4, 5, 17, 34, 38	306,638	249,321
Deferred tax assets	4, 5, 23	19,633	22,554
Other noncurrent assets - net	4, 5, 18, 33, 34, 35, 39, 40	118,729	102,518
Total Noncurrent Assets		1,627,963	1,507,527
		P2,459,365	P2,391,825
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	19, 30, 33, 38, 39, 40	P214,881	P267,704
Accounts payable and accrued expenses	4, 5, 20, 33, 34, 35, 38, 39, 40	223,055	227,126
Lease liabilities - current portion	4, 5, 30, 33, 34, 38, 39, 40	19,631	21,020
Income and other taxes payable	5, 23, 38	46,254	37,694
Dividends and distributions payable	33, 36, 38, 39, 40	4,605	4,037
Current maturities of long-term debt - net of debt issue costs	5, 21, 30, 33, 38, 39, 40	236,798	170,032
Total Current Liabilities		745,224	727,613
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	5, 21, 30, 33, 38, 39, 40	953,786	918,164
Lease liabilities - net of current portion	4, 5, 30, 33, 34, 38, 39, 40	36,941	54,455
Deferred tax liabilities	23	29,503	26,297
Other noncurrent liabilities	4, 5, 22, 33, 35, 38, 39, 40	28,745	26,144
Total Noncurrent Liabilities		1,048,975	1,025,060

Forward

	Note	2023	2022
Equity	24, 36, 37		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock - common		P16,443	P16,443
Capital stock - preferred		10,187	10,187
Additional paid-in capital		177,468	177,719
Capital securities		24,211	24,211
Equity reserves	5, 23	7,354	12,753
Retained earnings:			
Appropriated		87,170	71,004
Unappropriated		103,151	129,239
Treasury stock		(109,763)	(156,763)
		316,221	284,793
Non-controlling Interests	2, 5, 24	348,945	354,359
Total Equity		665,166	639,152
		P2,459,365	P2,391,825

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(In Millions, Except Per Share Data)

	<i>Note</i>	2023	2022	2021
SALES	6, 25, 33	P1,446,703	P1,506,591	P941,193
COST OF SALES	26, 34, 40	1,208,410	1,314,607	751,015
GROSS PROFIT		238,293	191,984	190,178
SELLING AND ADMINISTRATIVE EXPENSES	27, 34	(93,808)	(83,972)	(77,991)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	19, 21, 30, 33, 34, 35	(91,303)	(60,795)	(49,265)
INTEREST INCOME	7, 12, 31, 33, 35	14,027	7,108	3,591
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	11, 23	1,729	1,197	1,040
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	5, 13, 15, 18	83	733	167
OTHER INCOME (CHARGES) - Net	4, 5, 32, 34, 39, 40	4,086	(16,178)	(1,768)
INCOME BEFORE INCOME TAX		73,107	40,077	65,952
INCOME TAX EXPENSE	23, 42	28,408	13,317	17,793
NET INCOME		P44,699	P26,760	P48,159
Attributable to:				
Equity holders of the Parent Company		P198	(P12,968)	P13,925
Non-controlling interests	5, 24	44,501	39,728	34,234
		P44,699	P26,760	P48,159
Basic and Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company	37	(P2.51)	(P8.15)	P2.48

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(In Millions)

	<i>Note</i>	2023	2022	2021
NET INCOME		P44,699	P26,760	P48,159
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on net defined benefit retirement plan	35	(2,271)	(8,158)	2,143
Income tax benefit (expense)	23	571	2,036	(1,084)
Net gain on financial assets at fair value through other comprehensive income	12	178	65	3
Income tax expense	23	(23)	(15)	(14)
Share in other comprehensive income (loss) of associates and joint ventures - net	11	(111)	80	91
		(1,656)	(5,992)	1,139
Items that may be reclassified to profit or loss				
Net gain (loss) on exchange differences on translation of foreign operations		(2,602)	4,326	5,412
Net gain (loss) on financial assets at fair value through other comprehensive income	12	(71)	38	(2)
Income tax benefit	23	8	-	-
Net gain (loss) on cash flow hedges	40	(205)	383	268
Income tax benefit (expense)	23	58	(106)	(100)
Share in other comprehensive income (loss) of associates and joint ventures - net	11	107	(242)	(81)
		(2,705)	4,399	5,497
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		(4,361)	(1,593)	6,636
TOTAL COMPREHENSIVE INCOME - Net of tax		P40,338	P25,167	P54,795
Attributable to:				
Equity holders of the Parent Company		(P3,591)	(P14,189)	P19,387
Non-controlling interests	5, 24	43,929	39,356	35,408
		P40,338	P25,167	P54,795

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(In Millions)

Equity Attributable to Equity Holders of the Parent Company																	
	Note	Equity Reserves													Total	Non-Controlling Interests	Total Equity
		Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock				
		Common	Preferred								Appropriated	Unappropriated	Common	Preferred			
As at January 1, 2023		P16,443	P10,187	P177,719	P24,211	(P9,256)	(P274)	P114	P5,641	P16,528	P71,004	P129,239	(P67,093)	(P89,670)	P284,793	P354,359	P639,152
Net gain (loss) on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(2,654)	-	-	-	-	-	(2,654)	52	(2,602)
Share in other comprehensive income (loss) of associates and joint venture - net	11	-	-	-	-	(108)	-	116	(13)	-	-	-	-	-	(5)	1	(4)
Net loss on cash flow hedges	40	-	-	-	-	-	(129)	-	-	-	-	-	-	-	(129)	(18)	(147)
Net gain (loss) on financial assets at fair value through other comprehensive income	12	-	-	-	-	-	-	100	-	-	-	-	-	-	100	(8)	92
Remeasurement loss on defined benefit retirement plan	35	-	-	-	-	(1,101)	-	-	-	-	-	-	-	-	(1,101)	(599)	(1,700)
Other comprehensive income (loss)		-	-	-	-	(1,209)	(129)	216	(2,667)	-	-	-	-	-	(3,789)	(572)	(4,361)
Net income		-	-	-	-	-	-	-	-	-	-	198	-	-	198	44,501	44,699
Total comprehensive income (loss)		-	-	-	-	(1,209)	(129)	216	(2,667)	-	-	198	-	-	(3,591)	43,929	40,338
Reissuance of treasury shares - preferred	24	-	-	(251)	-	-	-	-	-	-	-	-	-	47,000	46,749	-	46,749
Net reduction to non-controlling interests and others	5, 11, 24	-	-	-	-	-	-	-	-	(1,610)	-	(995)	-	-	(2,605)	(13,756)	(16,361)
Appropriations - net	24	-	-	-	-	-	-	-	-	-	16,166	(16,166)	-	-	-	-	-
Cash dividends and distributions:	36																
Common		-	-	-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	(13,867)	(17,204)
Preferred		-	-	-	-	-	-	-	-	-	-	(3,781)	-	-	(3,781)	(2,586)	(6,367)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	(2,007)	-	-	(2,007)	(19,134)	(21,141)
As at December 31, 2023	24	P16,443	P10,187	P177,468	P24,211	(P10,465)	(P403)	P330	P2,974	P14,918	P87,170	P103,151	(P67,093)	(P42,670)	P316,221	P348,945	P665,166

Forward

Equity Attributable to Equity Holders of the Parent Company																		
Note	Capital Securities															Total	Non-Controlling Interests	Total Equity
	Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Securities	Equity Reserves					Retained Earnings		Treasury Stock					
	Common	Preferred				Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appropriated	Unappropriated	Common	Preferred				
As at January 1, 2022		P16,443	P10,187	P177,719	P24,211	P3,960	(P4,137)	(P534)	P269	P2,265	P16,273	P66,630	P157,707	(P67,093)	(P77,270)	P326,630	P354,609	P681,239
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	3,802	-	-	-	-	-	3,802	524	4,326
Share in other comprehensive income (loss) of associates and joint venture - net	11	-	-	-	-	-	76	-	(237)	(10)	-	-	-	-	-	(171)	9	(162)
Net gain on cash flow hedges	40	-	-	-	-	-	-	260	-	-	-	-	-	-	-	260	17	277
Net gain on financial assets at fair value through other comprehensive income	12	-	-	-	-	-	-	-	82	-	-	-	-	-	-	82	6	88
Remeasurement loss on defined benefit retirement plan	35	-	-	-	-	-	(5,194)	-	-	-	-	-	-	-	-	(5,194)	(928)	(6,122)
Other comprehensive income (loss)		-	-	-	-	-	(5,118)	260	(155)	3,792	-	-	-	-	-	(1,221)	(372)	(1,593)
Net income (loss)		-	-	-	-	-	-	-	-	-	-	-	(12,968)	-	-	(12,968)	39,728	26,760
Total comprehensive income (loss)		-	-	-	-	-	(5,118)	260	(155)	3,792	-	-	(12,968)	-	-	(14,189)	39,356	25,167
Redemption of Subseries "2-H" preferred shares	24	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,300)	(12,300)	-	(12,300)
Acquisition of a subsidiary	5	-	-	-	-	(3,960)	-	-	-	-	-	-	-	-	(100)	(4,060)	-	(4,060)
Net addition (reduction) to non-controlling interests and others	5, 11, 24	-	-	-	-	-	(1)	-	-	(416)	255	-	(1,339)	-	-	(1,501)	(7,527)	(9,028)
Appropriations - net	24	-	-	-	-	-	-	-	-	-	-	4,374	(4,374)	-	-	-	-	-
Cash dividends and distributions:	36																	
Common		-	-	-	-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	(11,097)	(14,434)
Preferred		-	-	-	-	-	-	-	-	-	-	-	(4,293)	-	-	(4,293)	(1,544)	(5,837)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	-	(1,957)	-	-	(1,957)	(19,438)	(21,395)
Redeemable perpetual securities		-	-	-	-	-	-	-	-	-	-	-	(200)	-	-	(200)	-	(200)
As at December 31, 2022	24	P16,443	P10,187	P177,719	P24,211	P-	(P9,256)	(P274)	P114	P5,641	P16,528	P71,004	P129,239	(P67,093)	(P89,670)	P284,793	P354,359	P639,152

Forward

Equity Attributable to Equity Holders of the Parent Company																		
				Capital Securities		Equity Reserves						Retained Earnings		Treasury Stock				
	Note	Capital Stock Common	Preferred	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appro- priated	Unappro- priated	Common	Preferred	Total	Non- Controlling Interests	Total Equity
As at January 1, 2021		P16,443	P10,187	P177,719	P24,211	P3,960	(P5,102)	(P654)	P383	(P2,218)	P17,722	P60,155	P162,204	(P67,093)	(P43,053)	P354,864	P300,224	P655,088
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	4,455	-	-	-	-	-	4,455	957	5,412
Share in other comprehensive income (loss) of associates and joint ventures - net	11	-	-	-	-	-	101	-	(96)	1	-	-	-	-	-	6	4	10
Net gain on cash flow hedges	40	-	-	-	-	-	-	120	-	-	-	-	-	-	-	120	48	168
Net gain (loss) on financial assets at fair value through other comprehensive income	12	-	-	-	-	-	-	-	(15)	-	-	-	-	-	-	(15)	2	(13)
Remeasurement gain on defined benefit retirement plan	35	-	-	-	-	-	896	-	-	-	-	-	-	-	-	896	163	1,059
Other comprehensive income (loss)		-	-	-	-	-	997	120	(111)	4,456	-	-	-	-	-	5,462	1,174	6,636
Net income		-	-	-	-	-	-	-	-	-	-	-	13,925	-	-	13,925	34,234	48,159
Total comprehensive income (loss)		-	-	-	-	-	997	120	(111)	4,456	-	-	13,925	-	-	19,387	35,408	54,795
Redemption of Subseries "2-C", Subseries "2-E" and Subseries "2-G" preferred shares	24	-	-	-	-	-	-	-	-	-	-	-	-	-	(34,217)	(34,217)	-	(34,217)
Net addition (reduction) to non-controlling interests and others	5, 11, 24	-	-	-	-	-	(32)	-	(3)	27	(1,449)	-	(604)	-	-	(2,061)	47,009	44,948
Appropriations - net	24	-	-	-	-	-	-	-	-	-	-	6,475	(6,475)	-	-	-	-	-
Cash dividends and distributions:	36																	
Common		-	-	-	-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	(10,170)	(13,507)
Preferred		-	-	-	-	-	-	-	-	-	-	-	(6,002)	-	-	(6,002)	(2,400)	(8,402)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	-	(1,804)	-	-	(1,804)	(14,806)	(16,610)
Redeemable perpetual securities		-	-	-	-	-	-	-	-	-	-	-	(200)	-	-	(200)	-	(200)
Undated subordinated capital securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(656)	(656)
As at December 31, 2021	24	P16,443	P10,187	P177,719	P24,211	P3,960	(P4,137)	(P534)	P269	P2,265	P16,273	P66,630	P157,707	(P67,093)	(P77,270)	P326,630	P354,609	P681,239

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(In Millions)

	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P73,107	P40,077	P65,952
Adjustments for:				
Interest expense and other financing charges	30	91,303	60,795	49,265
Depreciation, amortization and others - net	13, 14, 15, 17, 18, 28, 32	53,433	70,102	46,467
Interest income	31	(14,027)	(7,108)	(3,591)
Equity in net earnings of associates and joint ventures	11	(1,729)	(1,197)	(1,040)
Gain on sale of investments and property and equipment	5, 13, 15, 18	(83)	(733)	(167)
Operating income before working capital changes		202,004	161,936	156,886
Changes in noncash current assets, certain current liabilities and others	38	(5,386)	(93,769)	(43,608)
Cash generated from operations		196,618	68,167	113,278
Interest and other financing charges paid		(91,995)	(60,910)	(48,612)
Income taxes paid		(21,527)	(19,650)	(14,528)
Net cash flows provided by (used in) operating activities		83,096	(12,393)	50,138
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment	13	(71,173)	(75,986)	(74,421)
Intangible assets	17	(64,677)	(58,162)	(26,007)
Advances to contractors and suppliers	18	(9,448)	(11,449)	(16,067)
Investment property	15	(5,450)	(4,415)	(6,546)
Investments and advances	11	(5,271)	(2,432)	(5,223)
Investments in equity and debt instruments	12	(616)	(12,937)	(6,101)
Increase in other noncurrent assets and others	18	(15,699)	(6,330)	(7,053)
Interest received		13,396	5,973	3,313
Proceeds from:				
Sale of property and equipment and other intangible assets	13, 15, 18	1,307	253	1,350
Redemption and disposal of investments in equity and debt instruments	12	606	35,454	6,509
Disposal of subsidiaries, net of cash and cash equivalents disposed of	5	418	385	-
Dividends received	11	1,150	2,452	2,674
Acquisition of subsidiaries, net of cash and cash equivalents acquired	5, 38	-	(97,204)	-
Collection of advances for investment	11	-	22,870	-
Net cash flows used in investing activities		(155,457)	(201,528)	(127,572)

Forward

	<i>Note</i>	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings	38	P1,145,761	P1,148,669	P760,746
Long-term borrowings	38	292,879	353,451	140,777
Payments of:				
Short-term borrowings	38	(1,197,861)	(1,074,087)	(711,147)
Long-term borrowings	38	(190,822)	(115,948)	(113,419)
Cash dividends and distributions paid to non-controlling shareholders	38	(35,102)	(32,443)	(27,555)
Repurchase and redemption of capital securities and preferred shares of subsidiaries	24	(27,134)	(4,703)	(17,459)
Payments of lease liabilities	38	(20,995)	(26,031)	(26,151)
Cash dividends and distributions paid	36, 38	(9,043)	(9,680)	(11,755)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	24	(3,014)	(2,630)	(623)
Net proceeds from reissuance of treasury shares	24	46,749	-	-
Net proceeds from reissuance of capital securities, preferred shares, and treasury shares of subsidiaries	24	13,885	-	61,899
Redemption of preferred shares	24	-	(12,300)	(34,217)
Net cash flows provided by financing activities		15,303	224,298	21,096
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		202	7,807	9,159
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(56,856)	18,184	(47,179)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	7	318,214	300,030	347,209
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	7	P261,358	P318,214	P300,030

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Corporation (SMC or the Parent Company), a subsidiary of Top Frontier Investment Holdings, Inc. (Top Frontier or the Ultimate Parent Company), was incorporated on August 21, 1913. On March 16, 2012, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation and By-Laws of the Parent Company to extend the corporate term for another fifty (50) years from August 21, 2013, as approved on the March 14, 2011 and June 7, 2011 meetings of the Parent Company's Board of Directors (BOD) and stockholders, respectively.

The Parent Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines, the Parent Company shall have a perpetual corporate life.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code. Its common and preferred shares are listed at The Philippine Stock Exchange, Inc. (PSE).

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries and the Group's interests in associates and joint ventures (collectively referred to as the Group).

The Group is engaged in various businesses, including food and beverage, packaging, energy, fuel and oil, infrastructure, cement and real estate property management and development.

The registered office address of the Parent Company is No. 40 San Miguel Avenue, Mandaluyong City, Philippines.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 11, 2024.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The major subsidiaries include the following:

	Percentage of Ownership		Country of Incorporation
	2023	2022	
Food and Beverage Business			
San Miguel Food and Beverage, Inc. (SMFB)	88.76	88.76	Philippines
Food			
San Miguel Mills, Inc. (SMMI) and subsidiaries, Magnolia Inc. and subsidiary, San Miguel Foods, Inc. (SMFI) and subsidiaries, PT San Miguel Foods Indonesia(b), San Miguel Super Coffeemix Co., Inc., The Purefoods-Hormel Company, Inc. (PF-Hormel), and San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary and San Miguel Pure Foods (VN) Co., Ltd.]			
Beer and NAB			
San Miguel Brewery Inc. (SMB) and subsidiaries [including Iconic Beverages, Inc. (IBI), Brewery Properties Inc. (BPI) and subsidiary, and San Miguel Brewing International Limited (SMBIL) and subsidiaries, San Miguel Brewery Hong Kong Limited (SMBHK) and subsidiaries, San Miguel (Baoding) Brewery Co., Ltd.(c), San Miguel Beer (Thailand) Limited, San Miguel Marketing (Thailand) Limited, San Miguel Brewery Vietnam Company Limited(a) and PT. Delta Djakarta Tbk and subsidiary]			
Spirits			
Ginebra San Miguel Inc. (GSMI) and subsidiaries [including Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., Ginebra San Miguel International Ltd., GSM International Holdings Limited, Global Beverages Holdings Limited and Siam Holdings Limited]			

Forward

	Percentage of Ownership		Country of Incorporation
	2023	2022	
Packaging Business			
San Miguel Yamamura Packaging Corporation (SMYPC) and subsidiaries [including SMC Yamamura Fuso Molds Corporation (SYFMC), Can Asia, Inc. (CAI) and Wine Brothers Philippines Corporation]	65.00	65.00	Philippines
San Miguel Yamamura Packaging International Limited (SMYPIL) and subsidiaries [including San Miguel Yamamura Phu Tho Packaging Company Limited ^(a) , San Miguel Yamamura Glass (Vietnam) Limited and San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited ^(a) , Foshan San Miguel Yamamura Packaging Company Limited and subsidiary ^(a) , San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd. and San Miguel Yamamura Australasia Pty. Ltd. (SMYA) and subsidiaries {including SMYC Pty Ltd and subsidiary, Foshan Cospak Packaging Co Ltd., SMYV Pty Ltd, SMYP Pty Ltd, Cospak Limited, SMYBB Pty Ltd, SMYJ Pty Ltd, Wine Brothers Australasia Pty Ltd and Vinocor Ltd.}]	65.00	65.00	British Virgin Islands (BVI)
Mindanao Corrugated Fibreboard, Inc.	100.00	100.00	Philippines
Energy Business			
San Miguel Global Power Holdings Corp. (San Miguel Global Power) ^(d) and subsidiaries [including Sual Power Inc. (SPI) ^(e) and subsidiary, South Premiere Power Corp. (SPPC), San Roque Hydropower Inc. (SRHI) ^(f) , San Miguel Electric Corp. (SMELC), SMC PowerGen Inc., SMGP BESS Power Inc. (SMGP BESS) ^(g) , Limay Power Inc. (LPI) ^(h) , Malita Power Inc. (MPI) ⁽ⁱ⁾ , Central Luzon Premiere Power Corp., Prime Electric Generation Corporation and subsidiary, Lumiere Energy Technologies, Inc. (LETI), PowerOne Ventures Energy Inc. (PVEI), SMCGP Masinloc Power Company Limited, SMCGP Masinloc Partners Company Limited, Masinloc Power Co. Ltd. (MPCL) ^(j) , Albay Power and Energy Corp. (APEC), Oceantech Power Generation and subsidiary, SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan) ^(k) , Excellent Energy Resources Inc. (EERI), SMC Power Generation Corp. and Mariveles Power Generation Corporation (MPGC)]	100.00	100.00	Philippines
Fuel and Oil Business			
SEA Refinery Corporation (SRC) ^(l)	100.00	100.00	Philippines
Petron Corporation (Petron) ^(l) and subsidiaries [including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd. ^(a) , New Ventures Realty Corporation (NVR) and subsidiaries, Mema Holdings, Inc. (Mema) and subsidiaries ^(m) , Petron Singapore Trading Pte., Ltd. (PSTPL), Petron Global Limited, Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited ^(a) and subsidiaries, Petron Oil & Gas Mauritius Ltd. and subsidiary ^(a) {Petron Oil & Gas International Sdn. Bhd. and subsidiaries ^(a) Petron Malaysia Refining & Marketing Bhd. (PMRMB), Petron Fuel International Sdn. Bhd. and Petron Oil (M) Sdn. Bhd. (POMSB) (collectively Petron Malaysia)}]	68.26	68.26	Philippines

Forward

	Percentage of Ownership		Country of Incorporation
	2023	2022	
Infrastructure Business			
San Miguel Holdings Corp. doing business under the name and style of SMC Infrastructure (SMHC) and subsidiaries ^(a) [including SMC TPLEX Holdings Company, Inc. and subsidiary, SMC TPLEX Corporation (SMCTC), TPLEX Operations & Maintenance Corp., Trans Aire Development Holdings Corp. (TADHC), SMC NAIAX Corporation (SMC NAIAX), Universal LRT Corporation (BVI) Limited (ULC BVI), SMC Mass Rail Transit 7 Inc. (SMC MRT 7), ULCOM Company, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation (MMSS4), Luzon Clean Water Development Corporation (LCWDC), Alloy Manila Toll Expressways, Inc. (AMTEX), Pasig River Expressway Corporation (PREC), Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp. (NALEC), SMC Southern Access Link Expressway Corp. (SALEC), South Luzon Toll Road-5 Expressway Inc. (SLEXTR5)] San Miguel Aerocity Inc. doing business under the name and style of “Manila International Airport” (SMAI) ^(a, n) , Wiselink Investment Holdings, Inc. and subsidiary Cypress Tree Capital Investments, Inc. and subsidiaries {including Star Infrastructure Development Corporation (SIDC) and Star Tollway Corporation (collectively the Star Tollways Group)}, Atlantic Aurum Investments B.V. (AAIBV) and subsidiaries {including SMC Tollways Corporation (SMC Tollways) and subsidiaries [including Stage 3 Connector Tollways Holding Corporation (S3HC) and subsidiary, SMC Skyway Stage 3 Corporation (MMSS3) and SMC Skyway Corporation (SMC Skyway) and subsidiary, Skyway O&M Corporation (SOMCO)], SMC SLEX Holdings Company Inc. (SSHCI) and subsidiaries, Manila Toll Expressway Systems, Inc. (MATES) and SMC SLEX Inc. (SMC SLEX)}	100.00	100.00	Philippines
Cement Business			
San Miguel Equity Investments Inc. (SMEII) and subsidiaries ^(a) [including Northern Cement Corporation (NCC), Southern Concrete Industries, Inc. (SCII) and Eagle Cement Corporation (ECC) and subsidiaries ^(o)]	100.00	100.00	Philippines
Real Estate Business			
San Miguel Properties, Inc. (SMPI) and subsidiaries ^(a) [including SMPI Makati Flagship Realty Corp. and Bright Ventures Realty, Inc.]	99.98	99.97	Philippines
Davana Heights Development Corporation (DHDC) and subsidiaries	100.00	100.00	Philippines
Silvertides Holdings Corporation (SHC) and subsidiary	100.00	100.00	Philippines
Fonterra Verde Holdings Inc. (FVHI)	100.00	100.00	Philippines
Deity Holdings Corporation (DHC)	100.00	100.00	Philippines
Worldsummit Holdings Corporation (WHC)	100.00	100.00	Philippines
One Verdana Holdings Inc. (OVHI)	100.00	100.00	Philippines

Forward

	Percentage of Ownership		Country of Incorporation
	2023	2022	
Others			
San Miguel International Limited and subsidiary, San Miguel Holdings Limited (SMHL) and subsidiaries [including SMYPIL and San Miguel Insurance Company, Ltd. (SMICL)]	100.00	100.00	Bermuda
SMC Shipping and Lighterage Corporation (SMCSLC) and subsidiaries ^(a) , including SL Harbor Bulk Terminal Corporation (SLHBTC)	70.00	70.00	Philippines
San Miguel Integrated Logistics Services, Inc. (SMILSI)	100.00	100.00	Philippines
SMC Stock Transfer Service Corporation ^(a)	100.00	100.00	Philippines
ArchEn Technologies Inc. ^(a)	100.00	100.00	Philippines
SMITS, Inc. and subsidiaries ^(a)	100.00	100.00	Philippines
Petrogen Insurance Corporation (Petrogen)	92.05	92.05	Philippines
Anchor Insurance Brokerage Corporation (AIBC) ^(a)	58.33	58.33	Philippines
SMC Asia Car Distributors Corp. (SMCACDC) and subsidiaries ^(a)	65.00	65.00	Philippines
SMC Equivest Corporation (SMCEC)	100.00	100.00	Philippines
(a) The financial statements of these subsidiaries were audited by other auditors.			
(b) Ceased operations in October 2021 and is in the process of liquidation.			
(c) Ceased operations in March 2020 and is in the process of liquidation.			
(d) Formerly SMC Global Power Holdings Corp. The change in the corporate name was approved by the SEC on March 22, 2023.			
(e) Formerly San Miguel Energy Corporation. The change in the corporate name was approved by the SEC on March 9, 2023.			
(f) Formerly Strategic Power Devt. Corp. The change in the corporate name was approved by the SEC on March 31, 2023.			
(g) Formerly Universal Power Solutions, Inc. The change in the corporate name was approved by the SEC on November 3, 2023.			
(h) Formerly SMC Consolidated Power Corporation. The change in the corporate name was approved by the SEC on February 7, 2023.			
(i) Formerly San Miguel Consolidated Power Corporation. The change in the corporate name was approved by the SEC on March 9, 2023.			
(j) Formerly Masinloc Power Partners Co. Ltd. The change in the corporate name was approved by the SEC on November 13, 2023.			
(k) Formerly SMCGP Philippines Energy Storage Co. Ltd. The change in the corporate name was approved by the SEC on September 21, 2023.			
(l) Petron is 50.10% indirectly owned by SMC through SRC and 18.16% directly owned by SMC.			
(m) Consolidated to Petron effective June 30, 2022 (Note 5).			
(n) As at December 31, 2023, SMAI is 100% indirectly owned by SMC through SMHC. As at December 31, 2022, SMAI is 66.46% directly owned by SMC and 33.54% indirectly owned through SMHC (Note 5).			
(o) Consolidated to SMEII effective December 14, 2022 (Note 5).			

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in its subsidiaries as follows: SMFB, SMYPC, SMYPIL, Petron, SMCTC, TADHC, AMTEX, AAIBV, SMPI, SMCSLC, Petrogen, AIBC and SMCACDC in 2023 and 2022 (Note 24).

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2023 and accordingly, changed its accounting policies in the following areas:

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

- Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures. The Group reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in certain instances in line with the amendments.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations, that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.
- International Tax Reform - Pillar Two Model Rules (Amendments to PAS 12). The amendments include a temporary, mandatory exemption from accounting for deferred taxes resulting from the introduction of the global minimum taxation and targeted disclosures in the notes for affected entities to enable users of financial statements to understand the extent to which an entity will be affected by the minimum tax, particularly before the legislation comes into force.

The accounting exemption is to be applied immediately after publication of the amendment.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development, including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

Pillar Two legislation has been enacted, or substantively enacted in certain jurisdictions where the Group operates, but not yet effective for the Group's financial year as of December 31, 2023. The Group is in scope of the enacted or substantively enacted legislation and still in the process of performing an assessment of the potential exposure, if any, to Pillar Two income taxes. The Group will separately disclose current tax expense (income), if any, to Pillar Two income taxes when it is in effect.

The adoption of the amendments to standards did not have a material effect on the consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2023 and have not been applied in preparing the consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*). The amendments confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right-of-use asset it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning or after January 1, 2024, with earlier application permitted. Under PAS 8, the amendments apply retrospectively to sale and leaseback transactions entered into or after the date of initial adoption of PFRS 16.

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;
 - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects

of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for annual reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*). The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another

estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives

rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category (Notes 7, 8, 10, 12, 18, 39 and 40).

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt instruments are recognized in the consolidated statements of income. When investment in debt instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are transferred to and recognized in the consolidated statements of income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income.

The Group's investments in equity and debt instruments at FVOCI are classified under this category (Notes 10, 12, 39 and 40).

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the statements of changes in equity. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity and debt instruments at FVPL are classified under this category (Notes 10, 18, 33, 39 and 40).

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category (Notes 20, 22, 39 and 40).

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category (Notes 19, 20, 21, 22, 34, 39 and 40).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained

substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost and investments in debt instruments at FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment losses in other comprehensive income, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Cash Flow Hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the “Hedging reserve” account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statements of income.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of income if the hedge is transaction related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the consolidated statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the consolidated statements of income.

The Group has outstanding derivatives accounted for as cash flow hedge as at December 31, 2023 and 2022 (Note 40).

Embedded Derivatives

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid or combined instrument is not recognized as at FVPL.

However, an embedded derivative is not separated if the host contract is a financial asset.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Group has embedded derivatives as at December 31, 2023 and 2022 (Note 40).

Inventories

Finished goods, goods in process, materials and supplies, raw land inventory and real estate projects are valued at the lower of cost and net realizable value.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Finished goods and goods in process	- at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; finished goods also include unrealized gain (loss) on fair valuation of agricultural produce; costs are determined using the moving-average method.
Petroleum products (except lubes and greases) and crude oil	- at cost, which includes duties and taxes related to the acquisition of inventories; costs are determined using the first-in, first-out method.
Lubes and greases, blending components and polypropylene	- at cost, which includes duties and taxes related to the acquisition of inventories; costs are determined using the moving-average method.
Raw land inventory	- at cost, which includes acquisition costs of raw land intended for sale or development and other costs and expenses incurred to effect the transfer of title of the property; costs are determined using the specific identification of individual costs.
Real estate projects	- at cost, which includes acquisition costs of property and other costs and expenses incurred to develop the property; costs are determined using the specific identification of individual costs.

Materials, supplies and others	- at cost, using the specific identification method, first-in, first-out method or moving-average method.
Coal	- at cost, using the specific identification method and weighted average method.

Finished Goods. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Goods in Process. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Petroleum Products, Crude Oil, Lubes and Greases, and Aftermarket Specialties. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and/or market and distribute.

Materials and Supplies, including Coal. Net realizable value is the current replacement cost.

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals of write-down of inventories arising from an increase in net realizable value, if any, are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Real Estate Projects. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Raw Land Inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in the consolidated statements of income as they are consumed or expire with the passage of time.

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Biological Assets and Agricultural Produce

The Group's biological assets include breeding stocks, growing hogs, poultry livestock and goods in process which are grouped according to their physical state, transformation capacity (breeding, growing or laying), as well as their particular stage in the production process.

Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably.

The Group's agricultural produce, which consists of grown broilers and marketable hogs harvested from the Group's biological assets, are measured at their fair value

less estimated costs to sell at the point of harvest. The fair value of grown broilers is based on the quoted prices for harvested mature grown broilers in the market at the time of harvest. For marketable hogs, the fair value is based on the quoted prices in the market at any given time.

The Group, in general, does not carry any inventory of agricultural produce at any given time as these are either sold as live broilers and hogs or transferred to the different poultry or meat processing plants and immediately transformed into processed or dressed chicken and carcass.

The carrying amounts of the biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Amortization is computed using the straight-line method over the following estimated productive lives of breeding stocks:

	Amortization Period
Hogs - sow	3 years or 6 births, whichever is shorter
Hogs - boar	2.5 - 3 years
Poultry breeding stock	38 - 42 weeks

Contract Assets

A contract asset is the right to consideration that is conditioned on something other than the passage of time, in exchange for goods or services that the Group has transferred to a customer. The contract asset is transferred to receivable when the right becomes unconditional.

A receivable represents the Group's right to an amount of consideration that is unconditional, only the passage of time is required before payment of the consideration is due.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities

assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

▪ *Goodwill in a Business Combination*

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

▪ *Intangible Assets Acquired in a Business Combination*

The cost of an intangible asset acquired in a business combination is the fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned.

Following initial recognition, intangible asset is carried at cost less any accumulated amortization and impairment losses, if any. The useful life of an intangible asset is assessed to be either finite or indefinite.

An intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. A change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as a change

in accounting estimate. The amortization expense on intangible asset with finite life is recognized in the consolidated statements of income.

Business Combinations under Common Control

The Group accounts for business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and the control is not transitory, using the pooling of interests method.

The assets and liabilities of the combining entities are reflected in the consolidated statements of financial position at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments are those to align accounting policies between the combining entities.

No new goodwill is recognized as a result of the business combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is recognized in equity.

The consolidated statements of income reflect the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are presented as if the entities had been combined for the period that the entities were under common control.

Non-controlling Interests

The acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary.

Investments in Shares of Stock of Associates and Joint Ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in shares of stock of associates and joint ventures are accounted for using the equity method.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land improvements	5 - 50
Buildings and improvements	2 - 50
Power plants	5 - 42
Refinery and plant equipment	4 - 37
Service stations and other equipment	3 - 30
Equipment, furniture and fixtures	2 - 50
Mine properties	55
Leasehold improvements	2 - 50
	or term of the lease, whichever is shorter

Depreciation of refinery and plant and equipment used in production is computed based on the unit of production method (UPM) which considers the expected capacity over the estimated useful lives of these assets. UPM closely reflects the expected pattern of consumption of the future economic benefits embodied in these assets.

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic

benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of income in the period of retirement and disposal.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and
- the Group has the right to direct the use of the identified asset.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

	Number of Years
Land	2 - 999
Buildings and improvements	2 - 15
Power plants	29 - 43
Service stations and other equipment	10 - 12
Machinery and equipment	2 - 7

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Group as Lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, *Revenue from Contracts with Customers*, to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Investment Property

Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land and leasehold improvements	5 - 50 or term of the lease, whichever is shorter
Buildings and improvements	2 - 50
Machinery and equipment	3 - 40
Right-of-use assets	2 - 50

The useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the consolidated statements of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is an actual change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the

amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Except for mineral rights and evaluation asset which is amortized using UPM method, amortization of other intangible assets with finite lives is computed using the straight-line method over the following estimated useful lives:

	Number of Years
Toll road concession rights	28 - 36
Airport concession rights	25 - 50
Power concession right	25
Water concession right	30
Computer software and licenses	2 - 10
Other rights	27

The Group assessed the useful lives of licenses and trademarks and brand names to be indefinite. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group.

Licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Service Concession Arrangements

Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the entities in the Group can provide with the infrastructure, to whom it can provide them, and at what price; and (b) the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement are accounted for under Philippine Interpretation IFRIC 12, *Service Concession Arrangements*. Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of the Interpretation if the conditions in (a) are met.

The Interpretation applies to both: (i) infrastructure that the entities in the Group construct or acquire from a third party for the purpose of the service arrangement; and (ii) existing infrastructure to which the grantor gives the entities in the Group access for the purpose of the service arrangement.

Infrastructures within the scope of the Interpretation are not recognized as property, plant and equipment of the Group. Under the terms of the contractual arrangements within the scope of the Interpretation, an entity acts as a service provider. An entity constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

An entity recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. An entity recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

When the applicable entity has contractual obligations to fulfill as a condition of its license: (i) to maintain the infrastructure to a specified level of serviceability; or (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement, it recognizes and measures the contractual obligations in accordance with PAS 37, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the reporting date.

Borrowing costs attributable to the arrangement are recognized as expenses in the period in which they are incurred unless the applicable entities have a contractual right to receive an intangible asset (a right to charge users of the public service). In this case, borrowing costs attributable to the arrangement are capitalized during the construction phase of the arrangement.

The following are the concession rights covered by the service concession arrangements entered into by the Group:

- *Airport Concession Rights*

Boracay Airport. The airport concession right pertains to the right granted by the Republic of the Philippines (ROP) to TADHC: (i) to operate the Caticlan Airport (the Airport Project or the Boracay Airport); (ii) to design and finance the Airport Projects; and (iii) to operate and maintain the Airport Projects during the concession period. This also includes the present value of the annual franchise fee, as defined in the Concession Agreement, payable to the ROP over the concession period of 25 years. Except for the portion that relates to the annual franchise fee, which is recognized immediately as intangible asset, the right is earned and recognized by the Group as the project progresses (Note 4).

The airport concession right is carried at cost less accumulated amortization and any impairment in value. Amortization is computed using the straight-line method over the remaining concession periods and assessed for impairment whenever there is an indication that the asset may be impaired.

The airport concession right is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss from derecognition of the airport concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statements of income.

Manila International Airport (MIA). The airport concession right pertains to the right granted by the ROP to SMAI: (i) to operate; (ii) to design and finance; and (iii) to operate and maintain the MIA during the concession period.

The airport concession right represents the design and construction costs incurred to obtain the right during the construction period. It is carried at cost less accumulated amortization and any impairment in value. Subsequent expenditures or replacement of parts of it, are normally recognized in profit or loss as these are incurred to maintain the expected future economic benefits embodied in the airport concession right unless it can be demonstrated that the expenditures will contribute to the increase in revenue from airport and toll operations which meet the definition of an intangible asset (Note 4).

The airport concession right will be amortized on a straight-line basis over the period stated in the Concession Agreement which is approximately 50 years from issuance of the Certificate of Substantial Completion for the First Phase of the Project, and will be assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method are reviewed at least at each reporting year-end or more frequently when an indication of impairment arises during the reporting year. Changes in the term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates.

The airport concession right will be derecognized upon turnover to the ROP. There will be no gain or loss upon derecognition as the concession right which is expected to be fully amortized by then and will be handed over to the ROP with no consideration.

- *Toll Road Concession Rights.* The Group's toll road concession rights represent the costs of construction and development, including borrowing costs, if any, during the construction period of the following projects:
 - South Luzon Expressway (SLEX);
 - Ninoy Aquino International Airport (NAIA) Expressway;
 - Metro Manila Skyway (Skyway);
 - Tarlac-Pangasinan-La Union Toll Expressway (TPLEX);
 - Southern Tagalog Arterial Road (STAR);
 - North Luzon Expressway (NLEX) - SLEX Link (Skyway Stage 3);
 - Pasig River Expressway (PAREX);
 - Northern Access Link Expressway (NALEX);
 - Southern Access Link Expressway (SALEX);
 - Pangasinan Link Expressway (PLEX);
 - Cavite-Batangas Expressway (CBEX); and
 - Nasugbu-Bauan Expressway (NBEX).

In exchange for the fulfillment of the Group's obligations under the Concession Agreement, the Group is given the right to operate the toll road facilities over the concession period. Toll road concession rights are recognized initially at the fair value of the construction services. Following initial recognition, the toll road concession rights are carried at cost less accumulated amortization and any impairment losses. Subsequent expenditures or replacement of parts of it are normally recognized in the consolidated statements of income as these are incurred to maintain the expected future economic benefits embodied in the toll road concession rights. Expenditures that will contribute to the increase in revenue from toll operations are recognized as an intangible asset.

The toll road concession rights are amortized using the straight-line method over the term of the Concession Agreement. The toll road concession rights are assessed for impairment whenever there is an indication that the toll road concession rights may be impaired.

The toll road concession rights will be derecognized upon turnover to the ROP. There will be no gain or loss upon derecognition of the toll road concession rights as these are expected to be fully amortized upon turnover to the ROP.

- *Water Concession Right.* The Group's water concession right pertains to the right granted by the Metropolitan Waterworks and Sewerage System (MWSS) to LCWDC as the concessionaire of the supply of treated bulk water, planning, financing, development, design, engineering, and construction of facilities including the management, operation and maintenance in order to alleviate the chronic water shortage and provide potable water needs of the Province of Bulacan. The Concession Agreement is for a period of 30 years and may be extended for up to 50 years. The Group's water concession right represents the upfront fee, cost of design, construction and development of the Bulacan Bulk Water Supply Project. The service concession right is not yet amortized until the construction is completed.

The carrying amount of the water concession right is reviewed for impairment annually, or more frequently when an indication of impairment arises during the reporting year.

The water concession right will be derecognized upon turnover to MWSS. There will be no gain or loss upon derecognition of the water concession right, as this is expected to be fully amortized upon turnover to MWSS.

- *Power Concession Right.* The Group's power concession right pertains to the right granted by the ROP to San Miguel Global Power, through APEC, to operate and maintain the franchise of Albay Electric Cooperative, Inc. (ALECO). On January 24, 2014, San Miguel Global Power and APEC entered into an Assignment Agreement whereby APEC assumed all the rights, interests and obligations under the Concession Agreement effective January 2, 2014. The power concession right is carried at cost less accumulated amortization and any accumulated impairment losses.

The power concession right is amortized using the straight-line method over the concession period which is 25 years and assessed for impairment whenever there is an indication that the asset may be impaired.

The power concession right is derecognized on disposal or when no further economic benefits are expected from its use or disposal. Gain or loss from derecognition of the power concession right is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statements of income.

- *Metro Rail Transit Line 7 (MRT 7 Project).* The Group's capitalized project costs incurred for the MRT 7 Project is recognized as a financial asset as it does not convey to the Group the right to control the use of the public service infrastructure but only an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

The Group can finance, design, test, commission, construct and operate and maintain the MRT 7 Project on behalf of the ROP in accordance with the terms specified in the Concession Agreement.

As payment, the ROP shall pay fixed amortization payment on a semi-annual basis in accordance with the scheduled payment described in the Concession

Agreement (Note 34).

The amortization period and method are reviewed at least at each reporting date. Changes in the terms of the Concession Agreement or the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible asset.

Mineral Rights and Evaluation Assets

The Group's mineral rights and evaluation assets have finite lives and are carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the consolidated statements of income as incurred.

Amortization of mineral rights and evaluation assets is recognized in the consolidated statements of income based on UPM method utilizing only recoverable coal, limestone and shale reserves as the depletion base. In applying the UPM method, amortization is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves.

The Group's mineral rights and evaluation asset is amortized using UPM method over 25 years.

Gain or loss from derecognition of mineral rights and evaluation assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statements of income.

Deferred Exploration and Development Costs

Deferred exploration and development costs comprise of expenditures which are directly attributable to:

- Researching and analyzing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Compiling pre-feasibility and feasibility studies.

Deferred exploration and development costs also include expenditures incurred in acquiring mineral rights and evaluation assets, entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration assets are reassessed on a regular basis and tested for impairment provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral

resources in the specific area is neither budgeted nor planned;

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

If the project proceeds to development stage, the amounts included within deferred exploration and development costs are transferred to property, plant and equipment.

Deferred Containers

Returnable bottles, shells and pallets are measured at cost less accumulated depreciation and impairment, if any. These are presented as “Deferred containers - net” under “Other noncurrent assets - net” account in the consolidated statements of financial position and are depreciated over the estimated useful lives of two to ten years. Depreciable amount is equal to cost less estimated residual value, equivalent to the deposit value. Depreciation of deferred containers is included under “Selling and administrative expenses” account in the consolidated statements of income.

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from deferred containers.

The carrying amounts of deferred containers are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Refundable containers deposits are collected from customers based on deposit value and refunded when the containers are returned to the Group in good condition. These deposits are presented as part of “Customers’ deposits” under “Accounts payable and accrued expenses” account in the consolidated statements of financial position.

Impairment of Non-financial Assets

The carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

Cylinder Deposits

The Group purchases Liquefied Petroleum Gas (LPG) cylinders which are loaned to dealers upon payment by the latter of an amount equivalent to about 90% of the acquisition cost of the cylinders.

The Group maintains the balance of cylinder deposits at an amount equivalent to three days worth of inventory of its biggest dealers, but in no case lower than P200 at any given time, to take care of possible returns by dealers.

At the end of each reporting date, cylinder deposits, shown under "Other noncurrent liabilities" account in the consolidated statements of financial position, are reduced for estimated non-returns. The reduction is recognized directly in the consolidated statements of income.

Contract Liabilities

A deferred income is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a deferred income is recognized when the payment is made or the payment is due (whichever is earlier). Deferred income is recognized as revenue when the Group performs under the contract.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable

only at the option of the Parent Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Capital Securities

Redeemable Perpetual Securities (RPS) and Senior Perpetual Capital Securities (SPCS) are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or financial liabilities with another person or entity that is potentially unfavorable to the issuer.

Incremental costs directly attributable to the issuance of RPS and SPCS are recognized as a deduction from equity, net of tax.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Food and Beverage, Packaging, Petroleum Products and Cement and Aggregates

Revenue is recognized at the point in time when control of the goods is transferred to the customer, which is normally upon delivery of the goods. Trade discounts and volume rebate do not result to significant variable consideration and are generally determined based on concluded sales transactions as at the end of each period. Payment is generally due within 30 to 60 days from delivery.

Revenue from sale of petroleum products is allocated between the consumer loyalty program and the other component of the sale. The allocation is based on the relative stand-alone selling price of the points. The amount allocated to the consumer loyalty program is deducted from revenue at the time points are awarded to the consumer. A deferred liability on consumer loyalty program included under "Accounts payable and accrued expenses" account in the consolidated statements of financial position is set up until the Group has fulfilled its obligations to supply the discounted products under the terms of the program or when it is no longer probable that the points under the program will be redeemed. The deferred liability is based on the best estimate of future redemption profile. All the estimates are reviewed on an annual basis or more frequently, where there is an indication of a material change.

Revenue from Power Generation and Trading

Revenue from power generation and trading is recognized over time when actual power or capacity is generated, transmitted and/or made available to the customers, net of related discounts and adjustments.

Revenues from retail and other power-related services are recognized over time upon the supply of electricity to the customers. The Uniform Filing Requirements on the rate unbundling released by the Energy Regulatory Commission (ERC) on October 30, 2001 specified the following bill components: (a) generation charge, (b) transmission charge, (c) system loss charge, (d) distribution charge, (e) supply charge, (f) metering charge, (g) currency exchange rate adjustments, where applicable, and (h) interclass and life subsidies. Feed-in tariffs allowance, Value-added Tax (VAT) and universal charges are billed and collected on behalf of the national and local government and do not form part of the Group's revenue. Generation, transmission and system loss charges, which are part of revenues, are pass-through charges.

Revenue from Sale of Real Estate

Revenue from sale of real estate projects under pre-completion stage is recognized over time based on percentage of completion since the Group does not have an alternative use of the specific real estate property sold as the Group is precluded by the contract from redirecting the use of the property for a different purpose. Further, the Group has rights to payment for the development completed to date as the Group can choose to complete the development and enforce its rights to full payment under the contract even if the customer defaults on amortization payments. The Group determines the stage of completion based on surveys done by the Group's engineers and total costs to be incurred on a per unit basis. Revenue is recognized when 10% of the total contract price has already been collected.

Revenue from sale of completed real estate projects, and undeveloped land or raw

land is recognized at a point in time. The Group recognizes in full the revenue and cost from sale of completed real estate projects and undeveloped land when 10% or more of the contract price is received.

If the transaction does not qualify for revenue recognition, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue, payments received from customers are presented as "Customers' deposits" under "Accounts payable and accrued expenses" account in the consolidated statements of financial position.

Cancellation of real estate sales is accounted for on the year of forfeiture. The repossessed real estate projects are recognized at fair value less cost to repossess. Any gain or loss on cancellation is recognized as part of "Other income (charges) - net" account in the consolidated statements of income.

Revenue from Service Concession Arrangements

Revenue from toll operations is recognized upon the use by the road users of the toll road and is paid by way of cash or charge against Radio Frequency Identification account. Toll fees are set and regulated by the Toll Regulatory Board (TRB).

Landing, take-off and parking fees are recognized as the services are rendered over time which is the period from landing up to take-off of aircrafts.

Terminal fees are recognized upon receipt of fees charged to passengers for the use of airport and port terminals.

Revenue from port cargo handling and ancillary services is recognized as the services are rendered over time based on the quantity of items handled during the period multiplied by a predetermined rate.

Revenue from construction contracts is recognized over time based on the percentage of completion, measured by reference to the proportion of costs incurred to date to estimated total costs for each contract.

Revenue from Freight Services

Revenue from freight services is recognized as the services are rendered over time based on every voyage contracted with customers during the period multiplied by a predetermined rate.

Revenue from Other Sources

Revenue from Agricultural Produce. Revenue from initial recognition of agricultural produce is measured at fair value less estimated costs to sell at the point of harvest. Fair value is based on the relevant market price at the point of harvest.

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend Income. Dividend income is recognized when the Group's right to receive the payment is established.

Rent Income. Rent income from operating lease is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Gain or Loss on Sale of Investments in Shares of Stock. Gain or loss is recognized when the Group disposes of its investment in shares of stock of a subsidiary,

associate and joint venture and financial assets at FVPL. Gain or loss is computed as the difference between the proceeds of the disposed investment and its carrying amount, including the carrying amount of goodwill, if any.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Research and Development Costs

Research costs are expensed as incurred. Development costs incurred on an individual project are carried forward when their future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortized in line with the expected future sales from the related project.

The carrying amount of development costs is reviewed for impairment annually when the related asset is not yet in use. Otherwise, this is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset; and
- Remeasurements of defined benefit retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statements of income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statements of income. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are initially recorded in the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine peso at average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in shares of stock of an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the consolidated statements of income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Income and

other taxes payable” accounts in the consolidated statements of financial position.

Assets Held for Sale

The Group classifies noncurrent assets, or disposal groups comprising assets and liabilities as held for sale or distribution, if their carrying amounts will be recovered primarily through sale or distribution rather than through continuing use. The assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for some assets which are covered by other standards. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group’s accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statements of income. Gains are not recognized in excess of any cumulative impairment losses.

The criteria for held for sale or distribution is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision on distribution or sale will be withdrawn. Management must be committed to the sale or distribution within one year from date of classification.

Intangible assets, property, plant and equipment and investment property once classified as held for sale or distribution are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

Assets and liabilities classified as held for sale or distribution are presented separately as current items in the consolidated statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of RPS and SPCS, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Operating Segments

The Group’s operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the

consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the consolidated financial statements:

Measurement of Biological Assets. Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably. The Group's biological assets or any similar assets prior to point of harvest have no active market available in the Philippine poultry and hog industries. Further, the existing sector benchmarks are

determined to be irrelevant and the estimates (i.e., revenues due to highly volatile prices, input costs and efficiency values) necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value.

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Identification of Distinct Performance Obligation. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group has determined that it has distinct performance obligations other than the sale of petroleum products such as the provision of technical support and lease of equipment to its customers and allocates the transaction price into these several performance obligations.

Applicability of Philippine Interpretation IFRIC 12. In accounting for the Group's transactions in connection with its Concession Agreement with the ROP, significant judgment was applied to determine the most appropriate accounting policy to use.

Management used Philippine Interpretation IFRIC 12 as guide and determined that the Concession Agreement is within the scope of the interpretation since it specifically indicated that the ROP will regulate what services the Group must provide, at what prices these services will be offered, and that at the end of the concession period, the entire infrastructure, as defined in the Concession Agreement, will be turned over to the ROP (Note 34).

Management determined that the consideration receivable from the ROP, in exchange for the fulfillment of the Group's obligations under the Concession Agreement, may either be an intangible asset in the form of a right (license) to charge fees to users or financial asset in the form of an unconditional right to receive cash or another financial asset. Judgment was further exercised by management in determining the cost components of acquiring the right. Further reference to the terms of the Concession Agreement (Note 34) was made to determine such costs.

a. *Airport Concession Rights*

Boracay Airport. The airport concession right consists of: (i) Airport Project cost; (ii) present value of infrastructure retirement obligation (IRO); and (iii) present value of total franchise fees over 25 years and its subsequent amortization.

- (i) The Airport Project cost is recognized as part of intangible assets as the construction progresses. The cost-to-cost method was used as management believes that the actual cost of construction is most relevant in determining the amount that should be recognized as cost of the intangible asset at each reporting date as opposed to cost plus and other methods of percentage-of-completion.

- (ii) The present value of the IRO is recorded under construction in progress (CIP) - airport concession arrangements and transferred to the related intangible assets upon completion of the Airport Project and to be amortized simultaneously with the cost related to the Airport Project because only at that time will significant maintenance of the Boracay Airport would commence.
- (iii) The present value of the obligation to pay annual franchise fees over 25 years has been immediately recognized as part of intangible assets because the right related to it has already been granted and is already being enjoyed by the Group as evidenced by its taking over the operations of the Boracay Airport during the last quarter of 2010. Consequently, management has started amortizing the related value of the intangible asset and the corresponding obligation has likewise been recognized.

MIA. The airport concession right consists of the pre-design costs, consultancy fees and other directly attributable costs incurred in the development of the project.

- b. *Toll Road Concession Rights.* The Group's toll road concession rights represent the costs of construction and development, including borrowing costs, if any, during the construction period of the following projects: (i) SLEX; (ii) NAIA Expressway; (iii) Skyway; (iv) TPLEX; (v) STAR; (vi) PAREX; (vii) NALEX; (viii) SALEX; (ix) PLEX; (x) CBEX; and (xi) NBEX.

Pursuant to the Concession Agreements, any stage or phase or ancillary facilities thereof, of a fixed and permanent nature, shall be owned by the ROP.

- c. *Water Concession Right.* The Group's water concession right represents the right to collect charges from water service providers and third party purchasers availing of a public service, grant control or regulate the price and transfer significant residual interest of the water treatment facilities at the end of the Concession Agreement.
- d. *Power Concession Right.* The Group's power concession right represents the right to operate and maintain the franchise of ALECO; i.e., the right to collect electricity fees from the consumers of ALECO. At the end of the concession period, all assets and improvements shall be returned to ALECO and any additions and improvements to the system shall be transferred to ALECO.
- e. *MRT 7 Project.* The Concession Agreement related to the MRT 7 Project does not convey to the Group the right to control the use of the public service infrastructure but only an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Management determined that the consideration receivable from the ROP, in exchange for the fulfillment of the obligation under the Concession Agreement, is a financial asset in the form of an unconditional right to receive cash or another financial asset.

Difference in judgment in respect to the accounting treatment of the transactions would materially affect the assets, liabilities and operating results of the Group.

Recognition of Profit Margin on the Airport and Toll Road Concession Arrangements. The Group has not recognized any profit margin on the construction of the airport and toll road projects as it believes that the fair value of the intangible asset reasonably approximates the cost. The Group also believes that the profit margin of its contractors on the rehabilitation of the existing airport and its subsequent upgrade is enough to cover any difference between the fair value and the carrying amount of the intangible asset.

Recognition of Revenue from Sale of Real Estate and Raw Land. The Group recognizes its revenue from sale of real estate projects and raw land in full when 10% or more of the total contract price is received and when development of the real estate property is 100% completed. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's collection history from customers and number of back-out sales in prior years. Buyer's interest in the property is considered to have vested when the payment of at least 10% of the contract price has been received from the buyer and the Group ascertained the buyer's commitment to complete the payment of the total contract price.

Distinction Between Investment Property and Owner-occupied Property. The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in marketing or administrative functions. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in marketing or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Classification of Redeemable Preferred Shares. Based on the features of the preferred shares of TADHC, particularly on mandatory redemption, management determined that the shares are, in substance, financial liabilities. Accordingly, these were presented as part of "Accounts payable and accrued expenses" account in the consolidated statements of financial position as at December 31, 2023 and 2022, respectively (Note 20).

Evaluating Control over its Investees. Determining whether the Group has control in an investee requires significant judgment. Although the Group owns less than 50% of the voting rights of BPI, management has determined that the Group has control in this entity by virtue of its exposure and rights to variable returns from its involvement in this investee and its ability to affect those returns through its power over the investee.

The Group receives substantially all of the returns related to BPI's operations and net assets and has the current ability to direct BPI's activities that most significantly affect the returns. The Group controls BPI since it is exposed, and has rights, to variable returns from its involvement with BPI and has the ability to affect those

returns through such power over BPI.

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of the joint arrangements based on the structure, legal form, contractual terms and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements in Angat Hydropower Corporation (Angat Hydro) and KWPP Holdings Corporation (KWPP) as at December 31, 2023 and 2022 as joint ventures (Note 11).

Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 40.

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings (Note 43).

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of ECL on Trade Receivables. The Group, in applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables for at least two years. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer to reflect the effects of current and

forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL on trade receivables is not material because substantial amount of trade receivables is normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

Trade receivables written off amounted to P87 and P193 in 2023 and 2022, respectively. The allowance for impairment losses on trade receivables amounted to P3,801 and P3,949 as at December 31, 2023 and 2022, respectively. The carrying amount of trade receivables amounted to P185,642 and P169,294 as at December 31, 2023 and 2022, respectively (Note 8).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2023 and 2022.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2023	2022
Other Financial Assets at Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	7, 39	P256,366	P315,823
Other current receivables - net (included under "Trade and other receivables - net" account)	8	77,477	69,488
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	10, 12, 39, 40	12,158	12,134
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	18, 39, 40	P48,319	39,700
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	10, 18, 39, 40	P18,519	19,050

The allowance for impairment losses on other current receivables, included as part of "Trade and other receivables - net" account and noncurrent receivables and deposits included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position, amounted to P9,319 and P567, respectively, as at December 31, 2023, and P8,964 and P582, respectively, as at December 31, 2022 (Notes 8 and 18).

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value

hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 9, 10, 11, 12, 15, 16, 17, 18, 20, 35 and 40.

Write-down of Inventory. The Group writes-down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The write-down of inventories amounted to P1,686 and P1,542 as at December 31, 2023 and 2022, respectively (Note 9).

The carrying amounts of inventories amounted to P161,986 and P190,193 as at December 31, 2023 and 2022, respectively (Note 9).

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Assets, Investment Property and Deferred Containers. The Group estimates the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers would increase the recorded cost of sales and selling and administrative expenses and decrease noncurrent assets.

There is no change in estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers based on management's review at the reporting date.

Property, plant and equipment, net of accumulated depreciation, amounted to P767,874 and P723,030 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of property, plant and equipment amounted to P295,317

and P267,528 as at December 31, 2023 and 2022, respectively (Note 13).

Right-of-use assets, net of accumulated depreciation, amounted to P108,102 and P112,155 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of right-of-use assets amounted to P24,725 and P20,268 as at December 31, 2023 and 2022, respectively (Note 14).

Investment property, net of accumulated depreciation, amounted to P79,535 and P74,668 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of investment property amounted to P22,573 and P21,267 as at December 31, 2023 and 2022, respectively (Note 15).

Deferred containers, net of accumulated depreciation, included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position amounted to P18,412 and P18,549 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of deferred containers amounted to P20,189 and P16,691 as at December 31, 2023 and 2022, respectively (Note 18).

Estimated Useful Lives of Intangible Assets. The useful lives of intangible assets are assessed at the individual asset level as having either a finite or indefinite life. Intangible assets are regarded to have an indefinite useful life when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with finite useful lives, net of accumulated amortization, included as part of "Other intangible assets - net" account in the consolidated statements of financial position amounted to P304,328 and P247,015 as at December 31, 2023 and 2022, respectively. Accumulated amortization of intangible assets with finite useful lives amounted to P64,898 and P56,782 as at December 31, 2023 and 2022, respectively (Note 17).

Estimated Useful Lives of Intangible Assets - Concession Rights. The Group estimates the useful lives of airport, toll road, port, power and water concession rights based on the period over which the assets are expected to be available for use. The Group has not included any renewal period on the basis of uncertainty of the probability of securing renewal contract at the end of the original contract term as at the reporting date.

The amortization period and method are reviewed when there are changes in the expected term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset.

The combined carrying amounts of toll road, airport, power and water concession rights amounted to P272,812 and P229,057 as at December 31, 2023 and 2022, respectively (Note 17).

In 2022, APEC has derecognized its power concession right as a result of the termination of the concession agreement with ALECO in November 2022 (Note 34).

Impairment of Goodwill, Licenses and Trademarks and Brand Names with Indefinite Useful Lives. The Group determines whether goodwill, licenses and trademarks and brand names are impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated and the value in use of the licenses and trademarks and brand names. Estimating value in use requires management to make an estimate of the expected future cash flows from

the cash-generating unit and from the licenses and trademarks and brand names and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amount of goodwill amounted to P182,791 and P184,100 as at December 31, 2023 and 2022, respectively (Note 17).

The combined carrying amounts of licenses and trademarks and brand names amounted to P2,349 and P2,345 as at December 31, 2023 and 2022, respectively (Note 17).

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property, plant and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The carrying amount of goodwill arising from business combinations amounted to P54,273 in 2022 (Notes 5, 17 and 38).

Estimating Coal Reserves. Coal reserve estimates are based on measurements and geological interpretation obtained from natural outcrops, trenches, tunnels and drill holes. In contrast with “coal resource” estimates, profitability of mining the coal during a defined operating period or “mine-life” is a necessary attribute of “coal reserve”.

The Philippine Department of Energy (DOE) is the government agency authorized to implement coal operating contracts (COC) and regulate the operation of contractors pursuant to DOE Circular No. 81-11-10: Guidelines for Coal Operations in the Philippines. For the purpose of the five-year development and production program required for each COC, the agency classifies coal reserves, according to increasing degree of uncertainty, into: (i) positive, (ii) probable and (iii) inferred. The DOE also prescribes the use of “total in-situ reserves” as the sum of positive reserves and two-thirds of probable reserve; and “mineable reserve” as 60% of total in-situ reserve for underground, and 85% for surface (including open-pit) coal mines.

Recoverability of Deferred Exploration and Development Costs. A valuation allowance is provided for estimated unrecoverable deferred exploration and development costs based on the Group’s assessment of the future prospects of the mining properties, which are primarily dependent on the presence of economically recoverable reserves in those properties.

The Group has mining activities that were in the exploratory stages as at December 31, 2023 and 2022. The related costs and expenses from exploration were deferred as mine exploration and development costs to be amortized upon commencement of commercial operations. The Group has not identified any facts

and circumstances which suggest that the carrying amount of the deferred exploration and development costs exceeded the recoverable amounts as at December 31, 2023 and 2022.

No impairment loss on deferred exploration and evaluation costs was recognized in 2023, 2022 and 2021.

Deferred exploration and development costs included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position amounted to P76 and P55 as at December 31, 2023 and 2022, respectively (Notes 18 and 34).

In December 2022, deferred exploration and development costs related to coal mining activities amounting to P719 were derecognized upon the sale by SPI of its subsidiaries (Notes 5).

Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P19,633 and P22,554 as at December 31, 2023 and 2022, respectively (Note 23).

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed on investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment losses on property, plant and equipment, right-of-use assets, investment property, other intangible assets with finite useful lives and deferred containers amounted to P15,479 and P16,065 as at December 31, 2023 and 2022, respectively (Notes 13, 14, 15, 17 and 18).

The combined carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets amounted to P1,305,214 and P1,197,145 as at December 31, 2023 and 2022, respectively (Notes 11, 13, 14, 15, 16, 17 and 18).

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to P56,572 and P75,475 as at December 31, 2023 and 2022 respectively (Notes 34, 38, 39 and 40).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 35 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefit retirement obligation of the Group.

The present value of defined benefit retirement obligation amounted to P36,620 and P31,873 as at December 31, 2023 and 2022, respectively (Note 35).

Asset Retirement Obligation. The Group has ARO arising from refinery, power plants, leased service stations, terminals, blending plant and leased properties. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined the amount of the ARO by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Group's current credit-adjusted risk-free rate ranging from 3.29% to 12.64% and 3.25% to 12.64% as at December 31, 2023 and 2022, respectively, depending on the life of the capitalized costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The ARO amounted to P4,488 and P4,296 as at December 31, 2023 and 2022,

respectively (Notes 20 and 22).

Present Value of Annual Franchise Fee and IRO - Airport Concession Arrangement. Portion of the amount recognized as airport concession right of TADHC as at December 31, 2023 and 2022 pertains to the present value of the annual franchise fee payable to the ROP over the concession period. The recognition of the present value of the IRO is temporarily lodged in CIP - airport concession arrangements until the completion of the Airport Project.

The present values of the annual franchise fee and IRO were determined based on the future value of the obligations discounted at the Group's internal borrowing rate which is believed to be a reasonable approximation of the applicable credit-adjusted risk-free market borrowing rate.

A significant change in such internal borrowing rate used in discounting the estimated cost would result in a significant change in the amount of liabilities recognized with a corresponding effect in profit or loss.

The present value of the annual franchise fees payable to the ROP over 25 years discounted using the 9% and 8% internal borrowing rate in 2023 and 2022, included as part of "Airport concession right" under "Other intangible assets - net" account amounted to P53 and P50 as at December 31, 2023 and 2022, respectively (Note 17).

The cost of infrastructure maintenance and restoration represents the present value of TADHC's IRO recognized and is presented as part of IRO under "Accounts payable and accrued expenses" account amounting to P20 in 2022 and "Other noncurrent liabilities" account amounting to P97 and P74 in 2023 and 2022, respectively (Notes 20 and 22).

Percentage-of-Completion - Airport and Toll Road Concession Arrangements. The Group determines the percentage-of-completion of the contract by computing the proportion of actual contract costs incurred to date, to the latest estimated total airport and toll road project cost. The Group reviews and revises, when necessary, the estimate of airport and toll road project cost as it progresses, to appropriately adjust the amount of construction cost and revenue recognized at the end of each reporting period. Construction revenue and construction costs, reported as part of "Other income (charges) - net" account in the consolidated statements of income, amounted to P60,606, P60,461 and P29,769 in 2023, 2022 and 2021, respectively (Note 32).

Accrual for Repairs and Maintenance - Toll Road Concession Arrangements. The Group recognizes accruals for repairs and maintenance based on estimates of periodic costs, generally estimated to be every five to ten years as at December 31, 2023 and 2022, or the expected period to restore the toll road facilities to a level of serviceability and to maintain its good condition before the turnover to the ROP. This is based on the best estimate of management to be the amount expected to be incurred to settle the obligation, discounted using a pre-tax rate, ranging from 5.88% to 6.00% and 5.21% to 6.99% as at December 31, 2023 and 2022, respectively, that reflects the current market assessment of the time value of money.

The accrual for repairs and maintenance, included as part of "IRO" under "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P1,151 and P825 as at December 31, 2023 and 2022, respectively (Note 22).

The current portion included as part of "Accounts payable and accrued expenses" account amounted to P320 and P487 as at December 31, 2023 and 2022, respectively (Note 20).

5. Investments in Subsidiaries

The following are the developments relating to the Parent Company's investments:

Energy

- Subscription of Common Shares

On July 25, 2023, San Miguel Global Power and the Parent Company executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares of San Miguel Global Power for a subscription price of P12,300 or P30.00 per common share, which was fully paid in 2023.

On July 25, 2023, the BOD of San Miguel Global Power approved the additional increase in its authorized capital stock from P2,000 divided into 2,000,000,000 common shares to P3,774 divided into 3,774,400,000 common shares, both with a par value of P1.00 per common share, as well as the amendment of the Amended Articles of Incorporation of San Miguel Global Power to reflect the said increase. On August 1, 2023, the Parent Company entered into a Subscription Agreement with San Miguel Global Power, whereby the Parent Company subscribed to 443,600,000 common shares of San Miguel Global Power out of the proposed increase in authorized capital stock for a total subscription price of P13,308 or P30.00 per common share. The subscription price was fully paid in 2023. The stockholders of San Miguel Global Power approved the aforementioned increase in authorized capital stock and amendment of the Amended Articles of Incorporation during its Special Stockholders' Meeting held on September 07, 2023.

The application for the increase in the authorized capital stock of San Miguel Global Power and the amendment of its Amended Articles of Incorporation to reflect the aforementioned increase in authorized capital stock was filed with the SEC on October 20, 2023, and was approved by the SEC on October 24, 2023.

On November 13, 2023, San Miguel Global Power and the Parent Company executed a Subscription Agreement wherein the Parent Company subscribed to an additional 720,000,000 common shares of San Miguel Global Power for a subscription price of P21,600 or P30.00 per common share, which was fully paid in 2023.

- Acquisition of Ilijan Primeline Industrial Estate, Inc. (IPIEC)

On April 3, 2023, the Parent Company through San Miguel Global Power acquired the 100% outstanding capital stock of IPIEC for a total consideration of P50 (Note 15). IPIEC own and manage various properties located in the province of Batangas.

The transaction is accounted for as an asset acquisition since the assets and activities does not constitute a business as defined in PFRS 3.

- Acquisition of Blue Eagle Star Corp. (Blue Eagle)

On December 19, 2023, the Parent Company through San Miguel Global Power

acquired the 100% outstanding capital stock of Blue Eagle for a total consideration of P25 (Note 15). Blue Eagle own and manage various properties located in the province of Cavite.

The transaction is accounted for as an asset acquisition since the assets and activities does not constitute a business as defined in PFRS 3.

- Acquisition of Multi-Ventures Investment Holdings, Inc. (MVHI) and Bluelight Industrial Estate, Inc. (Bluelight)

On August 25, 2022, the Parent Company through San Miguel Global Power acquired 100,000 and 50,000 common shares, equivalent to 100% of the outstanding capital stock of MVHI and Bluelight, respectively, for a total consideration of P16 (Note 13).

MVHI and Bluelight own and manage various properties located in the province of Cavite and Quezon, respectively.

The transaction is accounted for as an asset acquisition since the assets and activities does not constitute a business as defined in PFRS 3.

- Sale of Strategic Energy Development Inc. (SEDI)

On August 26, 2022, San Miguel Global Power sold its 100% shareholdings in SEDI to a third party for P1,200 with 10% downpayment upon signing of the contract. The amount of consideration, which will be collected on installment basis up to 2026 and subject to interest to be agreed by the relevant parties, is presented as part of non-trade receivables under "Trade and other receivables - net" and "Noncurrent receivables and deposits - net" under "Other noncurrent assets - net" accounts in the consolidated statements of financial position as at December 31, 2023 and 2022 (Notes 8 and 18).

The Group recognized a gain on the sale amounting to P555, presented as part of "Gain on sale of investments and property and equipment" account in the 2022 consolidated statement of income.

- Sale of Daguma Agro-Minerals, Inc. (DAMI), Bonanza Energy Resources, Inc. (BERI) and Sultan Energy Phils. Corp. (SEPC)

On December 21, 2022, SPI entered into a Share Purchase Agreement with a third party for the sale of its 100% equity interests in DAMI, BERI and SEPC for a total consideration of P1,818 which was fully paid as at December 31, 2023.

Also on the same date, SPI entered into an agreement with the third party for the assignment of its deposit for future stock subscription amounting to P1,552, payable over a period of five years, subject to interest to be agreed-upon by both parties. The amount is presented as part of noncurrent receivables and deposits - net under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2023 and 2022 (Note 18).

DAMI and SEPC have coal mining properties, covered by COCs issued by the Philippine DOE, located in the provinces of Sarangani, South Cotabato and Sultan Kudarat (Note 34).

The Group recognized a gain on the sale amounting to P182, presented as part of "Gain on sale of investments and property and equipment" account in the

2022 consolidated statement of income.

Infrastructure

- SMHC

On December 17, 2021, the BOD and stockholders of SMHC approved the additional increase in its authorized capital stock from P91,500 divided into 91,500,000 common shares to P106,500 divided into 106,500,000 common shares, both with a par value of P1,000.00 per common share. On the same date, SMHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 5,000,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P7,500 or P1,500.00 per common share.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMHC was filed with the SEC on March 9, 2022 and was approved on April 26, 2022. The Parent Company paid P3,239 and P3,823 in 2022 and 2021, respectively, while the balance of the subscription price amounting to P438 was fully paid in 2023.

On April 20 and May 11, 2023, SMHC and the Parent Company executed Subscription Agreements to subscribe to a total of 5,500,000 common shares for a total subscription price of P8,250 or P1,500.00 per common share. The Parent Company paid P7,227 in 2023.

- SMAI

On December 27, 2021, SMAI and the Parent Company executed a Subscription Agreement to subscribe to 3,792,881,031 common shares of SMAI for a total subscription price of P7,586 or P2.00 per common share, which was fully paid in 2021.

On January 21, 2022, the BOD and stockholders of SMAI approved the additional increase in its authorized capital stock from P15,000 divided into 15,000,000,000 common shares to P45,000 divided into 45,000,000,000 common shares, both with a par value of P1.00 per common share. On the same date, SMAI and the Parent Company executed a Subscription Agreement to subscribe to an additional 7,500,000,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P15,000 or P2.00 per common share, which was fully paid in 2022.

On February 23, 2022, SMAI and the Parent Company executed a Subscription Agreement to subscribe to 307,118,969 common shares of SMAI, to be issued out of the available unissued shares, for a total subscription price of P614 or P2.00 per common share, which was fully paid in 2022.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMAI was filed with and was approved by the SEC on June 17, 2022.

On August 22, 2022, SMAI and the Parent Company executed a Subscription Agreement to subscribe to 10,000,000,000 common shares of SMAI for a total subscription price of P20,000 or P2.00 per common share, which was fully paid

in 2022.

On May 12, 2023, the BOD and stockholders of SMAI approved that out of its 45,000,000,000 authorized capital stock, 34,100,000,000 common shares (i) 21,600,000,000 common shares will be converted to Series 1 Preferred Shares on a 1:1 basis and (ii) 12,500,000,000 common shares will be reclassified to Series 2 Preferred Shares.

In the same meeting, the BOD and stockholders of SMAI approved the increase of its authorized capital stock from P45,000 divided into 45,000,000,000 common shares with a par value of P1.00 per common share to P57,850 divided into: (i) 10,900,000,000 common shares with a par value of P1.00 per common share, (ii) 21,600,000,000 Series 1 Preferred Shares with a par value of P1.00 per Preferred Share and (iii) 25,350,000,000 Series 2 Preferred Shares with a par value of P1.00 per preferred share.

SMAI approved to offer to all its stockholders the option to convert its common shares to Series 1 Preferred Shares on a 1:1 basis, effective upon the approval by the SEC of the increase in the authorized capital stock of SMAI, the creation of the preferred shares and the corresponding approval of the amendment of the Articles of Incorporation of SMAI reflecting such amendments. Of the two holders of common shares of SMAI at that time, which are the Parent Company and SMHC, only the Parent Company exercised the option to convert its common shares in SMAI into Series 1 Preferred Shares, which SMAI accepted.

On May 12, 2023, SMAI and the Parent Company executed the following: (i) a Subscription Agreement to subscribe to 4,266,672,620 Series 2 Preferred Shares out of the proposed increase in authorized capital stock for a total subscription price of P12,800 or P3.00 per preferred share, and (ii) a Deed of Assignment that the deposit for future stock subscription of P12,800 paid in 2022 be applied as payment by the Parent Company of its subscription to the Series 2 Preferred Shares.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMAI and the creation of the preferred shares was filed with the SEC on June 30, 2023, and was approved on September 7, 2023.

Upon the approval of the increase in the authorized capital stock of SMAI and the creation of the preferred shares, all common shares which were issued to the Parent Company on various dates in 2021 to 2022 were converted to Series 1 Preferred Shares.

On December 29, 2023, the Parent Company and SMAI entered into a Subscription Agreement wherein the Parent Company subscribed to 8,569,655,398 Series 2 Preferred Shares of SMAI for a total subscription price of P42,848 or P5.00 per preferred share, which was fully paid in 2023.

As at December 31, 2023, as a result of the foregoing conversion by the Parent Company of its investment in common shares of SMAI to Series 1 Preferred Shares and subsequent subscription to Series 2 Preferred Shares, the Parent Company has 100% indirect ownership in SMAI through SMHC. As at December 31, 2022, the Parent Company has 66.46% direct ownership and voting interest in SMAI, in addition to the 33.54% indirect ownership and voting interest through SMHC.

The preferred shares issued by SMAI are non-voting, may be convertible into common shares as determined by the BOD of SMAI, may be redeemable at the sole option of SMAI at a price and at such time that the BOD of SMAI shall determine. The preferred shares are entitled to dividends as declared by the BOD of SMAI. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of SMAI, the holders of preferred shares that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue of disposition of any stocks of any class of SMAI.

- Argonbay Construction Company, Inc. (ACCI)

On December 15, 2022, the BOD and stockholders of ACCI approved the increase in its authorized capital stock from P150 divided into 1,500,000 common shares with a par value of P100.00 per common share to P20,150 divided into 1,500,000 common shares with a par value of P100.00 per common share and 200,000,000 Series 1 Preferred Shares with a par value of P100.00 per preferred share. On the same date, ACCI and the Parent Company executed a Subscription Agreement to subscribe to 142,600,000 Series 1 Preferred Shares out of the proposed increase in authorized capital stock for a total subscription price of P14,260 or P100.00 per preferred share.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock was filed with the SEC on June 13, 2023 and was approved on June 14, 2023. The Parent Company paid P3,634 in 2022 while the balance of the subscription price amounting to P10,626 was fully paid in 2023.

On June 20, 2023, ACCI and the Parent Company executed a Subscription Agreement to subscribe to 4,887,226 Series 1 Preferred Shares for a total subscription price of P489 or P100.00 per preferred share, which was fully paid in 2023.

The preferred shares issued by ACCI are non-voting, may be convertible into common shares as determined by the BOD of ACCI, may be redeemable at the sole option of ACCI at a price and at such time that the BOD of ACCI shall determine. The preferred shares are entitled to dividends as declared by the BOD of ACCI. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of ACCI, the holders of preferred shares that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue of disposition of any stocks of any class of ACCI.

Cement

- SMEII

On December 7, 2022, the BOD and stockholders of SMEII approved the additional increase in its authorized capital stock from P21,425 divided into 21,425,000,000 common shares to P88,371 divided into 88,370,900,000 common shares, both with a par value of P1.00 per common share.

On December 13, 2022, SMEII and the Parent Company executed a

Subscription Agreement whereby the Parent Company subscribed to 2,157,400,000 common shares out of the entire available unissued shares of SMEII for a total subscription price of P3,236 or P1.50 per common share, which was fully paid in 2022.

On December 13, 2022, pursuant to the Subscription Agreement between SMEII and the Parent Company, the latter subscribed to 44,630,600,000 common shares out of the aforementioned proposed increase in the authorized capital stock of SMEII for a total subscription price of P66,946 or P1.50 per common share, which was fully paid in 2022.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMEII was filed with the SEC on December 19, 2022 and was approved on December 29, 2022.

On December 21, 2022, SMEII and the Parent Company executed another Subscription Agreement whereby the Parent Company subscribed to an additional 7,602,900,000 common shares out of the proposed increase in the authorized capital stock of SMEII for a total subscription price of P11,404 or P1.50 per common share, which was fully paid in 2022.

On April 26, 2023, SMEII and the Parent Company executed a Subscription Agreement to subscribe to an additional 1,335,273,000 common shares of SMEII at a subscription price of P2,003 or P1.50 per common share, which was fully paid in 2023.

- Consolidation of ECC

On October 5, 2022, SMEII signed a share purchase agreement with Far East Holdings, Inc. (FEHI), the parent company of ECC and three other individual shareholders (collectively, the Selling Shareholders) for the acquisition by SMEII of a total of 4,425,123,001 common shares (the Sale Shares) representing approximately 88.50% of the total outstanding capital stock of ECC for a total consideration of P97,441 or P22.02 per Sale Share.

ECC and its subsidiaries are engaged in manufacturing, marketing, sale, and distribution of cement. ECC owns a cement production facility in San Ildefonso, Bulacan and a grinding and packaging facility in Limay, Bataan.

On October 27, 2022, the Philippine Competition Commission (PCC) issued a notice which states that the transaction is not subject to the notification requirement under the Philippine Competition Act and its implementing rules and regulations. Consequently, on November 7, 2022, SMEII proceeded to conduct a mandatory tender offer to acquire a total of 574,877,004 common shares of ECC, representing approximately 11.46% of the outstanding capital stock of ECC held by the minority shareholders, as required by the Securities Regulations Code, which tender offer was likewise considered as the tender offer required for the voluntary delisting of ECC under the relevant rules of the PSE after the required written assent of the stockholders of ECC was secured.

The tender offer period ended on December 5, 2022, with a total of 572,780,677 ECC shares representing approximately 11.46% of the total outstanding capital stock of ECC were tendered (Tendered Shares) for a total consideration of P12,613 or P22.02 per common share (Tender Offer Price). The Tendered Shares were crossed through the PSE on December 14, 2022, upon approval of the PSE of a special block sale of the Tendered Shares. Thereafter, ECC petitioned for a voluntary delisting and was approved by the PSE effective February 28, 2023.

As a result of the transaction, ECC was consolidated effective December 14, 2022. SMEII beneficially owns 4,997,903,678 common shares representing 99.96% of the total outstanding capital stock of ECC as at December 31, 2023 and 2022.

The acquisition of ECC was accounted for using the acquisition method of accounting in accordance with PFRS 3.

The following summarizes the recognized amount of assets acquired and liabilities assumed at the acquisition date:

	Note	2022
Assets		
Cash and cash equivalents		P9,548
Trade and other receivables - net		118
Inventories		2,299
Prepaid expenses and other current assets	10, 24	7,617
Investment and advances	24	105
Property, plant and equipment - net	13	34,434
Right-of-use assets - net	14	26
Other intangible assets - net	17	9,052
Deferred tax assets	23	102
Other noncurrent assets - net		966
Liabilities		
Accounts payable and accrued expenses	20	(3,323)
Income and other taxes payable		(200)
Lease liabilities (including current portion)		(36)
Long-term debt - net		(4,040)
Deferred tax liabilities		(13)
Other noncurrent liabilities	22, 35	(168)
Total Identifiable Net Assets at Fair Value		P56,487

The fair value of trade and other receivables amounted to P118. None of the receivables has been impaired and it is expected that the full amount can be collected (Note 8).

Included as part of “Prepaid expenses and other current assets” and “Accounts payable and accrued expenses” accounts of ECC are the net assets of KB Space Holdings, Inc. (KSHI) classified as held for sale as at December 14, 2022, which were disposed on June 16, 2023. ECC completed the sale of 100% outstanding common shares of KSHI for a consideration of P418 and assigned the P1,300 deposit for future subscriptions to the common shares of KSHI to FEHI (Note 33).

The completion of the purchase price allocation exercise resulted in the adjustments to the recognized amounts of assets acquired as at December 31, 2022. The “Property, plant and equipment - net” and “Other intangibles - net” accounts increased by P932 and P747, respectively, and “Prepaid expenses and other current assets” account decreased by P996 (Notes 10, 13 and 17).

The provisional goodwill recognized in 2022 amounted to P54,273. The final assessment resulted in the recognition of final goodwill in the amount of P53,590, recorded after recognition at fair value of the identifiable assets and liabilities. The prior year comparative information was not restated since the impact of the adjustment is not material.

	<i>Note</i>	<i>2022</i>
Total cash consideration transferred	<i>11</i>	P110,054
Non-controlling interest measured at proportionate interest in identifiable net assets		23
Total identifiable net assets at fair value		(56,487)
Goodwill	<i>17, 38</i>	P53,590

SMEII incurred acquisition-related costs amounting to P80 in 2022, which were included in "Selling and administrative expenses" account in the consolidated statement of income.

Goodwill arising from the acquisition of ECC is attributable to the benefit of expected synergies with the Group's cement business, revenue growth, future development and the assembled workforce. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable net assets.

If the foregoing acquisitions have occurred on January 1, 2022, management estimates that it would have increased consolidated revenue and consolidated net income by P20,378 and P4,470, respectively. In determining these amounts, management assumed that the fair value adjustments, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2022. ECC has no contribution to the revenue and net income of the Group in 2022.

Fuel and Oil

▪ Acquisition of Mema

On February 16, 2022, the Parent Company through Petron acquired 10,000,000 common shares representing 100% of the outstanding capital stock of Mema for an initial consideration of P104. Mema is a company with a subsidiary that provides hauling and logistics services to Petron. On June 30, 2022, control over the investee was transferred to the Group after the resolution of issues was agreed by Petron and the seller. On December 29, 2022, an adjustment in the purchase price of P300 was agreed by Petron and the seller, presented as part of "Non-trade payables" under "Accounts payable and accrued expenses" account in the 2022 consolidated statement of financial position (Note 20). The amount was fully paid in February 2023.

The acquisition of Mema was accounted for using the acquisition method of accounting in accordance with PFRS 3.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	2022
Assets		
Cash and cash equivalents		P3,406
Trade and other receivables		2,034
Prepaid expense and other current assets		69
Property, plant and equipment - net	13	219
Other noncurrent asset		15
Liabilities		
Accounts payable and accrued expenses		(5,303)
Other noncurrent liabilities		(14)
Total Identifiable Net Assets at Fair Value		P426

The Group recognized a gain on acquisition amounting to P22, presented as part of "Other income (charges) - net" account in the 2022 consolidated statement of income, representing the excess of total identifiable net assets at fair value of P426 over the total consideration of P404 (Note 32).

The fair value of trade and other receivables amounted to P2,034. None of the receivables has been impaired and the full amount is expected to be collected. As at December 31, 2023, receivables amounting to P2,034 were already collected.

As at December 31, 2023, accounts payable and accrued expenses amounting to P5,198 were settled.

The fair value of the acquired equipment was measured using depreciated replacement cost by considering the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Mema and its subsidiaries contributed P26 to the Group's net income from the acquisition date to December 31, 2022. Mema and its subsidiaries have no revenue contribution to the Group in 2022. Had the acquisition occurred on January 1, 2022, the Group's revenue and net income in 2022 would have been P1,506,591 and P26,756, respectively. In determining these amounts, management assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2022.

On October 27, 2022, Petron and Mema executed a Subscription Agreement to subscribe to an additional 1,375,000,000 common shares of Mema for a subscription price of P1,375 or P1.00 per common share, of which P899 was paid in 2022 while the remaining balance of the subscription price amounting to P476 was paid in 2023.

On July 19, 2023, Petron and Mema executed another Subscription Agreement to subscribe to an additional 2,770,000,000 common shares of Mema for a subscription price of P2,770 or P1.00 per common share, of which P1,305 was paid in 2023.

Packaging

- Acquisition of 35% of CAI

On September 30, 2022, SMYPC and Can Pack S.A. (Can Pack), shareholders of CAI, executed a Deed of Sale of Shares for the acquisition by SMYPC from Can Pack of the 3,500,000 common shares representing 35% of the outstanding capital stock of CAI for a total consideration of US\$9 (P531).

The acquisition of the 35% of CAI is considered as a transaction with the Group's non-controlling interest.

As a result, CAI became a wholly-owned subsidiary of SMYPC. The Group's non-controlling interests decreased by P451 equivalent to the carrying amount of the share in the net assets acquired. The difference between the carrying amount of the share in the net assets acquired and the consideration transferred was recognized in other equity reserve.

Real Estate

- SMPI

- a) Subscription of Common Shares

On various dates in 2021, SMPI and the Parent Company executed Subscription Agreements to subscribe to a total of 168,783,058 common shares of SMPI for a total subscription price of P3,375 or P20.00 per common share. The Parent Company paid P3,018 in 2021, while the balance amounting to P357 was fully paid in 2023.

On various dates in 2022, SMPI and the Parent Company executed Subscription Agreements to subscribe to a total of 240,381,050 common shares of SMPI for a total subscription price of P4,808 or P20.00 per common share, which was fully paid in 2022.

On various dates in 2023, SMPI and the Parent Company executed Subscription Agreements to subscribe to a total of 129,446,202 common shares of SMPI for a total subscription price of P2,589 or P20.00 per common share, which was fully paid in 2023.

- b) Acquisition of Subsidiaries

On February 2, 2021, the Parent Company through SMPI acquired a total of 95,252 common shares, equivalent to 70% of the outstanding capital stock of Agricultural Investors, Inc., Unexplored Land Developers, Inc., Ocean-Side Maritime Enterprises, Inc., Labayug Air Terminals, Incorporated, Pura Electric Co., Inc., Punong Bayan Housing Development Corporation, Habagat Realty Development Incorporated and Spade One Resorts Corporation, for a total consideration of P3,500. The acquisition gave SMPI 70% ownership and control over these entities and consequently were consolidated to the Group effective February 2, 2021. The related advances for investments amounting to P2,975 was reclassified from "Investments and advances - net" to investment in shares of stock of subsidiaries as part of the total consideration transferred (Note 11). SMPI fully paid the remaining balance of P525 in 2021.

The entities are Philippine companies engaged in the purchase, acquisition, development or use for investment, among others, of real and personal property, to the extent permitted by law.

The acquisition of the entities is accounted for as an asset acquisition since the assets and activities does not constitute a business as defined in PFRS 3.

On December 17, 2021, SMPI acquired a total of 8,165 additional common shares, equivalent to 6% of the outstanding capital stock of the entities, at a purchase price of P300 or P36,742.19 per common share, of which P150 was paid in 2021 and the balance in 2022.

On various dates in 2022, SMPI acquired a total of 24,495 additional common shares, equivalent to 18% of the outstanding capital stock of the entities, at a purchase price of P900 or P36,742.19 per common share, which was fully paid in 2022.

c) Acquisition of 31.70% of Integrated Geosolutions, Inc. (IGI)

On December 21, 2022, SMPI and the non-controlling shareholders executed Deeds of Absolute Sale of Shares for the acquisition by SMPI of the remaining 208,968,925 common shares representing 31.70% of the outstanding capital stock of IGI for a total consideration of P1,050. The consideration is payable on installment basis up to 2025 and bears an annual interest rate of 5.11%. In 2022 and 2023, SMPI paid P210 and P336, respectively, of its outstanding payable arising from the acquisition. The related current and noncurrent portions of the outstanding payables are presented under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts in the consolidated statements of financial position as at December 31, 2023 and 2022 (Notes 20 and 22).

The acquisition of the 31.70% of IGI is considered as a transaction with the Group's non-controlling interest.

As a result, IGI became a wholly-owned subsidiary of SMPI. The Group's non-controlling interests decreased by P173 equivalent to the carrying amount of the share in the net assets acquired. The difference between the carrying amount of the share in the net assets acquired and the consideration transferred was recognized in other equity reserve.

▪ DHDC

On various dates in 2022, DHDC and the Parent Company executed Subscription Agreements to subscribe to a total of 32,250,000 common shares of DHDC for a total subscription price of P65 or P2.00 per common share, which was fully paid in 2022.

On November 24, 2023, DHDC and the Parent Company executed Subscription Agreement to subscribe to an additional 67,500,000 common shares of DHDC at a subscription price of P135 or P2.00 per common share. The Parent Company paid P103 in 2023.

- SHC

On various dates in 2020, SHC and the Parent Company executed Subscription Agreements to subscribe to a total of 170,000,000 common shares of SHC for a total subscription price of P680 or P4.00 per common share. The Parent Company paid a total of P570 and P562 as at December 31, 2023 and 2022, respectively.

- DHC

On various dates in 2020, DHC and the Parent Company executed Subscription Agreements to subscribe to a total of 400,500,000 common shares of DHC for a total subscription price of P801 or P2.00 per common share. The Parent Company paid a total of P801 and P758 as at December 31, 2022 and 2021, respectively.

On November 23, 2022, DHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 61,000,000 common shares of DHC at a subscription price of P122 or P2.00 per common share. In 2022, the Parent Company paid a total of P87 while the remaining balance of the subscription price amounting to P35 was fully paid in 2023.

On December 7, 2023, DHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 27,000,000 common shares of DHC at a subscription price of P54 or P2.00 per common share. The Parent Company paid P33 in 2023.

- WHC

On December 15 and 27, 2021, WHC and the Parent Company executed Subscription Agreements to subscribe to 96,500,000 common shares of WHC at a subscription price of P193 or P2.00 per common share. In 2021, the Parent Company paid P142, while the remaining balance of the subscription price amounting to P51 was fully paid in 2022.

On January 21 and February 14, 2022, WHC and the Parent Company executed Subscription Agreements to subscribe to an additional 152,500,000 common shares of WHC at a subscription price of P305 or P2.00 per common share. In 2022, the Parent Company paid P117, while the remaining balance of the subscription price amounting to P188 was fully paid in 2023.

On December 4, 2023, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 123,500,000 common shares of WHC at a subscription price of P247 or P2.00 per common share. The Parent Company paid P224 in 2023.

- OVHI

On August 11, 2022, OVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 500,000 common shares of OVHI for a subscription price of P100 or P200.00 per common share. In 2022, the Parent Company paid P62, while the remaining balance of the subscription price amounting to P38 was fully paid in 2023.

On December 14, 2023, OVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 255,000 common shares of OVHI for a subscription price of P51 or P200.00 per common share. The Parent Company paid P49 in 2023.

Others

- SMCACDC

The investment in SMCACDC consists of 1,270,000 redeemable preferred shares of stock amounting to P1,270 and 1,970,000 redeemable preferred shares of stock amounting to P1,970 as at December 31, 2023 and 2022, respectively.

On March 3, 2022, the BOD of SMCACDC approved the redemption of the 800,000 preferred shares held by the Parent Company, which were issued in 2019. On July 15, 2022, SMCACDC paid the redemption price of P800 or P1,000.00 per preferred share corresponding to the par value of such preferred shares.

On July 7, 2023, the BOD of SMCACDC approved the redemption of the 700,000 preferred shares held by the Parent Company, which were issued in 2019. On September 29 and December 29, 2023, SMCACDC paid the total redemption price of P700 or P1,000.00 per preferred share corresponding to the par value of such preferred shares.

The preferred shares issued by SMCACDC are non-voting, non-convertible, and redeemable at the sole option of SMCACDC at a price and at such time that the BOD of SMCACDC shall determine. The preferred shares are entitled to dividends as declared by the BOD of SMCACDC. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of SMCACDC, the holders of preferred stocks that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue of disposition of any stocks of any class of SMCACDC.

- SMICL

On July 13, 2021, the BOD of SMICL approved the increase in its authorized capital stock from US\$0.12 to US\$66 divided into 120,000 common shares with a par value of US\$1.00 per common share and creation of 6,600,000 preferred shares with a par value of US\$10.00 per preferred share. On the same date, the Parent Company subscribed to 6,600,000 preferred shares out of the proposed increase in authorized capital stock of SMICL, for a total subscription price of US\$66 (P3,170) or US\$10.00 per preferred share. The subscription price was fully paid in 2021.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMICL was filed with and approved by the Registrar of Companies of the Government of Bermuda on August 5, 2021.

The holders of the preferred shares have the right to receive, in priority to any payments to the holders of common shares, out of the funds of SMICL available for distribution, a non-cumulative preference dividend at the rate of 4% per annum on the par value of the preferred shares. SMICL has the right to convert the preferred shares into common shares at a rate of ten common shares for each preferred share, or to redeem any or all of the preferred shares for a redemption price equal to the par value of the preferred shares. The holders of the preferred shares are entitled to vote in same manner as the holders of common shares.

- SMHL

On December 12, 2022, the BOD of SMHL approved the redemption of the 30,300,000 preferred shares held by the Parent Company. On December 19, 2022, SMHL paid the redemption price of US\$303 (P16,789) or US\$10.00 per preferred share, corresponding to the par value of such preferred shares.

The holders of the preferred shares have the right to receive, in priority to any payments to the holders of common shares, out of the funds of SMHL available for distribution, a non-cumulative preference dividend at the rate of 4% per annum on the par value of the preferred shares. SMHL has the right to convert the preferred shares into common shares at a rate of one common share for each preferred share, or to redeem any or all of the preferred shares for a redemption price equal to the par value of the preferred shares. The holders of the preferred shares are entitled to vote in same manner as the holders of common shares.

6. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are food and beverage, packaging, energy, fuel and oil, infrastructure and cement.

The food and beverage segment is engaged in: (i) the processing and marketing of branded value-added refrigerated processed meats and canned meat products, manufacturing and marketing of butter, margarine, cheese, milk, ice cream, jelly-based snacks and desserts, specialty oils, salad aids, snacks and condiments, marketing of flour mixes and the importation and marketing of coffee and coffee-related products (collectively known as "Prepared and Packaged Food"), (ii) the production and sale of feeds ("Animal Nutrition and Health"), (iii) the poultry and livestock farming, processing and selling of poultry and fresh meats ("Protein"), and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services, franchising and international operations. It is also engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets; and production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other liquor variants which are available nationwide, while some are exported to select countries.

The packaging segment is involved in the production and marketing of packaging products including, among others, glass containers, glass molds, polyethylene terephthalate (PET) bottles and preforms, PET recycling, plastic closures, corrugated cartons, woven polypropylene, kraft sacks and paperboard, pallets, flexible packaging, plastic crates, plastic floorings, plastic films, plastic trays, plastic pails and tubs, metal closures and two-piece aluminum cans, woven products, industrial laminates and radiant barriers. It is also involved in crate and plastic pallet leasing, PET bottle filling graphics design, packaging research and testing, packaging development and consultation, contract packaging and trading.

The energy segment sells, retails and distributes power, through power supply agreements (PSA), retail supply contracts (RSC), concession agreement and other power-related service agreements, either directly to customers [other generators, distribution utilities (DU), including Manila Electric Company (Meralco), electric cooperatives and industrial customers], or through the Philippine Wholesale Electricity Spot Market (WESM).

The fuel and oil segment is engaged in refining crude oil and marketing and distribution of refined petroleum products.

The infrastructure segment has investments in companies which hold long-term concessions in the infrastructure sector in the Philippines. It is engaged in the management and operation, as well as, construction and development of various infrastructure projects such as major toll roads, airports, railways and bulk water.

The cement segment is primarily engaged in the manufacturing, marketing and distribution of cement products.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, biological assets, property, plant and equipment and concession rights, net of allowances, accumulated depreciation and amortization and impairment. Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued expenses and other noncurrent liabilities, excluding interest payable. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Operating Segments

Financial information about reportable segments follows:

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Eliminations			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Sales																											
External sales	P379,603	P358,587	P309,576	P24,825	P26,794	P24,033	P159,693	P212,843	P129,420	P785,207	P841,688	P430,662	P34,001	P29,003	P19,688	P36,588	P8,984	P7,519	P26,786	P28,692	P20,295	P -	P -	P -	P1,446,703	P1,506,591	P941,193
Inter-segment sales	219	266	202	13,554	10,245	9,670	9,897	8,546	4,290	15,820	15,950	7,395	5	5	2	643	-	14	37,506	35,723	31,455	(77,644)	(70,735)	(53,028)	-	-	-
Total sales	P379,822	P358,853	P309,778	P38,379	P37,039	P33,703	P169,590	P221,389	P133,710	P801,027	P857,638	P438,057	P34,006	P29,008	P19,690	P37,231	P8,984	P7,533	P64,292	P64,415	P51,750	(P77,644)	(P70,735)	(P53,028)	P1,446,703	P1,506,591	P941,193
Result																											
Segment result	P48,411	P48,711	P43,695	P1,915	P1,648	P1,162	P32,526	P17,278	P36,633	P30,721	P19,213	P17,215	P17,722	P14,142	P6,658	P5,980	(P599)	P909	P7,082	P6,735	P2,397	P128	P884	P3,518	P144,485	P108,012	P112,187
Interest expense and other financing charges																									(91,303)	(60,795)	(49,265)
Interest income																									14,027	7,108	3,591
Equity in net earnings of associates and joint ventures																									1,729	1,197	1,040
Gain on sale of investments and property and equipment																									83	733	167
Other income (charges) - net																									4,086	(16,178)	(1,768)
Income tax expense																									(28,408)	(13,317)	(17,793)
Net Income																									P44,699	P26,760	P48,159
Attributable to:																											
Equity holders of the Parent Company																									P198	(P12,968)	P13,925
Non-controlling interests																									44,501	39,728	34,234
Net Income																									P44,699	P26,760	P48,159
Other Information																											
Segment assets	P297,032	P281,652	P252,307	P50,431	P54,672	P66,337	P702,778	P637,243	P553,573	P432,972	P448,562	P396,054	P440,455	P361,128	P285,015	P116,185	P117,530	P51,818	P339,296	P436,550	P286,727	(P180,120)	(P204,706)	(P84,874)	P2,199,029	P2,132,631	P1,806,957
Investments in and advances to associates and joint ventures	-	-	-	-	-	-	10,953	7,855	10,837	6	11	9	5,184	5,229	5,330	2,358	2,068	1,534	18,588	17,360	37,292	-	-	-	37,089	32,523	55,002
Goodwill and trademarks and brand names																									183,008	184,320	130,357
Other assets																									20,606	19,797	42,196
Deferred tax assets																									19,633	22,554	17,141
Consolidated Total Assets																									P2,459,365	P2,391,825	P2,051,653

Forward

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Eliminations			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Segment liabilities	P73,742	P69,749	P62,807	P9,603	P9,802	P10,265	P81,870	P73,768	P52,019	P66,707	P72,756	P58,909	P53,317	P69,783	P51,399	P6,974	P39,115	P2,302	P102,371	P103,096	P81,290	(P148,456)	(P189,869)	(P107,871)	P246,128	P248,200	P211,120
Loans payable																									214,881	267,704	190,779
Long-term debt																									1,190,584	1,088,196	813,965
Lease liabilities																									56,572	75,475	94,992
Income and other taxes payable																									46,254	37,694	23,102
Dividends and distributions payable and others																									10,277	9,107	7,714
Deferred tax liabilities																									29,503	26,297	28,742
Consolidated Total Liabilities																									P1,794,199	P1,752,673	P1,370,414
Capital expenditures (Note 13)	P16,236	P11,873	P10,802	P1,860	P1,276	P2,605	P36,179	P44,580	P39,597	P6,095	P5,397	P9,158	P1,762	P1,191	P906	P3,860	P4,876	P6,254	P5,181	P6,793	P5,099	P -	P -	P -	P71,173	P75,986	P74,421
Depreciation of property, plant and equipment (Notes 13 and 28)	5,962	5,294	5,062	2,039	2,107	2,086	8,425	7,336	5,960	9,980	8,942	7,047	452	363	369	2,700	754	745	2,609	2,382	2,637	-	-	-	32,167	27,178	23,906
Noncash items other than depreciation of property, plant and equipment	9,022	8,474	6,588	805	577	590	2,527	14,230	5,924	2,625	6,360	3,912	7,614	5,211	5,113	14	257	188	(2,121)	6,704	(203)	-	-	-	20,486	41,813	22,112
Loss on (reversal of) impairment of trade and other receivables, goodwill, property, plant and equipment, trademark and brand names and other noncurrent assets (Notes 8, 13, 17, 18 and 32)	-	(31)	455	188	910	-	35	12	12	-	(1)	1	-	(1)	-	(20)	(19)	(19)	577	241	-	-	-	-	780	1,111	449

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments:

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Timing of Revenue Recognition																								
Sales recognized at point in time	P379,593	P358,573	P309,565	P24,000	P25,894	P23,408	P -	P -	P -	P785,207	P841,688	P430,662	P -	P -	P -	P36,588	P8,984	P7,519	P22,945	P24,822	P17,313	P1,248,333	P1,259,961	P788,467
Sales recognized over time	10	14	11	825	900	625	159,693	212,843	129,420	-	-	-	34,001	29,003	19,688	-	-	-	3,841	3,870	2,982	198,370	246,630	152,726
Total External Sales	P379,603	P358,587	P309,576	P24,825	P26,794	P24,033	P159,693	P212,843	P129,420	P785,207	P841,688	P430,662	P34,001	P29,003	P19,688	P36,588	P8,984	P7,519	P26,786	P28,692	P20,295	P1,446,703	P1,506,591	P941,193

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<i>Note</i>	2023	2022
Cash in banks and on hand		P64,282	P78,560
Short-term investments		197,076	239,654
	<i>4, 39, 40</i>	P261,358	P318,214

Cash in banks earn interest at bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates (Note 31).

8. Trade and Other Receivables

Trade and other receivables consist of:

	<i>Note</i>	2023	2022
Trade		P188,447	P172,373
Non-trade	<i>5, 34</i>	76,731	69,672
Amounts owed by related parties	<i>33, 35</i>	11,061	9,650
		276,239	251,695
Less allowance for impairment losses	<i>4, 5</i>	13,120	12,913
	<i>4, 39, 40</i>	P263,119	P238,782

Trade receivables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade receivables include claims from the Government, interest receivable, claims receivable, contracts receivable and others.

- a. Claims from the Government consist of duty drawback, VAT and specific tax claims, subsidy receivables from the Government of Malaysia under the Automatic Pricing Mechanism and due from Power Sector Assets and Liabilities Management Corporation (PSALM). Due from PSALM amounting to US\$60 pertains to SPPC's performance bond pursuant to the Ilijan Independent Power Producer (IPP) Administration (IPPA) Agreements that was drawn by PSALM in September 2015. The validity of PSALM's action is the subject of an ongoing case filed by SPPC with the Regional Trial Court (RTC) of Mandaluyong City (Note 43).
- b. Receivables recognized by SPI for WESM transactions as well as the cost of fuel, market fees and other charges related to the dispatch of the excess capacity of the Sual Power Plant.

On March 5, 2022, SPI entered into a Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and TeaM Sual Corporation (TSC) that aims to resolve all pending disputes on the dispatch of the excess capacity of the Sual Power Plant, including the claims of TPEC and SPI on historic imbalances arising from WESM transactions, cost of fuel, market fees and other charges. Pursuant to said agreement, SPI, TPEC and TSC have agreed to cause the dismissal of all ongoing cases and settle the historic imbalances and the corresponding amounts claimed relative to the excess capacity of the Sual Power Plant.

In accordance with the Settlement Agreement, SPI recognized a receivable net of collections from TPEC which amounted to P1,618 and P2,111 as at December 31, 2023 and 2022, respectively. The noncurrent portion of the receivable amounting to P1,074 and P1,576 as at December 31, 2023 and 2022, respectively, is included under "Other noncurrent assets - net" account in the consolidated statements of financial position (Note 18). In 2022, SPI recognized the cost of its full dispatch rights on the capacity of the Sual Power Plant, amounting to P1,629, included as part of "Other intangible assets - net" account in the consolidated statements of financial position, with a carrying amount of P1,525 and P1,584 as at December 31, 2023 and 2022, respectively (Note 17).

- c. Receivables recognized by APEC from ALECO following the termination of the concession agreement on November 21, 2022 amounted to P1,641 as at December 31, 2023 and 2022 (Note 34).

Amounts owed by related parties include trade receivables amounting to P996 and P870 as at December 31, 2023 and 2022, respectively.

The movements in the allowance for impairment losses are as follows:

	Note	2023	2022
Balance at beginning of year		P12,913	P13,268
Charges (reversal) for the year	27, 32	357	(6)
Amounts written off	4	(128)	(366)
Translation adjustments and others		(22)	17
Balance at end of year		P13,120	P12,913

9. Inventories

Inventories consist of:

	Note	2023	2022
At net realizable value:			
Finished goods and goods in process (including petroleum products)		P99,489	P108,586
Materials and supplies (including coal)		56,346	75,650
At cost:			
Raw land inventory and real estate projects		6,151	5,957
	4	P161,986	P190,193

The cost of finished goods and goods in process amounted to P100,035 and P109,119 as at December 31, 2023 and 2022, respectively.

If the Group used the moving-average method (instead of the first-in, first-out method, which is the Group's policy), the cost of petroleum, crude oil and other petroleum products would have increased by P1,522 and P1,487 as at December 31, 2023 and 2022, respectively.

The cost of materials and supplies amounted to P57,486 and P76,659 as at December 31, 2023 and 2022, respectively.

Inventories (including distribution or transshipment costs) charged to cost of sales amounted to P929,217, P1,021,867 and P524,350 in 2023, 2022 and 2021, respectively (Note 26).

The movements in the allowance for write-down of inventories to net realizable value and inventory obsolescence are as follows:

	Note	2023	2022
Balance at beginning of year		P1,542	P1,505
Provisions - net	26, 27	252	277
Write-off and others		(108)	(240)
Balance at end of year		P1,686	P1,542

Provisions for inventory losses amounted to P272 and P330 in 2023 and 2022, respectively. Reversals of provision for inventory losses pertain to inventories sold amounting to P20 and P53 in 2023 and 2022, respectively. Provisions for inventory losses, net of reversals, are included as part of "Cost of sales" and "Selling and administrative expenses" accounts in the consolidated statements of income (Notes 26 and 27).

The fair value of agricultural produce less costs to sell, which formed part of the cost of finished goods inventory, amounted to P115 and P127 as at December 31, 2023 and 2022, respectively, with corresponding costs at point of harvest amounting to P107 and P110, respectively. Net unrealized gain on fair valuation of agricultural produce amounted to P8, P17 and P26 in 2023, 2022 and 2021, respectively (Note 25).

The fair values of marketable hogs and grown broilers, which comprised the Group's agricultural produce, are categorized as Level 1 and Level 3, respectively, in the fair value hierarchy based on the inputs used in the valuation techniques.

The valuation model used is based on the following: (a) quoted prices for harvested mature grown broilers at the time of harvest; and (b) quoted prices in the market at any given time for marketable hogs; provided that there has been no significant change in economic circumstances between the date of the transactions and the reporting date. Costs to sell are estimated based on the most recent transaction and is deducted from the fair value in order to measure the fair value of agricultural produce at point of harvest. The estimated fair value would increase (decrease) if weight and quality premiums increase (decrease) (Note 4).

The net realizable value of raw land inventory and real estate projects is higher than the carrying amount as at December 31, 2023 and 2022, based on management's assessment.

The fair value of raw land inventory amounted to P22,518 and P24,952 as at December 31, 2023 and 2022, respectively. The fair value has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

In estimating the fair value of the raw land inventory, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's raw land inventory are their current use.

The Level 3 fair value of raw land inventory was derived using the observable recent transaction prices for similar raw land inventory in nearby locations adjusted for differences in key attributes such as property size, zoning and accessibility. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value (Note 4).

10. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	<i>Note</i>	2023	2022
Prepaid taxes and licenses	23	P113,530	P100,339
Restricted cash - current	4, 18, 39, 40	14,076	17,411
Advances to contractors and suppliers		4,901	2,931
Derivative assets	39, 40	2,063	2,486
PSALM monthly fee outage credits		1,570	850
Financial assets at FVPL	5, 33, 39, 40	1,012	1,349
Financial assets at amortized cost - current portion	4, 12, 39, 40	554	531
Prepaid insurance		544	657
Prepaid rent		361	280
Catalyst		207	197
Assets held for sale	5	-	2,840
Financial assets at FVOCI - current portion	4, 12, 39, 40	-	1
Others	34	2,606	3,819
		P141,424	P133,691

Restricted cash - current represents mainly: (i) cash in banks maintained by SMC NAIAX, SMCTC, SIDC, MMSS3, SMC Tollways, SMC MRT 7, LCWDC, and TADHC in accordance with the specific purposes and terms as required under certain loan and concession agreements. Certain loan agreements provide that the Security Trustee shall have control over and the exclusive right of withdrawal from the restricted bank accounts; and (ii) funds maintained in various financial institutions, as (a) cash flow waterfall accounts required under the respective credit facilities of LPI, MPI, MPCL and SMGP BESS, (b) debt service reserve account required under the Term Loan Facility and Security Agreement (TLFSA) of ECC, and (c) environmental guarantee fund for remittance to the Department of Environment and Natural Resources (DENR) and financial benefits to host communities, as required by law, of LPI and MPI.

Assets held for sale consist of:

a. KSHI

Included in the balance of assets consolidated to the Group upon acquisition of ECC are the assets of KSHI amounting to P2,668, classified as held for sale as at December 14, 2022 (Note 5). The sale was completed on June 16, 2023. KSHI is a wholly-owned subsidiary of ECC which owns several properties within a prime commercial area in Wack-Wack, Mandaluyong.

b. La Pacita Biscuit Assets

On March 11, 2022, the BOD of Magnolia approved the plan to take steps to liquidate the properties related to the operation of La Pacita biscuit. Accordingly, the related trademark amounting to P60 and property and equipment amounting to P112 were presented as held for sale, which was eventually disposed on March 10, 2023 (Notes 13 and 17).

PSALM monthly fee outage credits pertain to the approved reduction in SPI's future monthly fees payable to PSALM resulting from the outages of the Sual Power Plant in 2023 and 2022.

Financial assets at FVPL include investment in debt securities under investment agreement with Bank of Commerce (BankCom) amounting to P49 and P50 as at December 31, 2023 and 2022, respectively (Note 33).

"Others" consist mainly of prepayments for various operating expenses and contract assets pertaining to the Group's right to consideration for work completed but not billed at the reporting date on the sale of real estate projects.

The methods and assumptions used to estimate the fair values of restricted cash, derivative assets, financial assets at FVPL, and financial assets at FVOCI are discussed in Note 40.

11. Investments and Advances

Investments and advances consist of:

	<i>Note</i>	2023	2022
Investments in Shares of Stock of Associates and Joint Ventures - at Equity			
Acquisition Cost			
Balance at beginning of year		P21,290	P20,787
Additions		-	503
Balance at end of year		21,290	21,290
Accumulated Equity in Net Earnings			
Balance at beginning of year		1,821	1,886
Equity in net earnings		1,729	1,197
Share in other comprehensive loss		(4)	(162)
Dividends		(1,125)	(1,100)
Balance at end of year		2,421	1,821
		23,711	23,111
Advances for Investments	5	13,378	9,412
	4	P37,089	P32,523

Investments in Shares of Stock of Associates

a. BankCom

▪ Acquisition of Additional Common Shares

On October 20, 2021, SMC through SMCEC acquired 1,571,600 common shares of BankCom at P226.48 per common share or P357, including transaction cost, representing an additional 1.4% ownership interest.

The Bangko Sentral ng Pilipinas (BSP) and SEC approved the Amendment of Articles of Incorporation of BankCom on October 4 and November 2, 2021, respectively, for the change in the par value of BankCom's common and preferred shares from P100.00 per share to P10.00 per share, which was approved by the BOD and stockholders of BankCom on May 25 and July 8, 2021, respectively. As a result, SMPI and SMCEC's investment in BankCom's common shares increased from 44,771,180 shares to 447,711,800 shares and from 6,830,556 shares to 68,305,560 shares, respectively. SMCEC's investment in BankCom's preferred shares also increased from 41,666,667 shares to 416,666,670 shares and presented as part of "Equity securities" under "Investments in equity and debt instruments" account in the consolidated statements of financial position as at December 31, 2023 and 2022 (Notes 12 and 35).

▪ Approval of the Upgrade of Banking License

On December 23, 2021, the Monetary Board of the BSP, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license.

On February 22, 2022, the BOD of BankCom approved the amendments to the Articles of Incorporation to change its purpose from commercial bank to universal bank pursuant to BSP Monetary Board Resolution No. 1798 dated December 23, 2021.

▪ Initial Public Offering of Common Shares

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BankCom to be listed and traded in the Main Board of the PSE in relation to its initial public offering. On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the initial public offering. The 1,403,013,920 common shares of BankCom were listed at the Main Board of the PSE on March 31, 2022.

As at December 31, 2023, SMC through SMPI and SMCEC has 31.94% and 4.87% equity interest in BankCom, respectively.

As at December 31, 2023 and 2022, the fair value of the indirect equity investment by the Parent Company in common shares of stock of BankCom amounted to P3,755 and P4,075, respectively.

b. MNHPI

The Parent Company through SMHC owns 50% of the outstanding capital stock of MNHPI as at December 31, 2023 and 2022. MNHPI is the terminal operator of Manila North Harbor, a 60.96-hectare port facility situated at Tondo, City of Manila. The port has a total berth length of 5,758 meters and 41 berths which can accommodate all types of vessels such as containerized and non-container type vessels.

On September 8, 2022, SMHC and ICTSI signed a Shareholders Agreement wherein SMHC recognizes that ICTSI is the shareholder who has the ability to direct the relevant operational activities in view of its technical and port management expertise to affect increased returns to the shareholders. SMHC, directly or through its affiliates, shall provide financial management expertise and support to the operations of MNHPI. Consequently, the Group reclassified its investment in MNHPI from "Investments in shares of stock of joint ventures" to "Investments in shares of stock of associates" in accordance with PAS 28.

Investments in Shares of Stock of Joint Ventures

Angat Hydro and KWPP

PVEI, a subsidiary of San Miguel Global Power has an existing joint venture agreement with Korea Water Resources Corporation (K-Water), covering the acquisition, rehabilitation, operation and maintenance of the 218 megawatts (MW) Angat Hydroelectric Power Plant (Angat Power Plant) which was previously awarded by PSALM to K-Water.

PVEI holds 30,541,470 shares or 60% of the outstanding capital stock of Angat Hydro and 75 shares representing 60% of KWPP outstanding capital stock. PVEI and K-Water are jointly in control of the management and operation of Angat Hydro and KWPP.

In January 2017, PVEI granted shareholder advances amounting to US\$32 (P1,579) to Angat Hydro. The advances bear annual interest rate of 4.5% and were due on April 30, 2017. The due date of the advances was extended as agreed amongst the parties.

As at December 31, 2023 and 2022, the remaining balance of the shareholder advances amounted to US\$2 and US\$2 (P126 and P127, respectively) and the due date was extended to December 31, 2024. Interest income earned from the advances amounted to P6 in 2023 and 2022 and P5 in 2021 (Notes 31 and 33).

In February 2023, October 2021 and June 2021, PVEI granted shareholder advances to Angat Hydro amounting to P344, P409 and P600, respectively. The advances bear interest rates of 6.125%, 4.6% and 6.125%, respectively, and are due on January 5, 2032. As at December 31, 2023 and 2022, the outstanding balance of the advances amounted to P1,353 and P1,009, respectively. Interest income earned from the advances amounted to P71, P53 and P19 in 2023, 2022 and 2021, respectively (Notes 31 and 33).

Advances for Investments

- a. SMPI made advances to future investees amounting to P147 and P640 as at December 31, 2023 and 2022, respectively. These advances will be applied against future subscriptions of SMPI to the shares of stock of the future investee companies.

Impairment loss recognized on the advances for investments amounted to P498 and P241 in 2023 and 2022, respectively (Note 32). No impairment loss was recognized in 2021.

- b. San Miguel Global Power and SPI made deposits to certain landholding companies amounting to P5,876 and P2,502 as at December 31, 2023 and 2022, respectively. These deposits will be applied against future stock subscriptions.

San Miguel Global Power bought ownership interests in certain landholding companies. As a result, these landholding companies were consolidated and deposits amounting to P808 and P2,987 in 2023 and 2022, respectively, were eliminated (Note 5).

- c. The Investment Agreement entered into by SMHL and Bryce Canyon Investments Limited (BCIL) for the sale and purchase of assets was terminated on December 16, 2022. Accordingly, the outstanding balance of advances for investment as at December 31, 2021 amounting to US\$409 (P22,870) was paid by BCIL.
- d. Other advances pertain to deposits made to certain companies which will be applied against future stock subscriptions.

The details of the Group's material investments in shares of stock of associates and joint ventures which are accounted for using the equity method are as follows:

	December 31, 2023						December 31, 2022				
	Angat Hydro and KWPP	BankCom	MNHPI	Others	Total		Angat Hydro and KWPP	BankCom	MNHPI	Others	Total
Country of incorporation	Philippines	Philippines	Philippines				Philippines	Philippines	Philippines		
Percentage of ownership	60.00%	36.81%	50.00%				60.00%	36.81%	50.00%		
Share in net income (loss)	(P284)	P1,020	P951	P42	P1,729		(P414)	P661	P951	(P1)	P1,197
Share in other comprehensive income (loss)	-	7	2	(13)	(4)		-	(172)	9	1	(162)
Share in total comprehensive income (loss)	(P284)	P1,027	P953	P29	P1,725		(P414)	P489	P960	P -	P1,035
Dividends received	P -	P -	P1,125	P -	P1,125		P -	P -	P1,100	P -	P1,100
Carrying amounts of investments in shares of stock of associates and joint ventures	P4,323	P13,385	P4,541	P1,462	P23,711		P4,606	P12,358	P4,714	P1,433	P23,111

The following are the audited condensed financial information of the Group's material investments in shares of stock of associates and joint ventures:

	December 31, 2023					December 31, 2022			
	Angat Hydro and KWPP	BankCom	MNHPI	Others		Angat Hydro and KWPP	BankCom	MNHPI	Others
Current assets	P1,531	P107,738	P1,632	P5,461		P1,985	P96,658	P1,236	P5,578
Noncurrent assets	16,823	123,930	8,898	3,373		16,794	120,859	9,497	2,924
Current liabilities	(1,757)	(194,530)	(1,135)	(5,211)		(1,428)	(181,197)	(920)	(4,715)
Noncurrent liabilities	(11,567)	(6,287)	(2,537)	(404)		(11,848)	(8,289)	(2,610)	(470)
Net assets	P5,030	P30,851	P6,858	P3,219		P5,503	P28,031	P7,203	P3,317
Sales	P1,752	P11,763	P5,399	P4,770		P1,572	P7,966	P5,185	P3,948
Net income (loss)	(P481)	P2,802	P1,922	(P48)		(P677)	P1,800	P1,742	(P401)
Other comprehensive income (loss)	-	18	3	(30)		(5)	(391)	20	3
Total comprehensive income (loss)	(P481)	P2,820	P1,925	(P78)		(P682)	P1,409	P1,762	(P398)

12. Investments in Equity and Debt Instruments

Investments in equity and debt instruments consist of:

	<i>Note</i>	2023	2022
Government and other debt securities		P13,838	P13,871
Equity securities		5,989	5,984
Proprietary membership shares and others		1,156	947
	4, 39, 40	20,983	20,802
Less current portion	10	1,566	1,881
		P19,417	P18,921

Government and Other Debt Securities

Government and other debt securities include:

- a. Petrogen's investment in government securities classified as financial asset at amortized cost, deposited with the Bureau of Treasury in accordance with the provisions of the Insurance Code, for the benefit and security of its policyholders and creditors amounting to P658 and P635 as at December 31, 2023 and 2022, respectively. These investments bear fixed annual interest rates ranging from 1.94% to 6.25% in 2023 and 1.37% to 7.85% in 2022 (Notes 31 and 33).
- b. Investment in debt securities under investment management agreement with BankCom entered by SMB and GSMI classified as financial assets at amortized cost amounting to a total of P3,500 and P11,500, as at December 31, 2023 and 2022, respectively, and by Petrogen classified as financial assets at FVOCI amounting to P739 and P700 as at December 31, 2023 and 2022, respectively.

On March 23, 2023, the management of the investment in debt securities of SMB amounting to P8,000 was transferred to a non-bank financial institution.

The investments in debt securities bear an annual average interest rates ranging from 7.45% to 7.85% in 2023 and 6.9% in 2022 and with maturities up to 2029 (Notes 31 and 33).

Income earned from the investments in government and other debt securities amounted to P964, P141 and P27 in 2023, 2022 and 2021, respectively (Notes 31, 32 and 33).

Equity Securities

Equity securities include:

- a. Parent Company's investment in the shares of stock of Top Frontier, consists of 2,561,031 common shares amounting to P246 and P243 as at December 31, 2023 and 2022, respectively.

On December 20, 2022, the BOD of Top Frontier approved the redemption of the remaining 1,904,540 preferred shares held by the Parent Company. On December 21, 2022, Top Frontier redeemed the preferred shares at the redemption price of P35,424, corresponding to the original issue price, plus any unpaid cash dividend amounting to P267.

Total dividend income from the investment in preferred shares of stock of Top Frontier amounted to P1,328 and P1,063 in 2022 and 2021, respectively, presented as part of "Dividend income" under "Other income (charges) - net" account in the consolidated statements of income (Note 32).

- b. Parent Company through SMCEC's investment in 41,666,667 Series 1 Preferred Shares of BankCom at P132.00 per preferred share or P5,500 as at December 31, 2023 and 2022.

The preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of BankCom and subject to the other terms and conditions as may be fixed by the BOD of BankCom, required under regulations, and to the extent permitted by applicable law.

As discussed in Note 11, the investment in preferred shares increased from 41,666,667 shares to 416,666,670 shares following the approval of the Amendment of Articles of Incorporation of BankCom for the change in the par value from P100.00 per share to P10.00 per share.

The Group has irrevocably elected to classify these investments as financial assets at FVOCI as it intends to hold these investments for strategic purposes.

The Group recognized gain (loss) on financial assets at FVOCI amounting to P155, P50 and (P11) in 2023, 2022 and 2021, respectively, in the consolidated statements of comprehensive income.

The movements in investments in equity and debt instruments are as follows:

	<i>Note</i>	2023	2022
Balance at beginning of year		P20,802	P42,857
Additions		616	12,937
Acquisition of a subsidiary		-	997
Redemption/disposals		(606)	(36,153)
Fair value gain		158	157
Amortization of premium		14	4
Currency translation adjustments and others		(1)	3
Balance at end of year	4, 10, 39, 40	P20,983	P20,802

The investments in equity and debt instruments are classified as follows:

	<i>Note</i>	2023	2022
Noncurrent			
Financial assets at FVOCI		P7,424	P7,318
Financial assets at amortized cost		11,604	11,603
Financial assets at FVPL		389	-
		19,417	18,921
Current			
Financial assets at FVOCI		-	1
Financial assets at amortized cost		554	531
Financial assets at FVPL		1,012	1,349
	10	1,566	1,881
		P20,983	P20,802

The methods and assumptions used to estimate the fair value of investments in equity and debt instruments are discussed in Notes 3, 4 and 40.

13. Property, Plant and Equipment

Property, plant and equipment consist of:

	Note	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
Cost										
January 1, 2022		P43,895	P65,036	P154,126	P188,532	P20,092	P200,667	P8,580	P144,461	P825,389
Additions	14	950	1,036	48,873	2,119	265	3,956	224	66,921	124,344
Acquisition of subsidiaries	5, 11	11,708	6,603	-	-	-	18,059	4	595	36,969
Disposals/retirement		(38)	(118)	(465)	-	(524)	(2,160)	(8)	(59)	(3,372)
Reclassifications and others	5, 10, 15	(2,781)	7,837	932	2,971	319	11,531	1,161	(17,954)	4,016
Currency translation adjustments		129	403	-	822	330	1,460	10	58	3,212
December 31, 2022		53,863	80,797	203,466	194,444	20,482	233,513	9,971	194,022	990,558
Additions		320	734	1,728	394	514	7,698	173	59,612	71,173
Acquisition of a subsidiary	5, 11	448	-	-	-	-	-	-	-	448
Disposals/retirement		(6)	(168)	(76)	(1)	(918)	(2,943)	(14)	(14)	(4,140)
Reclassifications and others	5, 15	3,801	12,365	20,251	948	261	23,101	2,549	(55,165)	8,111
Currency translation adjustments		(102)	(276)	-	(1,278)	(494)	(773)	2	(38)	(2,959)
December 31, 2023		58,324	93,452	225,369	194,507	19,845	260,596	12,681	198,417	1,063,191
Accumulated Depreciation										
January 1, 2022		3,948	21,262	24,119	64,516	14,751	112,353	2,348	-	243,297
Depreciation	6, 28	484	1,897	7,575	5,543	1,108	10,140	431	-	27,178
Disposals/retirement		(13)	(70)	(133)	-	(518)	(1,437)	(2)	-	(2,173)
Reclassifications	10	(3)	(302)	-	-	-	(2,151)	37	-	(2,419)
Currency translation adjustments		2	207	-	346	209	878	3	-	1,645
December 31, 2022		4,418	22,994	31,561	70,405	15,550	119,783	2,817	-	267,528
Depreciation	6, 28	560	2,518	8,760	6,336	950	12,496	547	-	32,167
Disposals/retirement		(6)	(117)	(13)	(1)	(818)	(1,980)	(14)	-	(2,949)
Reclassifications	5	(11)	(477)	-	31	14	467	(8)	-	16
Currency translation adjustments		1	(129)	-	(553)	(320)	(444)	-	-	(1,445)
December 31, 2023		4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Accumulated Impairment Losses										
January 1, 2022		38	3,395	-	-	1	11,023	26	-	14,483
Impairment	32	-	-	-	-	-	105	-	-	105
Disposals/retirement		-	(4)	-	-	-	(4)	-	-	(8)
Reclassifications		(38)	(1)	-	-	(1)	-	-	-	(40)
Currency translation adjustments		-	27	-	-	-	271	-	-	298
December 31, 2022		-	3,417	-	-	-	11,395	26	-	14,838
Impairment	32	-	-	-	-	-	15	-	65	80
Disposals/retirement		-	(42)	-	-	-	(84)	-	-	(126)
Reclassifications		-	-	-	-	-	(122)	-	-	(122)
Currency translation adjustments		-	(72)	-	-	-	(196)	-	-	(268)
December 31, 2023		-	3,303	-	-	-	11,008	26	65	14,402
Carrying Amount										
December 31, 2022		P49,445	P54,386	P171,905	P124,039	P4,932	P102,335	P7,128	P194,022	P708,192
December 31, 2023		P53,362	P65,360	P185,061	P118,289	P4,469	P119,266	P9,313	P198,352	P753,472

“Equipment, furniture and fixtures” includes machinery, transportation equipment, office equipment and tools and small equipment.

Total depreciation and impairment losses recognized in the consolidated statements of income amounted to P32,247, P27,283 and P23,992 in 2023, 2022 and 2021, respectively (Notes 28 and 32). These amounts include annual amortization of capitalized borrowing costs amounting to P1,213, P767 and P942 in 2023, 2022 and 2021, respectively.

Reclassifications and others include transfers to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party (Note 15) and reclassifications from capital projects in progress account to specific property, plant and equipment accounts. In 2022, property and equipment related to La Pacita biscuit operations amounting to P112 were reclassified to “Assets held for sale” presented under “Prepaid expenses and other current assets” account, which was eventually disposed of on March 10, 2023 (Note 10).

In June 2022, the IPPA Agreement between SPPC and PSALM has ended. Accordingly, pursuant to the terms and conditions in the IPPA Agreement, the Ilijan Power Plant was reclassified from “Right-of-use assets - net” to “Property, plant and equipment - net” account presented as part of “Additions” (Notes 14 and 34).

The Group has capitalized borrowing costs amounting to P3,881 and P4,111 in 2023 and 2022, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 2.83% to 9.52% and 2.27% to 8.22% in 2023 and 2022, respectively. The unamortized capitalized borrowing costs amounted to P25,860 and P23,342 as at December 31, 2023 and 2022, respectively.

Certain fully depreciated property, plant and equipment with aggregate costs of P104,277 and P96,558 as at December 31, 2023 and 2022, respectively are still being used in the Group’s operations.

As at December 31, 2023 and 2022, certain property, plant and equipment amounting to P165,263 and P126,261, respectively, are pledged as security for syndicated project finance loans (Note 21).

14. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	Note	Land	Buildings and Improvements	Power Plants	Service Stations and Other Equipment	Machinery and Equipment	Total
Cost							
January 1, 2022		P14,612	P1,058	P167,387	P24	P673	P183,754
Additions		2,373	252	-	-	34	2,659
Acquisition of a subsidiary	5	-	26	-	-	-	26
Disposals/retirement		(176)	(157)	-	-	(27)	(360)
Remeasurement, reclassifications and others	13	70	56	(53,988)	46	-	(53,816)
Currency translation adjustments		147	7	-	1	5	160
December 31, 2022		17,026	1,242	113,399	71	685	132,423
Additions		624	291	-	-	62	977
Disposals/retirement		(129)	(364)	-	-	(104)	(597)
Remeasurement, reclassifications and others		82	(1)	-	-	1	82
Currency translation adjustments		(55)	(5)	-	(2)	4	(58)
December 31, 2023		17,548	1,163	113,399	69	648	132,827
Accumulated Depreciation							
January 1, 2022		3,656	589	15,559	9	495	20,308
Depreciation	28	915	356	4,244	4	95	5,614
Disposals/retirement		(23)	(121)	-	-	(26)	(170)
Remeasurement, reclassifications and others	13	(40)	9	(5,520)	2	7	(5,542)
Currency translation adjustments		53	4	-	-	1	58
December 31, 2022		4,561	837	14,283	15	572	20,268
Depreciation	28	977	293	3,571	4	54	4,899
Disposals/retirement		(95)	(337)	-	-	(104)	(536)
Remeasurement, reclassifications and others		107	13	-	-	-	120
Currency translation adjustments		(23)	(3)	-	-	-	(26)
December 31, 2023		5,527	803	17,854	19	522	24,725
Accumulated Impairment Losses							
January 1, 2022		82	-	-	-	-	82
Currency translation adjustments		6	-	-	-	-	6
December 31, 2023 and 2022		88	-	-	-	-	88
Carrying Amount							
December 31, 2022		P12,377	P405	P99,116	P56	P113	P112,067
December 31, 2023		P11,933	P360	P95,545	P50	P126	P108,014

The Group recognized right-of-use assets for leases of office space, warehouse, factory facilities and parcels of land. The leases typically run for a period of one to 50 years. Some leases contain an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group.

Total depreciation recognized in the consolidated statements of income amounted to P4,899, P5,614 and P6,524 in 2023, 2022 and 2021, respectively (Note 28).

The remeasurements pertain mainly to the change in the estimated dismantling costs of ARO during the year (Note 4).

The reclassifications in 2022 mainly relates to the Ilijan Power Plant which was reclassified to "Property, plant and equipment - net" account following the expiration of the IPPA Agreement between SPPC and PSALM and its turnover to SPPC in June 2022 (Notes 13 and 34).

No impairment loss was recognized in 2023, 2022 and 2021.

The Group recognized interest expense related to these leases amounting to P3,772, P4,785 and P6,057 in 2023, 2022 and 2021, respectively (Note 30).

The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. The expenses relating to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate amounted to P194, P8 and P3,326, respectively, in 2023, P82, P6 and P3,415, respectively, in 2022, and P288, P6 and P2,766, respectively, in 2021.

The Group had total cash outflows for leases of P28,222, P34,237 and P35,164 in 2023, 2022 and 2021, respectively.

15. Investment Property

The movements in investment property are as follows:

	Note	Land, Land and Leasehold Improvements	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-Use Asset	Total
Cost							
January 1, 2022		P57,122	P20,630	P438	P504	P10,609	P89,303
Additions		3,264	98	-	415	638	4,415
Reclassifications	13	(7,017)	(234)	(420)	310	8,946	1,585
Disposals/retirement		(21)	(18)	-	-	(218)	(257)
Currency translation adjustments		404	419	-	4	62	889
December 31, 2022		53,752	20,895	18	1,233	20,037	95,935
Additions		2,919	143	-	914	1,474	5,450
Acquisition of subsidiaries	5	214	-	-	916	-	1,130
Reclassifications	13	1,388	(272)	50	(99)	14	1,081
Disposals/retirement		(20)	(14)	-	-	(268)	(302)
Currency translation adjustments		(173)	(532)	-	(10)	(471)	(1,186)
December 31, 2023		58,080	20,220	68	2,954	20,786	102,108
Accumulated Depreciation							
January 1, 2022		4,825	11,279	429	-	2,937	19,470
Depreciation	28	29	733	2	-	1,318	2,082
Reclassifications		(4,078)	94	(421)	-	4,000	(405)
Disposals/retirement		-	(17)	-	-	(203)	(220)
Currency translation adjustments		110	205	-	-	25	340
December 31, 2022		886	12,294	10	-	8,077	21,267
Depreciation	28	31	708	7	-	1,300	2,046
Reclassifications		(62)	387	-	-	(227)	98
Disposals/retirement		-	(10)	-	-	(268)	(278)
Currency translation adjustments		-	(538)	-	-	(22)	(560)
December 31, 2023		855	12,841	17	-	8,860	22,573
Accumulated Impairment Losses							
December 31, 2022		8	-	-	-	-	8
Impairment	32	-	-	-	14	-	14
December 31, 2023		8	-	-	14	-	22
Carrying Amount							
December 31, 2022		P52,858	P8,601	P8	P1,233	P11,960	P74,660
December 31, 2023		P57,217	P7,379	P51	P2,940	P11,926	P79,513

Total depreciation recognized in the consolidated statements of income amounted to P2,046, P2,082 and P2,025 in 2023, 2022 and 2021, respectively (Note 28).

The reclassification in 2023 and 2022 relates to the change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party which was reclassified from "Property, plant and equipment - net" account mainly by SMPI and MVHI (Note 13).

Impairment loss of P14 was recognized in 2023. No impairment loss was recognized in 2022 and 2021.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2023, 2022 and 2021.

The fair value of investment property amounting to P143,726 and P122,861 as at December 31, 2023 and 2022, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

The fair value of investment property was determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis.

Valuation Technique and Significant Unobservable Inputs

The valuation of investment property applied the following approaches:

Cost Approach. This approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The methodology of this approach is a set of procedures that estimate the current reproduction cost of the improvements, deducts accrued depreciation from all sources, and adds the value of investment property.

Sales Comparison Approach. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the market value of the property is determined first, and then proper capitalization rate is applied to arrive at its rental value. The rental value of the property is determined on the basis of what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment. A study of current market conditions indicates that the return on capital for similar real estate investment range from 3.00% to 5.00%.

16. Biological Assets

Biological assets consist of:

	<i>Note</i>	2023	2022
Current:			
Growing stocks		P2,608	P2,418
Goods in process		907	1,000
		3,515	3,418
Noncurrent:			
Breeding stocks - net		2,667	2,671
	4	P6,182	P6,089

The amortization of breeding stocks recognized in the consolidated statements of income amounted to P4,054, P3,303 and P2,896 in 2023, 2022 and 2021, respectively (Note 28).

Growing stocks pertain to growing broilers and hogs, while goods in process pertain to hatching eggs.

The movements in biological assets are as follows:

	<i>Note</i>	2023	2022
Cost			
Balance at beginning of year		P6,116	P5,901
Increase (decrease) due to:			
Production		62,668	54,657
Purchases		607	841
Mortality		(320)	(363)
Harvest		(58,792)	(51,084)
Retirement		(4,069)	(3,836)
Balance at end of year		6,210	6,116
Accumulated Amortization			
Balance at beginning of year		27	551
Amortization	28	4,054	3,303
Retirement		(4,053)	(3,827)
Balance at end of year		28	27
Carrying Amount		P6,182	P6,089

The Group harvested approximately 540.4 million and 560.4 million kilograms of grown broilers in 2023 and 2022, respectively, and 0.04 million and 0.12 million heads of marketable hogs in 2023 and 2022, respectively.

The aggregate fair value less estimated costs to sell of agricultural produce harvested during the year, determined at the point of harvest, amounted to P50,973 and P67,232 in 2023 and 2022, respectively.

17. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	2023	2022
Goodwill	P182,791	P184,100
Other intangible assets	306,638	249,321
	P489,429	P433,421

The movements in goodwill are as follows:

	Note	2023	2022
Gross Carrying Amount			
Balance at beginning of year		P185,771	P130,960
Additions	5, 38	-	54,273
Purchase price allocation adjustment	5	(683)	-
Cumulative translation adjustments		(428)	538
Balance at end of year		184,660	185,771
Accumulated Impairment Losses			
Balance at beginning of year		1,671	879
Impairment	32	188	789
Cumulative translation adjustments		10	3
Balance at end of year		1,869	1,671
	4	P182,791	P184,100

The movements in other intangible assets with indefinite useful lives are as follows:

	Note	Licenses	Trademarks and Brand Names	Total
Cost				
January 1, 2022		P2,010	P910	P2,920
Reclassifications	10	-	(493)	(493)
Currency translation adjustments		115	28	143
December 31, 2022		2,125	445	2,570
Currency translation adjustments		7	(5)	2
December 31, 2023		2,132	440	2,572
Accumulated Impairment Losses				
January 1, 2022		-	634	634
Reclassifications	10	-	(433)	(433)
Currency translation adjustments		-	24	24
December 31, 2022		-	225	225
Currency translation adjustments		-	(2)	(2)
December 31, 2023		-	223	223
Carrying Amount				
December 31, 2022		P2,125	P220	P2,345
December 31, 2023		P2,132	P217	P2,349

The movements in other intangible assets with finite useful lives are as follows:

		Concession Rights				Mineral Rights and Evaluation Assets	Computer Software and Licenses and Others	Total
	Note	Toll Road	Airport	Power	Water			
Cost								
January 1, 2022		P190,816	P25,933	P1,557	P6,898	P6,384	P7,002	P238,590
Additions	8	6,879	48,723	136	54	16	2,354	58,162
Acquisition of subsidiaries	5, 38	-	-	-	-	8,121	185	8,306
Reclassifications and others	8	2,358	175	(1,693)	(1)	(1,721)	(410)	(1,292)
Currency translation adjustments		-	-	-	-	-	31	31
December 31, 2022		200,053	74,831	-	6,951	12,800	9,162	303,797
Additions	8	7,019	44,163	-	27	2	13,466	64,677
Reclassifications and others		128	(141)	-	-	748	47	782
Currency translation adjustments		-	-	-	-	-	(30)	(30)
December 31, 2023		207,200	118,853	-	6,978	13,550	22,645	369,226
Accumulated Amortization								
January 1, 2022		43,475	1,739	296	720	265	3,222	49,717
Amortization	28	6,235	352	67	257	242	312	7,465
Reclassifications and others		-	-	(363)	-	-	(67)	(430)
Currency translation adjustments		-	-	-	-	-	30	30
December 31, 2022		49,710	2,091	-	977	507	3,497	56,782
Amortization	28	6,825	358	-	258	341	362	8,144
Reclassifications and others		-	-	-	-	2	-	2
Currency translation adjustments		-	-	-	-	-	(30)	(30)
December 31, 2023		56,535	2,449	-	1,235	850	3,829	64,898
Accumulated Impairment								
January 1, 2022		-	-	141	-	-	39	180
Disposals		-	-	(141)	-	-	-	(141)
December 31, 2023 and 2022		-	-	-	-	-	39	39
Carrying Amount								
December 31, 2022		P150,343	P72,740	P -	P5,974	P12,293	P5,626	P246,976
December 31, 2023		P150,665	P116,404	P -	P5,743	P12,700	P18,777	P304,289

The Group has capitalized borrowing costs amounting to P549 and P63 in 2023 and 2022, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 5.87% to 9.20% and 5.06% to 5.87% in 2023 and 2022, respectively. The unamortized capitalized borrowing costs amounted to P4,634 and P8,964 as at December 31, 2023 and 2022, respectively.

Goodwill, licenses and trademarks and brand names with indefinite lives acquired through business combinations, have been allocated to individual cash-generating units, for impairment testing as follows:

	2023		2022	
	Goodwill	Licenses, Trademarks and Brand Names	Goodwill	Licenses, Trademarks and Brand Names
Energy	P69,944	P -	P69,944	P -
Cement	53,590	-	54,273	-
Fuel and oil	30,118	-	30,534	-
Infrastructure	21,950	-	21,950	-
Food and beverage	3,639	2,349	3,639	2,345
Packaging	3,476	-	3,686	-
Others	74	-	74	-
Total	P182,791	P2,349	P184,100	P2,345

The recoverable amount of goodwill has been determined based on fair value less costs to sell or a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit to arrive at its terminal value. The growth rates used which range from 2.88% to 8.82% and less than 1% to 15.22% in 2023 and 2022, respectively, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 6% to 11% in 2023 and 2022. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. The recoverable amount of goodwill has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

Impairment loss recognized in 2023 and 2022 amounted to P188 and P789, respectively (Note 32). No impairment loss was recognized for goodwill in 2021.

The recoverable amount of licenses, trademarks and brand names has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. The growth rates used which range from 2% to 5% in 2023 and 2022, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 7% to 12% and 6.5% to 12% in 2023 and 2022, respectively. The recoverable amount of trademarks and brand names has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

Management's calculations are updated to reflect the most recent developments as at reporting date. Management's expectations reflect performance to date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make. Management also considered the expected improvement of the economy in 2021, the lifting of liquor bans, consumer spending and expected increase in revenues through its promotional strategies.

Impairment loss recognized in 2021 for La Pacita trademark amounted to P386 with a recoverable amount of P60 (Note 32). As at December 31, 2022, the recoverable amount was presented as held for sale, following the approval of the sale of La Pacita trademark on February 2, 2023, which was eventually disposed on March 10, 2023 (Note 10).

No impairment loss was recognized for licenses in 2023, 2022 and 2021 and for trademarks and brand names in 2023 and 2022.

Other than the items on which impairment losses were already recognized, management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

- *Gross Margins.* Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.
- *Discount Rates.* The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.
- *Raw Material Price Inflation.* Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

As at December 31, 2023 and 2022, certain other intangible assets amounting to P97,715 and P100,641, respectively, were pledged as security for syndicated project finance loans (Note 21).

18. Other Noncurrent Assets

Other noncurrent assets consist of:

	<i>Note</i>	2023	2022
Noncurrent receivables and deposits - net	4, 5, 8, 33, 34, 39, 40	P48,319	P39,700
Advances to contractors and suppliers		33,053	31,966
Deferred containers - net	4	17,484	17,457
Deposits on land for future development		5,311	3,946
Restricted cash	4, 39, 40	4,443	1,639
Idle assets	4	2,610	2,544
Noncurrent prepaid expense		1,498	234
Catalyst		629	422
Derivative assets - noncurrent	3, 39, 40	301	1,138
Noncurrent prepaid rent		180	179
Noncurrent prepaid input tax		115	877
Deferred exploration and development costs	4	76	55
Retirement assets	35	39	31
Others		4,671	2,330
		P118,729	P102,518

The movements in deferred containers - net are as follows:

	Note	2023	2022
Gross Carrying Amount			
Balance at beginning of year		P35,240	P34,514
Additions		5,563	6,408
Disposals/retirement/reclassifications		(2,235)	(5,683)
Currency translation adjustments		33	1
Balance at end of year		38,601	35,240
Accumulated Depreciation			
Balance at beginning of year		16,691	14,714
Depreciation	28	4,128	59
Disposals/retirement/reclassifications		(623)	1,906
Currency translation adjustments		(7)	12
Balance at end of year		20,189	16,691
Accumulated Impairment			
Balance at beginning of year		1,092	737
Impairment	27, 32	487	1,187
Disposals/reclassifications		(652)	(833)
Currency translation adjustments		1	1
Balance at end of year		928	1,092
		P17,484	P17,457

Noncurrent receivables and deposits include amounts owed by related parties amounting to P4,410 and P4,115 as at December 31, 2023 and 2022, respectively (Note 33) and the costs related to the development of the MRT 7 Project amounting to P39,382 and P30,816 as at December 31, 2023 and 2022, respectively (Note 34).

Noncurrent receivables and deposits are net of allowance for impairment losses amounting to P567 and P582 as at December 31, 2023 and 2022, respectively (Note 4).

Restricted cash represents:

- i. LPI's cash flow waterfall accounts amounting to P1,204 and P1,160 as at December 31, 2023 and 2022, respectively;
- ii. MPCL's cash flow waterfall accounts and environmental guarantee fund amounting to P2,645 and P130 as at December 31, 2023 and 2022, respectively;
- iii. Cash in bank maintained by NCC and SCII in accordance with the specific purpose and term as required under its loan agreement, amounting to P273 and P179 as at December 31, 2023 and 2022, respectively;
- iv. Deposit in escrow by East Star Cement Phils., Inc. to settle the remaining unpaid creditors under the Court-approved Rehabilitation Plan with Final Registry of Claims amounting to P141 as at December 31, 2023;
- v. Rehabilitation funds established by NCC, ECC and EERI in compliance with DENR Administrative Order No. 2005-07 for environmental protection and enhancement amounting to P130 and P120 as at December 31, 2023 and 2022, respectively; and

- vi. Deposit in escrow by ECC for a pending legal case amounting to P50 as at December 31, 2023 and 2022.

The methods and assumptions used to estimate the fair values of noncurrent receivables and deposits and restricted cash are discussed in Note 40.

“Others” include marketing assistance to dealers and other noncurrent prepaid expenses.

19. Loans Payable

Loans payable consist of:

	<i>Note</i>	2023	2022
Parent Company			
Peso-denominated		P21,300	P22,457
Foreign currency-denominated		-	33,168
Subsidiaries			
Peso-denominated		180,123	195,919
Foreign currency-denominated		13,458	16,160
	<i>38, 39, 40</i>	P214,881	P267,704

Loans payable mainly represent unsecured peso and foreign currency-denominated amounts obtained from local and foreign banks. Interest rates per annum for Peso-denominated loans ranged from 3.71% to 7.53% and 1.97% to 7.75% in 2023 and 2022, respectively. Interest rates per annum for foreign currency-denominated loans ranged from 3.2% to 7.53% and 1.28% to 6.88% in 2023 and 2022, respectively (Note 30).

Loans payable include interest-bearing amounts payable to BankCom amounting to P6,382 and P8,172 as at December 31, 2023 and 2022, respectively (Note 33).

20. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	<i>Note</i>	2023	2022
Trade	<i>34</i>	P102,717	P107,990
Non-trade	<i>5</i>	94,354	90,755
Customers' deposits	<i>3</i>	9,245	8,603
Accrued payroll		6,245	6,400
Accrued interest payable		5,653	5,047
Amounts owed to related parties	<i>33</i>	1,555	2,755
Derivative liabilities	<i>39, 40</i>	908	2,832
Deferred liability on consumer loyalty program		747	813
Current portion of IRO	<i>4</i>	320	487
Retention payable		249	210
Retirement liabilities	<i>35</i>	101	122
Deferred rent income		58	60
Redeemable preferred shares	<i>4</i>	19	19
Others		884	1,033
	<i>39, 40</i>	P223,055	P227,126

Trade payables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade payables include contract growers/breeders' fees, guarantee deposits, utilities, rent and other expenses payable to third parties.

Redeemable Preferred Shares. These represent the preferred shares of TADHC issued in 2010. The preferred shares are cumulative, non-voting, redeemable and with liquidation preference. The shares are preferred as to dividends, which are given in the form of coupons, at the rate of 90% of the applicable base rate (i.e., one year Bloomberg Valuation or BVAL). The dividends are cumulative from and after the date of issue of the preferred shares, whether or not in any period the amount is covered by available unrestricted retained earnings.

The preferred shares are required to be redeemed at the end of the 10-year period from and after the issuance of the preferred shares by paying the principal amount, plus all unpaid coupons (at the sole option of TADHC, the preferred shares may be redeemed earlier in whole or in part).

In the event of liquidation, dissolution, bankruptcy or winding up of the affairs of TADHC, the holders of the preferred shares are entitled to be paid in full, an amount equivalent to the issue price of such preferred shares plus all accumulated and unpaid dividends up to the current dividend period or proportionately to the extent of the remaining assets of TADHC, before any assets of TADHC will be paid or distributed to the holders of the common shares.

As at December 31, 2023 and 2022, the preferred shares remain outstanding as other requirements prior to redemption are pending from the shareholders.

"Others" include ARO, accruals for materials, repairs and maintenance, advertising, handling, contracted labor, supplies and various other payables.

The methods and assumptions used to estimate the fair value of derivative liabilities are discussed in Note 40.

21. Long-term Debt

Long-term debt consists of:

	2023	2022
Parent Company		
Peso-denominated Bonds:		
Fixed interest rate of 7.4458%, 7.8467% and 8.4890% maturing in 2028, 2029 and 2032, respectively (a)	P59,299	P59,165
Fixed interest rate of 5.284% and 5.55%, 6.625%, 5.7613%, and 7.125% maturing in 2024, 2025, 2027 and 2028, respectively (b)	30,087	43,167
Fixed interest rate of 3.3832% maturing in 2027 (c)	29,762	29,700
Fixed interest rate of 5.2704% and 5.8434% maturing in 2027 and 2029, respectively (d)	29,699	29,644
Peso-denominated Term Notes:		
Fixed interest rate of 6.9375% with maturities up to 2026 (e)	15,231	15,373
Fixed interest rate of 7.1968% with maturities up to 2029 (f)	5,148	-
Foreign currency-denominated Term Notes:		
Fixed interest rate of 6.55% maturing in 2028 (g)	8,247	-
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2024 (h)	110,301	110,492
Floating interest rate based on SOFR plus margin, maturing in 2035 (i)	81,332	47,534
Floating interest rate based on SOFR plus margin, maturing in 2028 (j)	71,892	-
Floating interest rate based on SOFR plus margin, maturing in 2026 (k)	49,074	49,172
Floating interest rate based on SOFR plus margin, maturing in 2027 (l)	38,099	38,201
Floating interest rate based on SOFR plus margin, maturing in 2028 (m)	16,244	-
Floating interest rate based on SOFR plus margin, maturing in 2028 (n)	16,166	-
Floating interest rate based on SOFR plus margin, maturing in 2028 (o)	10,837	-
Floating interest rate based on SOFR plus margin, maturing in 2026 (p)	5,488	5,510
Floating interest rate based on SOFR plus margin, maturing in 2027 (q)	5,487	5,512
Floating interest rate based on (London Interbank Offered Rate) LIBOR plus margin (r)	-	22,282
Floating interest rate based on LIBOR plus margin (s)	-	16,697
Floating interest rate based on LIBOR plus margin (t)	-	16,682

Forward

	2023	2022
Floating interest rate based on LIBOR plus margin (u)	P -	P11,116
Floating interest rate based on LIBOR plus margin (v)	-	4,999
	582,393	505,246
Subsidiaries		
Peso-denominated Bonds:		
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively (w)	39,560	39,476
Fixed interest rate of 7.8183% and 8.0551% maturing in 2024 and 2025, respectively (x)	19,948	26,896
Fixed interest rate of 3.4408% and 4.3368% maturing in 2025 and 2027, respectively (y)	17,869	17,823
Fixed interest rate of 7.1783% and 7.60% maturing in 2024 and 2026, respectively (z)	16,111	16,070
Fixed interest rate of 5.05% and 5.25% maturing in 2025 and 2027, respectively (aa)	14,927	14,892
Fixed interest rate of 6.25% and 6.625% maturing in 2024 and 2027, respectively (ab)	10,056	25,012
Fixed interest rate of 5.1792% maturing in 2026 (ac)	4,740	8,821
Fixed interest rate of 6.00% maturing in 2024 (ad)	2,537	2,534
Fixed interest rate of 6.4872% maturing in 2025 (ae)	2,494	2,491
Peso-denominated Term Notes:		
Fixed interest rate of 5.556%, 5.825% and 5.997% with maturities up to 2029 (af)	32,809	36,137
Fixed interest rate of 6.2836%, 6.5362% and 7.3889% with maturities up to 2029 (ag)	32,497	35,178
Fixed interest rate of 7.1913% with maturities up to 2033 (ah)	29,791	-
Fixed interest rate of 8.2104% with maturities up to 2033 (ai)	27,538	-
Fixed interest rate of 8.7118% with maturities up to 2027 (aj)	22,832	26,686
Fixed interest rate of 6.5077% and 7.7521% with maturities up to 2030 (ak)	14,643	15,894
Fixed interest rate of 6.9265% with maturities up to 2024 (al)	14,091	14,216
Fixed interest rate of 4.8356% with maturities up to 2031 (am)	12,239	8,557
Fixed interest rate of 3.80%, 3.875%, 3.95% and 4.15% with maturities up to 2028 (an)	11,897	11,907
Fixed interest rate of 4.63% maturing in 2024 (ao)	9,983	9,967
Fixed interest rate of 6.8412% and 6.5323% maturing in 2027 (ap)	9,937	4,963

Forward

	2023	2022
Fixed interest rate of 3.5483% with maturities up to 2029 (aq)	P9,804	P9,945
Fixed interest rate of 5.6276% with maturities up to 2029 (ar)	9,355	10,416
Fixed interest rate of 7.968% and 8.541% maturing in 2028 (as)	7,439	-
Fixed interest rate of 4.6332% and 5.7513% maturing in 2025 and 2027, respectively (at)	6,972	6,958
Fixed interest rate of 3.846% maturing in 2026 (au)	6,970	6,960
Fixed interest rate of 7.1663% with maturities up to 2027 (av)	4,975	4,967
Fixed interest rate of 5.00% with maturities up to 2025 (aw)	4,854	4,889
Fixed interest rate of 7.4206% with maturities up to 2027 (ax)	4,356	4,969
Fixed interest rate of 7.5496% with maturities up to 2027 (ay)	4,355	4,968
Fixed interest rate of 8.1711%, 8.4490%, 9.0280% and 9.6350% with maturities up to 2030 (az)	3,342	3,674
Fixed interest rate of 6.4920% maturing in 2025 (ba)	2,366	2,359
Fixed interest rate of 5.1657% with maturities up to 2025 (bb)	2,232	2,963
Fixed interest rate of 4.20% maturing in 2026 (bc)	1,992	1,989
Fixed interest rate of 3.2837% with maturities up to 2026 (bd)	1,940	1,992
Fixed interest rate of 4.59% with maturities up to 2025 (be)	1,873	3,116
Fixed interest rate of 5.5276% with maturities up to 2024 (bf)	1,606	3,744
Fixed interest rate of 6.8672% maturing in 2025 (bg)	622	621
Fixed interest rate of 6.37239% (bh)	-	4,770
Fixed interest rate of 5.81%, 5.89% and 6.36% (bi)	-	4,040
Fixed interest rate of 6.5917% (bj)	-	373
Fixed interest rate of 4.2105% (bk)	-	165
Floating interest rate based on BVAL plus margin, maturing in 2025 (bl)	19,877	15,628
Floating interest rate based on BVAL plus margin, with maturities up to 2038 (bm)	14,086	-
Floating interest rate based on BVAL plus margin, or BSP Term Deposit Auction Facility (BSP TDF) plus margin, whichever is higher, with maturities up to 2029 (aq)	7,842	7,956
Floating interest rate based on BVAL plus margin, with maturities up to 2030 (bn)	7,187	-

Forward

	Note	2023	2022
Floating interest rate based on BVAL plus margin, or BSP Overnight Lending Facility Rate plus margin, whichever is higher, with maturities up to 2030 (bo)		P3,852	P3,087
Floating interest rate based on BVAL plus margin, with maturities up to 2024 (bp)		586	1,170
Floating interest rate based on BVAL plus margin (bq)		-	879
Foreign currency-denominated Term Notes:			
Fixed interest rate of 8.331% with maturities up to 2030 (br)		17,079	24,654
Floating interest rate based on SOFR plus a spread, with maturities up to 2027 (bs)		36,245	26,794
Floating interest rate based on SOFR plus margin, maturing in 2026 (bt)		16,421	16,455
Floating interest rate based on SOFR plus margin, maturing in 2027 (bu)		16,249	16,282
Floating interest rate based on SOFR plus margin, with maturities up to 2028 (bv)		12,172	-
Floating interest rate based on SOFR plus margin, maturing in 2024 (bw)		10,993	10,955
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (br)		5,621	8,140
Floating interest rate based on SOFR plus margin, maturing in 2024 (bx)		5,487	-
Floating interest rate based on SOFR plus margin, maturing in 2025 (by)		5,484	5,485
Floating interest rate based on SOFR plus margin, maturing in 2025 (bz)		2,719	-
Floating interest rate based on Tokyo Overnight Average Rate (TONA) plus margin, with maturities up to 2025 (ca)		2,512	4,528
Floating interest rate based on Bank Bill Swap Rate (BBSY) plus margin, with maturities up to 2024 (cb)		1,791	2,151
Floating interest rate based on BBSY plus margin, with maturities up to 2027 (cc)		359	377
Floating interest rate based on BBSY plus margin, with maturities up to 2026 (cd)		77	110
Floating interest rate based on LIBOR plus margin (ce)		-	27,858

Forward

	Note	2023	2022
Floating interest rate based on LIBOR plus margin (cf)		P -	P6,276
Floating interest rate based on LIBOR plus margin (cg)		-	2,767
		608,191	582,950
	38, 39, 40	1,190,584	1,088,196
Less current maturities		236,798	170,032
		P953,786	P918,164

- a. The amount represents the P60,000 fixed rate bonds issued by the Parent Company consisting of: (i) five-year and three months Series L Bonds, due in 2028 with an interest rate of 7.4458% per annum; (ii) seven-year Series M Bonds, due in 2029 with an interest rate of 7.8467% per annum; and (iii) ten-year Series N Bonds, due in 2032 with an interest rate of 8.4890% per annum. The Bonds were listed at the Philippine Dealing & Exchange Corp (PDEX). Interest is payable every 14th of March, June, September and December of each year.

Proceeds from the issuance of the bonds were used for: (i) the optional redemption of the Parent Company's Series "2" Preferred Shares - Subseries "2-H"; (ii) the repayment of the Peso-denominated short-term loan facilities that were used to pay the Series A and Series D Bonds; (iii) the payment of Series E Bonds; and (iv) the refinancing of certain US dollar-denominated obligations.

Unamortized debt issue costs amounted to P701 and P835 as at December 31, 2023 and 2022, respectively.

- b. The amount represents the first, second, third and fourth tranche of the P60,000 shelf registered fixed rate bonds issued by the Parent Company amounting to P20,000, P10,000, P20,000 and P10,000, respectively. The Bonds were listed at the PDEX.
- The first tranche of the fixed rate bonds listed on March 1, 2017 amounting to P20,000 consists of: (i) five-year Series A Bonds, due in 2022 with an interest rate of 4.8243% per annum; (ii) seven-year Series B Bonds, due in 2024 with an interest rate of 5.284% per annum; and (iii) ten-year Series C Bonds, due in 2027 with an interest rate of 5.7613% per annum. Interest is payable every 1st of March, June, September and December of each year.
 - The second tranche of the fixed rate bonds listed on April 7, 2017 amounting to P10,000 comprises five-year Series D Bonds, due in 2022 with an interest rate of 5.1923% per annum. Interest is payable every 7th of January, April, July and October of each year.
 - The third tranche of the fixed rate bonds listed on March 19, 2018 amounting to P20,000 consists of: (i) five-year Series E Bonds, due in 2023 with an interest rate of 6.25% per annum; (ii) seven-year Series F Bonds, due in 2025 with an interest rate of 6.625% per annum; and (iii) ten-year Series G Bonds, due in 2028 with an interest rate of 7.125% per annum. Interest is payable every 19th of March, June, September and December of each year.
 - The fourth tranche of the fixed rate bonds listed on October 4, 2019 amounting to P10,000 comprises five-year Series H Bonds, due in 2024 with an interest rate of 5.55% per annum. Interest is payable every 4th of January, April, July and October of each year.

Proceeds from the issuance of the bonds were used to partially refinance various loans.

The Parent Company paid the P6,683 Series A Bonds, P10,000 Series D Bonds and P13,146 Series E Bonds on March 1, 2022, April 7, 2022 and March 20, 2023, respectively.

Unamortized debt issue costs amounted to P84 and P150 as at December 31, 2023 and 2022, respectively.

- c. The amount represents the first tranche of the P50,000 shelf registered fixed rate bonds issued by the Parent Company amounting to P30,000. The Bonds were listed at the PDEX.

The first tranche of the fixed rate bonds listed on July 8, 2021, comprises six-year Series I Bonds, due in 2027 with an interest rate of 3.3832% per annum and with a put option on the part of the bondholder on the third anniversary of its issue date. Interest is payable every 8th of January, April, July and October of each year.

Proceeds from the issuance of the bonds were used to repay existing obligations.

Unamortized debt issue costs amounted to P238 and P300 as at December 31, 2023 and 2022, respectively.

- d. The amount represents the first tranche of the P60,000 shelf registered fixed rate bonds issued by the Parent Company amounting to P30,000. The Bonds were listed at the PDEX.

The first tranche of the fixed rate bonds listed on March 4, 2022, consists of: (i) five-year Series J Bonds, due in 2027 with an interest rate of 5.2704% per annum; and (ii) seven-year Series K Bonds, due in 2029 with an interest rate of 5.8434% per annum. Interest is payable every 4th of March, June, September and December of each year.

Proceeds from the issuance of the bonds were used for refinancing the Parent Company's short-term loan facilities and other general corporate purposes.

Unamortized debt issue costs amounted to P301 and P356 as at December 31, 2023 and 2022, respectively.

- e. The amount represents the drawdown by the Parent Company on June 24, 2019 from its term loan facility amounting to P16,000. The loan is amortized over seven years and is subject to a fixed interest rate of 6.9375% per annum payable quarterly. The proceeds were used for general corporate purposes.

The Parent Company paid the scheduled amortizations amounting to P720 and P560 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P49 and P67 as at December 31, 2023 and 2022, respectively.

- f. The amount represents the drawdown by the Parent Company on June 30, 2023 from its term loan facility amounting to P5,200. The loan is amortized over six years and is subject to a fixed interest rate of 7.1968% per annum payable semi-annually and with a put option on the part of the lender on the third anniversary of the first drawdown date. The proceeds were used for the refinancing of Corona Virus Disease 2019 response activities during the period 2020 to 2022.

Unamortized debt issue costs amounted to P52 as at December 31, 2023.

- g. The amount represents the drawdown by the Parent Company on July 31, 2023 from its term loan facility amounting to US\$150. The term of the loan is for five years and is subject to a fixed interest rate, payable quarterly. The proceeds of the loans were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P59 as at December 31, 2023.

- h. The amount represents the drawdown by the Parent Company of US\$50 and US\$1,950 on December 27, 2019 and March 19, 2020, respectively, from its term loan facility amounting to US\$2,000. The term of the loan is for five years and is subject to a floating interest rate based on SOFR plus margin. Effective June 30, 2023 the benchmark rate of US dollar-denominated loans was changed from LIBOR to SOFR. The proceeds of the loans were used for general corporate purposes.

Unamortized debt issue costs amounted to P439 and P1,018 as at December 31, 2023 and 2022, respectively.

- i. The amount represents the drawdown by the Parent Company of US\$1,493 on various dates in 2023 and 2022 from its US\$2,165 term loan facility. The term of the loan is for 13 years and is subject to a floating interest rate. The proceeds were used to fund the land development works of the MIA Project in Bulacan.

Unamortized debt issue costs amounted to P1,348 and P1,043 as at December 31, 2023 and 2022, respectively.

- j. The amount represents the drawdown by the Parent Company of US\$1,330 on various dates in 2023 from its term loan facility. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P1,750 as at December 31, 2023.

- k. The amount represents the drawdown by the Parent Company on various dates in 2022 and 2021 from its term loan facility amounting to US\$900. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used for general corporate purposes.

Unamortized debt issue costs amounted to P759 and P1,008 as at December 31, 2023 and 2022, respectively.

- l. The amount represents the drawdown by the Parent Company on various dates in 2022 from its term loan facility amounting to US\$700. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used for general corporate purposes.

Unamortized debt issue costs amounted to P660 and P828 as at December 31, 2023 and 2022, respectively.

- m. The amount represents the drawdown by the Parent Company on September 20, 2023 from its term loan facility amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used to refinance a total of US\$300 term loans availed in 2018.

Unamortized debt issue costs amounted to P367 as at December 31, 2023.

- n. The amount represents the drawdown by the Parent Company of US\$200 and US\$100 on November 15 and 24, 2023, respectively, from its term loan facility amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P445 as at December 31, 2023.

- o. The amount represents the drawdown by the Parent Company on July 10, 2023 from its term loan facility amounting to US\$200. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loans were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P237 as at December 31, 2023.

- p. The amount represents the drawdown by the Parent Company on December 23, 2021 from its term loan facility amounting to US\$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P49 and P65 as at December 31, 2023 and 2022, respectively.

- q. The amount represents the drawdown by the Parent Company on August 2, 2022 from its term loan facility amounting to US\$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used for general corporate purposes.

Unamortized debt issue costs amounted to P50 and P63 as at December 31, 2023 and 2022, respectively.

- r. The amount represents the drawdown by the Parent Company on March 16, 2018 from its term loan facility amounting to US\$400. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used to fund the subscription of RPS in San Miguel Global Power to partially finance the acquisition of Masinloc Group of Companies.

The loan was fully paid on February 24, 2023.

Unamortized debt issue costs amounted to P20 as at December 31, 2022.

- s. The amount represents the drawdown by the Parent Company on June 26, 2018 from its term loan facility amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used to fund general corporate requirements and/or additional investments to its subsidiaries.

The loan was fully paid on April 28, 2023.

Unamortized debt issue costs amounted to P29 as at December 31, 2022.

- t. The amount represents the drawdown by the Parent Company of US\$120 and US\$180 on September 25, 2018 and October 25, 2018, respectively, from its term loan facility amounting to US\$300. The term of the loans is for five years and is subject to a floating interest rate. The proceeds were used to refinance existing US dollar-denominated obligations and/or for general corporate purposes.

The loan was fully paid on September 20, 2023.

Unamortized debt issue costs amounted to P45 as at December 31, 2022.

- u. The amount represents the drawdown by the Parent Company on November 21, 2018 from its term loan facility amounting to US\$200. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used to repay existing US dollar-denominated obligations.

The loan was fully paid on November 16, 2023.

Unamortized debt issue costs amounted to P35 as at December 31, 2022.

- v. The amount represents the drawdown by the Parent Company on October 24, 2017 from its term loan facilities amounting to US\$300 entered into with various banks. The loans have various maturities and is subject to floating interest rate. The proceeds were used to fund general corporate requirements and/or partially repay existing loans.

Payments made amounted to US\$300 and \$210 as at December 31, 2023 and 2022, respectively.

The loan was fully paid on November 28, 2023.

Unamortized debt issue costs amounted to P19 as at December 31, 2022.

- w. The amount represents the first tranche of the P60,000 shelf registered fixed rate bonds issued by San Miguel Global Power amounting to P40,000 on July 26, 2022. The Bonds were listed at the PDEX.

The Bonds consists of: (i) three-year Series K Bonds due in 2025 with an interest rate of 5.9077% per annum; (i) five-year and nine months Series L Bonds due in 2028 with an interest rate of 7.1051% per annum; and, (iii) ten-year Series M Bonds due in 2032 with an interest rate of 8.0288% per annum. Interest is payable every 26th of January, April, July and October of each year.

Proceeds from the issuance of the bonds were used: (i) to partially finance San Miguel Global Power's investments in power-related assets, particularly the Liquefied Natural Gas (LNG) projects and related assets, coal power plant projects, Battery Energy Storage Systems (BESS) and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

Unamortized debt issue costs amounted to P440 and P524 as at December 31, 2023 and 2022, respectively.

- x. The amount represents the first and second tranche of the P40,000 shelf registered fixed rate bonds issued by Petron amounting to P20,000 and P20,000 on October 27, 2016 and October 19, 2018, respectively. The Bonds were listed at the PDEX.
- The first tranche of the fixed rate bonds listed on October 27, 2016 amounting to P20,000, consists of: (i) five-year Series A Bonds, due in 2021 with an interest rate of 4.0032% per annum; and, (ii) seven-year Series B Bonds, due in 2023 with an interest rate of 4.5219% per annum. Interest is payable every 27th of January, April, July and October of each year.
 - The second tranche of the fixed rate bonds listed on October 19, 2018 amounting to P20,000, consists of: (i) five-year and six months Series C Bonds, due in 2024 with an interest rate of 7.8183% per annum; and, (ii) seven-year Series D Bonds, due in 2025 with an interest rate of 8.0551% per annum. Interest is payable every 19th of January, April, July and October of each year.

The proceeds from the first tranche were used to partially settle the US\$475 and US\$550 Term Loan, repay short-term loans and for general corporate purposes.

The proceeds from the second tranche were used for the payment of short-term loans, redemption of a portion of Petron's Undated Subordinated Capital Securities (USCS) and for general corporate purposes.

Petron paid the P13,000 Series A Bonds and P7,000 Series B Bonds on October 27, 2021 and October 27, 2023, respectively.

Unamortized debt issue costs amounted to P52 and P104 as at December 31, 2023 and 2022, respectively.

- y. The amount represents the first tranche of the P50,000 shelf registered fixed rate bonds issued by Petron on October 12, 2021 amounting to P18,000. The Bonds were listed at the PDEX.

The first tranche of the fixed rate bonds amounting to P18,000, consist of four-year Series E Bonds, due in 2025 with an interest rate of 3.4408% per annum and six-year Series F Bonds, due in 2027 with an interest rate of 4.3368% per annum. Interest is payable every 12th of January, April, July and October of each year.

The proceeds were used primarily for the redemption of its outstanding Series A Bonds, partial financing of the power plant project and payment of existing indebtedness.

Unamortized debt issue costs amounted to P131 and P177 as at December 31, 2023 and 2022, respectively.

- z. The amount represents the first tranche of the P60,000 shelf registered fixed rate bonds issued by San Miguel Global Power amounting to P30,000 on April 24, 2019. The Bonds were listed at the PDEX.

The Bonds consist of: (i) three-year Series H Bonds, due in 2022 with an interest rate of 6.8350% per annum; (ii) five-year Series I Bonds, due in 2024 with an interest rate of 7.1783% per annum; and, (iii) seven-year Series J Bonds, due in 2026 with an interest rate of 7.60% per annum. Interest is payable every 24th of January, April, July and October of each year.

The net proceeds were used for refinancing of maturing long-term and short-term loans, investments in power-related assets and payment of transaction-related expenses.

San Miguel Global Power paid the P13,845 Series H Bonds on April 25, 2022.

Unamortized debt issue costs amounted to P44 and P85 as at December 31, 2023 and 2022, respectively.

- aa. The amount represents the P15,000 fixed rate bonds issued by SMFB on March 10, 2020, divided into five-year Series A Bonds, due in 2025 with an interest rate of 5.05% per annum, and seven-year Series B Bonds, due in 2027 with an interest rate of 5.25% per annum. Interest is payable every 10th of March, June, September and December of each year. The Bonds were listed at the PDEX.

Proceeds from the issuance were used to redeem the outstanding Series "2" Perpetual Preferred Shares of SMFB and payment of transaction-related fees, costs and expenses.

Unamortized debt issue costs amounted to P73 and P108 as at December 31, 2023 and 2022, respectively.

- ab. The amount represents the first and second tranche of the P35,000 shelf registered fixed rate bonds issued by San Miguel Global Power amounting to P20,000 and P15,000 on December 22, 2017 and August 17, 2018, respectively. The Bonds were listed at the PDEX.

- The first tranche of the fixed rate bonds listed on December 22, 2017 amounting to P20,000, consists of: (i) five-year Series D Bonds, due in 2022 with an interest rate of 5.375% per annum; (ii) seven-year Series E Bonds, due in 2024 with an interest rate of 6.25% per annum; and (iii) ten-year Series F Bonds, due in 2027 with an interest rate of 6.625% per annum. Interest is payable every 22nd of March, June, September and December of each year.
- The second tranche of the fixed rate bonds listed on August 17, 2018 amounting to P15,000 pertains to the five-year Series G Bonds, due in 2023 with an interest rate of 6.75% per annum. Interest is payable every 17th of February, May, August and November of each year.

Proceeds from the first tranche were used to refinance Peso-denominated short-term loans.

Proceeds from the second tranche were used to refinance the outstanding shareholder advances and partially refinance existing US dollar-denominated loan obligations and payment of transaction-related expenses.

San Miguel Global Power paid the P9,913 Series D Bonds and P15,000 Series G Bonds on December 22, 2022 and August 17, 2023, respectively.

Unamortized debt issue costs amounted to P31 and P75 as at December 31, 2023 and 2022, respectively.

- ac. The amount represents the P15,000 fixed rate bonds issued by San Miguel Global Power on July 11, 2016, divided into: (i) five-year Series A Bonds, due in 2021 with an interest rate of 4.3458% per annum; (ii) seven-year Series B Bonds, due in 2023 with an interest rate of 4.7575% per annum; and, (iii) ten-year Series C Bonds, due in 2026 with an interest rate of 5.1792% per annum. Interest is payable every 11th of January, April, July and October of each year. The Bonds were listed at the PDEX.

Proceeds from the issuance were used to refinance the US\$300 short-term loan that matured on July 25, 2016, which were used for the redemption of the US\$300 bond in January 2016.

San Miguel Global Power paid the P6,153 Series A Bonds and P4,090 Series B Bonds on July 12, 2021 and July 11, 2023, respectively.

Unamortized debt issue costs amounted to P16 and P26 as at December 31, 2023 and 2022, respectively.

- ad. The amount represents the P15,000 fixed rate bonds issued by SMB on April 2, 2014, divided into: (i) seven-year Series G Bonds, due in 2021 with an interest rate of 5.50% per annum; and (ii) ten-year Series H Bonds, due in 2024 with an interest rate of 6.00% per annum. Interest is payable every 2nd of April and October of each year. The Bonds were listed at the PDEX.

Proceeds from the Series G Bonds and Series H Bonds issuance were used to partially refinance the payment of Series B Bonds.

SMB paid the P12,462 Series G Bonds on April 5, 2021.

Unamortized debt issue costs amounted to P1 and P4 as at December 31, 2023 and 2022, respectively.

- ae. The amount represents the P7,300 fixed rate bonds issued by SMC SLEX on May 22, 2015, divided into: (i) five-year and three months Series A Bonds, due in 2020 with an interest rate of 4.9925% per annum; (ii) seven-year Series B Bonds, due in 2022 with an interest rate of 5.5796% per annum; and, (iii) ten-year Series C Bonds, due in 2025 with an interest rate of 6.4872% per annum. Interest is payable every 22nd of February, May, August and November of each year. The Bonds were listed at the PDEX.

The proceeds from the issuance were used to prepay the Peso-denominated Corporate Notes drawn in 2012.

SMC SLEX paid the P2,400 Series B Bonds and P2,400 Series A Bonds on May 22, 2022 and August 24, 2020, respectively.

Unamortized debt issue costs amounted to P6 and P9 as at December 31, 2023 and 2022, respectively.

- af. The amount represents the loan drawn by SMC Tollways from its P41,200 Corporate Notes Facility Agreement with various local banks dated December 9, 2019.

Proceeds of the loan were mainly used to refinance existing debt obligations, invest and/or advance for infrastructure projects, for general corporate purposes and to finance transaction related fees, taxes and expenses. The loan is payable in 40 quarterly installments commencing on the third month from initial issue date. Final repayment date is ten years from initial issue date.

The Notes are subject to repricing on the fifth year from initial issue date.

Payments made amounted to P8,096 and P4,682 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P294 and P381 as at December 31, 2023 and 2022, respectively.

- ag. The amount represents the drawdown by LPI from its P44,000 Omnibus Loan and Security Agreement (OLSA) with various banks dated June 22, 2017. The loan consists of Tranche A amounting to P42,000 and Tranche B amounting to P2,000 drawn on June 28, 2017 and January 31, 2018, respectively. The loan is payable quarterly up to June 2029.

Proceeds from the loan were used for the settlement of the US\$360 short-term loan, acquisition of the Phase II Limay Greenfield Power Plant, repayment of shareholder advances and payment of transaction-related fees and expenses.

Payments made amounted to P11,185 and P8,430 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P318 and P392 as at December 31, 2023 and 2022, respectively.

- ah. The amount represents the drawdown by SMEII on July 14, 2023 from its term loan facility amounting to P30,000. The loan is amortized over ten years up to May 2033 and is subject to a fixed interest rate of 7.1913% per annum. The proceeds were used for refinancing of existing short-term loan and/or other general corporate purposes.

Unamortized debt issue costs amounted to P209 as at December 31, 2023.

- ai. The amount represents the drawdown by SMGP BESS from its P40,000 term loan facility on October 27, 2023 amounting to P28,000. The loan is subject to a fixed interest rate of 8.2104% per annum and payable quarterly up to October 2033. The proceeds of the loan were used for the purchase of outstanding perpetual securities issued to the Parent Company and reimbursement or repayment of reimbursable advances from San Miguel Global Power, both of which were used to finance payments for interest, design, construction and the operation of its BESS projects, and cover transaction-related costs, fees and expenses.

The drawdown includes payable to BankCom amounting to P4,060 as at December 31, 2023 (Note 33).

Unamortized debt issue costs amounted to P462 as at December 31, 2023.

- aj. The amount represents the loan drawn by MMSS3 from its P31,000 OLSA with various banks dated December 15, 2014.

Proceeds of the loan were used to partially finance the design, construction and operation and maintenance of the Skyway Stage 3 Project. The loan is payable in 35 unequal consecutive quarterly installments starting on the earlier of March 30, 2020 or one quarter after issuance of toll operation certificate by TRB. Final repayment date is 12 years after initial drawdown date.

Payments made amounted to P8,057 and P4,151 as at December 31, 2023 and 2022, respectively.

The drawdown includes payable to BankCom amounting to P2,738 and P3,205 as at December 31, 2023 and 2022, respectively (Note 33).

Unamortized debt issue costs amounted to P111 and P163 as at December 31, 2023 and 2022, respectively.

- ak. The amount represents the loan drawn by MPI from its P21,300 12-year OLSA with various banks dated August 9, 2018.

The proceeds were used by MPI for the repayment of the short-term loan used to fund the design, construction and operation of the Davao Greenfield Power Plant and payment of transaction-related fees and expenses. On August 17, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 6.5077% and 7.7521% to 8.2443%, pursuant to the terms of the OLSA.

Payments made amounted to P6,481 and P5,184 as at December 31, 2023 and 2022, respectively.

The drawdown includes payable to BankCom amounting to P2,226 and P2,421 as at December 31, 2023 and 2022, respectively (Note 33).

Unamortized debt issue costs amounted to P176 and P222 as at December 31, 2023 and 2022, respectively.

- al. The amount represents the drawdown by San Miguel Global Power on April 26, 2017 from its term loan facility amounting to P15,000. The loan is amortized over seven years and is subject to a fixed interest rate of 6.9265% per annum, payable quarterly. The proceeds were used for debt refinancing.

Payments made amounted to P900 and P750 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P9 and P34 as at December 31, 2023 and 2022, respectively.

- am. The amount represents the loan drawn by NCC on various dates in 2023, 2022 and 2021 from the P12,500 OLSA with various banks dated June 22, 2021.

The loan is subject to a fixed interest rate of 4.8356% per annum and is payable in 34 unequal quarterly installments commencing on the seventh quarter from initial advance. Final repayment date is ten years from initial advance.

Proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement plant in Sison, Pangasinan, repay the reimbursable sponsor advances and finance the transaction costs, other taxes, costs and operation expenses and other financing costs incurred in availing the loan.

Payments made amounted to P100 as at December 31, 2023.

The drawdown includes payable to BankCom amounting to P2,183 and P1,540 as at December 31, 2023 and 2022, respectively (Note 33).

Unamortized debt issue costs amounted to P161 and P193 as at December 31, 2023 and 2022, respectively.

- an. The amount represents the loans drawn by SMB on March 30, 2021 from its loan facilities amounting to P12,000 with various banks. The loans are subject to fixed interest rates, where P10,000 and P2,000 will mature on March 30, 2026 and March 30, 2028, respectively. The proceeds of the loans were used for the payment of Series G Bonds.

Payments made amounted to P58 and P31 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P45 and P62 as at December 31, 2023 and 2022, respectively.

- ao. The amount represents the drawdown by SMB on December 19, 2019 from its term loan facility amounting to P10,000. The loan will mature on December 26, 2024 and is subject to a fixed interest rate of 4.63% per annum. The proceeds were used for general corporate purposes.

Unamortized debt issue costs amounted to P17 and P33 as at December 31, 2023 and 2022, respectively.

- ap. The amount represents the loan drawn by SMB amounting to P5,000 and P5,000 on December 20, 2022 and February 21, 2023 from its P10,000 term loan facility executed on December 19, 2022 from a local bank. The loan is subject to fixed interest rates of 6.8412% and 6.5323% per annum for two years for loan drawn in 2022 and 2023, respectively, subject to repricing thereafter. The loan is payable in five years and four years and ten months and will mature in December 2027.

The proceeds of the loan were used to partially finance capital expenditures.

Unamortized debt issue costs amounted to P63 and P37 as at December 31, 2023 and 2022, respectively.

- aq. The amount represents the loan drawn by SMFI amounting to P8,000 and P10,000 in 2020 and 2019, respectively, from its term loan facility amounting to P18,000. The loan is amortized for ten years and is subject to a floating interest rate based on BVAL plus margin or BSP TDF overnight rate plus margin, whichever is higher with a one-time option to convert to a fixed interest rate. The proceeds were used to refinance its existing short-term obligations, fund capital expansion projects and for other general corporate purposes.

On December 14, 2020, SMFI exercised its one-time option to convert its P10,000 loan to a fixed interest rate of 3.5483% per annum.

Payments made amounted to P149 and P119 as at December 31, 2023, for the fixed interest loan and the floating interest loan, respectively.

Unamortized debt issue costs for the fixed interest loan amounted to P47 and P55 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs for the floating interest loan amounted to P39 and P44 as at December 31, 2023 and 2022, respectively.

- ar. The amount represents the drawdown by SMCTC on December 19, 2019 amounting to P12,000 from its P42,000 Second Amendment to the OLSA with various local banks dated December 16, 2019.

Proceeds of the loan were used for consolidation of project loans, re-leveraging the project, repayment of certain shareholder advance and partial financing of operation and maintenance of the project. The loan is payable in 39 quarterly installments commencing on the third month from initial drawdown. Final repayment date shall be ten years after receipt.

The loan is subject to repricing on the fifth year from date of initial drawdown.

Payments made amounted to P2,580 and P1,500 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P65 and P84 as at December 31, 2023 and 2022, respectively.

- as. The amount represents the drawdown by San Miguel Global Power from its P10,000 term loan facility on June 15 and August 8, 2023 amounting to P5,000 and P2,500, respectively. The loan is subject to a fixed interest rate of 7.968% per annum and will mature in June 2028. Proceeds of the loan were used to: (a) partially refinance maturing debt obligations, (b) fund general corporate purposes, including investments in LNG and BESS, and (c) cover transaction-related costs, fees and expenses.

Unamortized debt issue costs amounted to P61 as at December 31, 2023.

- at. The amount represents the loans drawn by SMB from a local bank on April 1, 2022 amounting to P4,000 with a term of three years subject to fixed interest rate of 4.6332% per annum and P3,000 with a term of five years subject to fixed interest rate of 5.7513% per annum, payable quarterly. The proceeds of the loan were used to pay the Series F Bonds which matured on April 2, 2022.

Unamortized debt issue costs amounted to P28 and P42 as at December 31, 2023 and 2022, respectively.

- au. The amount represents the drawdown by PF-Hormel on September 29, 2021 from its loan facilities with various banks amounting to P7,000. The loans will mature on September 29, 2026 and is subject to a fixed interest rate of 3.846% per annum. The proceeds of the loan were used for refinancing of existing indebtedness and general corporate purposes.

Unamortized debt issue costs amounted to P30 and P40 as at December 31, 2023 and 2022, respectively.

- av. The amount represents the drawdown by Petron on May 19, 2022 from its term loan facility amounting to P5,000 which was signed and executed on May 17, 2022. The facility is subject to a fixed interest rate of 7.1663% per annum and amortized over five years with a two-year grace period, after which the total principal will be amortized in seven semi-annual payments beginning May 19, 2024. The proceeds were used for partial financing of the power plant project.

Unamortized debt issue costs amounted to P25 and P33 as at December 31, 2023 and 2022, respectively.

- aw. The amount represents the drawdown by San Miguel Global Power on May 28, 2021 from its term loan facility amounting to P5,000. The principal repayment is in semi-annual installments up to May 2025 and is subject to a fixed interest rate of 5.00% per annum payable quarterly. The proceeds were used for general corporate purposes.

Payments made amounted to P125 and P75 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P21 and P36 as at December 31, 2023 and 2022, respectively.

- ax. The amount represents the drawdown by Petron on June 15, 2022 from its term loan facility amounting to P5,000 which was signed and executed on June 10, 2022. The facility is subject to a fixed interest rate of 7.4206% per annum and amortized over five years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 15, 2023. The proceeds were used to partially pay its US dollar-denominated term loan.

Payments made amounted to P625 as at December 31, 2023.

Unamortized debt issue costs amounted to P20 and P31 as at December 31, 2023 and 2022, respectively.

- ay. The amount represents the drawdown by Petron on June 16, 2022 from its term loan facility amounting to P5,000 which was signed and executed on June 7, 2022. The facility is subject to a fixed interest rate of 7.5496% per annum and amortized over five years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 16, 2023. The proceeds were used to pay its US dollar-denominated term loan and various loan facilities.

Payments made amounted to P625 as at December 31, 2023.

Unamortized debt issue costs amounted to P20 and P32 as at December 31, 2023 and 2022, respectively.

- az. The amount represents the drawdown by LCWDC in 2018 amounting to P4,200 from its P5,400 OLSA with various local banks dated September 16, 2016.

Proceeds of the loan were used for the Bulacan Bulk Water Supply Project.

The loan is subject to repricing on the seventh year from the initial drawdown date.

Payments made amounted to P840 and P504 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P18 and P22 as at December 31, 2023 and 2022, respectively.

- ba. The amount represents the drawdown by Petron on September 8, 2022 from its term loan facility amounting to P2,375 which was signed and executed on September 6, 2022. The loan is subject to a fixed interest rate of 6.4920% per annum and will be fully paid on September 8, 2025. The proceeds were used to pay existing indebtedness.

Unamortized debt issue costs amounted to P10 and P16 as at December 31, 2023 and 2022, respectively.

- bb. The amount represents the drawdown by SMYPC from its term loan facility amounting to P5,000. The loan will mature on January 30, 2025 and is subject to a fixed interest rate of 5.1657% per annum payable quarterly. The proceeds were used to refinance existing short-term loans.

Payments made amounted to P2,763 and P2,026 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P5 and P11 as at December 31, 2023 and 2022, respectively.

- bc. The amount represents the drawdown by SMCSLC on July 14, 2021 from its term loan facilities with various banks amounting to P2,000. The loan will mature on July 14, 2026 and is subject to a fixed interest rate of 4.20% per annum payable quarterly. The proceeds were used to refinance existing indebtedness and for general corporate purposes.

Unamortized debt issue costs amounted to P8 and P11 as at December 31, 2023 and 2022, respectively.

- bd. The amount represents the P2,000 seven-year term loan availed by SMMI on December 19, 2019. The loan is amortized for seven years and is subject to a floating interest rate based on BVAL plus margin with a one-time option to convert to a fixed interest rate within two years. The proceeds of the loan were used to refinance existing short-term loans, fund its capital expenditure requirements for the upgrade or expansion of its production facilities and/or finance other general corporate requirements.

On December 19, 2020, SMMI exercised its option to convert the interest rate from floating to fixed. As a result, the interest rate was fixed at 3.2837% per annum.

Payments made amounted to P54 as at December 31, 2023.

Unamortized debt issue costs amounted to P6 and P8 as at December 31, 2023 and 2022, respectively.

- be. The amount represents the drawdown by Petron on April 27, 2020 from its term loan facility amounting to P5,000. The loan is amortized over five years and is subject to a fixed interest rate of 4.59% per annum payable quarterly. The proceeds were used for general corporate purposes.

Payments made amounted to P3,124 and P1,875 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P3 and P9 as at December 31, 2023 and 2022, respectively.

- bf. The amount represents the drawdown by Petron on July 25, 2017 from its term loan facility amounting to P15,000. The loan is amortized over seven years and is subject to a fixed interest rate of 5.5276% per annum payable quarterly. The proceeds were used to refinance the bridge loan availed on December 23, 2016 for the acquisition of the Refinery Solid Fuel-fired Power Plant.

Payments made amounted to P13,393 and P11,250 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P1 and P6 as at December 31, 2023 and 2022, respectively.

- bg. The amount represents the drawdown by Petron on September 30, 2022 from its term loan facility amounting to P625 which was signed and executed on September 6, 2022. The loan is subject to a fixed interest rate of 6.8672% per annum and will be fully paid on September 8, 2025. The proceeds were used to pay existing indebtedness.

Unamortized debt issue costs amounted to P3 and P4 as at December 31, 2023 and 2022, respectively.

- bh. The amount represents loan drawn by SCII on December 29, 2021 from its P4,800 OLSA with various local banks dated December 22, 2021.

The loan is subject to a fixed interest rate of 6.37239% per annum and is payable in 23 unequal quarterly installments commencing on the 6th quarter from initial advance. Final repayment date is seven years from initial advance.

Proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement grinding facility with cement packing and pier facilities of SCII in Davao.

The drawdown includes payable to BankCom amounting to P2,000 as at December 31, 2022 (Note 33).

The loan was fully paid on December 29, 2023.

Unamortized debt issue costs amounted to P30 as at December 31, 2022.

- bi. The amount represents the outstanding loan drawn by ECC from its TLFSA with various local banks dated February 3, 2016, to refinance the previous loan and partially finance the line 3 expansion project of its cement plant. The loan is subject to a fixed interest rate payable in 32 quarterly installments commencing on the 9th quarter from loan availment and will be fully paid on March 2, 2026.

The drawdown includes payable to BankCom amounting to P810 as at December 31, 2022 (Note 33).

The loan was fully paid on May 29, 2023.

Unamortized debt issue costs amounted to P9 as at December 31, 2022.

- bj. The amount represents the loan drawn by SIDC from its P3,500 loan facility with local banks, entered in 2013. The proceeds of the loan were used to refinance its existing debt and to finance the construction and development of Stage II, Phase II of the STAR Project. Repayment period is within 32 unequal consecutive quarterly installments on each repayment date in accordance with the agreement beginning on the earlier of the 27th month from initial drawdown date or the third month from the date of receipt by SIDC of the financial completion certificate for the Project.

Payments made amounted to P3,127 as at December 31, 2022.

The loan was fully paid on June 30, 2023.

- bk. The amount represents drawdown by GSMI on December 28, 2020 from its term-loan facility amounting to P500. The loan is amortized over three years and is subject to a fixed interest rate of 4.2105% per annum payable quarterly. The proceeds were used for general corporate purposes.

Payments made amounted to P334 as at December 31, 2022.

The loan was fully paid on December 28, 2023.

Unamortized debt issue costs amounted to P1 as at December 31, 2022.

- bl. The amount represents the drawdown by SSHCI on various dates in 2023 and 2022 amounting to P4,200 and P15,800, respectively, from its P20,000 term loan facility. The term of the loan is for three years and is subject to a floating interest rate based on BVAL plus margin payable quarterly. The proceeds were used to partially finance investments, expansion and capital expenditure programs in toll roads and other infrastructure and infrastructure-related projects and other related and/or allied businesses which provide service to the toll roads and other infrastructure-related projects.

The drawdown includes payable to BankCom amounting to P1,000 and P790 as at December 31, 2023 and 2022, respectively (Note 33).

Unamortized debt issue costs amounted to P123 and P172 as at December 31, 2023 and 2022, respectively.

- bm. The amount represents the drawdown by SMC MRT 7 on various dates in 2023 amounting to P14,300 from the P100,000 OLSA with various banks executed on May 18, 2023. The loan is subject to a floating interest rate and with a term of 15 years. The proceeds were used to finance the MRT 7 Project.

The drawdown includes payable to BankCom amounting to P930 as at December 31, 2023 (Note 33).

Unamortized debt issue costs amounted to P214 as at December 31, 2023.

- bn. The amount represents the outstanding balance from the amended ORA executed by MPCL with local banks on January 17, 2023 (the "Amended ORA") amounting to P8,155. The loan is subject to floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary as allowed under the terms of the agreement.

Payments made amounted to P877 as at December 31, 2023.

The drawdown includes payable to BankCom amounting to P4,389 as at December 31, 2023 (Note 33).

Unamortized debt issue costs amounted to P91 as at December 31, 2023.

- bo. The amount represents the drawdown by SMC NAIAX on various dates in 2023 and 2022 amounting to P4,310 from the P5,656 OLSA with various banks dated December 21, 2022. Proceeds of the loan were used to prepay the balance of the 2014 OLSA and will be used to partially finance the construction and development of the NAIAX Tramo Extension Project. The loan is payable in 30 equal quarterly installments commencing on the third month from initial drawdown date. Final repayment date is seven years and six months from the signing date of the OLSA.

The loan is subject to annual repricing from the date of initial drawdown.

Payments made amounted to P416 as at December 31, 2023.

The drawdown includes payable to BankCom amounting to P1,168 and P937 as at December 31, 2023 and 2022, respectively (Note 33).

Unamortized debt issue costs amounted to P42 and P37 as at December 31, 2023 and 2022, respectively.

- bp. The amount represents drawdowns by SMYPC of P1,449 and P551 in 2020 and 2019, respectively from its term loan facility amounting to P2,000. The loan is amortized for five years and is subject to a floating interest rate payable quarterly. The proceeds were used to finance the capital expenditure in relation to Line 3 of the glass manufacturing plant project.

Payments made amounted to P1,413 and P827 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P1 and P3 as at December 31, 2023 and 2022, respectively.

- bq. The amount represents drawdown of SMYPC from its term loan facility amounting to P4,000. The term of the loan is for five years and is subject to a floating interest rate payable quarterly. The proceeds were used to finance the capital expenditure in relation to Line 3 of the glass manufacturing plant project.

Payments made amounted to P3,120 as at December 31, 2022.

The loan was fully paid on July 30, 2023.

Unamortized debt issue costs amounted to P1 as at December 31, 2022.

- br. The amount represents total outstanding loan drawn in various tranches by MPCL from its Omnibus Expansion Financing Agreement with various local banks dated December 1, 2015, to finance the construction of the additional 335 MW coal-fired plant within MPCL existing facilities. The loan is divided into fixed interest tranche amounting to US\$312 and US\$335 as at December 31, 2023 and 2022, respectively, and floating interest tranche based on 6-month SOFR plus margin amounting to US\$103 and US\$110 as at December 31, 2023 and 2022, respectively. The loan has maturities up to December 15, 2030. On December 16, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 5.5959% to 8.331%, pursuant to the terms of the agreement.

Unamortized debt issue costs amounted to P173 and P209 as at December 31, 2023 and 2022, respectively, for the fixed interest tranche.

Unamortized debt issue costs amounted to P57 and P69 as at December 31, 2023 and 2022, respectively, for the floating interest tranche.

- bs. The amount represents the drawdowns by Petron in November and December 2022 amounting to US\$267 and US\$228 loans, respectively, from its US\$550 term loan facility. The loan is amortized over five years with a two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning November 8, 2024. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every 1, 3 or 6 months. The proceeds were used to partially prepay the US\$800 term loan facility availed in 2019 and the US\$150 term loan availed in 2020.

In 2023, Petron drew a total of additional US\$55 to partially prepay JPY15,000 and US\$800 term loan facilities.

On February 17, 2023, Petron increased its term loan facility from \$550 to US\$669 and availed US\$88 from the additional US\$119 loan facility in May 2023 to fully pre-terminate the US\$800 term loan facility. In August 2023, the remaining US\$31 was drawn to pay Petron's P7,000 Series B Bonds on October 27, 2023

Unamortized debt issue costs amounted to P797 and P804 as at December 31, 2023 and 2022, respectively.

- bt. The amount represents the balance of the US\$300 five-year term loan availed in tranches by San Miguel Global Power on March 12, 2021 and June 7, 2021. These were drawn from a Syndication Agreement executed on May 21, 2021 which amended the Facility Agreement dated March 9, 2021, increasing the loan facility from US\$200 to US\$300. The loan is subject to floating interest rate based on SOFR plus margin and will mature in March 2026. The proceeds were used as repayment of Facility A Loan that matured on March 12, 2021 and the payment of Series A Bonds in July 2021.

Unamortized debt issue costs amounted to P190 and P272 as at December 31, 2023 and 2022, respectively.

- bu. The amount represents the drawdown of San Miguel Global Power on August 26, 2022 from its term loan facility amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027. The proceeds were used for general corporate purposes, including capital expenditures and refinancing of loans, and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P362 and P445 as at December 31, 2023 and 2022, respectively.

- bv. The amount represents the drawdown of Petron on July 13, 2023 from its term loan facility amounting to US\$225. The facility was signed on March 28, 2023, which subsequently increased from US\$150 to US\$225 on June 8, 2023. The facility is amortized over five years with a two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning on March 28, 2025. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every 1, 3 or 6 months. Proceeds from the US\$225 Facility were used to partially refinance the redemption of US\$500 SPCS.

Unamortized debt issue costs amounted to P286 as at December 31, 2023.

- bw. The amount represents the drawdown of San Miguel Global Power on January 21, 2022 from its term loan facility amounting to US\$200. The initial loan amount under the facility agreement was increased from US\$100 to US\$200 on December 16, 2021. The term of the loan is for three years and is subject to a floating interest rate based on SOFR plus margin and will mature in September 2024. The proceeds were used for capital expenditures relating to expansion projects and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P81 and P196 as at December 31, 2023 and 2022, respectively.

- bx. The amount represents drawdown by San Miguel Global Power on March 16, 2023 from its term loan facility amounting to US\$100. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in September 2024. The proceeds of the loan were used for general corporate purposes, capital expenditures, refinancing of loan, and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P50 as at December 31, 2023.

- by. The amount represents drawdown by San Miguel Global Power on May 24, 2022 from its term loan facility amounting to US\$100. The term of the loan is three years and is subject to a floating interest rate based on SOFR plus margin and will mature in May 2025. The proceeds were used for working capital requirements relating to expansion projects, for general corporate purposes, and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P53 and P90 as at December 31, 2023 and 2022, respectively.

- bz. The amount represents drawdown by San Miguel Global Power on October 31, 2023 from its term loan facility amounting to US\$50. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in April 2025. The proceeds of the loan were used for loan refinancing and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P50 as at December 31, 2023.

- ca. The amount represents the drawdown by Petron on April 22, 2020 from its term loan facility amounting to JPY15,000 with various banks. The loan is amortized over five years and is subject to a floating interest rate based on JPY LIBOR plus a spread payable every 1, 3 or 6 months as selected by the borrower. Due to the global discontinuation of JPY LIBOR by December 31, 2021, an amendment was made to the JPY Facility adopting the TONA as the new benchmark rate. Beginning December 29, 2021, the floating interest rate on the JPY15,000 facility is based on TONA plus a spread, repriced every 1, 3, or 6 months. The proceeds of the loan were used to partially prepay its US\$1,000 term loan facility.

Payments made amounted to JPY8,572 and JPY4,286 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P17 and P46 as at December 31, 2023 and 2022, respectively.

- cb. The amount represents the drawdown by SMYA on July 31, 2019 amounting to AU\$80 from AU\$100 syndicated facility agreement entered into by SMYA on July 23, 2019. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. Proceeds of the loan were used to refinance maturing short-term obligations and general corporate purposes.

Payments made amounted to AU\$33 and AU\$23 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P6 and P17 as at December 31, 2023 and 2022, respectively.

- cc. The amount represents the drawdown by SMYA on November 11, 2022 amounting to AU\$10. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. Proceeds of the loan were used to finance short-term obligations and general corporate purposes.

Payments made amounted to AU\$1 as at December 31, 2023.

- cd. The amount represents the loan drawn by SMYA on February 25, 2021 amounting to AU\$5. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. Proceeds of the loan were used to refinance maturing short-term obligations and general corporate purposes.

Payments made amounted to AU\$3 and AU\$2 as at December 31, 2023 and 2022, respectively.

- ce. The amount represents the balance of the US\$700 term loan facility availed by San Miguel Global Power on March 16, 2018. The US\$700 term loan facility is divided into Facility A Loan amounting to US\$200 maturing on March 12, 2021 and Facility B Loan amounting to US\$500 maturing on March 13, 2023. The proceeds were used to partially finance the acquisition of the Masinloc Group.

San Miguel Global Power fully paid Facility A Loan and Facility B loan on March 12, 2021 and March 13, 2023, respectively.

The loan was fully paid on March 13, 2023.

Unamortized debt issue costs amounted to P19 as at December 31, 2022.

- cf. The amount represents the drawdowns by Petron in May and July 2019, amounting to US\$536 and US\$264 loans, respectively, from its US\$800 term loan facility. The loan is amortized for five years with a two-year grace period and subject to a floating interest rate. The proceeds were used to refinance US dollar-denominated and Peso-denominated bilateral short-term loans, to partially prepay its existing US\$1,000 term loan and for general corporate purposes.

Payments made amounted to US\$686 as at December 31, 2022.

The loan was fully paid on May 15, 2023.

Unamortized debt issue costs amounted to P72 as at December 31, 2022.

- cg. The amount represents the drawdown by San Miguel Global Power on April 12, 2021 from its term loan facility amounting to US\$50. The term of the loan is for three years and is subject to a floating interest rate based on LIBOR plus margin.

The proceeds were used to finance the capital expenditures of the Batangas Combined Cycle Power Plant (including expansion projects related thereto); funding of liquid natural gas import, storage and distribution facilities; pre-operating and operating working capital requirements for BESS projects, and transaction-related fees, costs and expenses of the facility.

The loan was fully paid in October 2023.

Unamortized debt issue costs amounted to P21 as at December 31, 2022.

The gross amount of long-term debt payable to BankCom amounted to P18,694 and P11,703 as at December 31, 2023 and 2022, respectively (Note 33).

The debt agreements contain, among others, covenants relating to merger and consolidation, negative pledge, maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, significant changes in the ownership or control of subsidiaries, payments of dividends and redemption of capital stock.

The Group is required to comply with the following financial ratios:

Parent Company	Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) to consolidated total interest expense	Not less than 2.00:1.00
	Consolidated net debt to consolidated total equity	Does not exceed 2.10:1.00
Major subsidiaries:		
Petron	Net leverage	Not to exceed 6.50
	Consolidated gross debt to consolidated net worth	Not to exceed 2.75
San Miguel Global Power	Net debt to equity	Not more than 3.25x
SMFB	Interest coverage	Not less than 2.25x
	Consolidated debt to consolidated equity	Not more than 3.50x
	Consolidated total EBITDA to consolidated interest expense	Not less than 2.00x

The Group is in compliance with the covenants of the debt agreements or obtained the necessary waivers as at December 31, 2023 and 2022.

Long-term debt includes syndicated project finance loans amounting to P138,481 and P146,526 as at December 31, 2023 and 2022, respectively, which were secured by certain property, plant and equipment and other intangible assets (Notes 13 and 17).

The movements in debt issue costs are as follows:

	Note	2023	2022
Balance at beginning of year		P11,507	P8,511
Additions		5,525	6,087
Amortization	30	(3,717)	(2,824)
Reclassification, capitalized and others		(65)	(267)
Balance at end of year		P13,250	P11,507

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2024	P238,332	P1,534	P236,798
2025	120,315	1,398	118,917
2026	166,897	1,746	165,151
2027	196,113	2,073	194,040
2028 and thereafter	482,177	6,499	475,678
Total	P1,203,834	P13,250	P1,190,584

Contractual terms of the Group's interest-bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 39.

22. Other Noncurrent Liabilities

Other noncurrent liabilities consist of:

	Note	2023	2022
Retirement liabilities - noncurrent	5, 35	P10,652	P9,539
Retention payable - noncurrent		8,109	8,210
ARO	4	4,442	4,264
IRO	4	1,248	899
Cylinder deposits		748	736
Cash bonds		439	419
Customers' deposits	39, 40	381	343
Derivative liabilities - noncurrent	4, 39, 40	269	-
MRO and decommissioning	4, 5	103	100
Obligation to ROP - service concession agreement	4, 34	46	43
Amounts owed to related parties	33	2	1
Others	5	2,306	1,590
	39, 40	P28,745	P26,144

"Others" include deferred rent income and liability to contractor and supplier.

23. Income Taxes

The components of income tax expense are shown below:

	2023	2022	2021
Current	P21,678	P19,442	P14,258
Deferred	6,730	(6,125)	3,535
	P28,408	P13,317	P17,793

The movements of deferred tax assets and liabilities are accounted for as follows:

2023	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade and other receivables and inventory	P2,017	P92	P -	(P1)	P2,108
MCIT	808	366	-	-	1,174
NOLCO	14,816	7,855	-	-	22,671
Undistributed net earnings of foreign subsidiaries	(846)	-	-	-	(846)
Leases	(22,404)	(105)	-	(1,757)	(24,266)
Unrealized intercompany charges and others	1,866	(14,938)	614	1,747	(10,711)
	(P3,743)	(P6,730)	P614	(P11)	(P9,870)

2022	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade and other receivables and inventory	P2,752	(P742)	P9	(P2)	P2,017
MCIT	1,045	(237)	-	-	808
NOLCO	8,374	6,442	-	-	14,816
Undistributed net earnings of foreign subsidiaries	(846)	-	-	-	(846)
Leases	(19,044)	(3,344)	-	(16)	(22,404)
Unrealized intercompany charges and others	(3,882)	4,006	1,906	(164)	1,866
	(P11,601)	P6,125	P1,915	(P182)	(P3,743)

The above amounts are reported in the consolidated statements of financial position as follows:

	Note	2023	2022
Deferred tax assets	4	P19,633	P22,554
Deferred tax liabilities		(29,503)	(26,297)
		(P9,870)	(P3,743)

As at December 31, 2023, the NOLCO of the Group, which are presented as part of "Deferred tax assets" account in the consolidated statement of financial position, that can be claimed as deduction from future taxable income are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO
2020	December 31, 2025	P5,414
2021	December 31, 2026	544
2022	December 31, 2025	3,320
2023	December 31, 2026	27,560
		P36,838

As at December 31, 2023, the MCIT of the Group, which are presented as part of “Deferred tax assets” account in the consolidated statement of financial position, that can be claimed as deduction from corporate income tax due are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	MCIT
2021	December 31, 2024	P92
2022	December 31, 2025	94
2023	December 31, 2026	988
		P1,174

As at December 31, 2023 and 2022, deferred tax assets in respect of NOLCO and others amounting to P14,284 and P9,580, respectively, has not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494 (“Bayanihan to Recover as One Act”), relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

For taxable years 2023 and 2022, the expiration period of NOLCO reverted to three years.

The reconciliation between the statutory income tax rate on income before income tax and the Group’s effective income tax rate is as follows:

	2023	2022	2021
Statutory income tax rate	25.00%	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Impact of change in tax rate	-	-	(5.47%)
Interest income subject to final tax	(4.80%)	(4.43%)	(1.36%)
Equity in net earnings of associates and joint ventures	(0.59%)	(0.75%)	(0.39%)
Gain on sale of investments subject to final or capital gains tax	(0.03%)	(0.46%)	(0.06%)
Others, mainly income subject to different tax rates - net	19.28%	13.87%	9.26%
Effective income tax rate	38.86%	33.23%	26.98%

RA No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Group are: (i) reduction of Regular Corporate Income Tax (RCIT) rate from 30% to 25% for domestic and resident foreign corporations effective July 1, 2020; (ii) reduction of MCIT rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. The rate of MCIT reverted to 2% based on gross income starting July 1, 2023. Accordingly, current and deferred taxes as at and for the year ended December 31, 2023 and 2022 were computed and measured using the applicable income tax rates. MCIT was computed using 1.5% and 1% tax rates in 2023 and 2022, respectively.

24. Equity

a. Amendments to the Articles of Incorporation

On July 23, 2009, during the annual stockholders' meeting of the Parent Company, the stockholders approved the amendments to the Articles of Incorporation for the declassification of the common shares of the Parent Company. The authorized capital stock of the Parent Company amounting to P22,500 was divided into 2,034,000,000 Class "A" common shares, 1,356,000,000 Class "B" common shares with a par value of P5.00 per share and 1,110,000,000 Series "1" Preferred Shares with a par value of P5.00 per share, and defined the terms and features of the Series "1" Preferred Shares. The SEC approved the amendments to the Amended Articles of Incorporation of the Parent Company on August 20, 2009.

During the April 18, 2012 and June 14, 2012 meetings of the BOD and stockholders of the Parent Company, respectively, the BOD and stockholders approved the amendments to the Articles of Incorporation of the Parent Company, to increase the authorized capital stock of the Parent Company from P22,500 to P30,000 as follows: (a) the increase in the number of the common shares from 3,390,000,000 common shares to 3,790,000,000, or an increase of 400,000,000 common shares; and (b) the creation and issuance of 1,100,000,000 Series "2" Preferred Shares with a par value of P5.00 per share.

On September 21, 2012, the SEC approved the amendment to the Articles of Incorporation of the Parent Company to increase the authorized capital stock, and consequently creating the Series "2" Preferred Shares.

On June 9, 2015, during the annual stockholders meeting of the Parent Company, the stockholders approved the amendment to Article VII of the Amended Articles of Incorporation of the Parent Company to reclassify 810,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares, consisting of 691,099,686 Series "1" preferred treasury shares to Series "2" preferred treasury shares and 118,900,314 Series "1" preferred unissued shares to Series "2" preferred unissued shares. With the approved reclassification, the resulting distribution of the preferred shares of the Parent Company was 300,000,000 for Series "1" Preferred Shares and 1,910,000,000 for Series "2" Preferred Shares. The stockholders also approved the issuance of the Series "2" Preferred Shares subject to the passage of Enabling Resolutions containing the details of the terms and conditions of the issuance.

The amendment to Article VII of the Amended Articles of Incorporation of the Parent Company to reclassify 810,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares was approved by the SEC on July 14, 2015.

b. Capital Stock

Common Shares

On July 27, 2010, the BOD of the Parent Company approved the offer to issue approximately 1,000,000,000 common shares (from the unissued capital stock and treasury shares) at a price of not less than P75.00 per share.

Effective August 26, 2010, all Class "A" common shares and Class "B" common shares of the Parent Company were declassified and are considered as common shares without distinction, as approved by the SEC. Both are available to foreign investors, subject to the foreign ownership limit.

The Parent Company has a total of 33,379 and 33,653 common shareholders as at December 31, 2023 and 2022, respectively.

The number of issued and outstanding shares of common stock are as follows:

	2023	2022	2021
Issued shares	3,288,649,125	3,288,649,125	3,288,649,125
Less treasury shares	904,752,537	904,752,537	904,752,537
Issued and outstanding shares	2,383,896,588	2,383,896,588	2,383,896,588

Preferred Shares

i. Series "1" Preferred Shares

Series "1" Preferred Shares have a par value of P5.00 per share and are entitled to receive cash dividends upon declaration by and at the sole option of the BOD of the Parent Company at a fixed rate of 8% per annum calculated in respect of each Series "1" Preferred Share by reference to the Issue Price thereof in respect of each dividend period.

Series "1" Preferred Shares are non-voting except as provided for under the Corporation Code. The Series "1" Preferred Shares are redeemable in whole or in part, at the sole option of the Parent Company, at the end of three years from the issue date at P75.00 plus any accumulated and unpaid cash dividends.

All shares rank equally with regard to the residual assets of the Parent Company, except that holders of preferred shares participate only to the extent of the issue price of the shares plus any accumulated and unpaid cash dividends.

On July 23, 2009, the stockholders of the Parent Company approved the Offer by the Parent Company to exchange existing common shares of up to approximately 35% of the issued and outstanding capital stock of the Parent Company with Series “1” Preferred Shares. The exchange ratio was one common share for one Series “1” preferred share and the qualified shareholders of record as at July 2, 2009, were vested with the right to participate on the exchange.

On October 5, 2009, the Parent Company completed the exchange of 476,296,752 Class “A” common shares and 396,876,601 Class “B” common shares for Series “1” Preferred Shares.

On October 15, 2009, the BOD of the Parent Company approved the issuance, through private placement, of up to 226,800,000 Series “1” Preferred Shares.

On December 22, 2009, the Parent Company issued 97,333,000 Series “1” Preferred Shares to qualified buyers and by way of private placement to not more than 19 non-qualified buyers at the issue price of P75.00 per Series “1” preferred share.

On December 8, 2010 and October 3, 2011, the Parent Company listed 873,173,353 and 97,333,000 Series “1” Preferred Shares worth P65,488 and P7,300, respectively.

On August 13, 2012, the BOD of the Parent Company approved the redemption of Series “1” Preferred Shares at a redemption price of P75.00 per share.

On October 5, 2012, 970,506,353 Series “1” Preferred Shares were reverted to treasury.

On April 14, 2015, the Parent Company reissued 279,406,667 Series “1” Preferred Shares held in treasury in the name of certain subscribers at P75.00 per share. The Series “1” Preferred Shares became tradable at the PSE beginning June 10, 2015.

On March 12, 2020, the BOD of the Parent Company approved the redemption of Series “1” Preferred Shares at a redemption price of P75.00 per share.

On April 14, 2020, 279,406,667 Series “1” Preferred Shares were reverted to treasury.

The Parent Company has 279,406,667 Series “1” Preferred Shares held in treasury as at December 31, 2023 and 2022.

The Parent Company has no outstanding Series “1” Preferred Shares as at December 31, 2023 and 2022.

ii. Series “2” Preferred Shares

Subseries 2-A, Subseries 2-B and Subseries 2-C

In September 2012, the Parent Company issued 1,067,000,000 Series “2” Preferred Shares at the issue price of P75.00 per share. The said Series “2” Preferred Shares worth P80,025 were listed at the PSE on September 28, 2012. The SEC approved the registration and issued a permit to sell on August 10, 2012.

The Series “2” Preferred Shares were issued in three subseries (Subseries “2-A”, Subseries “2-B” and Subseries “2-C”) and are Peso-denominated, perpetual, cumulative, non-participating and non-voting.

The Parent Company has the redemption option starting on the third, fifth and seventh year and every dividend payment thereafter, with a “step-up” rate effective on the 5th, 7th and 10th year, respectively, if the shares are not redeemed. Dividend rates are 7.500%, 7.625%, and 8.000% per annum for Subseries “2-A”, Subseries “2-B” and Subseries “2-C” Preferred Shares, respectively.

On September 21, 2015, the Parent Company redeemed its 721,012,400 Series “2” Preferred Shares - Subseries “2-A” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P54,076 to the holders of Subseries “2-A” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 20, 2015.

On September 23, 2019, the Parent Company redeemed its 90,428,200 Series “2” Preferred Shares - Subseries “2-B” at a redemption price of P75.00 per share. The Parent Company paid P6,782 to the holders of Subseries “2-B” Preferred Shares. The redemption was approved by the BOD of the Parent Company on September 12, 2019.

On September 21, 2021, the Parent Company redeemed its outstanding 255,559,400 Series “2” Preferred Shares - Subseries “2-C” at a redemption price of P75.00 per share. The Parent Company paid P19,167 to the holders of Subseries “2-C” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 5, 2021.

As at December 31, 2023, there are no more outstanding Series “2” Preferred Shares out of the 1,067,000,000 Series “2” Preferred Shares subject of the SEC’s permit to sell on August 10, 2012 and listed at the PSE on September 28, 2012.

Subseries 2-D, Subseries 2-E and Subseries 2-F

On September 21, 2015, the Parent Company issued and listed at the PSE 446,667,000 Series “2” Preferred Shares held in treasury in three subseries (Subseries “2-D”, Subseries “2-E” and Subseries “2-F”) and are Peso-denominated, perpetual, cumulative, non-participating and non-voting. Dividend rates are 5.9431%, 6.3255% and 6.8072% per annum for Subseries “2-D”, Subseries “2-E” and Subseries “2-F” Preferred Shares, respectively. The SEC approved the registration and issued a permit to sell on August 6, 2015.

On September 21, 2020, the Parent Company redeemed its 89,333,400 Series “2” Preferred Shares - Subseries “2-D” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P6,700 to the holders of Subseries “2-D” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 6, 2020.

On September 21, 2021, the Parent Company redeemed its 134,000,100 Series “2” Preferred Shares - Subseries “2-E” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P10,050 to the holders of Subseries “2-E” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 5, 2021.

The Subseries “2-F” Preferred Shares include 1,333,500 shares amounting to P100 held by a subsidiary, which were reclassified to Treasury shares upon consolidation of the subsidiary on December 14, 2022 (Note 5).

As at December 31, 2023, only the Subseries “2-F” Preferred Shares remain outstanding out of the 446,667,000 Series “2” Preferred Shares subject of the SEC’s permit to sell on August 6, 2015 and listed at the PSE on September 21, 2015.

Subseries 2-G, Subseries 2-H and Subseries 2-I

On February 24, 2016, the BOD of PSE approved the listing application of the Parent Company of up to 975,571,800 shares of Series “2” Preferred Shares under shelf registration (the Shelf Registered Shares) and the offering of up to 400,000,000 shares of Series “2” Preferred Shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved the Shelf Registered Shares and issued a permit to sell on March 8, 2016.

The Parent Company offered the “First Tranche” of up to: (i) 280,000,000 shares of Series “2” Preferred Shares consisting of Subseries “2-G”, Subseries “2-H” and Subseries “2-I” and (ii) 120,000,000 shares of Series “2” Preferred Shares to cover the oversubscription option. The First Tranche was re-issued and offered from the Series “2” Preferred Shares Subseries held in treasury. The First Tranche was issued on March 30, 2016 which was also the listing date of the Shelf Registered Shares.

Dividend rates are 6.5793%, 6.3222% and 6.3355% per annum for Subseries “2-G”, Subseries “2-H” and Subseries “2-I” Preferred Shares, respectively.

Following the completion of the Parent Company’s follow-on offering of 280,000,000 Series “2” Preferred Shares, with an oversubscription option of 120,000,000 Series “2” Preferred Shares, the Parent Company re-issued the Series “2” Preferred Shares held in treasury, as follows: (i) 244,432,686 Series “2” Preferred Shares; and (ii) 155,567,314 Subseries “2-A” Preferred Shares (collectively, the “Offer Shares”). The Series “2” Preferred Shares were Series “1” Preferred Shares held in treasury that were reclassified to Series “2” Preferred Shares on June 9, 2015.

The remaining 575,571,800 Shelf Registered Shares were no longer be issued due to the expiration of the shelf registration, which is a period of three years from the date of approval.

On March 30, 2021, the Parent Company redeemed its 66,666,600 Series "2" Preferred Shares - Subseries "2-G" at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P5,000 to the holders of Subseries "2-G" Preferred Shares. The redemption was approved by the BOD of the Parent Company on March 11, 2021.

On December 21, 2022, the Parent Company redeemed its 164,000,000 Series "2" Preferred Shares - Subseries "2-H" at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P12,300 to the holders of Subseries "2-H" Preferred Shares. The redemption was approved by the BOD of the Parent Company on September 22, 2022.

As at December 31, 2023, only the Subseries "2-I" Preferred Shares remain outstanding out of the 400,000,000 shelf-registered Series "2" Preferred Shares subject of the SEC's permit to sell on March 8, 2016 and listed at the PSE on March 30, 2016.

Subseries 2-J and Subseries 2-K

On September 30, 2020, the BOD of PSE approved the listing application of the Parent Company of up to 533,333,334 Series "2" Preferred Shares under shelf registration (the Shelf Registered Shares) and the offering of up to 266,666,667 Series "2" Preferred Shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on October 9, 2020 and issued a permit to sell the First Tranche on the same date.

The Parent Company offered the First Tranche consisting of: (i) 133,333,400 Subseries "2-J" Preferred Shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-J" Preferred Shares at an offer price of P75.00 per share. The First Tranche consisting of 266,666,667 Subseries "2-J" Preferred Shares was issued on October 29, 2020, which was also the date when the First Tranche was listed at the PSE.

The Parent Company offered a Second Tranche of the Shelf Registered Shares, consisting of (i) 133,333,400 Subseries "2-K" Preferred Shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-K" Preferred Shares at an offer price of P75.00 per share. The Second Tranche consisting of 183,904,900 Subseries "2-K" was issued and listed at the PSE on December 10, 2020.

The First and Second Tranche were re-issued and offered from the Subseries "2-A" Preferred Shares held in treasury.

Dividend rates are 4.75% and 4.50% per annum for Subseries "2-J" and Subseries "2-K" Preferred Shares, respectively.

Subseries 2-M

On August 23, 2023, the Parent Company issued via private placement 173,333,325 Subseries "2-M" Preferred Shares at an offer price of P75.00 per share, with a fixed dividend rate of 8.375% per annum. Subseries "2-M" Preferred Shares were listed at the PSE on August 29, 2023. The Subseries "2-M" Preferred Shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of SMC.

Subseries 2-L, Subseries 2-N and Subseries 2-O

On October 17, 2023, the BOD of PSE approved the shelf registration application of the Parent Company of up to 866,666,700 Series “2” cumulative, non-voting, non-participating, non-convertible, redeemable and re-issuable (the Shelf Registered Shares) and with an offer Supplement for the First Tranche of 400,000,000 Series “2-L”, Series “2-N” and Series “2-O” Preferred Shares (the “Base Offer Shares”) and an Over-subscription Option of up to 266,666,700 Series “2-L”, Series “2-N” and Series “2-O” Preferred Shares, with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on November 9, 2023 and issued a permit to sell the First Tranche on the same date.

On December 1, 2023, the First Tranche consisting of 165,358,600 Subseries “2-L” Preferred Shares, 100,115,100 Subseries “2-N” Preferred Shares, and 187,859,700 Subseries “2-O” Preferred Shares was issued and listed at the PSE.

Dividend rates are 7.9145%, 8.3466% and 8.5936% per annum for Subseries “2-L”, Subseries “2-N” and Subseries “2-O” Preferred Shares, respectively.

The Parent Company has 288,194,494 and 916,194,719, including the 1,333,500 preferred shares held by a subsidiary (Note 5), Series “2” Preferred Shares held in treasury as at December 31, 2023 and 2022, respectively.

The Parent Company has 1,469,905,192 and 843,238,467 outstanding Series “2” Preferred Shares as at December 31, 2023 and 2022, respectively.

The Parent Company has a total of 277 and 251 preferred shareholders as at December 31, 2023 and 2022, respectively.

c. *Treasury Shares*

Treasury shares consist of:

	2023	2022	2021
Common	P67,093	P67,093	P67,093
Preferred	42,670	89,670	77,270
	P109,763	P156,763	P144,363

Common Shares

The Parent Company has 904,752,537 common shares held in treasury as at December 31, 2023, 2022 and 2021.

1. In the Entry of Judgment received on January 27, 2015, the Supreme Court entered in the Book of Entries of Judgments the Resolution of September 4, 2012 in G.R. Nos. 177857-58 and 178193 wherein the Supreme Court clarified that the 753,848,312 SMC Series “1” Preferred Shares of the Coconut Industry Investment Fund (CIIF) companies converted from the CIIF block of SMC shares, with all the dividend earnings as well as all increments arising therefrom shall now be the subject matter of the January 29, 2012 Decision and declared owned by the Government and used only for the benefit of all coconut farmers and for the development of the coconut industry. Thus, the fallo of the Decision dated January 24, 2012 was accordingly modified.

On October 5, 2016, the Supreme Court of the Philippines in G.R. Nos. 177857-58 and 178193 issued a Judgment denying the “Manifestation and Omnibus Motion” filed by the Presidential Commission on Good Government to amend the Resolution Promulgated on September 4, 2012 to Include the “Treasury Shares” Which are Part and Parcel of the 33,133,266 CIIF Block of SMC Shares of 1983 Decreed by the Sandiganbayan, and Sustained by the Honorable Court, as Owned by the Government. The denial of the motion is without prejudice to the right of the ROP to file the appropriate action or proceeding to determine the legal right of the Parent Company to the 25,450,000 treasury shares of the Parent Company. On November 29, 2016, the Supreme Court denied with finality the motion for reconsideration of the ROP. To date, no such further action or proceeding has been filed by the ROP relating to the 25,450,000 Treasury Shares of the Parent Company.

2. In 2009, 873,173,353 common shares reverted to treasury were acquired through the exchange of common shares to preferred shares, on a one-for-one basis, at P75.00 per share amounting to P65,488.
3. On May 5, 2011, the Parent Company completed the secondary offering of its common shares. The offer consists of 110,320,000 shares of stock of the Parent Company consisting of 27,580,000 common shares from the treasury shares of the Parent Company and 82,740,000 SMC common shares held by Top Frontier, priced at P110.00 per share.
4. Also on May 5, 2011, US\$600 worth of exchangeable bonds of the Parent Company sold to overseas investors were simultaneously listed at the Singapore Exchange Securities Trading Limited (SGX-ST). The exchangeable bonds have a maturity of three years, a coupon of 2% per annum and a conversion premium of 25% of the offer price. The exchangeable bonds are exchangeable for common shares to be re-issued from the treasury shares of the Parent Company. The initial exchange price for the exchange of the exchangeable bonds into common shares is P137.50 per share.

On December 5, 2011, 765,451 common shares were delivered to the bondholders of the Parent Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at an exchange price of P113.24 per share. Subsequently on December 8, 2011 and February 10 and 16, 2012, the delivered common shares of stock of the Parent Company were transacted and crossed at the PSE via a special block sale in relation to the issuance of common shares pursuant to the US\$600 exchangeable bonds of the Parent Company.

In 2014, 2013 and 2012, additional 1,077,573, 6,540,959 and 1,410,604 common shares, respectively, were delivered to the bondholders of the Parent Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at exchange prices ranging from P80.44 to P113.24 per share. The additional common shares of stock of the Parent Company were transacted and crossed at the PSE on various dates via special block sales.

A total of 9,794,587 common shares were issued to the bondholders of the Parent Company's exchangeable bonds as at December 31, 2014.

5. In 2014 and 2013, 68,150 common shares and 3,410,250 common shares, respectively, under the Parent Company's Employee Stock Purchase Plan (ESPP) were cancelled and held in treasury shares.

In 2016, the Parent Company discontinued the ESPP.

d. Capital Securities

SPCS

On December 5, 2019, the BOD approved the establishment of a medium term note programme amounting to US\$3,000 (the "Programme"), and the issuance of US\$500 perpetual securities out of the Programme. The Programme and the initial issuance of perpetual securities were both registered at the SGX-ST.

The Programme will be available for a medium term and will allow the Parent Company to tap the financial market for funding through the issuance of securities, including but not limited to corporate notes, bonds, and perpetual securities and other similar instruments at different currencies (other than Philippine peso). The establishment of the Programme will give the Parent Company ready access to funding and will give the Parent Company the flexibility to fund its contemplated investments and projects such as the MRT 7 construction, the MIA, as well as the refinancing of its existing obligations and for other general corporate purposes. All instruments and securities that will be issued out of the Programme shall be exempt securities and shall not be required to be registered with the PSE.

On July 29, 2020, the Parent Company issued US\$500 (P24,595) SPCS at an issue price of 100%, with a rate of distribution of 5.5% per annum, payable every January 29 and July 29 of each year. The securities were issued under the Programme. The net proceeds were used to finance investments and various projects, to refinance existing obligations and for general corporate purposes.

RPS

On various dates in June and July 2020, the Parent Company issued a total of P14,810 RPS (including P4,000 RPS issued to a related party) at an issue price of 100%, with a rate of distribution of 5% per annum.

On September 29 and October 19, 2020, the Parent Company purchased and cancelled a total of P10,810 RPS, pursuant to the agreement with the holders of the said RPS who accepted the offer by the Parent Company to purchase the RPS.

The P4,000 RPS issued to a related party, with a distribution rate of 5% per annum, is payable every January 1, April 1, July 1 and October 1 of each year.

On May 25, 2023, the Parent Company purchased the P4,000 RPS issued to a related party at an amount equivalent to its face value. As a result of the purchase, the RPS were cancelled in accordance with the terms and conditions of the purchase agreement between the parties.

On August 4, 2020, the Parent Company issued US\$100 (P4,909) RPS to a related party at an issue price of 100%, with a rate of distribution of 2.5% per annum, payable every February 5, May 5, August 5 and November 5 of each year.

The RPS are capital securities with no fixed redemption date. The security holders have the right to receive distribution payable quarterly in arrears. The Parent Company has the right to defer this distribution under certain conditions.

The net proceeds of RPS were used by the Parent Company for general corporate purposes.

The amount of RPS presented in the consolidated financial statements was net of the RPS issued to related parties amounting to US\$100 (P4,909) in 2023 and 2022 and P4,000 in 2022 (Note 5).

e. Unappropriated Retained Earnings

The unappropriated retained earnings of the Parent Company is restricted in the amount of P67,093 in 2023, 2022 and 2021, representing the cost of common shares held in treasury.

The unappropriated retained earnings of the Group includes the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures not available for declaration as dividends until declared by the respective investees.

f. Appropriated Retained Earnings

The BOD of certain subsidiaries approved additional appropriations amounting to P34,817, P23,602 and P29,112 in 2023, 2022 and 2021, respectively, to finance future capital expenditure projects. Reversal of appropriations amounted to P18,651, P19,228 and P22,637 in 2023, 2022 and 2021, respectively.

g. Non-controlling Interests

Non-controlling interests consist of:

	2023	2022
Capital securities of subsidiaries	P189,484	P214,365
Share in the net assets of subsidiaries	116,353	110,383
Preferred shares of subsidiaries	43,108	29,611
	P348,945	P354,359

The following are the developments relating to the capital securities and preferred shares of subsidiaries:

Energy

▪ San Miguel Global Power

a) Issuance of SPCS

San Miguel Global Power has the following US dollar-denominated SPCS issued and listed at the SGX-ST:

Date of Issuance	Initial Rate of Distribution Per Annum	Issued Amount		Balance as at December 31, 2023	
April 25 and July 3, 2019	6.50%	US\$800	P41,050	US\$783	P40,187
November 5, 2019	5.95%	500	24,837	492	24,445
January 21, 2020					
October 21 and December 15, 2020	5.70%	600	30,171	593	29,836
June 9 and September 15, 2021	7.00%	750	36,141	724	34,884
	5.45%	750	35,568	684	32,416
		US\$3,400	P167,767	US\$3,276	P161,768

The holders of the SPCS have conferred a right to receive distributions on a semi-annual basis from their issuance dates at the initial rate of distribution, subject to the step-up rate. San Miguel Global Power has a right to defer this distribution under certain conditions.

The SPCS constitute direct, unconditional, unsecured and unsubordinated obligations of San Miguel Global Power with no fixed redemption date. The SPCS are redeemable in whole, but not in part, at the option of San Miguel Global Power, on step-up date or any distribution payment date thereafter or upon the occurrence of certain other events at the principal amounts of the SPCS plus any accrued, unpaid or deferred distribution.

The net proceeds from the issuance of SPCS in 2019 were used for the redemption of the US\$300 USCS in November 2019, repayment of indebtedness, capital expenditures and investments in power-related assets, the development of the BESS projects and general corporate purposes.

The net proceeds in 2020 were used for the funding requirements of the development and completion of the BESS projects, capital expenditures and investments in liquefied natural gas facilities and related assets, refinancing or redemption of existing or expiring commitments whether debt or perpetual securities and general corporate purposes.

The net proceeds in 2021 were used primarily for investments in the 1,320 MW BCCPP and related assets or for general corporate purposes.

b) Repurchase of SPCS

On October 26, 2022, the BOD of San Miguel Global Power authorized the conduct of tender offer to the holders of its US dollar-denominated SPCS listed at the SGX-ST to purchase for cash said SPCS up to a total aggregate principal amount of US\$400. The conduct of the tender offer commenced on October 26, 2022, and expired on November 4, 2022 (the "Expiration Deadline"). All valid tender offers from security holders, representing an aggregate of US\$124 in principal amount of SPCS were accepted by San Miguel Global Power. Security holders that validly tendered their securities at or prior to the Expiration Deadline and which San Miguel Global Power accepted for purchase from such security holders were paid the applicable purchase price amounting to US\$81 (P4,703, inclusive of transaction costs of P25) and the relevant accrued distribution amounting to US\$2 (P102) on November 9, 2022.

The difference between the price paid and the net carrying value of the SPCS repurchased amounting to P1,297, net of transaction costs, was recognized as part of "Equity reserves" account in the consolidated statements of financial position.

The payment for the repurchased SPCS was funded by San Miguel Global Power's issuance of RPS to SMC.

c) Redemption of USCS

On February 26, 2021, San Miguel Global Power completed the redemption of its US\$300 (P14,582) USCS issued on August 26, 2015 pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The difference between the settlement amount and the carrying amount of the USCS amounting to P758 was recognized as part of "Equity reserves" account in the consolidated statements of financial position.

The US\$300 USCS were redeemed using in part the proceeds of the US\$350 SPCS issued on December 15, 2020.

Fuel and Oil

▪ Petron

a) Issuance of SPCS

On April 19, 2021, Petron issued US\$550 (P26,231) SPCS at an issue price of 100%, with an initial rate of distribution of 5.95% per annum. The securities were listed at the SGX-ST on April 20, 2021. The net proceeds were used for the repayment of its indebtedness and for general corporate purposes.

b) Redemption of SPCS

On January 19, 2023, Petron redeemed US\$22 (P1,118) from US\$500 SPCS issued in 2018 at a purchase price of US\$927.00 per US\$1,000.00 in principal amount.

On July 19, 2023, the remaining outstanding SPCS with an aggregate amount of US\$478 (P23,763) was fully redeemed at a purchase price of US\$1,000.00 per US\$1,000.00 in principal amount. Following such redemption, distributions ceased to accrue and the redeemed securities were cancelled and delisted from the SGX-ST.

The difference between the price paid and the net carrying amount of the SPCS redeemed was recognized as part of "Equity reserves" account in the consolidated statement of financial position as at December 31, 2023.

c) Redemption of Series 2B Preferred Shares

On November 3, 2021, Petron redeemed its 2,877,680 Series 2B Preferred Shares issued on November 3, 2014 at a redemption price of P1,000.00 per share or a total of P2,878 million. The redemption was approved by the BOD of Petron on March 9, 2021.

d) Issuance of Series 4 Preferred Shares

On July 7, 2023, Petron issued and listed at the PSE 5,000,000 Series 4A, 2,995,000 Series 4B, and 6,005,000 Series 4C Preferred Shares (inclusive of the oversubscription of 1,500,000 shares) under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 per preferred share or for a total amount of P14,000. The Series 4 Shelf Registered Preferred Shares, which were approved for issue by the SEC on June 14, 2023, are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares. The net proceeds were used to partly fund the full redemption on July 19, 2023 of the remaining US\$478 SPCS issued in 2018.

Petron has the redemption option starting on the second and half, third and fifth year or on any dividend payment date thereafter for Series 4A, Series 4B and Series 4C Preferred Shares, respectively. Dividend rates are 6.7079%, 6.7972%, 7.0861% per annum for Series 4A, Series 4B and Series 4C Preferred Shares, respectively.

The details of material share in the net assets of subsidiaries are as follows:

	December 31, 2023		December 31, 2022	
	Petron	SMFB	Petron	SMFB
Percentage of non-controlling interests	31.74%	11.24%	31.74%	11.24%
Carrying amount of non-controlling interests	P15,462	P70,402	P15,964	P65,539
Net income attributable to non-controlling interests	P1,836	P17,636	P1,157	P14,868
Other comprehensive income (loss) attributable to non-controlling interests	(P1,068)	(P545)	P741	P206
Dividends paid to non-controlling interests	P510	P12,229	P177	P10,260

The following are the audited condensed financial information of subsidiaries with material non-controlling interests:

	December 31, 2023		December 31, 2022	
	Petron	SMFB	Petron	SMFB
Current assets	P233,007	P135,889	P243,287	P132,957
Noncurrent assets	210,897	219,886	216,784	206,521
Current liabilities	(234,729)	(103,008)	(227,555)	(90,070)
Noncurrent liabilities	(109,540)	(83,652)	(118,966)	(90,335)
Net Assets	P99,635	P169,115	P113,550	P159,073
Sales	P801,027	P379,822	P857,638	P358,853
Net income	P10,134	P38,105	P6,697	P34,665
Other comprehensive income (loss)	(2,489)	(1,672)	1,721	326
Total Comprehensive Income	P7,645	P36,433	P8,418	P34,991
Cash flows provided by (used in) operating activities	P19,204	P76,831	(P22,674)	P39,811
Cash flows used in investing activities	(6,438)	(27,690)	(2,382)	(35,425)
Cash flows provided by (used in) financing activities	(21,753)	(33,194)	22,807	(5,698)
Effect of exchange rate changes on cash and cash equivalents	(677)	(39)	3,026	830
Net increase (decrease) in cash and cash equivalents	(P9,664)	P15,908	P777	(P482)

25. Sales

Sales consist of:

	<i>Note</i>	2023	2022	2021
Goods		P1,408,087	P1,472,886	P918,118
Services		38,616	33,705	23,075
	6, 33	P1,446,703	P1,506,591	P941,193

26. Cost of Sales

Cost of sales consist of:

	<i>Note</i>	2023	2022	2021
Inventories	9, 40	P929,217	P1,021,867	P524,350
Taxes and licenses		115,944	106,351	90,305
Depreciation and amortization	28	43,390	37,846	33,548
Power purchases	34	25,250	57,089	20,557
Fuel and oil		21,850	23,212	12,671
Personnel	29	15,347	12,791	10,049
Contracted services		14,932	12,794	15,144
Freight, trucking and handling		13,728	12,367	7,096
Communications, light and water		9,846	4,406	6,257
Repairs and maintenance		7,614	5,328	5,017
Tolling fees	34	5,825	6,692	6,816
Energy fees	34	1,641	10,452	17,762
Rent		839	879	596
Others	9, 34	2,987	2,533	847
		P1,208,410	P1,314,607	P751,015

27. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	2023	2022	2021
Selling	P46,871	P43,469	P37,177
Administrative	46,937	40,503	40,814
	P93,808	P83,972	P77,991

Selling expenses consist of:

	Note	2023	2022	2021
Personnel	29	P13,769	P12,454	P8,218
Freight, trucking and handling		9,833	10,247	9,387
Depreciation and amortization	28	7,611	6,801	5,698
Advertising and promotions		7,015	5,885	5,586
Rent		2,179	2,017	1,633
Repairs and maintenance		2,171	1,783	1,534
Supplies		1,219	916	740
Taxes and licenses		1,056	949	836
Travel, entertainment and representation		870	685	440
Professional fees		575	561	540
Communications, light and water		491	717	485
Others		82	454	2,080
		P46,871	P43,469	P37,177

Administrative expenses consist of:

	Note	2023	2022	2021
Personnel	29	P22,373	P19,845	P23,660
Depreciation and amortization	28	4,856	4,595	4,802
Travel, entertainment and representation		4,680	3,119	2,605
Taxes and licenses		4,673	3,845	3,488
Professional fees		2,899	2,605	2,451
Repairs and maintenance		1,908	1,855	1,576
Supplies		945	916	934
Communications, light and water		930	948	957
Rent		478	408	534
Impairment loss (reversal of impairment loss)	8, 9, 13, 15, 18	319	115	(455)
Research and development		80	45	38
Others	34	2,796	2,207	224
		P46,937	P40,503	P40,814

28. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	<i>Note</i>	2023	2022	2021
Cost of sales:				
Property, plant and equipment	13	P27,091	P22,435	P18,800
Other intangible assets	17	7,813	7,178	5,963
Right-of-use assets	14	3,950	4,532	5,571
Biological assets				
and others	15, 16, 18	4,536	3,701	3,214
	26	43,390	37,846	33,548
Selling and administrative expenses:				
Property, plant and equipment	13	5,076	4,743	5,106
Right-of-use assets	14	949	1,082	953
Investment property, deferred containers and others	15, 17, 18	6,442	5,571	4,441
	27	12,467	11,396	10,500
		P55,857	P49,242	P44,048

“Others” include depreciation of investment property and amortization of catalyst in cost of sales, and depreciation of idle assets and amortization of computer software and licenses in selling and administrative expenses.

29. Personnel Expenses

Personnel expenses consist of:

	<i>Note</i>	2023	2022	2021
Salaries and wages		P29,863	P26,543	P23,026
Retirement costs	35	1,784	2,028	3,443
Other employee benefits		19,842	16,519	15,458
		P51,489	P45,090	P41,927

Personnel expenses are distributed as follows:

	<i>Note</i>	2023	2022	2021
Cost of sales	26	P15,347	P12,791	P10,049
Selling expenses	27	13,769	12,454	8,218
Administrative expenses	27	22,373	19,845	23,660
		P51,489	P45,090	P41,927

30. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	Note	2023	2022	2021
Interest expense		P83,083	P54,269	P42,891
Other financing charges	21, 35	8,220	6,526	6,374
		P91,303	P60,795	P49,265

Amortization of debt issue costs included in "Other financing charges" amounted to P3,755, P2,824 and P2,630 in 2023, 2022 and 2021, respectively (Note 21).

Interest expense on loans payable, long-term debt and lease liabilities is as follows:

	Note	2023	2022	2021
Loans payable	19	P15,400	P7,718	P3,737
Long-term debt	21	63,911	41,766	33,097
Lease liabilities	14, 34	3,772	4,785	6,057
		P83,083	P54,269	P42,891

31. Interest Income

Interest income consists of:

	Note	2023	2022	2021
Interest from short-term investments, cash in banks and others	7, 12, 35	P13,206	P6,761	P3,291
Interest on amounts owed by related parties	12, 33, 35	821	347	300
		P14,027	P7,108	P3,591

32. Other Income (Charges)

Other income (charges) consists of:

	Note	2023	2022	2021
Construction revenue (a)	4, 17, 34	P60,606	P60,461	P29,769
Gain (loss) on foreign exchange - net	39	2,485	(21,518)	(4,846)
Miscellaneous gain (b)	5, 43	2,291	22	170
Dividend income (c)	12	25	1,352	2,674
Provision on impairment (d)	8, 11, 13, 17, 18	(780)	(1,111)	(449)
Gain (loss) on derivatives - net	40	(1,379)	2,920	285
Construction costs (a)	4, 17, 34	(60,606)	(60,461)	(29,769)
Others - net (e)	4, 34	1,444	2,157	398
		P4,086	(P16,178)	(P1,768)

- a. The construction revenue recognized in profit or loss approximates the construction costs recognized. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction costs are recognized by reference to the stage of completion of the construction activity of toll road, airport, port, water and power concession rights as at reporting date.

- b. Miscellaneous gain represents the income recognized in 2023 by GSMI from the assignment of products rights amounting to P1,530, income recognized by the Group from the Tax Credit Certificates (TCC) issued by the BIR in relation to the claims for refund filed for overpayment of excise taxes with the BIR for San Mig Light (Note 43) amounting to P761 and P162 in 2023 and 2021, respectively, and the gain recognized from the consolidation of Mema in 2022 amounting to P22.
- c. In 2021, the Parent Company received US\$32 (P1,594) as dividend from its investment in redeemable preferred shares of stock of Carmen Red Ltd., which was redeemed on December 28, 2021.
- d. *Australian Packaging Operations.* The Group's packaging operations in Australia particularly the wine filling and bottling operations is being challenged by the ongoing restrictions imposed by China on importations from Australia, including wines. In 2021, China imposed a punitive tariff on Australian wines which severely impacted the Australian wine industry. The ongoing trade restriction and the lingering effect of COVID-19 led to the decline in demand for products of SMYA compared to forecasted revenues. Management has determined that the carrying amount of the cash generating unit is higher than the recoverable value. Accordingly, impairment loss of P188 and P789 in 2023 and 2022, respectively, were recognized by SMYA.

Advances for Investments. As discussed in Note 12, SMPI made advances to future investees that will be applied against future stock subscriptions. Management assessed that the carrying amount of advances for investments may not be recoverable in full. Accordingly, additional impairment losses amounting to P498 and P241 were recognized in 2023 and 2022, respectively.

La Pacita Biscuit Operations. As discussed in Notes 10 and 17, Magnolia ceased the operation of La Pacita biscuit on October 17, 2021. Impairment loss was recognized amounting to P386 in 2021 to reduce the carrying amount of trademark to recoverable amount.

- e. "Others" consist of rent income, commission income, changes in fair value of financial assets at FVPL, gain on settlement of ARO, insurance claims, casualty loss, loss on retirement of breeding stocks and expenses of closed facilities.

33. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Note	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	8, 36	2023	P8	P -	P -	P515	On demand;	Unsecured
		2022	11	-	-	515	non-interest bearing	
	18	2023	-	-	3,037	-	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest bearing	Unsecured; no impairment
		2022	-	-	3,037	-		
Retirement Plans	8, 35	2023	29	-	3,332	-	On demand;	Unsecured;
		2022	23	-	3,480	-	non-interest bearing	no impairment
	8, 31, 35	2023	239	-	4,129	9	On demand;	Unsecured;
		2022	246	-	4,127	-	interest bearing	no impairment
Associates	8, 18, 20, 22	2023	2,466	-	1,119	73	On demand;	Unsecured;
		2022	1,970	11	888	74	non-interest bearing	no impairment
	8, 10, 12, 18, 19, 21, 31	2023	469	-	4,288	25,076	Less than 1 to 12 years; interest bearing	Unsecured; secured; no impairment
		2022	6	-	12,346	19,875		
Joint Ventures	8, 18, 20, 22	2023	74	65	197	18	On demand;	Unsecured;
		2022	63	471	117	17	non-interest bearing	no impairment
	8	2023	40	-	621	-	On demand;	Unsecured;
		2022	-	-	621	-	interest bearing	with impairment
	8, 18, 31	2023	77	-	1,479	-	Less than 1 to 10.5 years; interest bearing	Unsecured;
		2022	59	-	1,135	-	On demand;	no impairment
Shareholder of the Ultimate Parent Company	8, 20	2023	-	-	1,300	-	Non-interest bearing	Unsecured; no impairment
Shareholders in Subsidiaries	8, 20	2023	30	990	100	1,304	On demand;	Unsecured;
		2022	184	890	91	2,658	non-interest bearing	no impairment
Others	8, 20, 22	2023	451	2,965	157	162	On demand;	Unsecured;
		2022	6,157	4,284	173	13	non-interest bearing	no impairment
Total		2023	P3,883	P4,020	P19,759	P27,157		
Total		2022	P8,719	P5,656	P26,015	P23,152		

1. Revenue consists of sale of power, fuel and other products and services to related parties.
2. Purchases consist of purchase of inventories, power and other products and services from related parties.

3. Amounts owed by related parties consist of current and noncurrent receivable, advances to suppliers and deposits and share in expenses.
 - a) Amounts owed by related parties include interest bearing receivable from the Ultimate Parent Company related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Ultimate Parent Company amounting to P725.
 - (i) *Amounts owed by the Ultimate Parent Company amounting to P2,312:*
On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% interest rate per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing. The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte undertaken by Pacific Nickel Philippines, Inc., an indirect subsidiary of Clariden. As at December 31, 2023 and 2022, the Nonoc Project has not yet started commercial operations. These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2023 and 2022 (Note 18).
 - (ii) *Amounts owed by the Ultimate Parent Company amounting to P725:*
These amounts are subject to 5.75% interest rate per annum and will accrue upon commencement of commercial operations of the Nonoc Project. As at December 31, 2023 and 2022, the Nonoc Project has not yet started commercial operations. These amounts are included as part of noncurrent receivables and deposit under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2023 and 2022 (Note 18).
 - b) Amounts owed by related parties include investments in debt securities under investment agreement with BankCom for a total amount of P4,288 and P12,250 as at December 31, 2023 and 2022, respectively, presented as part of "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts in the consolidated statements of financial position (Notes 10 and 12).
 - c) Amounts owed by related parties include non-interest bearing receivable from joint ventures included as part of "Trade and other receivables - net" account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to P621 as at December 31, 2023 and 2022.
 - d) Amounts owed by related parties include the receivable from the assignment by ECC to FEHI of the advances for future investment in KSHI, included as part of "Trade and other receivables - net" account in the consolidated statement of financial position as at December 31, 2023 (Note 5).

4. Amounts owed to related parties consist of trade payables, professional fees and leases. Amounts owed to a related party for the lease of office space presented as part of "Lease liabilities - current portion" amounted to P4 and P6 as at December 31, 2023 and 2022, respectively, and as part of "Lease liabilities - net of current portion" amounted to P5 as at December 31, 2023. The amount owed to the Ultimate Parent Company pertains to dividends payable (Note 36).
5. The amounts owed to associates include interest bearing loans payable to BankCom presented as part of "Loans payable" account amounting to P6,382 and P8,172 and "Long-term debt" account amounting to P18,694 and P11,703 in the consolidated statements of financial position as at December 31, 2023 and 2022, respectively (Notes 19 and 21).

The amounts owed to associates include syndicated project finance loans amounting to P8,315 and P10,913 as at December 31, 2023 and 2022, respectively, which were secured by certain property, plant and equipment and other intangible assets (Notes 13 and 17).

6. The compensation of key management personnel of the Group, by benefit type, follows:

	Note	2023	2022	2021
Short-term employee benefits		P544	P631	P436
Retirement cost	35	47	17	45
		P591	P648	P481

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

34. Significant Agreements and Lease Commitments

Significant Agreements

- Energy
 - *IPPA Agreements*

As a result of the biddings conducted by PSALM for the Appointment of the IPP Administrator for the capacity of the following power plants, the Group was declared the winning bidder and act as IPP Administrator through the following appointed subsidiaries:

Subsidiary	Power Plant	Location
SPI	Sual Coal - Fired Power Station (Sual Power Plant)	Sual, Pangasinan Province
SRHI	San Roque Hydroelectric Multi-purpose Power Plant (San Roque Power Plant)	San Roque, Pangasinan Province

SPPC also became the IPPA for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010 until the Ilijan Power Plant was turned over to SPPC in June 2022.

The IPPA Agreements are with the conformity of National Power Corporation (NPC), a government-owned and controlled corporation created by virtue of RA No. 6395, as amended, whereby NPC confirms, acknowledges, approves and agrees to the terms of the IPPA Agreements and further confirms that for so long as it remains the counterparty of the IPP, it will comply with its obligations and exercise its rights and remedies under the original agreement with the IPP at the request and instruction of PSALM.

The IPPA Agreements include, among others, the following common salient rights and obligations:

- i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;
- ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;
- iv. for SPI and SPPC, the right to receive an assignment of NPC's interest in existing short-term bilateral power supply contracts;
- v. the obligation to supply and deliver, at its own cost, fuel required by the IPP and necessary for the Sual Power Plant to generate the electricity required to be produced by the IPP;
- vi. maintain the performance bond in full force and effect with a qualified bank; and
- vii. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

Relative to the IPPA Agreements, SPI and SRHI have to pay PSALM monthly payments for 15 years until October 1, 2024 and 18 years until April 26, 2028, respectively, while SPPC had to pay for 12 years until June 26, 2022. Energy fees amounted to P1,641, P10,452 and P17,762 in 2023, 2022 and 2021, respectively (Note 26). SPI and SRHI renewed their performance bonds amounting to US\$58 and US\$20, which will expire on November 2, 2024 and January 25, 2025, respectively.

On June 16, 2015, SPPC renewed its performance bond amounting to US\$60 with a validity period of one year. This performance bond was subsequently drawn by PSALM on September 4, 2015 which is subject to an ongoing case (Note 43).

The lease liabilities are carried at amortized cost using the US dollar and Philippine peso discount rates as follows:

	US Dollar	Philippine Peso
SPI	3.89%	8.16%
SPPC	3.85%	8.05%
SRHI	3.30%	7.90%

The discount determined at the inception of the agreement is amortized over the period of the IPPA Agreements and recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income. Interest expense amounted to P2,421, P3,462 and P4,706 in 2023, 2022 and 2021, respectively (Note 30).

On April 4, 2022, SPPC entered into a long-term lease agreement with PSALM for parcels of land with an aggregate area of 242,445.50 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Ilijan Power Plant. The lease agreement shall expire after 25 years, commencing on the expiration of the IPPA Agreement between SPPC and PSALM in June 2022, and is subject to renewal upon mutual agreement of both parties.

Subsequently, upon the request of SPPC, PSALM issued an Additional Leased Premises Certification for the parcels of land with an aggregate area of 24,116 square meters where the Ilijan switchyard is located.

In 2022, SPPC paid in advance the total lease charges amounting to P1,823 covering the entire leased premises and duration of the lease term. This is presented under "Right-of-use assets - net" account in the consolidated statements of financial position as at December 31, 2023 and 2022 (Note 14).

In June 2022, the IPPA Agreement between SPPC and PSALM has ended. Accordingly, the Ilijan Power Plant was reclassified from "Right-of-use assets - net" to "Property, plant and equipment - net" account pursuant to the terms and conditions of the IPPA Agreement (Notes 13 and 14).

The power plants under the remaining IPPA lease arrangements with PSALM, presented under "Right-of-use assets - net" account in the consolidated statements of financial position, amounted to P95,545 and P99,116 as at December 31, 2023 and 2022, respectively (Note 14).

o *Land Lease Agreement with PSALM*

MPCL has an existing lease agreement with PSALM for the lease of the 199,600 square meters land located in Barangay Bani, Masinloc, Zambales. The lease agreement will expire on April 11, 2028.

The lease liability is amortized using the discount rate over the period of the agreement. Amortization is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income which amounted to P3 in 2023, 2022 and 2021 (Note 30).

MPCL's land under lease arrangement, presented under "Right-of-use assets - net" account in the consolidated statements of financial position amounted to P89 as at December 31, 2023 and 2022 (Notes 4 and 14).

- *Market Participation Agreements (MPA)*

SPI, SRHI, SPPC, LPI, MPI, MPCL, SMGP Kabankalan, SMGP BESS and MPGC each entered into separate MPAs with the Philippine Electricity Market Corporation (PEMC) to satisfy the conditions contained in the Philippine WESM Rules on WESM membership and to set forth the rights and obligations of a WESM member.

The relevant parties in each of the MPAs acknowledged that PEMC was entering into the agreement in its capacity as both governing arm and autonomous group market operator of the WESM, and that in due time the market operator functions shall be transferred to an independent market operator (IMO) pursuant to RA No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA). The parties further agreed that upon such transfer, all rights, obligations and authority of PEMC under the MPA shall also pertain to the IMO and that all references to PEMC shall also refer to such IMO.

Upon the initiative of the DOE and PEMC, IEMOP was incorporated and assumed the functions and obligations as the market operator of the WESM commencing on September 26, 2018. Consequently, SPI, SRHI, SPPC, LPI, SMELC, MPI and MPCL each entered into separate Supplemental MPAs with PEMC and IEMOP for the transfer of rights of the market operator to IEMOP.

Under the WESM Rules, the cost of administering and operating the WESM shall be recovered through a charge imposed on all WESM members or transactions, as approved by the ERC. Market fees charged by IEMOP to SPI, SRHI, SPPC, LPI, MPI, MPCL, SMGP BESS, SMGP Kabankalan and MPGC amounted to P372, P201 and P126 in 2023, 2022 and 2021, respectively (Note 26).

LPI and MPCL each has a standby letter of credit, to secure the full and prompt performance of obligations for its transactions as a Direct Member and trading participant in the WESM which expired in 2021. Subsequently, LPI and MPCL has extended its validity until October 24, 2024 and February 15, 2025, respectively.

- *PSAs and RSCs*

SPI, SPPC, SRHI, MPI, LPI, SMELC, SEDI and MPCL have offtake contracts such as PSAs and RSCs with various counterparties to sell electricity produced by the power plants. Counterparties for PSAs include DUs, electric cooperatives, third party Retail Electricity Suppliers (RES) and other entities.

Counterparties for RSCs are contestable customers, or large industrial users which have been certified contestable by the ERC.

Majority of the consolidated sales of the Group are through long-term offtake contracts, which may have provisions for take-or-pay, passing on fuel costs, foreign exchange differentials or certain other fixed costs and minimum offtake level. Most of the agreements provide for renewals or extensions subject to mutually agreed terms and conditions by the parties and applicable rules and regulations. Tariff structures vary depending on the customer and their needs, with some having structures based on energy-based pricing or capacity-based pricing.

For capacity-based contracts, the customers are charged with the capacity fees based on the contracted capacity plus the energy fees for the associated energy taken during the month. As stipulated in the contracts, energy-based contracts on the other hand are based on the actual energy consumption of customers using the basic energy charge and/or adjustments.

SPI, SPPC, SRHI, MPI, LPI, MPCL, SMGP Kabankalan and MPGC can also purchase power from WESM or other power generation companies during periods when power generated from the power plants is not sufficient to meet the customers' power requirements. Power purchases amounted to P25,250, P57,089 and P20,557 in 2023, 2022 and 2021, respectively (Note 26).

On March 2, 2021, EERI and MPCL have executed long-term PSAs with Meralco for the supply and delivery of 1,200 MW and 600 MW contract capacity starting in November 2024 and April 2025, respectively.

On March 17, 2023, EERI and MPCL each submitted a Notice of Termination to Meralco due to the non-occurrence of the acceptance date of ERC's Final Approvals on or before the longstop date prescribed in the respective agreements. The termination of the agreements took effect upon the lapse of 15 days from the receipt of the notice and will not result in any liability on the part of EERI and MPCL.

- *Ancillary Service Procurement Agreement (ASPA)*

On September 8, 2017, MPCL entered into an ASPA with the National Grid Corporation of the Philippines (NGCP) for a period of five years commencing on May 26, 2018 to allocate the entire capacity of its 10 MW Masinloc BESS as frequency regulating reserve for the NGCP to maintain power quality, reliability and security of the grid.

On May 6, 2021, SMGP Kabankalan entered into an ASPA with NGCP for a period of five years commencing on January 26, 2022, allocating its 20 MW Kabankalan 1 BESS to provide ancillary services to the Visayas grid based on the Provisional Authority granted by the ERC.

On May 2, 2023, SMGP BESS entered into several ASPA with NGCP for a period of five years commencing on various dates in 2023, allocating its 220 MW BESS located in several sites nationwide to provide ancillary services to the NGCP based on the Provisional Authority Granted by the ERC.

- *Coal Supply Agreements*

SPI, MPI, LPI, MPCL and MPGC have supply agreements with various coal suppliers for the coal requirements of the power plants.

- *Liquefied Natural Gas Supply Agreements*

SPPC has supply agreements with various LNG suppliers for the natural gas requirements of the Ilijan Power Plant.

- *Distribution Wheeling Service (DWS) Agreements*

As RES, LPI and MPCL each entered into DWS Agreements with certain DUs for the conveyance of electricity through its distribution systems in order to supply the power requirements of their respective contestable customers. The agreements are valid and binding upon execution unless terminated by either party.

The DWS charges from the DUs are passed on to the contestable customers who have opted for a single billing arrangement as provided in the ERC Supplemental Switching Rules.

SMELC's DWS Agreements were no longer renewed relative to the expiration of its RES license in September 2021.

- *Concession Agreement*

San Miguel Global Power entered into a 25-year Concession Agreement with ALECO on October 29, 2013. It became effective upon confirmation of the National Electrification Administration on November 7, 2013.

On January 28, 2014, San Miguel Global Power and APEC, entered into an Assignment Agreement whereby APEC assumed all the rights, interests and obligations of San Miguel Global Power under the Concession Agreement effective January 2, 2014.

The Concession Agreement include, among others, the following rights and obligations:

- i) as Concession Fee, APEC shall pay to ALECO: (a) separation pay of ALECO employees in accordance with the Concession Agreement, and (b) the amount of P2 every quarter for the upkeep of residual ALECO (fixed concession fee);
- ii) if the net cash flow of APEC is positive within five years or earlier from the date of signing of the Concession Agreement, 50% of the Net Cash Flow each month shall be deposited in an escrow account until the cumulative nominal sum reaches P4,049;
- iii) on the 20th anniversary of the Concession Agreement, the concession period may be extended by mutual agreement between ALECO and APEC; and
- iv) at the end of the concession period, all assets and system, as defined in the Concession Agreement, shall be returned by APEC to ALECO in good and usable condition. Additions and improvements to the system shall likewise be transferred to ALECO.

In this regard, APEC shall provide services within the franchise area and shall be allowed to collect fees and charges, as approved by the ERC. APEC formally assumed operations as concessionaire on February 26, 2014.

On September 27, 2022, APEC received from ALECO its notification to terminate the Concession Agreement. APEC refuted the claims made by ALECO in a letter dated November 4, 2022.

On November 18, 2022, APEC served its Notice of Termination to ALECO based on ALECO's default of its obligations under the Concession Agreement.

Effective November 21, 2022, the Concession Agreement was terminated. Notwithstanding the pending dispute, APEC agreed to turn-over the operations of the distribution business to ALECO and agreed to provide assistance and cooperation to ALECO during the transition period beginning on November 21, 2022 and ending on December 21, 2022, without prejudice to APEC's remedies against ALECO under the terms of the Concession Agreement.

- Fuel and Oil

- *Supply Agreements*

Petron has assigned all its rights and obligations to PSTPL (as Assignee) to have a term contract to purchase Petron's crude oil requirements from Saudi Arabian Oil Company (Saudi Aramco) and Kuwait Petroleum Corporation (KPC). The contract with Saudi Aramco is from January 1, 2023 to December 31, 2023 with automatic annual extension thereafter unless terminated at the option of either party, upon at least 60 days written notice. The contract with KPC is from July 1, 2023 to December 31, 2024.

PMRMB acquires crude oil and condensate for the Port Dickson Refinery from various sources through a combination of term purchase contracts and spot market purchases. The PMRMB has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobile Exploration and Production Malaysia Inc. ("EMEPMI") for a period of two years until March 2024 supplemented by other short-term supply contracts and spot crude purchases. As at December 31, 2023, about 47% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Pricing is determined through a formula that is linked to international industry benchmarks. PMRMB also utilizes Port Dickson Refinery spare capacity for crude processing arrangement of third parties to optimize utilization and benefits.

Outstanding liabilities of the Group for such purchases are shown as part of "Accounts payable and accrued expenses" account in the consolidated statements of financial position as at December 31, 2023 and 2022 (Note 20).

- *Lease Agreement with Philippine National Oil Company (PNOC)*

On September 30, 2009, Petron through NVRC entered into a 30-year lease with PNOC without rent-free period, covering a property which it shall use as site for its refinery, commencing on January 1, 2010 and ending on December 31, 2039. Based on the latest re-appraisal made, the annual rental shall be P191, starting 2017, payable on the 15th day of January each year without the necessity of demand. This non-cancellable lease is subject to renewal options and annual escalation clauses of 3% per annum to be applied starting 2018 until the next re-appraisal is conducted. The leased premises shall be reappraised every fifth year in which the new rental rate shall be determined equivalent to 5% of the reappraised value, and still subject to annual escalation clause of 3% for the four years following the re-appraisal. Also, as at December 31, 2023 and 2022, Petron leases other parcels of land from PNOC for its bulk plants and service stations (Note 43).

- Infrastructure
 - *Airport Concession Agreement*
 - i. *Boracay Airport*

The ROP awarded TADHC the Airport Project through a Notice of Award (NOA) issued on May 15, 2009. The Airport Project is proposed to be implemented through a Contract-Add-Operate and Transfer Arrangement, a variant of the Build-Operate-Transfer (BOT) contractual arrangement under RA No. 6957, as amended by RA No. 7718, otherwise known as the BOT Law, and its Revised Implementing Rules and Regulations.

On June 22, 2009, TADHC entered into a Concession Agreement with the ROP, through the Department of Transportation (DOTr) and Civil Aviation Authority of the Philippines. Based on the Concession Agreement, TADHC has been granted with the concession of the Airport Project which includes the development and upgrade of the Caticlan Airport (marketed and promoted as Boracay Airport) as an international airport. Subject to existing law, the Concession Agreement also grants to TADHC the franchise to operate and maintain the Boracay Airport up to the end of the concession period, which is for a period of 25 years (as may be renewed or extended for another 25 years upon written agreement of the parties), and to collect the fees, rentals and other charges as may be determined in accordance with the Concession Agreement.

The salient features of the Concession Agreement are presented below:

1. The operations and management of the Boracay Airport shall be transferred to TADHC, provided that the ROP shall retain the operations and control of air traffic services, national security matters, immigration, customs and other governmental functions and the regulatory powers insofar as aviation security, standards and regulations are concerned at the Boracay Airport.
2. As concessionaire, TADHC shall have full responsibility in all aspect of the operation and maintenance of the Boracay Airport and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the Boracay Airport, TADHC shall post in favor of the ROP, an Operations and Maintenance Performance Security (OMPS) amounting to P25, which must be valid for the entire concession period of 25 years. As at December 31, 2021, TADHC has yet to pay the OMPS as the Airport Project has not yet entered the In-Service Date.
3. Immediately upon receiving the Notice to Commence Implementation (NCI) and provided all conditions precedent in the Concession Agreement are fulfilled or waived, TADHC shall start all the activities necessary to upgrade and rehabilitate the Boracay Airport into a larger and more technologically advanced aviation facility to allow international airport operations.

4. TADHC shall finance the cost of the Airport Project, while maintaining a debt-to-equity ratio of 70:30, with debt pertaining to a loan with BankCom. TADHC's estimated capital commitment to develop the Airport Project amounts to P2,500, including possible advances to the ROP for the right of way up to the amount of P466. Such ratio is complied with as TADHC fully issued its authorized capital stock as a leverage to the loan obtained (Notes 21 and 33).
5. TADHC shall also post a P250 Work Performance Security in favor of the ROP as guarantee for faithful performance by TADHC of the works required to be carried out in connection with the construction and completion of civil, structural, sanitary, mechanical, electrical and architectural infrastructure. This performance security shall be partially released by the ROP from time to time to the extent of the percentage-of-completion of the Airport Project. TADHC has paid P1 and P2 premiums in 2022 and 2021, respectively, for the Work Performance Security and is included as part of "Airport concession rights" under "Other intangible assets" account in the consolidated statements of financial position (Note 17). The unamortized portion is included as part of "Prepaid expenses and other current assets" account in the consolidated statements of financial position (Note 10).
6. In consideration for allowing TADHC to operate and manage the Boracay Airport, TADHC shall pay the ROP P8 annually. The first payment shall be made immediately upon the turnover by the ROP of the operations and management of the Boracay Airport to TADHC, and every year thereafter until the end of the concession period. The operations and management of the Boracay Airport was turned over to TADHC on October 16, 2010.

After fulfillment of all contractual and legal requirements, the Concession Agreement became effective on December 7, 2009. The NCI issued to TADHC by the DOTr was accepted by TADHC on December 18, 2009.

In accordance with the license granted by the ROP, as expressly indicated in the Concession Agreement, TADHC presently operates the Boracay Airport. TADHC completed the rehabilitation of the existing airport terminal building and facilities on June 25, 2011. Construction work for the extension of runway has been completed in 2016. The construction of the new terminal building is ongoing and expected to be completed in 2025.

ii. *MIA*

On August 14, 2019, the ROP, through the DOTr, issued a NOA to SMHC, awarding the MIA Project. In accordance with the NOA, SMAI was registered by SMHC as the concessionaire.

The MIA Project shall create a gateway for international and domestic travel, with the necessary ancillary facilities to support the creation of a new airport city outside Metro Manila to decongest the existing road networks and provide an alternative higher capacity airport facility.

A. Concession Agreement

On September 18, 2019, SMAI entered into a Concession Agreement with the ROP, through the DOTr, for the right to finance, design, construct, supply, complete, test, commission and eventually operate and maintain the MIA Project for a period of 50 years from the issuance of the Certificate of Substantial Completion for the first phase.

The salient features of the Concession Agreement are presented below:

1. The MIA shall consist of airfield facilities, passenger and cargo terminal buildings, airport support facilities and an airport toll road facility which will connect the MIA to the North Luzon Expressway and will be implemented in three phases, with increasing capacity for each phase completed.
2. The implementation of the first phase shall be completed within a period of five years from the date of commencement of construction, with the remaining phases subject to the timely submission and approval of the required documentation for each phase.
3. SMAI shall turnover 100 hectares of land to the ROP as government center land area and execute the necessary documents to transfer full ownership in favor of the ROP.
4. SMAI shall be responsible for the acquisition of right-of-way and possession of sufficient title to the facilities of the site of the MIA and the removal or abatement of all liens, encumbrances and hazardous substances within the MIA's vicinities as the case may be.
5. SMAI shall provide proper maintenance of the MIA's facilities and ensure that all airport facilities and airport toll road are in the condition required upon turnover to the ROP at the end of the concession period.
6. All revenues derived from the operations, maintenance and management of the MIA shall accrue to SMAI, including the lease or sublease of all business or commercial ventures and activities consistent with the MIA's operations.

B. Legislative Franchise

On December 20, 2020, RA No. 11506 lapsed into law, granting SMAI a franchise to construct, develop, establish, operate and maintain a domestic and international airport in the municipality of Bulakan and to construct, develop, establish, operate and maintain an adjacent Airport City (the MIA Project). The franchise is for a period of 50 years. RA No. 11506 became effective on January 15, 2021 and enhances the earlier Concession Agreement.

The salient features of RA No. 11506 are as follows:

1. SMAI shall be exempt from any and all direct and indirect taxes of any kind, nature and description, including but not limited to income taxes, value-added taxes, excise taxes, customs duties and tariffs, business taxes, among others during a ten-year construction period beginning from the effectivity of RA No. 11506. After the construction period, SMAI shall be exempt from income and real estate taxes until SMAI has fully recovered the costs incurred in the construction of the MIA Project.
2. After SMAI has fully recovered the costs, SMAI shall be entitled to generate income from its operations equivalent to an internal rate of return of 12% per annum. Any amount in excess shall be remitted to the national government.
3. SMAI is also required to offer at least 20% of its outstanding capital stock to any securities exchange in the Philippines for public participation within 5 years upon full recovery of costs incurred in the construction of the MIA Project.

○ *MRT 7 Concession Agreement*

The ROP awarded ULC BVI the financing, design, construction, supply, completion, testing, commissioning and operation and maintenance of the MRT 7 Project through a NOA issued on January 31, 2008. The MRT 7 Project is an integrated transportation system, under a Build-Gradual Transfer-Operate, Maintain and Manage scheme, which is a modified Build-Transfer-Operate arrangement under RA No. 6957, as amended by RA No. 7718, otherwise known as the BOT Law, and its Revised Implementing Rules and Regulations, to address the transportation needs of passengers and to alleviate traffic in Metro Manila, particularly traffic going to and coming from North Luzon.

On June 18, 2008, ULC BVI entered into the MRT 7 Agreement or Concession Agreement with the ROP through the DOTr, for a 25-year concession period, subject to extensions as may be provided for under the Concession Agreement and by law. Based on the Concession Agreement, ULC BVI has been granted the right to finance, design, test, commission, construct and operate and maintain the MRT 7 Project, which consists of a highway, Intermodal Transport Terminal and Metro Rail Transit System including the depot and rolling stock.

The ROP through the DOTr granted ULC BVI the following rights under the Concession Agreement:

- To finance, design, construct, supply, complete and commission the MRT 7 Project;
- To designate a Facility Operator and/or a Maintenance Provider to Operate and Maintain the MRT 7 Project;
- To receive the Amortization Payments and the Revenue Share as specified in the Concession Agreement;
- To charge and collect the Agreed Fares or the Actual Fares and/or to receive the Fare Differential, if any;

- Development Rights as specified in the Concession Agreement; and
- To do any and all acts which are proper, necessary or incidental to the exercise of any of the above rights and the performance of its obligations under the Concession Agreement.

The salient features of the Concession Agreement are presented below:

1. The MRT 7 Project cost shall be financed by ULC BVI through debt and equity at a ratio of approximately 75:25 and in accordance with existing BSP regulations on foreign financing components, if any. Based on the Concession Agreement, ULC BVI's estimated capital commitment to develop the MRT 7 Project amounts to US\$1,236, adjusted to 2008 prices at US\$1,540 per National Economic and Development Authority Investment Coordination Committee approval on July 14, 2014.
2. ULC BVI shall post a Performance Security for Construction and Operations and Maintenance in favor of the ROP as guarantee for faithful performance by ULC BVI to develop the MRT 7 Project. This performance security for operations and maintenance shall be reduced every year of the concession period to the amounts as specified in the Concession Agreement.
3. All rail-based revenues above 11.90% internal rate of return of ULC BVI for the MRT 7 Project over the cooperation period, which means the period covering the construction and concession period, shall be shared equally by ULC BVI and the ROP at the end of the concession period. All rail-based revenues above 14% internal rate of return shall wholly accrue to the ROP.
4. As payment for the gradual transfer of the ownership of the assets of the MRT 7 Project, the ROP shall pay ULC BVI a fixed amortization payment on a semi-annual basis in accordance with the schedule of payment described in the Concession Agreement. The ROP's amortization payment to ULC BVI shall start when the MRT 7 Project is substantially completed.
5. For every semi-annual full payment made by the ROP through the DOTr, and actually received by ULC BVI, the latter shall issue a Certificate of Transfer of Ownership, in favor of the former representing a pro-indiviso interest in the assets of the MRT 7 Project in proportion to the amortization payment made over the total amortization payment to be made during the concession period. After the end of the concession period but provided that all the amortization payment and other amounts due to ULC BVI under the Concession Agreement shall have been fully paid, settled and otherwise received by ULC BVI, full ownership of the assets of the MRT 7 Project shall be transferred to it, free from all liens and encumbrances.
6. The amortization payments shall be adjusted pursuant to the escalation formula based on parametric formula for price adjustment reflecting changes in the prices of labor, materials and equipment necessary in the implementation/completion of the MRT 7 Project both local and at the country where the equipment/components shall be sourced.
7. Net passenger revenue shall be shared by the ROP and ULC BVI on a 30:70 basis.

8. The ROP grants ULC BVI the exclusive and irrevocable commercial Development Rights (including the right to lease or sublease or assign interests in, and to collect and receive any and all income from, but not limited to, advertising, installation of cables, telephone lines, fiber optics or water mains, water lines and other business or commercial ventures or activities over all areas and aspects of the MRT 7 Project with commercial development potentials) from the effectivity date of the Concession Agreement until the end of the concession period, which can be extended for another 25 years, subject to the ROP's approval. In consideration of the Development Rights granted, ULC BVI or its assignee shall pay the ROP 20% of the net income before tax actually realized from the exercise of the Development Rights.
9. Upon the expiration of the concession period and payment in full of the amortization payments and the other obligations of the ROP through the DOTr, the Concession Agreement shall be deemed terminated, and all the rights and obligations thereunder shall correspondingly cease to exist, other than all rights and obligations accrued prior to the date of such expiration including, without limitation, the obligations of ROP through the DOTr to make termination payments in accordance with the Concession Agreement and following expiration of the concession period, the Development Rights of ULC BVI pursuant to the Concession Agreement shall survive.
10. If ULC BVI and ROP through the DOTr are not able to agree on the solution to be adopted in an appropriate Variation Order within the period specified in the Concession Agreement, then ULC BVI may proceed to terminate the Concession Agreement. Also, if either of ULC BVI and ROP through the DOTr intends to terminate the Concession Agreement, by mutual agreement under the Concession Agreement, it shall give a notice of intention to terminate to the other. Following receipt of the Intent Notice, the parties shall meet for a period of up to eight weeks and endeavor to agree on the terms, conditions arrangements, and the necessary payments for such termination. If at the expiration of the said period, ULC BVI and ROP through the DOTr are unable to agree on and execute an agreement for the mutual termination of the Concession Agreement, the same shall remain valid and in effect.

On July 23, 2014, the ROP through the DOTr confirmed their obligations under the MRT 7 Agreement dated June 18, 2008 through the Performance Undertaking issued by the Department of Finance, which was received by ULC BVI on August 19, 2014. The Performance Undertaking is a recognition of the obligations of the ROP through the DOTr under the Concession Agreement, particularly the remittance of semi-annual amortization payment in favor of ULC BVI. The issuance of the Performance Undertaking triggers the obligation of ULC BVI to achieve financial closure within 18 months from the date of the receipt of the Performance Undertaking. Within the aforementioned period, ULC BVI achieved Financial Closure, as defined in the MRT 7 Agreement. There were no changes in the terms of the Concession Agreement in 2023.

On April 20, 2016, ULC BVI through the Parent Company, led the ground breaking ceremony for the MRT 7 Project.

Pursuant to Section 19.1 of the Concession Agreement, on September 30, 2016, ULC BVI sent a request letter to the ROP through the DOTr to secure the latter's prior approval in relation to the intention of ULC BVI to assign all its rights and obligations under the Concession Agreement to SMC MRT 7, the designated special purpose company for the MRT 7 Project. The assignment of the rights and obligations from ULC BVI to SMC MRT 7 will be achieved through execution of Accession Agreement. Based on the Concession Agreement, ULC BVI may assign its rights, title, interests or obligations therein, provided that the following conditions are met:

- The assignment will not in any way diminish ULC BVI's principal liability under the Concession Agreement; and
- ULC BVI secures from ROP, through the DOTr, its prior approval, which shall not be unreasonably withheld.

In addition, the letter dated September 30, 2016 from ULC BVI also requested that upon submission by SMC MRT 7 of the lenders' recognition that the Financing Agreements for the MRT 7 Project is for its benefit, the DOTr shall cause the amendment of the Performance Undertaking dated July 23, 2014 by changing the addressee and beneficiary thereof from ULC BVI to SMC MRT 7.

On December 12, 2016, the ROP through the DOTr gave its consent to the assignment of all the rights and obligations of ULC BVI under the Concession Agreement to SMC MRT 7.

Following the DOTr's approval, SMC MRT 7 and ULC BVI carried out the Accession Agreement on January 12, 2017.

o *Toll Road Concession Agreements*

i. *SLEX*

SMC SLEX. On February 1, 2006, SMC SLEX executed the Supplemental Toll Operation Agreement (STOA) with MATES, Philippine National Construction Corporation (PNCC) and the ROP through the TRB. The STOA authorizes SMC SLEX by virtue of a joint venture to carry out the rehabilitation, construction and expansion of the SLEX, comprising of: Toll Road (TR)1 (Alabang viaduct), TR2 (Filinvest to Calamba, Laguna), TR3 (Calamba, Laguna to Sto. Tomas, Batangas) and TR4 (Sto. Tomas, Batangas to Lucena City). The concession granted shall expire 30 years from February 1, 2006.

On December 14, 2010, the TRB issued the Toll Operations Certificate for Phase 1 of the SLEX i.e., TR1, TR2 and TR3, and approved the implementation of the initial toll rate starting April 1, 2011.

In 2012, SMC SLEX received a letter from the Department of Finance informing SMC SLEX of the conveyance by PNCC to the ROP of its shares of stock in SMC SLEX, by way of deed of assignment. Moreover, SMC SLEX also received the Declarations of Trust signed by the individual nominees of PNCC, in favor of the ROP, in which each nominee affirmed their holding of single, qualifying share in SMC SLEX in favor of the ROP.

On July 21, 2015, SMC SLEX entered into a MOA with Ayala Corporation (AC), on the inter-operability of the SLEX and Muntinlupa-Cavite Expressway (MCX) (formerly known as the Daang Hari-SLEX Connector Road). AC is the concession holder of MCX while MCX Tollway, Inc. is the facility operator of MCX.

The MOA on inter-operability provides the framework that will govern the interface and integration of the technical operations and toll operation systems between the MCX and the SLEX, to ensure seamless travel access into MCX and SLEX for road users. MCX opened and operated as a toll expressway on July 24, 2015.

In 2019, SMC SLEX commenced the construction of TR4 and is ongoing as at December 31, 2023.

SLEXTR5. On June 3, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, *SLEXTR5* as the Investor, and MATES as the Operator, wherein the *SLEXTR5* was granted the exclusive right, privilege, responsibility, and obligation to design and construct the TR5 Project, and to finance the same, while MATES was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the TR5 Project.

The TR5 Project is a 416.48-kilometer extension of SLEX from Lucena City, Quezon to Matnog, Sorsogon.

The TR5 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of *SLEXTR5* and MATES under the STOA. The legal transfer of ownership of the TR5 Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the TR5 Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire TR5 Project to *SLEXTR5* and/or MATES.

ii. NAIA Expressway

On July 8, 2013, SMC NAIAX entered into a Concession Agreement with the ROP, through the Department of Public Works and Highways (DPWH), wherein SMC NAIAX was granted the right to finance, design, construct, and operate and maintain the NAIA Expressway Project. The NAIA Expressway Project links the three NAIA terminals to the Skyway, the Manila-Cavite Toll Expressway and the Entertainment City of the Philippine Amusement and Gaming Corporation.

On September 22, 2016, SMC NAIAX started commercial operations of NAIA Expressway upon receipt of the Toll Operations Permit from the TRB. The Toll Operations Permit for Phase II A and B was issued on September 9, 2016 and December 19, 2016, respectively.

At the end of the concession period, SMC NAIAX shall turnover the NAIA Expressway to the DPWH in the condition required for turnover as described in the Minimum Performance Standards Specifications of the Concession Agreement.

iii. Skyway

On June 10, 1994, PNCC, the franchise holder for the construction, operations and maintenance of the Metro Manila Expressway, including any and all extensions, linkages or stretches thereof, such as the proposed Skyway, and PT Citra Lamtoro Gung Persada (Citra), as joint proponents, submitted to the ROP through the TRB, the Joint Investment Proposal covering not only the proposed Skyway but also the planned Metro Manila Tollways. The Joint Investment Proposal embodied, among others, that Citra in cooperation with PNCC committed itself to finance, design and construct the Skyway in three stages, consisting of: (a) South Metro Manila Skyway (SMMS) as Stages 1 and 2; (b) North Metro Manila Skyway and the Central Metro Manila Skyway as Stage 3; and (c) Metro Manila Tollways as Stage 4. The Joint Investment Proposal was approved by the TRB on November 27, 1995.

o Skyway Stages 1 and 2

The STOA for SMMS was executed on November 27, 1995 by and among SMC Skyway, PNCC and the ROP acting through the TRB. Under the STOA, the design and the construction of the SMMS and the financing thereof, shall be the primary and exclusive privilege, responsibility and obligation of SMC Skyway as investor. On the other hand, the operations and maintenance of the SMMS shall be the primary and exclusive privilege, responsibility and obligation of PNCC, through its wholly-owned subsidiary, the PNCC Skyway Corporation (PSC).

On July 18, 2007, the STOA was amended, to cover among others, the implementation of Stage 2 of the SMMS (Stage 2); the functional and financial integration of Stage 1 of the SMMS (Stage 1) and Stage 2 upon the completion of the construction of Stage 2; and the grant of right to SMC Skyway to nominate to the TRB a qualified party to perform the operations and maintenance of the SMMS to replace PSC. SMC Skyway, PNCC and PSC then entered into a MOA for the successful and seamless turnover of the operations and maintenance responsibilities for the SMMS from PSC to SOMCO.

The SMMS shall be owned by the ROP, without prejudice to the rights and entitlement of SMC Skyway and SOMCO under the STOA. The legal transfer of ownership of the SMMS to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction. The toll revenues are shared or distributed among SMC Skyway, SOMCO and PNCC for the operations and maintenance of the SMMS.

The 30-year franchise period for the Integrated Stage 1 and Stage 2 commenced on April 25, 2011.

Under the STOA, SMC Skyway may file an application to adjust the toll rates which shall be of two kinds, namely periodic and provisional adjustments. Periodic adjustments for the Integrated Stage 1 and Stage 2 may be applied for every year. SMC Skyway may file an application for provisional adjustment upon the occurrence of a force majeure event or significant currency devaluation. A currency devaluation shall be deemed significant if it results in a depreciation of the value of the Philippine peso relative to the US dollar by at least five percent. The applicable exchange rate shall be the exchange rate between the currencies in effect as at the date of approval of the prevailing preceding toll rate.

- Skyway Stage 3

The Stage 3 STOA was executed on July 8, 2013 by and among the ROP as the Grantor, acting by and through the TRB, PNCC, MMSS3 as the Investor, and Central Metro Manila Skyway Corporation (CMMSC) as the Operator, wherein MMSS3 was granted the primary and exclusive privilege, responsibility, and obligation to design and construct the Skyway Stage 3 Project, and to finance the same, while CMMSC was granted the primary and exclusive privilege, responsibility, and obligation to operate and maintain the Skyway Stage 3 Project.

The Skyway Stage 3 Project is an elevated roadway with the entire length of approximately 17.93 km from Buendia Avenue in Makati to Balintawak, Quezon City and will connect to the existing Skyway Stage 1 and 2. This is envisioned to inter-connect the northern and southern areas of Metro Manila to help decongest traffic in Metro Manila and stimulate the growth of trade and industry in Luzon, outside of Metro Manila.

The Skyway Stage 3 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of MMSS3 and CMMSC under the Stage 3 STOA. The legal transfer of ownership of the Skyway Stage 3 Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the Skyway Stage 3 Project is 30 consecutive years commencing from the issuance of the Toll Operation Certificate for the entire Skyway Stage 3 Project to MMSS3 and/or CMMSC.

MMSS3 and CMMSC shall enter into a revenue sharing agreement to set forth the terms and conditions of their sharing of the toll revenues from the Skyway Stage 3 Project.

On December 29, 2020, the Skyway Stage 3 Project was partially opened to the public. It was formally inaugurated and opened to motorists on January 14, 2021, free of toll fee. On July 1, 2021, MMSS3 received the Toll Operation Permit and started its full toll operation.

- Skyway Stage 4

On July 14, 2014, the Stage 4 STOA was executed by and among the ROP as the Grantor, acting through the TRB and PNCC, MMSS4 as the Investor, and Metro O&M Corporation (MOMCO) as the Operator. MMSS4 was granted the primary and exclusive privilege, responsibility, and obligation to finance the design and construction of Skyway Stage 4 Project, while MOMCO was granted the primary and exclusive privilege, responsibility and obligation to operate and maintain the same.

The Skyway Stage 4 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of MMSS4 and MOMCO under the Stage 4 STOA. The legal transfer of ownership shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof. The 30-year concession period shall commence from the date of issuance of the Toll Operation Certificate by the TRB to MMSS4 and/or MOMCO.

As at December 31, 2023, the Skyway Stage 4 Project is in the inception of its construction stage.

iv. TPLEX

SMCTC entered into a Concession Agreement with the ROP through the DPWH and the TRB to finance, design, construct, operate and maintain and impose and collect tolls from the users of the TPLEX Project. The TPLEX Project is a toll expressway from La Paz, Tarlac to Rosario, La Union which is approximately 89.21 kilometers and consists of four-lane expressway with nine toll plazas from start to end.

The TPLEX Project shall be owned by the ROP without prejudice to the rights and entitlement of SMCTC. The legal transfer of ownership of the TPLEX Project shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction and upon issuance of the Certificate of Substantial Completion for each segment of the TPLEX Project.

The toll revenue collected from the operation of the TPLEX Project is the property of SMCTC. SMCTC shall have the right to assign or to enter into such agreements with regard to the toll revenue and its collection, custody, security and safekeeping.

The concession period shall be for a term of 35 years starting from the effective date of the Concession Agreement and may be extended.

On October 31, 2013, SMCTC opened the first section of the TPLEX Project from Tarlac to Gerona. The Section 1B from Gerona to Rosales was opened to motorists on December 23, 2013. The 30.31-km stretch from Gerona to Carmen was fully operational on April 16, 2014. The 14.91-km stretch from Carmen (Tomana) to Urdaneta was fully operational starting February 17, 2015.

On July 28, 2016, the Segment 7A (Urdaneta to Binalonan) was opened. Segment 7B (Binalonan to Pozorrubio) was opened to motorists on December 7, 2017, while Segment 8 (Pozorrubio to Rosario), which is the final phase of the TPLEX Project, was completed and became operational on July 15, 2020.

v. *STAR*

On June 18, 1998, SIDC and the ROP, individually and collectively through the DPWH and the TRB, entered into a Toll Concession Agreement covering the STAR Project. The STAR Project consists of two stages as follows:

Stage	Project Description
Stage I	Operations and maintenance of the 22.16-km toll road from Sto. Tomas, Batangas to Lipa City, Batangas
Stage II (Phases I and II)	Finance, design, construction, operations and maintenance of the 19.74-km toll road from Lipa City, Batangas to Batangas City, Batangas

Under the Toll Concession Agreement, the STAR Project and any stage or phase or ancillary facilities thereof of a fixed and permanent nature shall be owned by the ROP, without prejudice to the rights and entitlements of SIDC. The legal transfer of ownership of the STAR Project and/or any stage, phase or ancillary thereof shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction and upon the ROP's issuance of the Certificate of Substantial Completion. The right of way shall be titled in the ROP's name regardless of the construction.

In December 2006, the Toll Concession Agreement was amended to extend the original concession period from 30 years beginning January 1, 2000 to 36 years and shall be valid until December 31, 2035.

The TRB issued the Toll Operations Certificate for Stage II Phase II on December 13, 2016.

vi. *PAREX*

On November 29, 2019, the PNCC and SMHC, as joint proponents, submitted to the ROP through the TRB, the Joint Investment Proposal covering the PAREX Project. The said proposal embodied, among others, that SMHC in cooperation with PNCC committed itself to finance, design and construct the PAREX Project in three segments. The Joint Investment Proposal was approved by the TRB on March 4, 2020 and the STOA was executed on September 21, 2021 by and among PREC, SOMCO, PNCC and the ROP acting through the TRB. Under the STOA, the design and the construction of the PAREX Project and the financing thereof, shall be the primary and exclusive privilege, responsibility and obligation of PREC as investor. Whereas, the operations and maintenance of the PAREX Project shall be the primary and exclusive privilege, responsibility and obligation of SOMCO as operator.

The PAREX Project shall consist of three segments:

Segment I	- Radial Road No. 10 to Skyway Stage 3 to Plaza Azul, approximately 5.740 km
Segment II	- Skyway Stage 3 to San Juan River Circumferential Road No. 5 (C-5), approximately 7.325 km
Segment III	- C-5 to Southeast Metro Manila Expressway or (C-6), approximately 6.300 km

The PAREX shall be owned by the ROP, without prejudice to the rights and entitlement of PREC and SOMCO under the STOA. The legal transfer of ownership of the PAREX to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction. The toll revenues are shared or distributed between PREC and SOMCO for the operations and maintenance of the PAREX.

The 30-year franchise period shall commence from the issuance of the Toll Operation Certificate.

Under the STOA, PREC may file an application to adjust the toll rates which shall be of two kinds, namely periodic and contingency. Periodic adjustments can be applied every two years of the existing toll rate to a new toll rate on the respective toll review date. On the other hand, contingency adjustment can be applied upon the occurrence of a force majeure event and/or additional cost of any required repair or reconstruction works arising out of force majeure to the extent not covered by insurance.

vii. NALEX

On March 21, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, NALEC as the Investor, and SOMCO as the Operator, wherein NALEC was granted the exclusive right, privilege, responsibility, and obligation to design and construct the NALEX Project, and to finance the same, while SOMCO was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the NALEX Project.

The NALEX Project is a mixed at-grade and elevated viaduct expressway, with the entire length of approximately 136.4 kilometers from Balintawak, Quezon City to Tarlac City, that will link the existing Skyway Stage 3 to TPLEX.

The NALEX Project shall be owned by the ROP, without prejudice to the rights and the entitlements of NALEC and SOMCO under the STOA. The legal transfer of ownership of the NALEX Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the NALEX Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire NALEX Project to NALEC and/or SOMCO.

viii. SALEX

On June 20, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, SALEC as the Investor, and SOMCO as the Operator, wherein SALEC was granted the exclusive right, privilege, responsibility, and obligation to design and construct the SALEX Project, and to finance the same, while SOMCO was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the SALEX Project.

The SALEX Project is a mixed at-grade and elevated viaduct expressway, with the entire length of approximately 40.65 kilometers, that will link the existing Skyway Stage 3, PAREX, NAIA Expressway to the MIA.

The SALEX Project shall be owned by the ROP, without prejudice to the rights and the entitlements of SALEC and SOMCO under the STOA. The legal transfer of ownership of the SALEX Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the SALEX Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire SALEX Project to SALEC and/or SOMCO.

ix. PLEX

On October 19, 2023, SMC PLEX Inc. (SMC PLEX) entered into a Tollway Concession Agreement (TCA) with the Provincial Government of Pangasinan (PGP). Under the TCA, the PLEX Project will include the financing, engineering, design, construction, operation and maintenance of 76.8 km toll road. Subject to existing law, the TCA also grants to SMC PLEX the franchise to operate and maintain the PLEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. The PLEX Phase 1 involves the financing, engineering, design, construction, operation and maintenance 42.76 km toll road. The PLEX Project covers the construction of a four-lane expressway composing of three Segments and a spur road as follows: (a) Segment 1: Binalonan - Manaoag (6.90 km); (b) Segment 2: Manaoag - Calasiao (11.30 km); (c) Segment 2-A: Calasiao Spur (2.39 km); and (d) Segment 3: Calasiao - Lingayen (22.17 km).
2. PLEX Phase 2 is approximately a 34.04 km toll road, from Lingayen, Pangasinan to Alaminos, Pangasinan. The PLEX Phase 2 covers the construction of a four-lane expressway beginning from the end of PLEX Phase 1.
3. SMC PLEX shall have the right to designate an operator, with prior consent of the PGP, to operate and maintain the PLEX Project. As at December 31, 2023, SMC PLEX has not yet designated an operator.

4. To guarantee the faithful performance by SMC PLEX of the construction of the PLEX Project, PLEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGP from time to time to the extent of the percentage-of-completion of the PLEX Project.
5. As concessionaire, SMC PLEX shall have full responsibility for all aspects of the Operation and Maintenance of the PLEX Project and shall collect, for its own account, the fees generated from the PLEX Project. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the PLEX Project, SMC PLEX shall post in favor of the PGP an OMPS amounting to P56, which must be valid for at least one year, and shall be renewed every year thereafter until the end of Concession Period.
6. SMC PLEX shall finance the cost of the PLEX Project, while maintaining a debt-to-equity ratio of 70:30.
7. SMC PLEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects, one year prior to the start of Operation and Maintenance.
8. The PGP shall be entitled to a five percent share in the Toll Revenue and Commercial Development Revenue of PLEX Phase 1 from the start of the concession period and shall terminate at the end of the concession period.
9. Ten years after the date of issuance of the Toll Operations Certificate for the PLEX Phase 1 and every year thereafter until the end of the Concession Period, SMC PLEX shall submit to the PGP its actual historical cash flows from Revenues based on the audited financial statements to test if the Project Internal Rate of Return has exceeded ten percent as of the relevant testing date. If the Project Internal Rate of Return has not exceeded ten percent as of the relevant testing date, the PGP shall not be entitled to any Province Earnings Share. If it exceeded ten percent as of the relevant testing date, the PGP shall be entitled, starting from the calendar year immediately following the calendar year of such testing date, to thirty percent of the Earnings before Taxes of the Concessionaire. The amount of the Province Earnings Share shall be determined every quarter of the relevant calendar year where the PGP is entitled for such share. If it has exceeded twelve percent as of the relevant testing date, the PGP shall be entitled, starting from the calendar year immediately following the calendar year of such testing date, to seventy percent of the Earnings before Taxes of the Concessionaire.
10. At the end of the concession period, SMC PLEX shall transfer the ownership and all its rights, title to, and interest in the PLEX Phase 1 to the PGP, free from any lien and encumbrance and in consideration of the sum of One Peso. On the transfer date, SMC PLEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the Facilities.

x. *CBEX*

On February 7, 2023, SMC CBEX Inc. (SMC CBEX) entered into a TCA with the Provincial Government of Cavite (PGC). Under the TCA, the CBEX Project will include the financing, engineering, design, construction, operation and maintenance of 27.06 km toll road. Subject to existing law, the TCA also grants to SMC CBEX the franchise to operate and maintain the CBEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended for another 50 years upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. SMC CBEX shall have the right to designate an operator, with prior consent of the PGC, to operate and maintain the CBEX Project. As at December 31, 2023, SMC CBEX has not yet designated an operator.
2. To guarantee the faithful performance by SMC CBEX of the construction of the CBEX Project, SMC CBEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGC from time to time to the extent of the percentage-of-completion of the CBEX Project.
3. As concessionaire, SMC CBEX shall have full responsibility in all aspect of the operation and maintenance of the CBEX Project and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the CBEX Project, SMC CBEX shall post in favor of the PGC an OMPS amounting to P100, which must be valid for the entire concession period of 35 years.
4. SMC CBEX shall finance the cost of the CBEX Project, while maintaining a debt-to-equity ratio of 70:30.
5. SMC CBEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects within three months from issuance of the Toll Operation Permit.
6. SMC CBEX shall remit to the PGC the province earnings share of 70% of the net income of the CBEX Project after SMC CBEX has achieved Return of Investment based on the CBEX Project's free cash flows. The province earnings share shall be remitted quarterly after the date of issuance of Toll Operation Permit and every year thereafter until the end of the concession period.
7. At the end of the concession period, SMC CBEX shall transfer the ownership to the PGC without lien and encumbrance in an operational/serviceable condition as provided for by the TCA. On the transfer date, SMC CBEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the Facilities.

xi. NBEX

On July 31, 2023, SMC NBEX Inc. (SMC NBEX) entered into a TCA with the Provincial Government of Batangas (PGB), following the issuance of a NOA on March 22, 2023. Under the TCA, the NBEX Project will include the financing, engineering, design, construction, operation and maintenance of 60.9 km toll road. Subject to existing law, the TCA also grants to SMC NBEX the franchise to operate and maintain the NBEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended for another 50 years upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. SMC NBEX shall have the right to designate an operator, with prior consent of the PGB, to operate and maintain the project. As at December 31, 2023, SMC NBEX has not designated an operator.
2. To guarantee the faithful performance by SMC NBEX of the construction of the NBEX Project, SMC NBEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGB from time to time to the extent of the percentage-of-completion of the NBEX Project.
3. As concessionaire, SMC NBEX shall have full responsibility in all aspect of the operation and maintenance of the NBEX Project and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the NBEX Project, SMC NBEX shall post in favor of the PGB an OMPS amounting to P100, which must be valid for the entire concession period of 35 years. As at December 31, 2023, SMC NBEX has yet to pay the OMPS as the NBEX Project has not yet entered the In-Service Date.
4. SMC NBEX shall finance the cost of the NBEX Project, while maintaining a debt-to-equity ratio of 70:30.
5. SMC NBEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects within three months from issuance of the Toll Operation Permit.
6. SMC NBEX shall remit to the PGB the province earnings share of 70% of the net income of the NBEX Project after SMC NBEX has achieved Return of Investment based on the NBEX Project's free cash flows. The province earnings share shall be remitted quarterly after the date of issuance of Toll Operation Permit and every year thereafter until the end of the concession period.
7. At the end of the concession period, SMC NBEX shall transfer the ownership to the PGB without lien and encumbrance in an operational/serviceable condition as provided for by the TCA. On the transfer date, SMC NBEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the Facilities.

o *Water Concession Agreements*

On December 7, 2015, MWSS issued a NOA to SMC - K-water Consortium (the Consortium) awarding the Bulacan Bulk Water Supply Project. In accordance with the NOA, the LCWDC was registered by the Consortium as the concessionaire.

On January 15, 2016, a Concession Agreement was executed between MWSS and LCWDC for a 30-year period, subject to extensions as may be provided for under the Concession Agreement. The Bulacan Bulk Water Supply Project shall comprise of the supply of treated bulk water, planning, financing, development, design, engineering and construction of facilities including the management, operation and maintenance in order to alleviate the chronic water shortage and provide potable water needs of the province of Bulacan.

On January 24, 2019, LCWDC commenced operations upon issuance of the Certificate of Final Acceptance by the MWSS for the completion of all works required under Stage 1 of the Bulacan Bulk Water Supply Project.

On April 25, 2019, the MWSS issued the Certificate of Final Acceptance for Stage 2 of the Bulacan Bulk Water Supply Project.

Upon issuance of the Certificate of Final Acceptance by MWSS for completion of all works for Stage 1, LCWDC has officially commenced its operations and started delivery of potable bulk water to the first seven Water Districts of Bulacan. Thereafter, on 24 April 2020, LCWDC has successfully completed Stages 1 & 2 of the Project and delivered bulk water to a total of 12 Water Districts.

Other salient features of the Concession Agreement are as follows:

1. LCWDC shall pay annual water rights fee to the Provincial Government of Bulacan amounting to P5 for the first five years of operation, subject to adjustment based on the Concession Agreement starting on the sixth contract year onwards.
2. LCWDC shall pay an annual Concession Fee and Operation and Maintenance Fee to MWSS amounting to the equivalent of 2.5% of the Annual Gross Revenue of LCWDC and P5, respectively.
3. MWSS and the Water Service Providers (WSPs) of the Province of Bulacan entered into a Memoranda of Understanding where the parties agreed to cooperate with each other towards the successful implementation of the Bulacan Bulk Water Service Project. Pursuant thereto, MWSS, LCWDC, and the individual WSPs for Stages 1 & 2 has entered into individual MOA where the MWSS, through LCWDC, has committed to supply the potable bulk water and the WSPs have agreed to accept the water and/or pay the Bulk Water Charges at the rate of Eight Pesos and Fifty Centavos plus VAT, subject to certain adjustments as provided under the Concession Agreement and the MOA.
4. LCWDC utilized the National Housing Authority (NHA) site for the water treatment facility. The NHA site is the 5.5 hectares located at Pleasant Hills, San Jose Del Monte, Bulacan intended as the site for the water treatment facility. LCWDC paid in staggered cash in the aggregate

amount of P165.

5. At the end of the concession period, LCWDC shall transfer the facilities to MWSS in the condition required for turnover as described in the Minimum Performance Standards and Specifications of the Concession Agreement.

- Food and Beverage

- *Toll Agreements*

The significant subsidiaries of SMFB have entered into toll processing with various contract growers, breeders, contractors and processing plant operators (collectively referred to as the “Parties”). The terms of the agreements include the following, among others:

- The Parties have the qualifications to provide the contracted services and have the necessary manpower, facilities and equipment to perform the services contracted.
- Tolling fees paid to the Parties are based on the agreed rate per acceptable output or processed product. The fees are normally subject to review in cases of changes in costs, volume and other factors.
- The periods of the agreement vary. Negotiations for the renewal of any agreement generally commence six months before expiry date.

Total tolling expenses included as part of “Cost of sales” account in the consolidated statements of income amounted to P5,825, P6,692 and P6,816 in 2023, 2022 and 2021, respectively (Note 26).

- Cement

- *Mineral Production Sharing Agreement (MPSA)*

NCC, ECC and its subsidiaries have the following existing MPSAs granted by the Philippine Government through the Mines and Geosciences Bureau (MGB) and the DENR. Details of the MPSA are as follows:

- i. NCC

MPSA No.	Location	Date of Issuance
106-98-1	Labayug, Sison, Pangasinan	March 12, 1998

The MPSA has an initial term of 25 years from the date of issuance and an approved renewal of another 25 years or until March 12, 2048.

NCC has the following key commitments under its MPSA:

- The Philippine Government share shall be the excise tax on mineral products at the time of removal and at the rate provided for in RA No. 7729 amending Section 151 (a) of the Revised National Internal Revenue Code, as well as other taxes, duties and fees levied by existing laws.

Excise taxes paid to the Philippine Government aggregated to P14 and P11 in 2023 and 2022, respectively.

- Allotment of a minimum of 1.50% of the direct drilling and milling costs necessary to implement the activities for community development.

Allotment made amounted to P6 as at December 31, 2023 and 2022.

On July 23, 2021, NCC filed its MPSA renewal to the DENR, as part of the covenants of the OLSA. The application was consequently received by the Office of the Regional Director, Mines and Geoscience Bureau Region I on July 26, 2021.

ii. ECC and subsidiaries

MPSA No.	Location	Date of Issuance
245-2007-III	Dona Remedios Trinidad and San Ildefonso, Bulacan	July 25, 2007
181-2002-III	Akle, San Ildefonso, Bulacan	December 9, 2002
161-00-III	Akle, San Ildefonso, Bulacan	September 12, 2000
100-97-VII	Ginatilan, Cebu	December 29, 1997
101-97-VII	Ginatilan and Malabuyoc, Cebu	December 29, 1997
059-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020
060-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020
083-97-IX	Siayan, Sindangan and Jose Dalman, Zamboanga del Norte	November 20, 1997

The MPSAs have a term of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. On August 6, 2020, the MGB approved the extension of the terms of the MPSAs 059-96-VII and 060-96-VII from Cebu sites for a period of nine years until November 18, 2030.

In August 2022, ECC applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII from Cebu sites. As at March 11, 2024, ECC has not yet received the approval for the extension.

ECC and subsidiaries have the following key commitments under the MPSAs:

- Payment to the Philippine Government of 4% excise tax of the market value of the minerals or mineral products extracted from the area and annual occupation fee based on the rate provided in the existing rules and regulations.
- Allotment of a minimum of 1% of the direct drilling and milling costs necessary to implement the activities for community development.

Pursuant to Administrative Order No. 2010-21: "Revised Implementing Rules and Regulations of RA No. 7942, otherwise known as the Philippine Mining Act of 1995," the allotment for community development activities was revised to 1.5% of the operating costs.

As at December 31, 2023, ECC and subsidiaries are compliant with the foregoing commitments and obligations.

Lease Commitments

- Group as Lessor

The Group has entered into operating leases on its investment property portfolio, consisting of certain service stations and other related structures, machinery and equipment, surplus office spaces as well as leased property (Note 15). These non-cancellable leases will expire up to year 2036. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease receipts under non-cancellable operating leases are as follows:

	2023	2022
Within one year	P1,370	P1,149
One to two years	657	701
Two to three years	402	396
Three to four years	361	316
Four to five years	342	305
More than five years	2,486	2,656
	P5,618	P5,523

Rent income recognized in the consolidated statements of income amounted to P2,004, P1,766 and P1,496 in 2023, 2022 and 2021, respectively (Note 32). Income from sub-leasing recognized in the consolidated statements of income amounted to P1,608, P1,275 and P796 in 2023, 2022 and 2021, respectively.

35. Retirement Plans

The Parent Company and majority of its subsidiaries have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans of the Parent Company and majority of its subsidiaries pay out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. Majority of the Group's latest actuarial valuation date is December 31, 2023. Valuations are obtained on a periodic basis.

Majority of the Retirement Plans are registered with the BIR as tax-qualified plans under RA No. 4917, as amended. The control and administration of the Group's Retirement Plans are vested in the Board of Trustees of each Retirement Plan. Majority of the Board of Trustees of the Group's Retirement Plans who exercises voting rights over the shares and approves material transactions are employees and/or officers of the Parent Company and its subsidiaries. The Retirement Plans' accounting and administrative functions are undertaken by the Retirement Funds Office of the Parent Company.

The following table shows a reconciliation of the net defined benefit retirement asset (liability) and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Retirement Obligation		Effect of Asset Ceiling		Net Defined Benefit Retirement Liability	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at beginning of year	P22,249	P29,505	(P31,873)	(P30,539)	(P6)	(P1,821)	(P9,630)	(P2,855)
Benefit asset (obligation) of consolidated subsidiaries	-	99	-	(172)	-	-	-	(73)
Recognized in Profit or Loss	-	-	-	-	-	-	-	-
Current service costs	-	-	(1,785)	(1,770)	-	-	(1,785)	(1,770)
Past service costs	-	-	(2)	(258)	-	-	(2)	(258)
Interest expense	-	-	(2,264)	(1,532)	-	-	(2,264)	(1,532)
Interest income	1,632	1,506	-	-	-	-	1,632	1,506
Interest on the effect of asset ceiling	-	-	-	-	-	(93)	-	(93)
	1,632	1,506	(4,051)	(3,560)	-	(93)	(2,419)	(2,147)
Recognized in Other Comprehensive Income								
Remeasurements								
Actuarial gains (losses) arising from:								
Experience adjustments	-	-	(1,612)	(501)	-	-	(1,612)	(501)
Changes in financial assumptions	-	-	(1,249)	(148)	-	-	(1,249)	(148)
Changes in demographic assumptions	-	-	(710)	1,028	-	-	(710)	1,028
Return on plan assets excluding interest income	1,296	(10,445)	-	-	-	-	1,296	(10,445)
Changes in the effect of asset ceiling	-	-	-	-	4	1,908	4	1,908
	1,296	(10,445)	(3,571)	379	4	1,908	(2,271)	(8,158)
Others								
Contributions	3,301	3,507	-	-	-	-	3,301	3,507
Benefits paid	(2,567)	(1,984)	2,802	2,246	-	-	235	262
Transfers from other plans	19	16	(19)	(21)	-	-	-	(5)
Transfers to other plans	(19)	(16)	19	21	-	-	-	5
Other adjustments	(3)	61	73	(227)	-	-	70	(166)
	731	1,584	2,875	2,019	-	-	3,606	3,603
Balance at end of year	P25,908	P22,249	(P36,620)	(P31,873)	(P2)	(P6)	(P10,714)	(P9,630)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement costs recognized as part of "Personnel expenses" in the consolidated statements of income by the Parent Company amounted to P89, P87, and P108 in 2023, 2022 and 2021, respectively (Note 29).

Retirement costs recognized as part of "Personnel expenses" in the consolidated statements of income by the subsidiaries amounted to P1,695, P1,941 and P3,335 in 2023, 2022 and 2021, respectively (Note 29). Certain subsidiaries made amendments to their respective Retirement Plans in terms of the percentage of final pay based on the adjusted credited years of service. As a result, the Group recognized past service costs amounting to P2, P258 and P1,708 in 2023, 2022 and 2021, respectively.

The net interest income (expense) on the defined benefit retirement asset (liability) recognized as part of "Interest expense and other financing charges" and "Interest income" accounts in the consolidated statement of income by the Parent Company amounted to (P75), P191 and P91 in 2023, 2022 and 2021, respectively (Notes 30 and 31).

The net interest expense on the defined benefit retirement liability recognized as part of "Interest expense and other financing charges" and "Interest income" accounts in the consolidated statements of income by the subsidiaries amounted to P560, P310 and P227 in 2023, 2022 and 2021, respectively (Notes 30 and 31).

As at December 31, 2023, net retirement assets and liabilities, included as part of "Other noncurrent assets - net" account, amounted to P39 (Note 18) and under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts, amounted to P101 and P10,652, respectively (Notes 20 and 22).

As at December 31, 2022, net retirement assets and liabilities, included as part of "Other noncurrent assets - net" account, amounted to P31 (Note 18) and under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts, amounted to P122 and P9,539, respectively (Notes 20 and 22).

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2023 and 2022.

The Group's plan assets consist of the following:

	In Percentages	
	2023	2022
Investments in marketable securities and shares of stock	79.53	76.41
Investments in pooled funds:		
Fixed income portfolio	4.11	6.42
Stock trading portfolio	0.74	1.06
Investments in real estate	2.74	3.02
Others	12.88	13.09

Investments in Marketable Securities

As at December 31, 2023, the plan assets include:

- 43,044,317 common shares and 9,151,060 Subseries “2-F”, 9,782,770 Subseries “2-I”, 3,900,620 Subseries “2-J”, 4,008,450 Subseries “2-K”, 2,680,200 Subseries “2-L”, 7,441,600 Subseries “2-N” and 3,873,600 Subseries “2-O” Preferred Shares of the Parent Company with fair market value per share of P102.10, P72.50, P70.50, P67.95, P68.00, P78.00, 77.00 and P78.00, respectively;
- 821,600,597 common shares and 12,960 Series 3A, 474,160 Series 3B, 136,500 Series 4B and 736,500 Series 4C Preferred Shares of Petron with fair market value per share of P3.55, P970.00, P980.00, P1,000.00 and P973.00, respectively;
- 33,635,700 common shares of SMB with fair market value per share of P20.00;
- 19,154,430 common shares of GSML with fair market value per share of P168.70;
- 24,179,970 common shares of SMFB with fair market value per share of P51.00;
- 300 common shares of SMPL with fair market value per share of P134.12;
- 5,997,311 common shares of Top Frontier with fair market value per share of P101.90; and
- 435,246,060 common shares of BankCom with fair market value per share of P7.27.

As at December 31, 2022, the plan assets include:

- 48,939,687 common shares and 8,923,000 Subseries “2-F”, 9,782,770 Subseries “2-I”, 3,884,220 Subseries “2-J” and 4,008,450 Subseries “2-K” Preferred Shares of the Parent Company with fair market value per share of P92.95, P75.00, P75.00, P72.85 and P71.00, respectively;
- 753,454,797 common shares and 12,960 Series 3A and 474,160 Series 3B Preferred Shares of Petron with fair market value per share of P2.40, P1,015.00 and P1,030.00, respectively;
- 33,635,700 common shares of SMB with fair market value per share of P20.00;
- 19,154,430 common shares of GSML with fair market value per share of P105.00;
- 16,887,260 common shares of SMFB with fair market value per share of P38.70;
- 300 common shares of SMPL with fair market value per share of P134.12;
- 5,997,311 common shares of Top Frontier with fair market value per share of P95.00; and
- 435,246,060 common shares of BankCom with fair market value per share of P7.89.

The fair market value per share of the above marketable securities is determined based on quoted market prices in active markets as at the reporting date (Note 4).

The Group's Retirement Plans recognized a gain (loss) on the investment in marketable securities of Top Frontier, Parent Company and its subsidiaries amounting to P2,180, (P9,544) and P21 in 2023, 2022 and 2021, respectively.

Dividend income from the investment in shares of stock of the Parent Company and its subsidiaries amounted to P618, P395 and P369 in 2023, 2022 and 2021, respectively.

Investments in Shares of Stock

BPI

The Group's plan assets also include San Miguel Brewery Inc. Retirement Plan's investment in 8,608,494 preferred shares of stock of BPI (inclusive of nominee shares), accounted for under the cost method since cost approximates fair value, amounting to P859 as at December 31, 2023 and 2022.

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of the Group to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The Board of Trustees approved the percentage of asset to be allocated to fixed income instruments and equities. The Retirement Plans have set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Approximately 86% and 84% of the Retirement Plans' investments in pooled funds in stock trading portfolio include investments in shares of stock of the Parent Company and its subsidiaries as at December 31, 2023 and 2022, respectively.

Approximately 64% and 61% of the Retirement Plans' investments in pooled funds in fixed income portfolio include investments in shares of stock of the Parent Company and its subsidiaries as at December 31, 2023 and 2022, respectively.

Investments in Real Estate

The Retirement Plans of the Group have investments in real estate properties. The fair value of investment property amounted to P989 as at December 31, 2023 and 2022.

Others

Others include the Retirement Plans' investments in trust account, government securities, bonds and notes, cash and cash equivalents and receivables which earn interest. Investment in trust account represents funds entrusted to a financial institution for the purpose of maximizing the yield on investible funds.

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefit retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation. The Group is expected to contribute P2,447 to the Retirement Plans in 2024.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2023	2022
Discount rate	3.00 - 7.00	4.60 - 7.62
Salary increase rate	3.00 - 8.00	2.00 - 8.00

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation ranges from 1.5 to 20.10 years and 3.6 to 19 years as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below:

	Defined Benefit Retirement Obligation			
	2023		2022	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P1,862)	P2,081	(P1,646)	P1,859
Salary increase rate	2,324	(2,129)	1,920	(1,698)

The outstanding balances of the Group's receivable from the retirement plans are as follows:

- a. The Parent Company has advances to and receivables from SMCRP amounting to P6,522 and P6,713 as at December 31, 2023 and 2022, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Notes 8 and 33). Portion of the advances are subject to interest per annum of 5.75% in 2023 and 2022. Interest income earned from the advances amounted to P188 in 2023 and 2022 (Notes 31 and 33).
- b. Petron has advances to Petron Corporation Employee Retirement Plan (PCERP) amounting to P937 and P894 as at December 31, 2023 and 2022, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Notes 8 and 33). The advances are subject to interest per annum of 5% in 2023 and 2022. Interest income earned from the advances amounted to P45 and P58 in 2023 and 2022, respectively (Notes 31 and 33).

In 2022, portion of Petron's advances to PCERP were converted into contribution to the retirement plan (Note 33).

Transactions with the Retirement Plans are made at normal market prices and terms. Outstanding balances as at December 31, 2023 and 2022 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivables. The Group has not made any provision for impairment losses relating to the receivables from the Retirement Plans in 2023, 2022 and 2021.

36. Dividends and Distributions

Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	March 9, 2023	March 31, 2023	April 28, 2023	P0.35
	June 13, 2023	June 30, 2023	July 26, 2023	0.35
	September 7, 2023	October 6, 2023	October 27, 2023	0.35
	December 7, 2023	January 5, 2024	January 26, 2024	0.35
Preferred SMC2F	January 26, 2023	March 21, 2023	April 4, 2023	1.27635
	May 11, 2023	June 21, 2023	July 5, 2023	1.27635
	August 3, 2023	September 21, 2023	October 5, 2023	1.27635
	November 9, 2023	December 21, 2023	January 4, 2024	1.27635
SMC2I	January 26, 2023	March 21, 2023	April 4, 2023	1.18790625
	May 11, 2023	June 21, 2023	July 5, 2023	1.18790625
	August 3, 2023	September 21, 2023	October 5, 2023	1.18790625
	November 9, 2023	December 21, 2023	January 4, 2024	1.18790625
SMC2J	January 26, 2023	March 21, 2023	April 4, 2023	0.890625
	May 11, 2023	June 21, 2023	July 5, 2023	0.890625
	August 3, 2023	September 21, 2023	October 5, 2023	0.890625
	November 9, 2023	December 21, 2023	January 4, 2024	0.890625
SMC2K	January 26, 2023	March 21, 2023	April 4, 2023	0.84375
	May 11, 2023	June 21, 2023	July 5, 2023	0.84375
	August 3, 2023	September 21, 2023	October 5, 2023	0.84375
	November 9, 2023	December 21, 2023	January 4, 2024	0.84375
SMC2M	November 9, 2023	December 21, 2023	January 4, 2024	1.5703125

2022

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	March 10, 2022	April 1, 2022	April 29, 2022	P0.35
	June 14, 2022	July 1, 2022	July 27, 2022	0.35
	September 22, 2022	October 7, 2022	October 28, 2022	0.35
	December 7, 2022	January 6, 2023	January 27, 2023	0.35
Preferred SMC2F	February 10, 2022	March 21, 2022	April 1, 2022	1.27635
	May 5, 2022	June 21, 2022	July 4, 2022	1.27635
	August 4, 2022	September 21, 2022	October 4, 2022	1.27635
	November 14, 2022	December 21, 2022	January 3, 2023	1.27635
SMC2H	February 10, 2022	March 21, 2022	April 1, 2022	1.1854125
	May 5, 2022	June 21, 2022	July 4, 2022	1.1854125
	August 4, 2022	September 21, 2022	October 4, 2022	1.1854125
	November 14, 2022	December 21, 2022	January 3, 2023	1.1854125
SMC2I	February 10, 2022	March 21, 2022	April 1, 2022	1.18790625
	May 5, 2022	June 21, 2022	July 4, 2022	1.18790625
	August 4, 2022	September 21, 2022	October 4, 2022	1.18790625
	November 14, 2022	December 21, 2022	January 3, 2023	1.18790625
SMC2J	February 10, 2022	March 21, 2022	April 1, 2022	0.890625
	May 5, 2022	June 21, 2022	July 4, 2022	0.890625
	August 4, 2022	September 21, 2022	October 4, 2022	0.890625
	November 14, 2022	December 21, 2022	January 3, 2023	0.890625
SMC2K	February 10, 2022	March 21, 2021	April 1, 2022	0.84375
	May 5, 2022	June 21, 2022	July 4, 2022	0.84375
	August 4, 2022	September 21, 2022	October 4, 2022	0.84375
	November 14, 2022	December 21, 2022	January 3, 2023	0.84375

On January 18, 2024, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at March 21, 2024 on the following shares to be paid on April 4, 2024, as follows:

Class of Shares	Dividends Per Share
SMC2F	P1.27635
SMC2I	1.18790625
SMC2J	0.890625
SMC2K	0.84375
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.611300

On March 11, 2024, the BOD of the Parent Company declared cash dividends at P0.35 per share to all common shareholders of record as at March 27, 2024 to be paid on April 26, 2024.

Distributions

The Parent Company paid P2,007 to the holders of SPCS in 2023, and P1,957 and P200 to the holders of SPCS and RPS, respectively, in 2022, as distributions in accordance with the terms and conditions of their respective separate subscription agreements with the Parent Company.

37. Basic and Diluted Earnings Per Common Share

Basic and diluted EPS is computed as follows:

	<i>Note</i>	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company		P198	(P12,968)	P13,925
Dividends on preferred shares	24, 36	(4,185)	(4,293)	(6,002)
Distributions to capital securities	24, 36	(2,007)	(2,157)	(2,004)
Net income (loss) attributable to common shareholders of the Parent Company (a)		(P5,994)	(P19,418)	P5,919
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)		2,384	2,384	2,384
Basic and diluted earnings (loss) per common share attributable to equity holders of the Parent Company (a/b)		(P2.51)	(P8.15)	P2.48

As at December 31, 2023, 2022 and 2021, the Parent Company has no dilutive debt or equity instruments.

38. Supplemental Cash Flow Information

Supplemental information with respect to the consolidated statements of cash flows is presented below:

- a. Changes in noncash current assets, certain current liabilities and others are as follows (amounts reflect actual cash flows rather than increases or decreases of the accounts in the consolidated statements of financial position):

	2023	2022	2021
Trade and other receivables - net	(P24,104)	(P66,502)	(P34,503)
Inventories	27,789	(43,902)	(36,751)
Prepaid expenses and other current assets	(13,928)	(19,926)	(13,006)
Accounts payable and accrued expenses	(2,026)	16,744	37,519
Income and other taxes payable and others	6,883	19,817	3,133
	(P5,386)	(P93,769)	(P43,608)

b. Acquisition of subsidiaries, net of cash and cash equivalents acquired.

	Note	2022
Cash and cash equivalents		P12,957
Trade and other receivables - net		2,155
Inventories		2,299
Prepaid expenses and other current assets	10	4,724
Investments and advances - net		165
Property, plant and equipment - net		36,969
Right-of-use assets - net		26
Other intangible assets - net		1,346
Deferred tax assets		103
Other noncurrent assets - net		1,108
Accounts payable and accrued expenses		(9,505)
Income and other taxes payable		(205)
Long-term debt - net of debt issue costs		(4,040)
Deferred tax liabilities		(13)
Other noncurrent liabilities		(170)
Lease liabilities		(36)
Non-controlling interests		(23)
Net assets		47,860
Cash and cash equivalents		(12,957)
Goodwill in subsidiaries		54,273
Other intangible assets - net		6,960
Investments in equity and debt instruments		4,077
Investments and advances - net		(2,987)
Gain on consolidation		(22)
Net cash flows		P97,204

c. Changes in liabilities arising from financing activities

	Loans Payable	Long-term Debt	Lease Liabilities	Dividends and Distributions Payable
Balance as at January 1, 2023	P267,704	P1,088,196	P75,475	P4,037
Changes from Financing Cash Flows				
Proceeds from borrowings	1,145,761	292,879	-	-
Payments of borrowings	(1,197,861)	(190,822)	-	-
Payments of lease liabilities	-	-	(20,995)	-
Dividends and distributions paid	-	-	-	(44,145)
Total Changes from Financing Cash Flows	(52,100)	102,057	(20,995)	(44,145)
The Effect of Changes in Foreign Exchange Rates	(1,007)	(3,328)	(234)	-
Other Changes	284	3,659	2,326	44,713
Balance as at December 31, 2023	P214,881	P1,190,584	P56,572	P4,605

	Loans Payable	Long-term Debt	Lease Liabilities	Dividends and Distributions Payable
Balance as at January 1, 2022	P190,779	P813,965	P94,992	P4,296
Changes from Financing Cash Flows				
Proceeds from borrowings	1,148,669	353,451	-	-
Payments of borrowings	(1,074,087)	(115,948)	-	-
Payments of lease liabilities	-	-	(26,031)	-
Dividends and distributions paid	-	-	-	(42,123)
Total Changes from Financing Cash Flows	74,582	237,503	(26,031)	(42,123)
The Effect of Changes in Foreign Exchange Rates	2,343	29,588	3,369	1
Acquisition of Subsidiaries and Other Changes	-	7,140	3,145	41,863
Balance as at December 31, 2022	P267,704	P1,088,196	P75,475	P4,037

39. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, financial assets at FVPL, investments in equity and debt instruments, restricted cash, short-term and long-term loans, dividends and distributions payable, and derivative instruments. These financial instruments, except financial assets at FVPL and derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as options, forwards and swaps are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency, interest rate and commodity price risks arising from the operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the SEC and/or the PSE.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

The Group uses interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities, and notional amounts. The Group assesses whether the derivative designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

December 31, 2023	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P98,099 3.2837% - 9.635%	P73,303 3.2837% - 9.635%	P75,000 3.2837% - 9.635%	P118,771 3.3832% - 9.635%	P87,199 3.5483% - 9.635%	P142,861 3.5483% - 9.635%	P595,233
Foreign currency-denominated (expressed in Philippine peso) Interest rate	1,330 8.331%	1,391 8.331%	1,454 8.331%	1,520 8.331%	9,895 6.55% - 8.331%	9,967 8.331%	25,557
Floating Rate							
Philippine Peso-denominated Interest rate	2,286 BVAL + margin or applicable reference rate, whichever is higher	21,819 BVAL + margin or applicable reference rate, whichever is higher	1,938 BVAL + margin or applicable reference rate, whichever is higher	1,938 BVAL + margin or applicable reference rate, whichever is higher	2,398 BVAL + margin or applicable reference rate, whichever is higher	23,561 BVAL + margin or applicable reference rate, whichever is higher	53,940
Foreign currency-denominated (expressed in Philippine peso) Interest rate	136,617 SOFR/ applicable reference rate + margin	23,802 SOFR/ applicable reference rate + margin	88,505 SOFR/ applicable reference rate + margin	73,884 SOFR/ applicable reference rate + margin	120,336 SOFR/ applicable reference rate + margin	85,960 SOFR/ applicable reference rate + margin	529,104
	P238,332	P120,315	P166,897	P196,113	P219,828	P262,349	P1,203,834
December 31, 2022	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P58,936 3.2837% - 9.635%	P98,015 3.2837% - 9.635%	P71,237 3.2837% - 9.635%	P71,549 3.2837% - 9.635%	P109,409 3.3832% - 9.635%	P174,118 3.5483% - 9.635%	P583,264
Foreign currency-denominated (expressed in Philippine peso) Interest rate	7,491 4.7776% - 5.5959%	1,339 5.5959%	1,401 5.5959%	1,464 5.5959%	1,531 5.5959%	11,637 5.5959%	24,863
Floating Rate							
Philippine Peso-denominated Interest rate	2,002 BVAL + margin or applicable reference rate, whichever is higher	1,122 BVAL + margin or applicable reference rate, whichever is higher	16,335 BVAL + margin or applicable reference rate, whichever is higher	536 BVAL + margin or applicable reference rate, whichever is higher	536 BVAL + margin or applicable reference rate, whichever is higher	8,446 BVAL + margin or applicable reference rate, whichever is higher	28,977
Foreign currency-denominated (expressed in Philippine peso) Interest rate	102,322 LIBOR/SOFR/ applicable reference rate + margin	140,670 LIBOR/SOFR/ applicable reference rate + margin	15,361 LIBOR/SOFR/ applicable reference rate + margin	81,348 LIBOR/SOFR/ applicable reference rate + margin	70,492 LIBOR/SOFR/ applicable reference rate + margin	52,406 LIBOR/SOFR/ applicable reference rate + margin	462,599
	P170,751	P241,146	P104,334	P154,897	P181,968	P246,607	P1,099,703

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P5,830, P4,916 and P3,080 in 2023, 2022 and 2021, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards, options or swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (deliverable and non-deliverable) and options are entered into to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to long-term foreign currency-denominated borrowings.

Certain derivative contracts are designated as cash flow hedges. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Group assesses whether the derivatives designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the cumulative dollar-offset and hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in foreign exchange rates; and
- changes in the timing of the hedged transactions.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents is as follows:

	December 31, 2023		December 31, 2022	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$1,720	P95,227	US\$3,024	P168,753
Trade and other receivables	1,322	73,163	1,163	64,833
Prepaid expenses and other current assets	21	1,165	99	5,525
Noncurrent receivables	33	1,857	24	1,379
	3,096	171,412	4,310	240,490
Liabilities				
Loans payable	243	13,458	890	49,613
Accounts payable and accrued expenses	2,497	138,309	2,702	150,725
Long-term debt (including current maturities)	10,018	554,661	8,743	487,462
Lease liabilities (including current portion)	434	24,066	616	34,363
Other noncurrent liabilities	25	1,447	118	6,516
	13,217	731,941	13,069	728,679
Net foreign currency-denominated monetary liabilities	US\$10,121	P560,529	US\$8,759	P488,189

The Group reported net gain (loss) on foreign exchange amounting to P2,485, (P21,518) and (P4,846) in 2023, 2022 and 2021, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 32). These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2023	55.370
December 31, 2022	55.755
December 31, 2021	50.999

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2023				
Cash and cash equivalents	(P1,238)	(P1,425)	P1,238	P1,425
Trade and other receivables	(429)	(1,076)	429	1,076
Prepaid expenses and other current assets	(10)	(19)	10	19
Noncurrent receivables	(31)	(25)	31	25
	(1,708)	(2,545)	1,708	2,545
Loans payable	-	242	-	(242)
Accounts payable and accrued expenses	1,338	2,054	(1,338)	(2,045)
Long-term debt (including current maturities)	9,977	7,775	(9,977)	(7,775)
Lease liabilities (including current portion)	341	349	(341)	(349)
Other noncurrent liabilities	16	21	(16)	(21)
	11,672	10,441	(11,672)	(10,441)
	P9,964	P7,896	(P9,964)	(P7,896)

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2022				
Cash and cash equivalents	(P2,586)	(P2,389)	P2,586	P2,389
Trade and other receivables	(284)	(914)	284	914
Prepaid expenses and other current assets	(93)	(76)	93	76
Noncurrent receivables	(22)	(19)	22	19
	(2,985)	(3,398)	2,985	3,398
Loans payable	600	739	(600)	(739)
Accounts payable and accrued expenses	1,462	2,378	(1,462)	(2,378)
Long-term debt (including current maturities)	8,695	6,917	(8,695)	(6,917)
Lease liabilities (including current portion)	533	483	(533)	(483)
Other noncurrent liabilities	108	95	(108)	(95)
	11,398	10,612	(11,398)	(10,612)
	P8,413	P7,214	(P8,413)	(P7,214)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

The Parent Company enters into commodity derivative transactions on behalf of its subsidiaries to reduce cost by optimizing purchasing synergies within the Group and managing inventory levels of common materials.

Commodity Swaps, Futures and Options. Commodity swaps, futures and options are used to manage the Group's exposures to volatility in prices of certain commodities such as fuel oil, crude oil, coal, aluminum, soybean meal and wheat.

Commodity Forwards. The Group enters into forward purchases of various commodities. The prices of the commodity forwards are fixed either through direct agreement with suppliers or by reference to a relevant commodity price index.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P261,358	P261,358	P261,358	P -	P -	P -
Trade and other receivables - net	263,119	263,119	263,119	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	2,364	2,364	2,063	-	301	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	1,401	1,401	1,012	-	-	389
Financial assets at FVOCI (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	7,424	7,738	54	54	1,970	5,660
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,158	16,822	1,333	846	2,636	12,007
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	48,319	49,751	843	13,587	14,383	20,938
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	18,519	18,519	14,076	3,111	-	1,332
Financial Liabilities						
Loans payable	214,881	217,073	217,073	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, deferred income and other current non-financial liabilities)	220,205	220,205	220,205	-	-	-
Dividends and distributions payable	4,605	4,605	4,605	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	1,177	1,177	908	-	269	-
Long-term debt (including current maturities)	1,190,584	1,521,481	312,675	181,041	699,563	328,202
Lease liabilities (including current portion)	56,572	69,146	20,878	6,467	22,334	19,467
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	11,023	11,023	-	5,577	3,671	1,775

December 31, 2022	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P318,214	P318,214	P318,214	P -	P -	P -
Trade and other receivables - net	238,782	238,782	238,782	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	3,624	3,624	2,486	843	295	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" account)	1,349	1,349	1,349	-	-	-
Financial assets at FVOCI (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	7,319	7,617	54	54	930	6,579
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,134	16,917	1,414	846	2,642	12,015
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	39,700	39,825	923	10,435	18,404	10,063
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	19,050	19,050	17,411	358	-	1,281
Financial Liabilities						
Loans payable	267,704	269,289	269,289	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, deferred income and other current non-financial liabilities)	222,038	222,038	222,038	-	-	-
Dividends and distributions payable	4,037	4,037	4,037	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	2,832	2,832	2,832	-	-	-
Long-term debt (including current maturities)	1,088,196	1,343,871	231,452	291,910	531,319	289,190
Lease liabilities (including current portion)	75,475	92,498	24,624	21,709	24,585	21,580
Other noncurrent liabilities (excluding noncurrent retirement liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	11,334	11,411	-	2,596	7,659	1,156

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investment in Debt Instruments

The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets was determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	2023	2022
Cash and cash equivalents (excluding cash on hand)	4, 7	P256,366	P315,823
Trade and other receivables - net	8	263,119	238,782
Derivative assets	10, 18	2,364	3,624
Investments in debt instruments at FVPL	10, 12	1,012	997
Investments in debt instruments at FVOCI	10, 12	667	740
Investments in debt instruments at amortized cost	4, 10, 12	12,158	12,134
Noncurrent receivables and deposits - net	4, 18	48,319	39,700
Restricted cash	4, 10, 18	18,519	19,050
		P602,524	P630,850

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

2023						
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P256,366	P -	P -	P -	P -	P256,366
Trade and other receivables	-	263,119	13,120	-	-	276,239
Derivative assets	-	-	-	1,270	1,094	2,364
Investments in debt instruments at FVPL	-	-	-	1,012	-	1,012
Investments in debt instruments at FVOCI	-	-	-	-	667	667
Investments in debt instruments at amortized cost	12,158	-	-	-	-	12,158
Noncurrent receivables and deposits	-	48,319	567	-	-	48,886
Restricted cash	18,519	-	-	-	-	18,519

2022						
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P315,823	P -	P -	P -	P -	P315,823
Trade and other receivables	-	238,782	12,913	-	-	251,695
Derivative assets	-	-	-	1,592	2,032	3,624
Investments in debt instruments at FVPL	-	-	-	997	-	997
Investments in debt instruments at FVOCI	-	-	-	-	740	740
Investments in debt instruments at amortized cost	12,134	-	-	-	-	12,134
Noncurrent receivables and deposits	-	39,700	582	-	-	40,282
Restricted cash	19,050	-	-	-	-	19,050

The aging of receivables is as follows:

December 31, 2023	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P127,332	P42,108	P8,709	P178,149
Past due:				
1 - 30 days	17,482	8,071	66	25,619
31 - 60 days	5,049	282	14	5,345
61 - 90 days	3,322	1,331	14	4,667
Over 90 days	35,262	24,939	2,258	62,459
	P188,447	P76,731	P11,061	P276,239

December 31, 2022	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P118,097	P39,480	P8,509	P166,086
Past due:				
1 - 30 days	16,555	776	83	17,414
31 - 60 days	7,207	926	133	8,266
61 - 90 days	6,086	4,015	5	10,106
Over 90 days	24,428	24,475	920	49,823
	P172,373	P69,672	P9,650	P251,695

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period (Note 4). There are no significant changes in the credit quality of the counterparties during the year.

The Group's cash and cash equivalents, derivative assets, investments in debt instruments at FVPL, investments in debt instruments at FVOCI, investments in debt instruments at amortized cost and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and cattle and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken, hogs and cattle in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.
- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.
- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group, except for BankCom which is subject to certain capitalization requirements by the BSP, is not subject to externally imposed capital requirements.

40. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	December 31, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P261,358	P261,358	P318,214	P318,214
Trade and other receivables - net	263,119	263,119	238,782	238,782
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	2,364	2,364	3,624	3,624
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	1,401	1,401	1,349	1,349
Financial assets at FVOCI (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	7,424	7,424	7,319	7,319
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,158	12,158	12,134	12,134
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	48,319	48,319	39,700	39,700
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	18,519	18,519	19,050	19,050
Financial Liabilities				
Loans payable	214,881	214,881	267,704	267,704
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, deferred income and other current non-financial liabilities)	220,205	220,205	222,038	222,038
Dividends and distributions payable	4,605	4,605	4,037	4,037
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	1,177	1,177	2,832	2,832
Long-term debt (including current maturities)	1,190,584	1,211,878	1,088,196	1,091,731
Lease liabilities (including current portion)	56,572	56,572	75,475	75,475
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	11,023	11,023	11,334	11,334

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, Financial Assets at Amortized Cost, Noncurrent Receivables and Deposits and Restricted Cash. The carrying amount of cash and cash equivalents and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of financial assets at amortized cost, noncurrent receivables and deposits and restricted cash, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For debt instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted using the applicable discount rates of comparable instruments quoted in active markets.

Loans Payable, Accounts Payable and Accrued Expenses and Dividends and Distributions Payable. The carrying amount of loans payable, accounts payable and accrued expenses and dividends and distributions payable approximates fair value due to the relatively short-term maturities of these financial instruments.

Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine Peso-denominated loans range from 5.1% to 6.0% and 3.6% to 7.0% as at December 31, 2023 and 2022, respectively. The discount rates used for foreign currency-denominated loans range from 3.9% to 5.3% and 3.1% to 5.4% as at December 31, 2023 and 2022, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding and embedded derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency, interest rate and commodity derivative contracts to manage its exposure on foreign currency, interest rate and commodity price risks. The portfolio is a mixture of instruments including forwards, swaps and options.

Derivative Instruments Accounted for as Cash Flow Hedges

The Group designated the following derivative financial instruments as cash flow hedges:

December 31, 2023	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Call spread swaps:				
Notional amount	US\$190	US\$ -	US\$80	US\$270
Average strike rate	P48.00 to P53.70	-	P51.35 to P59.00	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	US\$30	US\$ -	US\$ -	US\$30
Average strike rate	P50.635	-	-	
Fixed interest rate	3.60% to 4.01%	-	-	
Interest rate risk:				
Interest rate collar:				
Notional amount	US\$ -	US\$ -	US\$525	US\$525
Interest rate	-	-	0.39% to 6.35%	

December 31, 2022	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Call spread swaps:				
Notional amount	US\$60	US\$190	US\$40	US\$290
Average strike rate	P52.95 to P56.15	P48.00 to 53.70	P51.35 to 55.40	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	US\$240	US\$40	US\$ -	US\$280
Average strike rate	P47.00 to P56.50	P47.00 to P56.50	-	
Fixed interest rate	4.19% to 5.80%	3.60% to 5.75%	-	
Interest rate risk:				
Interest rate collar:				
Notional amount	US\$30	US\$15	US\$225	US\$270
Interest rate	0.44% to 1.99%	0.44% to 1.99%	0.50% to 3.00%	

The following are the amounts relating to hedged items:

December 31, 2023	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US dollar-denominated borrowings	P4	P -	(P290)
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	(142)	(23)	20
Interest rate risk:			
US dollar-denominated borrowings	59	(148)	(258)

December 31, 2022	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US dollar-denominated borrowings	(P552)	P -	(P454)
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	(2,059)	89	(51)
Interest rate risk:			
US dollar-denominated borrowings	(339)	250	(90)

There are no amounts remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

The following are the amounts related to the designated hedging instruments:

December 31, 2023	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk: Call spread swaps	US\$270	P832	P -	Prepaid expenses and other current assets, and Other noncurrent assets - net	(P4)	P10	P4	P197	Interest expense and other financing charges, and Other income - net
Foreign currency and interest rate risks: Cross currency swap	30	137	-	Prepaid expenses and other current assets	142	105	(291)	(9)	Interest expense and other financing charges, and Other income - net
Interest rate risk: Interest rate collar	525	125	(269)	Other noncurrent assets - net, and Other noncurrent liabilities	(59)	(202)	(77)	(21)	Interest expense and other financing charges
December 31, 2022	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk: Call spread swaps	US\$290	P887	P -	Prepaid expenses and other current assets, and Other noncurrent assets - net	P552	(P397)	(P553)	P209	Interest expense and other financing charges, and Other income - net
Foreign currency and interest rate risks: Cross currency swap	280	931	-	Prepaid expenses and other current assets, and Other noncurrent assets - net	2,059	(886)	(1,048)	51	Interest expense and other financing charges, and Other income - net
Interest rate risk: Interest rate collar	270	214	-	Prepaid expenses and other current assets, and Other noncurrent assets - net	339	(102)	(5)	(17)	Interest expense and other financing charges

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized in the 2023 and 2022 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

	2023		2022	
	Hedging Reserve	Cost of Hedging Reserve	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	P339	(P595)	(P805)	P272
Changes in fair value:				
Foreign currency risk	(4)	10	552	(397)
Foreign currency and interest rate risks	142	105	2,236	(886)
Interest rate risk	(59)	(202)	343	(102)
Amount reclassified to profit or loss	(364)	167	(1,606)	243
Tax effect	71	(13)	(381)	275
Ending balance	P125	(P528)	P339	(P595)

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

Interest Rate Swap

The Group has outstanding interest rate swap with notional amount of US\$90 and US\$365 as at December 31, 2023 and 2022, respectively. Under the agreement, the Group receives floating interest rate based on LIBOR/SOFR and pays fixed interest rate up to 2026. The net positive fair value of the swap amounted to P47 and P45 as at December 31, 2023 and 2022, respectively.

Currency Forwards

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US\$978 and US\$959 as at December 31, 2023 and 2022, respectively, and with various maturities in 2023 and 2024. The net negative fair value of these currency forwards amounted to P385 and P47 as at December 31, 2023 and 2022, respectively.

Currency Options

The Group has outstanding currency options with aggregate notional amount of US\$200 and US\$1,665 as at December 31, 2023 and 2022, respectively, and with various maturities in 2023 and 2024. The net negative fair value of these currency options amounted to P18 and P1,801 as at December 31, 2023 and 2022, respectively.

Commodity Swaps

The Group has outstanding swap agreements covering its fuel oil and coal requirements, with various maturities in 2023 and 2024. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of fuel oil were 51.1 million barrels and 31.4 million barrels as at December 31, 2023 and 2022, respectively. The net positive fair value of these swaps amounted to P738 and P506 as at December 31, 2023 and 2022, respectively.

The outstanding notional quantity of coal was 117,000 metric tons as at December 31, 2022. The positive fair value of these swaps amounted to P178 as at December 31, 2022. As at December 31, 2023, the Group has no outstanding commodity swaps on the purchase of coal.

In 2023, the Group recognized realized marked-to-market loss on commodity hedges amounting to P1,290, presented as part of "Inventories" under "Cost of sales" in the consolidated statements of income. In 2022 and 2021, realized marked-to-market loss on commodity hedges amounting to P26,521 and P9,712, respectively, were reclassified from "Other income (charges) - net" to "Inventories" under "Cost of sales" in the consolidated statements of income, as this provides a more relevant presentation of the impact of commodity hedges on cost of sales (Note 26).

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts.

Embedded Currency Forwards

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$145 and US\$141 as at December 31, 2023 and 2022, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P20 and P121 as at December 31, 2023 and 2022, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to (P1,379), P2,920 and P285 in 2023, 2022 and 2021, respectively (Note 32).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2023	2022
Balance at beginning of year	P792	(P463)
Net change in fair value of derivatives:		
Designated as accounting hedge	43	1,746
Not designated as accounting hedge	(1,379)	2,920
	(544)	4,203
Less fair value of settled instruments	(1,731)	3,411
Balance at end of year	P1,187	P792

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The table below analyzes financial instruments carried at fair value by valuation method:

	December 31, 2023			December 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P -	P2,364	P2,364	P -	P3,624	P3,624
Financial assets at FVPL	1,012	389	1,401	997	352	1,349
Financial assets at FVOCI	1,407	6,017	7,424	843	6,476	7,319
Financial Liabilities						
Derivative liabilities	-	1,177	1,177	-	2,832	2,832

The Group has no financial instruments valued based on Level 3 as at December 31, 2023 and 2022. In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

41. Events After the Reporting Date

Parent Company

Payment of P7,294 Series B Fixed Rate Peso-denominated Bonds

On March 1, 2024, the Parent Company paid the P7,294 Series B fixed rate Peso-denominated bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 shelf registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued by the Parent Company in 2017.

SMHC

Rehabilitation, Operation and Maintenance of NAIA by SMC SAP & Company Consortium (Consortium)

On February 16, 2024, the Consortium, led by SMHC, has officially won the contract to rehabilitate, operate and maintain the NAIA, which is the country's main international gateway. The Consortium is comprised of SMHC owning 33%, RMM Asian Logistics Inc. owning 30%, RLW Aviation Development Inc. owning 27% and Incheon International Airport Corp owning 10%. Together, the members of the consortium incorporated the concession company, New NAIA Infra Corp. in the same ownership percentage sharing.

On March 18, 2024, the Concession Agreement was signed with the concession company, New NAIA Infra Corp. The operation of NAIA is expected to be turned-over by the Manila International Airport Authority to the concession company, six months after the execution of the Concession Agreement.

San Miguel Global Power

Joint Investment in an Integrated LNG Facility by San Miguel Global Power and Chromite Gas Holdings, Inc. (CGHI)

On March 1, 2024, the BOD of San Miguel Global Power approved the following transactions:

- 1) Subscription by CGHI, a joint venture company owned by Meralco PowerGen

Corporation and Therma NatGas Power Inc., of approximately 67% equity interest in the wholly-owned subsidiaries of San Miguel Global Power, namely: SPPC, EERI and IPIEC; and

- 2) Purchase by San Miguel Global Power of approximately 33% of the total outstanding capital stock of Linseed Field Power Corporation (LFC) from Eurodite Universal Power Incorporated.

The assets covered by the transaction consists of the: (a) 1,275 MW Ilijan Combined Cycle Gas Power Plant owned by SPPC which is currently operational, (b) 1,320 MW BCCPP owned by EERI which is under construction, (c) 390,829 square meters land where the BCCPP of EERI is situated, and (d) import and regasification LNG terminal owned by LFC which will process LNG for SPPC and EERI and has capacity to service additional third-party customers.

The transaction is subject to customary closing conditions and regulatory approvals, including the review and approval of the PCC.

42. Registration with the Board of Investments (BOI) and Others

a. San Miguel Global Power

- In 2013, MPI and LPI were granted incentives by the BOI on a pioneer status for six years subject to the representations and commitments set forth in the application for registration, the provisions of Omnibus Investments Code of 1987 (Executive Order (EO) No. 226), the rules and regulations of the BOI and the terms and conditions prescribed. On October 5, 2016, BOI granted LPI's request to move the start of its commercial operation and Income Tax Holiday (ITH) reckoning date from February 2016 to September 2017 or when the first kilowatt-hour (kWh) of energy was transmitted after commissioning or testing, or one month from the date of such commissioning or testing, whichever comes earlier as certified by NGCP. Subsequently, on December 21, 2016, BOI granted a similar request of MPI to move the start of its commercial operation and ITH reckoning date from December 2015 to July 2016, or the actual date of commercial operations subject to compliance with the specific terms and conditions, due to delay in the implementation of the project for reasons beyond its control. MPI's request on the further extension of the ITH reckoning date from July 2016 to September 2017 was likewise approved by the BOI on December 5, 2018. The ITH period for Unit 1 and Unit 2 of LPI commenced on May 26, 2017. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of their respective BOI registrations. The ITH incentives of MPI expired on September 26, 2023.
- On September 20, 2016, LETI was registered with the BOI under EO No. 226 as expanding operator of 2 x 150 MW Circulating Fluidized Bed Coal-fired Power Plant (Phase II Limay Greenfield Power Plant) on a non-pioneer status. The BOI categorized LETI as an "Expansion" based on the 2014 to 2016 IPP's Specific Guidelines for "Energy" in relation to LPI's 2 x 150 MW Coal-fired Power Plant (Phase I Limay Greenfield Power Plant). As a registered entity, LETI is entitled to certain incentives that include, among others, an ITH for three years from January 2018 or date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of LETI's BOI registrations. LETI's ITH for Phase II expired on May 25, 2023.

In June 2017, the BOI approved the transfer of ownership and registration of Phase II Limay Greenfield Power Plant from LETI to LPI. On July 13, 2018, BOI granted the request of LPI to move the start of its commercial operation and ITH reckoning date from January 2018 to March 2018 or actual start of commercial operations, whichever is earlier. The ITH period for Unit 3 and Unit 4 commenced on March 26, 2018 and expired in 2021.

- On October 12, 2012, MPCL received the BOI approval for the application as expanding operator of 600 MW Coal-Fired Thermal Power Plant. As a registered entity, MPCL is entitled to ITH for three years from June 2017 or actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions set forth in the BOI registration. On May 27, 2014, the BOI approved MPCL's request to move the start of its commercial operation and the reckoning date of the ITH entitlement from June 2017 to December 2018. On June 17, 2015, the BOI subsequently granted MPCL's requests to downgrade the registered capacity from 600 MW to 300 MW.

On December 21, 2015, MPCL received the BOI approval for the application as new operator of 10 MW BESS Project on a pioneer status. The BESS Facility provides 10 MW of interconnected capacity and enhances the reliability of the Luzon grid using the *Advancion* energy storage solution. As a registered entity, MPCL is entitled to incentives that include, among others, an ITH for six years from December 2018 or date of actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions of MPCL's BOI registration. The ITH period for the 10 MW BESS of MPCL commenced on December 1, 2018. On October 1, 2020, MPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPCL.

On February 23, 2021, MPCL received the BOI approval for the applications as new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 4, and as new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 5. Each registered activity is entitled to a four-year ITH reckoned from the start of commercial operations in September 2024 and November 2024, respectively.

- On August 24, 2016, SMGP Kabankalan received the BOI approval for the application as new operator of 2 x 20 MW Kabankalan *Advancion* Energy Storage Array on a pioneer status. SMGP Kabankalan, a registered entity, is entitled to incentives that include, among others, an ITH for six years from July 2019 to December 2024 or date of actual start of commercial operations, whichever is earlier (but not earlier than the date of registration). On November 27, 2019, SMGP Kabankalan filed a request with the BOI to move the reckoning date of the ITH entitlement from July 2019 to July 2021. Due to the delays brought about by the pandemic, a subsequent request was filed to move the reckoning date to January 2022. On December 17, 2021, the BOI granted the request of SMGP Kabankalan Storage for the movement of start of commercial operations and ITH reckoning to January 2022. The incentives shall be limited to the specific terms and conditions of SMGP Kabankalan's BOI registration.

- On November 29, 2019, the BOI has approved the application of SMGP BESS as new operator of BESS Component of Integrated Renewable Power Facility (R-Hub) covering various sites across the Philippines. The BOI has also approved SMGP BESS' subsequent applications covering additional sites. Each registered site was granted with certain incentives including ITH, among others.
- On February 23, 2021, EERI received the BOI approval for the applications as new operator of 850 MW BCCPP Phase 1, and 850 MW BCCPP Phase 2 located in Barangay Dela Paz Proper, Batangas City, Batangas. Each registered activity is entitled to a four-year ITH reckoned from April 2023 and October 2026, for Phase 1 and Phase 2, respectively, or date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On December 19, 2023, the BOI approved EERI's request to move the start of commercial operations from April 2023 to August 2024 for Phase 1. The BOI further granted EERI's request to amend the registered capacity from 850 MW to 1,320 MW for Phase 1 and 850 MW to 440 MW for Phase 2.

- On November 29, 2022, the BOI has approved the application of San Miguel Global Power Light and Power Corp. (SGLPC) as a Renewable Energy Developer of Solar Energy Resources located at Lucanin Industrial Estate, Mariveles, Bataan. SGLPC was granted with certain incentives including a seven-year ITH reckoned from the start of commercial operation in October 2023, among others. SGLPC requested BOI to move the start of commercial operation due to events that are beyond its control.

Registration with the Authority of the Freeport Area of Bataan (AFAB)

On April 24, 2019, MPGC was registered with the AFAB, subject to annual renewal, as engaged in business of producing and generating electricity, and processing fuels alternative for power generation, among others, at the Freeport Area of Bataan (FAB). As a FAB enterprise, MPGC will operate a 4 x 150 MW power plant located in Mariveles, Bataan. FAB granted MPGC certain incentives that include, among others, an ITH for four years for original project effective on the committed date or actual date of start of commercial operations, whichever is earlier. On December 13, 2021, MPGC has been granted a renewed certificate of registration with AFAB which now remains valid and in effect as long as MPGC remains in good standing or until revoked or cancelled.

License Granted by the ERC

On August 4, 2008, August 22, 2011 and August 24, 2016, MPCL, SMELC and LPI, respectively, were granted a RES License by the ERC pursuant to Section 29 of the EPIRA, which requires all suppliers of electricity to the contestable market to secure a license from the ERC. The term of the RES License is for a period of five years from the time it was granted and renewable thereafter.

On August 19, 2016, the ERC approved the renewal of SMELC's RES License for another five years from August 22, 2016 up to August 21, 2021. On August 18, 2021, the ERC has granted the extension of the validity of the RES License for 15 days from August 21, 2021 until September 5, 2021 to allow SMELC to complete the transfer of its remaining contestable customer to LPI.

On December 13, 2023, the ERC granted the renewal of the RES License of MPCL and LPI for another five years valid from September 30, 2023 until September 29, 2028.

b. SMFB

SMFI

SMFI is registered with the BOI and AFAB for certain feedmill, poultry, meats and ready-to-eat meals projects. In accordance with the provisions of EO No. 226 and the RA No. 9728, also known as "The Freeport Area of Bataan Act of 2009", pursuant to RA No. 11534 or the CREATE Act, the projects are entitled, among others, to fiscal incentives described as follows:

- *New Producer of Hogs.* SMFI's (formerly Monterey Foods Corporation [MFC]) Sumilao Hog Project (Sumilao Hog Project) was registered with the BOI on a pioneer status on July 30, 2008 under Certificate of Registration No. 2008-192. The Sumilao Hog Project was entitled to ITH for a period of six years, extendable under certain conditions to eight years.

SMFI's six-year ITH for the Sumilao Hog Project ended on January 31, 2015. SMFI's application for one year extension of ITH from February 1, 2015 to January 31, 2016 was approved by the BOI on May 20, 2016. Application for the second year extension of ITH was no longer pursued by SMFI.

Notwithstanding the expiration of ITH benefit in 2016, SMFI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

On February 11, 2021, SMFI requested for the cancellation of its Certificate of Registration No. 2008-192. On July 21, 2021, by virtue of Resolution No. 27-02, series of 2021, the Management Committee of the BOI noted the action taken by the Executive Director in approving the request for cancellation and removal of said registration from the BOI's Book of Registry.

- *New Producer of Animal Feeds (Pellet, Crumble and Mash).* The San Ildefonso, Bulacan feedmill project (Bulacan Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-074. The Bulacan Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years. The four-year ITH period of the project which commenced on July 1, 2018 had expired last June 30, 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMFI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Producer of Animal and Aqua Feeds.* The Sta. Cruz, Davao feedmill project (Davao Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-073. The Davao Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain

conditions, but in no case should the aggregate ITH period exceed eight years.

On May 24, 2019, the BOI approved SMFI's request to move the Davao Feedmill Project's start of commercial operations and ITH reckoning date to April 2019. The four-year ITH period of the project which commenced on April 1, 2019 had expired last March 31, 2023.

Notwithstanding the expiration of ITH benefit in 2023, the SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Producer of Animal Feeds (Pellet, Crumble and Mash)*. The Mandaue, Cebu feedmill project (Cebu Feedmill Project) was registered with the BOI on a non-pioneer status on November 10, 2015 under Certificate of Registration No. 2015-251. The Cebu Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

On May 24, 2019, the BOI approved SMFI's request to move the Cebu Feedmill Project's start of commercial operations and ITH reckoning date to December 2019. The four-year ITH period of the project which commenced on December 1, 2019 had expired last November 30, 2023.

Notwithstanding the expiration of ITH benefit in 2023, the SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- SMFI's Bataan feedmill project (Bataan Feedmill Project) was registered with the AFAB as a *Manufacturer of Feeds for Poultry, Livestock and Marine Species* on January 6, 2017 under Certificate of Registration No. 2017-057, valid for a period of one year, renewable annually subject to qualifications as determined by AFAB.

Said AFAB registration of the Bataan Feedmill Project has been renewed accordingly as follows:

Registration Renewal Date	Certificate of Registration No.	Annual Period Covered
March 6, 2018	2018-096	2018
February 14, 2019	2019-079	2019
December 10, 2019	2020-047	2020
December 29, 2020	2021-081	2021
May 30, 2022	2022-111	2022

Under the terms of SMFI's AFAB registration, the Bataan Feedmill Project is entitled to incentives which include, among others, ITH for four years from May 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH period of the project which commenced on May 1, 2018 had expired last April 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMFI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Producer of Ready-to-Eat Meals.* The Sta. Rosa, Laguna Food Service project (Ready-to-Eat Project) was registered with the BOI on a non-pioneer status on December 13, 2017 under Certificate of Registration No. 2017-335. The Ready-to-Eat Project is entitled to ITH for four years from March 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On March 19, 2021, SMFI requested for the cancellation of its Certificate of Registration No. 2017-335. On May 19, 2021, by virtue of Resolution No. 19-07, series of 2021, the Management Committee of the BOI noted the cancellation of said registration undertaken by the Executive Director and the deletion of the registration from the BOI's Book of Registry.

- *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash).* The Phividec, Tagoloan, Misamis Oriental feedmill project (CDO Feedmill Project) was registered with the BOI on a non-pioneer status on May 27, 2020 under Certificate of Registration No. 2020-075. The CDO Feedmill Project is entitled to ITH for four years from June 2020 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years. ITH period of the project commenced on June 1, 2020 and will expire on May 2024.
- *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash).* The Barangay Soyung, Echague, Isabela feedmill project (Echague Feedmill Project) was registered with the BOI on a non-pioneer status on June 5, 2023 under Certificate of Registration No. 2023-100 pursuant to RA No. 11534 (CREATE Act). The Echague Feedmill Project is entitled to ITH for six years from June 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. ITH period of the project commenced on June 5, 2023 and will expire on June 4, 2029.

With the current provisions of RA No. 11534 or the CREATE Act, registered investment projects prior to CREATE granted with ITH are entitled to finish their ITH entitlement as scheduled, and are given an option to reapply for new tax incentives for the same activity as provided under Section 294 (B) of the same Act.

SMMI

SMMI was registered with the BOI under Registration No. 2016-035 on a non-pioneer status as an Expanding Producer of Wheat Flour and its By-Products (Bran and Pollard) for its flour mill expansion project in Mabini, Batangas on February 16, 2016.

Under the terms of SMMI's BOI registration and subject to certain requirements as provided in EO No. 226, SMMI is entitled to incentives which include, among others, ITH for three years from July 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On October 25, 2017, the BOI approved SMMI's request to adjust the ITH reckoning date to December 2018 or actual start of commercial operations, whichever is earlier.

On August 7, 2020, by virtue of Resolution No. 15-19, Series of 2020, the BOI granted SMMI's request for amendment of ITH Base Figure from peso sales value of P9,582 to sales volume of 388,447 metric tons, which shall be effective only from taxable year 2020 onwards.

The three-year ITH period of the project which commenced on December 1, 2019 had expired last June 30, 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMMI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

PF-Hormel

PF-Hormel was registered with the BOI under Registration No. 2017-033 on a non-pioneer status as an Expanding Producer of Processed Meat (Hotdog) for its project in General Trias, Cavite on January 31, 2017.

Under the terms of PF-Hormel's BOI registration and subject to certain requirements as provided in EO No. 226, PF-Hormel is entitled to incentives which include, among others, ITH for three years from December 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH period of the project commenced on December 1, 2017 until November 2020.

Notwithstanding the expiration of ITH benefit in 2020, PF-Hormel is still required to submit the annual reports to the BOI until 2025, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

c. Petron

Petron Bataan Refinery

In December 2021, the Petron Bataan Refinery (PBR) renewed its registration with the AFAB as a registered enterprise. The registration shall be valid and in effect as long as the registered enterprise remains in good standing or until revoked or cancelled. As a registered domestic market enterprise engaged in the oil refinery facility as its registered business activity, PBR, under Sec. 311 of Republic Act No. 11534 or the CREATE Act is granted duty-free importation of merchandise including capital equipment, raw materials, spare parts, and accessories subject to compliance with the conditions specified under the CREATE Act. Meanwhile, pursuant to Section 295(G) of the Tax Code, as amended by the CREATE Act, PBR's crude oil importations are exempt from duties and taxes, while applicable taxes are paid upon the withdrawal of finished products sourced from the crude oil importation.

d. Packaging

SMYPC

On December 7, 2018, the BOI issued the certificate of registration to SMYPC's Plastic Caps Plant in Laguna as an expanding producer of injection plastic caps on a non-pioneer status under EO No. 226. The registration entitles SMYPC to certain tax and other incentives including but not limited to a three-year ITH starting June 1, 2019 when it started its commercial operations and will expire on May 31, 2022. On May 13, 2022, the BOI approved SMYPC's request for the deferment of its ITH availment for the year 2021. SMYPC is therefore entitled for the remaining ITH entitlement period from January 2022 to May 31, 2023.

On June 19, 2019, the BOI issued the certificate of registration to SMYPC's Plastics Plant in Cebu as a new producer of plastic products such as but not limited to crates and poultry flooring on a non-pioneer status. The registration entitles SMYPC to a four-year ITH starting July 1, 2019 when it started its commercial operations and will expire on June 30, 2023.

In addition to the ITH, SMYPC is entitled to the following benefits:

- i. Importation of capital equipment, spare parts and accessories at zero duty from the date of effectivity of EO No. 85 and its Implementing Rules and Regulations for a period of three years from the effectivity of the EO or on July 25, 2019 and until July 24, 2022.
- ii. Exemption from taxes and duties on imported spare parts and consumable supplies for export producers with Custom Bonded Manufacturing Warehouse (CBMW) exporting at least 70% of production.
- iii. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.
- iv. Additional deduction for labor expense for a period of five years from registration an amount equivalent to 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five years from the date of registration but not simultaneously with ITH.
- v. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
- vi. Employment of foreign nationals.
- vii. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.
- viii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from the date of registration.
- ix. Access to CBMW subject to the Customs rules and regulations.

The BOI issued a certificate of registration for SMYPC's Glass Plant in Cavite for its Glass Expansion Project under EO No. 226 was transferred to SMYPC. The registration entitles SMYPC to certain tax and other incentives including but not limited to ITH incentive starting March 1, 2019 and will expire on February 28, 2022. On May 13, 2022, the BOI approved SMYPC's request for the deferment of its ITH availment for the year 2021. SMYPC is therefore entitled for the remaining ITH entitlement period from January 2022 to February 28, 2023.

SYFMC

On December 3, 2019, the BOI issued the certificate of registration to SYFMC's project as a new producer of molds for glass on a pioneer status under EO No. 226. The registration entitles SYFMC to certain tax and other incentives.

The ITH incentive is for a period of six years starting May 1, 2020 when it started its commercial operations. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue granted from the registered project.

e. Cement

ECC

On July 31, 2017, the BOI approved the application of ECC as an expanding producer of cement (Line 3) in Bulacan on a non-pioneer status. ECC's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

- i. ITH for income directly attributable to Line 3 for three years from May 2018 or actual start of commercial operations, whichever is earlier.
- ii. Importation of capital equipment, spare parts and accessories at zero duty.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.
- iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export product and forming part thereof for a period of ten years from start of commercial operation.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration.
- viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In April 2022, the ITH incentive for Line 3 expired.

On September 14, 2022, the BOI approved the application of ECC as an expanding producer of cement in under Tier 1, "All Qualified Manufacturing Activities including Agro-Processing" of the 2022 Strategic Investment Priority Plan (SIPP). ECC's registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

- ITH for income directly attributable to Finishing Mill 5 for two years from December 2022 or actual start of commercial operations, whichever is earlier.
- After ITH, enhanced deductions for five years.
- Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories for 11 years from date of registration, unless otherwise extended in the SIPP.

- Employment of foreign nationals.
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In 2023 and 2022, ECC availed benefits from ITH amounting to P327 and P263, respectively.

NCC

Lines A and B Cement Plant and Grinding Facility registration entitles NCC to the following benefits:

- i. ITH for four years from January 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its Implementing Rules and Regulation.
- iii. Additional deduction from taxable income of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.
- iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
- viii. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

NCC requested for the amendment of project timetable, movement of start of commercial operation and ITH Reckoning date and amendment of Line B from fully integrated cement manufacturing line to cement grinding facility.

On January 18, 2024, the BOI has approved NCC's request for the amendment of project timetable, including the movement of start of commercial operation and ITH reckoning date and the amendment of Line B from fully integrated cement manufacturing line to cement grinding facility only.

Solid North Mineral Corp. (SNMC)

On March 23, 2018, the BOI approved the application of SNMC as a new producer of good, fine and coarse limestone on a non-pioneer status. SNMC's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

- i. Four-year ITH incentive, starting April 1, 2019, for activities directly attributable in producing good, fine and coarse limestone.
- ii. Importation of capital equipment, spare parts and accessories at zero duty.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.
- iv. importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.
- v. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vi. Additional deduction from taxable income of expenses incurred in the development of necessary and major infrastructure facilities.

On October 5, 2020, the BOI granted the deferment of SNMC's ITH availment for taxable year 2020 due to the adverse effects of the COVID-19 pandemic. SNMC is entitled to its remaining ITH entitlement equivalent to three years and three months or from January 1, 2021 to March 31, 2024.

In 2023 and 2022, ITH incentives availed by SNMC amounted to P64 and P94, respectively.

South Western Cement Corporation (SWCC)

On August 23, 2017, SWCC was registered with the BOI as a new producer of cement on a non-pioneer status but with pioneer incentives (the project being located in a less-developed area) under the heading "All Qualified Manufacturing Activities including Agro-Processing" of the 2017 Investment Priorities Plan under EO No. 226. SWCC's registration with BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

- i. ITH for six years from May 2020 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration.
- ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its implementing rules and regulations. Only equipment directly needed and exclusively used in its operation shall be entitled to capital equipment incentives.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five years from date of registration but not simultaneously with ITH.

- iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and suppliers and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals may be allowed in supervisory, technical or advisory positions for five years from date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not subject to the foregoing limitations.
- viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.
- ix. Additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure and facilities.

On August 26, 2020, the BOI approved the request of SWCC for the movement of start of commercial operation and ITH reckoning date of its registered activity from May 2020 to December 2023 due to ongoing processing of permits in the Cebu site.

On September 6, 2022, the BOI approved the request of SWCC for the movement of start of commercial operation from December 2023 to January 2027 and partially granted the request for the movement of ITH reckoning date of December 2023 to December 2025 noting that its operation has been affected by the COVID-19 pandemic for two years. Accordingly, no tax benefits from ITH incentives have been availed of in 2023 and 2022.

Ionic Cementworks Industries Inc. (ICII)

- *New Producer of Cement (Barangay Ilayang Palsabangon, Pagbilao, Quezon).* ICII was registered with the BOI on a non-pioneer status on April 17, 2018 under Certificate of Registration No. 2018-086. ICII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:
 - i. ITH
 - ITH for four years from May 2021 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
 - Application for Bonus years, provided that the aggregate availment shall not exceed eight years.
 - ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No.22 and its Implementing Rules and Regulation.

- iii. Additional deduction from taxable income for a period of five years of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.
 - iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
 - v. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
 - vi. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.
 - vii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- *New Producer of Cement (Malicboy Cement Plant Project, Barangay Kanlurang Malicboy, Pagbilao, Quezon).* ICII was registered with the BOI on a non-pioneer status under Certificate of Registration No. 2021-095 on May 21, 2021. ICII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:
 - i. ITH
 - ITH for four years from January 2026 or actual start of commercial operations of Line 1, whichever is earlier, but in no case earlier than the date of registration.
 - Application for Bonus years, provided that the aggregate availment shall not exceed eight years.
 - ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 85 and its Implementing Rules and Regulation.
 - iii. Additional deduction from taxable income for a period of five years of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.
 - iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
 - v. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
 - vi. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.
 - vii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

ICII has not started commercial operations as at December 31, 2023. Thus, ICII has not availed yet of any tax incentives.

Armstrong Fly-Ash and Logistics Company, Inc. (AFALCI)

On December 1, 2017, the BOI approved the application of AFALCI as a new producer of Hi Carbon Fly-ash (Ecotherm) and Low Carbon Fly-ash (ProAsh) on a non-pioneer status. AFALCI's registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

- i. ITH for income directly attributable to the revenue generated from the registered project Ecotherm and ProAsh for four years from May 2018 or actual start of commercial operations, whichever is earlier.
- ii. Importation of capital equipment, spare parts and accessories at zero duty.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.
- iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export product and forming part thereof for a period of ten years from start of commercial operation.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration.
- viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On May 1, 2018, AFALCI started its commercial operations.

On September 17, 2020, the BOI granted the deferment of AFALCI's ITH availment for taxable year 2020 up to April 2023 due to the adverse effects of the COVID-19 pandemic.

AFALCI has availed ITH incentive amounting to P10 and P6 in 2023 and 2022, respectively.

Southern Concrete Industries Inc. (SCII)

SCII is registered with the BOI as a new producer of cement on a non-pioneer status under Certificate of Registration No. 2022-044 on April 08, 2022. In accordance with the provisions of EO No. 226, also known as the Omnibus Investments Code of 1987, SCII is eligible to the grant of several incentives.

SCII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

- i. ITH
 - a) ITH for two years from July 2022 for income directly attributable to the eligible revenue generated from the registered project.

- b) Enhanced deductions for five years, after ITH, as follows:
 - Additional depreciation allowance of the assets acquired for the entity's production of goods and services (qualified capital expenditure) – additional 10% for buildings; and additional 25% for machineries and equipment;
 - Additional 50% deduction on the labor expense incurred in the taxable year;
 - Additional 50% deduction on power expense incurred in the taxable year;
 - Deduction for reinvestment allowance to manufacturing industry;
 - Enhanced NOLCO; and
 - Other types of enhanced deductions that shall be determined relevant and applicable to the registered project under SIPP.
-
- ii. Importation of capital equipment, raw materials, spare parts and accessories at zero duty.
- iii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
- iv. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On November 26, 2022, SCII requested the BOI to defer the start of its ITH availment period from July 1, 2022 to January 1, 2023 due to the delay in its commencement of commercial operations brought about by COVID-19 pandemic and the corresponding implementation of lockdowns and mobility restrictions.

On June 14, 2023, SCII request for the deferment of its ITH availment was approved and confirmed pursuant to Section 2, Rule 23 of the Implementing Rule and Regulations of Republic Act No. 11534 or the CREATE Act and Fiscal Incentives Review Board Resolution No. 24-21, Series of 2021 authorizing BOI to implement temporary measure for exceptional circumstances such as the COVID-19 Pandemic.

f. SMCSLC

SMCSLC

SMCSLC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers, where SMCSLC is entitled to the following incentives:

- i. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The president, general manager and treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.

- ii. *Additional Deduction for Labor Expense.* For the first five years from registration, SMCSLC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- iii. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, SMCSLC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above pursuant to EO No. 528 and its implementing rules and regulations.

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

SLHBTC

In 2014, SLHBTC's registration with the BOI as an oil terminal for storage and bulk marketing of petroleum products in its Main Office located at Tondo Manila was granted with registration number 2013-068. In 2015, SLHBTC registered its own fuel storage facilities at Limay, Bataan under Registration No. 2015-027. In 2016, its newly built oil terminal located at Tagoloan, Cagayan de Oro was also registered with the BOI under Registration No. 2016-145. With the registration, SLHBTC is entitled to the following incentives under the RA No. 8479 from date of registration or date of actual start of commercial operations, whichever is earlier, and upon fulfillment of the terms enumerated below:

i. *ITH*

SLHBTC is entitled to ITH for five years without extension until August 31, 2021.

Only income directly attributable to the revenue generated from the registered project [Storage and Bulk Marketing of 172,000,000 liters (Tagoloan) or 35,000,000 liters (Limay) of petroleum products covered by Import Entry Declaration or sourced locally from new industry participants] pertaining to the capacity of the registered storage terminal shall be qualified for the ITH.

- ii. *Additional Deduction from Taxable Income.* SLHBTC shall be allowed an additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI and provided that this incentive shall not be availed of simultaneously with the ITH.
- iii. *Minimum Duty of 3% and VAT on Imported Capital Equipment.* Importation of brand new capital equipment, machinery and accompanying spare parts, shall be entitled to this incentive subject to the following conditions:
 - o they are not manufactured domestically in sufficient quantity of comparable quality and at reasonable prices;
 - o the equipment is reasonably needed and will be exclusively used in the registered activity; and

- prior BOI approval is obtained for the importation as endorsed by the DOE.
- iv. *Tax Credit on Domestic Capital Equipment.* This shall be granted on locally fabricated capital equipment equivalent to the difference between the tariff rate and the three percent duty imposed on the imported counterpart.
- v. *Importation of Consigned Equipment.* SLHBTC is entitled for importation of consigned equipment for a period of five years from the date of registration subject to posting of the appropriate bond, provided that such consigned equipment shall be for the exclusive use of the registered activity.
- vi. *Exemption from Taxes and Duties on Imported Spare Parts for Consigned Equipment with Bonded Manufacturing Warehouse.* SLHBTC is entitled to this exemption upon compliance with the following requirements:
 - at least 70% of production is imported;
 - such spare parts and supplies are not locally available at reasonable prices, sufficient quantity and comparable quality; and
 - all such spare and supplies shall be used only on bonded manufacturing warehouse on the registered enterprise under such requirements as the Bureau of Customs may impose.
- vii. *Exemption from Real Property Tax on Production Equipment or Machinery.* Equipment and machineries shall refer to those reasonably needed in the operations of the registered enterprise and will be used exclusively in its registered activity. BOI Certification to the appropriate Local Government Unit will be issued stating therein the fact of the applicant's registration with the BOI.
- viii. *Exemption from the Contractor's Tax.* BOI certification to the BIR will be issued stating therein the fact of the applicant's registration with the BOI.
- ix. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from date of registration. The President, General Manager and Treasurer of foreign-owned registered enterprise or their equivalent shall not be subject to the foregoing limitations.

The incentives with no specific number of years of entitlement above may be enjoyed for a maximum period of ten years from the start of commercial operation and/or date of registration.

No ITH incentive was availed in 2023 and 2022 because entitlements were already expired.

Molave Tanker Corporation (MTC)

MTC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers where MTC is entitled to the following incentives:

i. *ITH*

- *New Domestic Shipping Operator (Oil Tanker Vessel - MTC Apitong, 2,993GT)*. The project was registered on January 11, 2017, where MTC is entitled to ITH for four years until January 10, 2021. The 100% ITH incentive shall be limited only to the revenue generated by the registered project.
- *New Domestic Shipping Operator (Oil Tanker Vessel - MTC Guijo - 2,993 GT)*. The project was registered on May 24, 2017, where MTC is entitled to ITH for four years until May 23, 2021. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.
- ii. *Employment of Foreign Nationals*. This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.
- iii. *Importation of Consigned Equipment*. For the operation of cargo vessels, MTC is entitled to importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.
- iv. *Importation of Capital Equipment, Spare Parts and Accessories*. For the operation of motor tankers, MTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above, pursuant to EO No. 528 and its implementing rules and regulations.
- v. *Additional Deduction for Labor Expense*. For the first five years from registration, MTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- vi. *Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies*.

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

No ITH incentive was availed in 2023 and 2022 because entitlements were already expired.

Balyena Tanker Corporation (BTC)

BTC is registered with the BOI under the Omnibus Investments Code of 1987, as amended, for the operation of domestic cargo vessels and motor tankers where BTC is entitled to the following incentives:

i. *ITH*

- *New Domestic Shipping Operator (LPG Carrier/Tanker Vessel - BTC Balyena, 3,404 GT)*. The project was registered on December 14, 2016, where BTC is entitled to ITH for four years until December 13, 2020.
- *New Domestic Shipping Operator (One Cargo Vessel - BTC Mt. Samat, 1,685 GT)*. The project was registered on July 30, 2018, where BTC is entitled to ITH for four years until July 29, 2022.
- *New Domestic Shipping Operator (Cargo Vessel BTC - Harina, 872 GT)*. The project was registered on November 9, 2018, where BTC is entitled to ITH for four years until November 8, 2022.
- *New Domestic Shipping Operator (Deck Cargo Vessel - BTC Mount Makiling, 1,685 GT)*. The project was registered on November 9, 2018, where BTC is entitled to ITH for four years until November 8, 2022. On December 14, 2023, BOI approved BTC's request for deferment of ITH incentive availment period until November 8, 2023 noting that its operation has been affected by COVID-19 pandemic and it has not fully enjoyed the incentives granted.
- *New Domestic Shipping Operator (Cargo Vessel - BTC Soya, 2,426 GT)*. The project was registered on July 19, 2019, where BTC is entitled to ITH for four years until July 18, 2023.
- *New Domestic Shipping Operator (Cargo Vessel - BTC Cassava, 2,426 GT)*. The project was registered on July 19, 2019, where BTC is entitled to ITH for four years until July 18, 2023.

The 100% ITH incentives shall be limited only to the revenue generated by the registered project.

- ii. *Employment of Foreign Nationals*. This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.
- iii. *Importation of Consigned Equipment*. For the operation of cargo vessels, BTC is entitled for importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.
- iv. *Importation of Capital Equipment, Spare Parts and Accessories*. For the operation of motor tankers, BTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above pursuant to EO No. 528 and its implementing rules and regulations.

- v. *Additional deduction for labor expense.* For the first five years from registration, BTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- vi. *Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.*
- vii. *Exemption from wharfage dues and any export tax, duty, impost and fees for a period of ten years from date of registration.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

ITH incentives availed in 2023 and 2022 amounted to P0.4 and P1, respectively.

Narra Tanker Corporation (NTC)

NTC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers where NTC is entitled to the following incentives:

- i. *ITH*
 - *New Domestic Shipping Operator (Oil Tanker Vessel - NTC Agila, 1-2,112 GT).* The project was registered on May 24, 2017, where NTC is entitled to ITH for four years from May 2017, or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.
 - *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Haribon, 2,467 GT).* The project was registered on May 15, 2019, where NTC is entitled to ITH for four years from May 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.
 - *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Falcon, 2,467 GT).* The project was registered on May 15, 2019, where NTC is entitled to ITH for four years from May 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.
 - *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Heron, 2,219 GT).* The project was registered on October 3, 2019, where NTC is entitled to ITH for four years from October 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.

- *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Flamingo, 2,219 GT).* The project was registered on October 3, 2019, where NTC is entitled to ITH for four years from October 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.
- ii. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.
- iii. *Importation of Consigned Equipment.* For the operation of cargo vessels, NTC is entitled for importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.
- iv. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, NTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above, pursuant to EO No. 528 and its implementing rules and regulations.
- v. *Additional deduction for labor expense.* For the first five years from registration, NTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- vi. *Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

ITH incentives availed in 2023 and 2022 amounted to P28 and P47, respectively.

43. Other Matters

a. Contingencies

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group.

▪ Excess Excise Tax Payments

Filed by the Parent Company

In 2004, the Parent Company was assessed excise taxes by the BIR on “San Mig Light” which at that time was one of its products. These assessments were contested by the Parent Company but nonetheless made the corresponding payments. Consequently, the Parent Company filed three claims for refund for overpayments of excise taxes with the BIR.

The first and second claims for refund were then elevated to the Court of Tax Appeals (CTA) and went all the way to the Supreme Court which was resolved in favor of the Parent Company. On September 8, 2020, the BIR issued TCC Nos. 121-20-00012 and 121-20-00013 amounting to P782 and P926, respectively in favor of SMC (Note 32). P773 out of P782 TCC and P274 out of P926 were partially applied to the Parent Company’s tax obligations as at December 31, 2023.

The third claim for refund was consolidated with a claim for refund which was filed by SMB, a company to which, effective October 1, 2007, the Parent Company had spun off its domestic beer business. The claim was also favorably resolved in favor of the Parent Company and SMB. On August 10, 2020, the BIR issued TCC No. 121-20-00010 amounting to P105 in favor of SMC (Note 32), which was applied in full to the Parent Company’s tax obligations as at December 31, 2021.

Filed by SMB

SMB filed 13 claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review. Four of these claims (i.e., CTA Case Nos. 7973, 8209, 8400, 8591 and 8748) were decided by the Supreme Court in favor of SMB and tax credit certificates amounting to P1,430, P1,569 and P769 were received in 2019, 2020 and 2023, respectively. One claim (CTA Case No. 10241) was withdrawn with the issuance of a tax credit certificate in the amount of P162 in 2021. The remaining eight claims for refund are still pending before the courts, as follows:

- (a) Claim for refund of overpayments for the period of January 1, 2013 to December 31, 2013 - Third Division docketed as CTA Case No. 8955 (December 19, 2014);
- (b) Claim for refund of overpayments for the period of January 1, 2014 to December 31, 2014 - Third Division docketed as CTA Case No. 9223 (December 22, 2015);

- (c) Claim for refund of overpayments for the period of January 1, 2015 to December 31, 2015 - Second Division docketed as CTA Case No. 9513 (December 28, 2016);
- (d) Claim for refund of overpayments for the period from January 1, 2016 to December 31, 2016 - First Division docketed as CTA Case No. 9743 (December 29, 2017);
- (e) Claim for refund of overpayments for the period from January 1, 2017 to December 31, 2017 - Third Division docketed as CTA Case No. 10000 (December 27, 2018);
- (f) Claim for refund of overpayments for the period from January 1, 2018 to December 31, 2018 - First Division docketed as CTA Case No. 10223 (December 11, 2019); and
- (g) Claim for refund for overpayments for the period of January 23, 2020 to February 9, 2020 - First Division docketed as CTA Case No. 10745 (via electronic mail on January 21, 2022, registered mail on January 24, 2022, and personal filing on February 2, 2022).

CTA Case No. 8955, SMB's claim for refund for P83, was decided against SMB by the CTA Third Division for having purportedly availed of the wrong mode of appeal as SMB should have filed the petition with the RTC rather than through a collateral attack on issuances of the BIR via a judicial claim for refund. SMB, through counsel, filed a Motion for Reconsideration, arguing that the case involves a claim for refund and is at the same time a direct attack on the BIR issuances which imposed excise tax rates which are contradictory to, and violative of, the rates imposed in the Tax Code. With the denial of SMB's Motion for Reconsideration on January 5, 2018, SMB elevated the case to the CTA *En Banc* by way of a Petition for Review. On September 19, 2018, the CTA *En Banc* reversed and set aside the decision of the CTA Third Division and remanded the case to the CTA Third Division for the resolution of the same on the merits (docketed as CTA EB Case No. 1772). A Motion for Reconsideration was filed by the BIR which was subsequently denied by the CTA *En Banc* in a resolution dated January 24, 2019. The BIR sought an extension within which to file a Petition for Review with the Supreme Court which was docketed as G.R. No. 244738. After the BIR filed a Manifestation stating that it will no longer file a Petition for Review on Certiorari, the Supreme Court issued a Resolution dated January 8, 2020 considering the case closed and terminated. The records were remanded to the CTA Third Division and the case is now submitted for the CTA Third Division's decision.

CTA Third Division partially granted SMB's Petition on September 14, 2023. The BIR is ordered to refund or issue a TCC in the reduced amount of P83, representing overpayment of excise taxes on the "San Mig Light" removals for the period from January 1, 2013 to December 31, 2013. The BIR filed a Motion for Reconsideration with CTA Third Division which was denied.

CTA Case No. 9223, SMB's claim for refund for P60, was partially decided in favor of SMB by the CTA Third Division in April 2019. From the CTA Third Division, SMB and the BIR filed separate Petitions for Review with the CTA *En Banc*. On February 21, 2022, the CTA *En Banc* rendered a Decision denying the separate Petitions for Review. On March 21, 2022, SMB elevated the Decision of the CTA *En Banc* by way of a Petition for Review to the Supreme Court, where it was docketed as G.R. No. 258812. The BIR also elevated the CTA *En Banc*'s Decision to the Supreme Court which was docketed as G.R. No. 261197. In GR No. 258812, the Supreme Court issued a Resolution requiring the BIR to comment on SMB's Petition. The Office of the Solicitor General (OSG) filed a Manifestation and Motion praying that it be excused from filing a comment since the CTA decision is in order. In GR No. 261197, the OSG filed a Manifestation and Motion informing the Supreme Court that it decided not to file the Petition since the CTA decision is in order.

CTA Case No. 9513, SMB's claim for refund for P48, was partially decided in favor of SMB by the CTA Second Division. From the CTA Second Division, SMB and the BIR filed separate Petitions for Review with the CTA *En Banc*. On February 4, 2021, the CTA *En Banc* affirmed the decision of the CTA Second Division. Both parties filed motions for partial reconsideration of the CTA *En Banc*'s Decision. In its October 22, 2021 Resolution, the CTA *En Banc* denied the parties' motion for reconsideration. SMB and the BIR filed separate Petitions for Review on Certiorari with the Supreme Court docketed as G.R. No. 257784 and 259263, respectively. These were consolidated by the Supreme Court, after which the BIR filed its comment to SMB's Petition as directed by the court.

CTA Case No. 9743, SMB's claim for refund for P30, was partially decided in favor of SMB by the CTA First Division. The Motion for Partial New Trial of SMB and Motion for Reconsideration filed by SMB and the BIR were denied. Both parties filed their respective Petition for Review with the CTA *En Banc*. On February 10, 2022, the CTA *En Banc* rendered a Decision denying the Petitions for Review. The BIR moved for reconsideration while SMB filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 258813. Upon denial by the CTA *En Banc* of the BIR's motion for reconsideration, the BIR also filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 261196. In G.R. No. 258813, the Supreme Court issued a Resolution dated October 2, 2023 ordering the BIR to refund the amount of P3. In G.R. No. 261196, the Supreme Court issued a Resolution dated April 19, 2023 denying the petition for failure to sufficiently show that the CTA committed any reversible error.

CTA Case No. 10000, SMB's claim for refund for P123, was filed on December 27, 2018 and is pending with the CTA Third Division. On September 22, 2021, the CTA Third Division partially granted SMB's Petition for Review and ordered the refund of P123. The BIR filed for a motion for reconsideration which was denied by the CTA Third Division. The BIR filed a Petition for Review with CTA *En Banc* docketed as CTA *En Banc* No. 2625. SMB filed its Comment dated July 25, 2022. On August 2, 2023, the CTA *En Banc* promulgated its Decision in CTA EB No. 2625 affirming the decision of the CTA Third Division in favor of SMB. The BIR moved for reconsideration but the same was denied by the CTA *En Banc* on January 8, 2024. The BIR then filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 271254.

CTA Case No. 10223, SMB's claim for refund for P147, was filed on December 11, 2019 and is pending with the CTA Second Division. In its Resolution dated July 19, 2022, the case was submitted for decision. On July 5, 2023, the CTA Second Division promulgated its Decision which ordered the CIR to refund or to issue a TCC in favor of SMB in the amount of P147 representing erroneously, excessively, and/or illegally collected excise taxes due on the removals of its subject beer products for the period covering January 1, 2018 to December 31, 2018.

On July 25, 2023, the CIR filed a Motion for Reconsideration on the aforesaid Decision, to which SMB filed an Opposition. In a Resolution dated October 9, 2023, the Court denied the Motion for Reconsideration of the CIR.

On December 14, 2023, the CIR appealed the Decision and Resolution of the CTA Second Division to the CTA *En Banc* by way of a Petition for Review, which was docketed as CTA EB No. 2834.

CTA Case No. 10745, SMB's claim for refund for P1,069, was personally filed on February 2, 2022 and is pending with the CTA First Division. The case is a consolidation of two claims, to wit:

- i. P8 under RA No. 10351 - the overpayment arose from the BIR's imposition of excise tax of P27.07 per liter on SMB's beer products for the period January 23, 2020 to February 9, 2020 based on Revenue Memorandum Circular (RMC) No. 90-2012 and RR No. 17-2012. Said BIR issuances are inconsistent with RA No. 10351 which imposes an excise tax of P26.44 per liter under Section 143 of the National Internal Revenue Code (NIRC), as amended by RA No. 10351 beginning January 1, 2020.
- ii. P1,061 under RA No. 11467 - the overpayment arose from the BIR's imposition of excise tax of P35.00 per liter on SMB's beer products, as provided under Section 143 of the NIRC, as amended by RA No. 11467, for the period January 23, 2020 to February 9, 2020. The said imposition was based on RMC No. 65-2020, as amended by RMC No. 113-2020, implementing RA No. 11467 at an earlier date (i.e., January 23, 2020) which is inconsistent with the actual effectivity date of RA No. 11467 (i.e., February 10, 2020).

The case is now submitted for decision.

Administrative Case

SMB filed an administrative claim for refund of overpayments of excise taxes for the period of January 1, 2020 to January 22, 2020 in the amount of P8 with the BIR on October 7, 2021. The BIR issued a TCC on December 17, 2021 in favor of SMB in the amount of P8 (Note 32), which was fully utilized against SMB's tax obligations in 2022.

Filed by GSMI

GSMI filed two claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review as follows:

- (a) CTA Case Nos. 8953 and 8954: These cases pertain to GSMI's Claims for Refund with the BIR, in the amounts of P582 in Case No. 8953, and P133 in Case No. 8954, or in the total amount of P715, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the periods from January 1, 2013 up to May 31, 2013 in Case No. 8953, and from January 8, 2013 up to March 31, 2013 in Case No. 8954.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on said ethyl alcohol.

After several hearings and presentation of evidence, both parties filed their respective Formal Offers of Evidence.

On July 28, 2020, The CTA Third Division rendered its Decision and denied GSMI's Petition for Review. GSMI received the said Decision on August 24, 2020, for which it timely filed a Motion for Reconsideration on the aforementioned Decision on September 2, 2020, to which the Commissioner of Internal Revenue filed its Opposition.

The CTA Third Division issued an Amended Decision dated February 1, 2021 which partially granted GSMI's Motion for Reconsideration and ruled that GSMI is entitled to a partial refund of its erroneously and excessively paid excise taxes in the amount of P320 out of its original claim of P715.

GSMI and CIR subsequently filed Motions for Reconsideration on the aforesaid Amended Decision and Oppositions to each other's Motion for Reconsideration. In a Resolution dated October 28, 2021, the CTA Third Division denied for lack of merit GSMI's Motion for Reconsideration and CIR's Motion for Partial Reconsideration of the Amended Decision.

On January 4, 2022, GSMI elevated to the CTA *En Banc* the Decision dated July 28, 2020, Amended Decision dated February 1, 2021, and Resolution dated October 28, 2021 of the CTA Third Division, by way of a Petition for Review, which was docketed as CTA EB No. 2555.

Earlier, the CIR also filed a Petition for Review with the CTA *En Banc* elevating thereto the Amended Decision dated February 1, 2021 and Resolution dated October 28, 2021 of the CTA Third Division, and the same was docketed as CTA EB No. 2544.

On March 28, 2022, the Court *En Banc* ordered the Parties to file their respective Comments/Oppositions to the Petitions for Review. On April 7, 2022, GSMI filed a Motion for Extension of Time to File Comment on the Petition for Review in CTA EB No. 2544.

On April 21, 2022, GSMI filed its Comment on the Petition for Review. On May 30, 2022, the Court *En Banc* promulgated a Resolution which denied GSMI's Motion for Extension and submitted the Petitions for Review for decision. On June 13, 2022, GSMI filed its Motion for Reconsideration assailing the said Resolution.

On October 4, 2022, the Court *En Banc* promulgated a Resolution which set aside the May 30, 2022 Resolution insofar as the Petitions for Review were submitted for decision. The Resolution likewise directed the CIR to file a Comment to GSMI's Motion for Reconsideration, to which the CIR failed despite due notice.

On January 18, 2023, the CTA *En Banc* granted GSMI's Motion for Extension of Time to File Comment on the Petition for Review in CTA EB No. 2544 and admitted GSMI's Comment as part of the records of the case.

These Petitions for Review are now submitted for decision.

- (b) CTA Case No. 9059: This case pertains to GSMI's Claim for Refund with the BIR, in the total amount of P26, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the period from June 1, 2013 up to July 31, 2013.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on the said ethyl alcohol.

After presentation of its testimonial and documentary evidence, GSMI filed its Formal Offer of Evidence and Supplemental Offer of Evidence, which were all admitted by the CTA. BIR's presentation of evidence was set to January 23, 2019.

In a decision dated February 6, 2020, the CTA denied GSMI's Claim for refund for insufficiency of evidence. On February 20, 2020, GSMI filed a Motion for Reconsideration of the said Decision. However, the Motion for Reconsideration was denied by the CTA on June 9, 2020. On August 28, 2020, GSMI elevated the case to the CTA *En Banc* by way of a Petition for Review.

In a Decision dated November 10, 2021, the CTA *En Banc* denied the Petition for Review filed by GSMI. The Decision dated February 6, 2020 and the Resolution dated June 9, 2020 of the CTA Second Division were affirmed.

On December 10, 2021, GSMI elevated the Decision of the CTA *En Banc* to the Supreme Court by way of a Petition for Review, which was docketed as Supreme Court G.R. No. 25839.

This case is still pending resolution before the Supreme Court as at December 31, 2023.

- Deficiency Tax Liabilities

IBI

On December 27, 2016, IBI received a Formal Letter of Demand for tax year 2012 with a demand for payment of income tax, VAT, withholding tax, documentary stamp tax (DST) and miscellaneous tax deficiencies with administrative penalties. IBI filed a Protest. Due to the inaction of the BIR, IBI filed a Petition for Review with the CTA Third Division and docketed as CTA Case No. 9657.

On March 2, 2020, the CTA First Division promulgated its Decision partially granting IBI's Petition for Review. The assessment for deficiency income tax, VAT, DST and compromise penalty are cancelled and set aside. However, the assessment for deficiency expanded withholding tax is affirmed, and IBI was ordered to pay deficiency expanded withholding tax including interest and surcharges amounting to P5.

On October 29, 2020, the BIR filed a Petition for Review with CTA *En Banc*. On January 25, 2021, IBI filed its Comment to the Petition for Review. On July 21, 2022, the CTA *En Banc* denied the BIR's Petition for Review. Thereafter, the BIR filed for a motion for reconsideration which was also denied by the CTA *En Banc*.

The BIR filed a Petition for Review on Certiorari dated January 9, 2023 with the Supreme Court docketed as G.R. No. 264402.

SMFI

(a) SMFI (as the surviving corporation in a merger involving MFC) vs. CIR
CTA Case 9046

In connection with the tax investigation of MFC for the period January 1 to August 31, 2010, a Final Decision on Disputed Assessment (FDDA) was issued by the BIR on January 14, 2015 upholding the deficiency income tax, VAT and DST assessments against SMFI.

SMFI filed a Request for Reconsideration which the CIR denied prompting SMFI to file a Petition for Review with the CTA, docketed as CTA Case No. 9046.

The CTA First Division granted the Petition for Review filed by SMFI based on the following grounds: (1) the Formal Letter of Demand/Final Assessment Notice issued by the BIR was void as it did not contain demand to pay taxes due within a specific period; and (2) lack of valid Letter of Authority. Accordingly, the Formal Letter of Demand/Final Assessment Notice issued against SMFI for deficiency income tax, VAT and DST for the period January 1 to August 31, 2010 and the FDDA, for being intrinsically void, were ordered cancelled.

The BIR filed a Motion for Reconsideration with the CTA First Division, which was denied.

The BIR then filed a Petition for Review before the CTA *En Banc*, which was also denied.

While the Petition was pending, the BIR issued a Warrant of Distraint and/or Levy (WDL) against SMFI (as the surviving corporation). SMFI requested BIR for the lifting and cancellation of the WDL and filed an Urgent Omnibus Motion with the CTA to suspend collection of taxes and declare the WDL null and void.

To put an end to a protracted, expensive and mutually prejudicial litigation, SMFI and the BIR entered into an amicable settlement through execution of a Judicial Compromise Agreement (JCA), which the Supreme Court approved on June 28, 2021. The Supreme Court further ruled that the case should be considered closed and terminated.

(b) SMFI vs. CIR CTA Case No. 9241

On December 16, 2015, an FDDA was issued by the BIR assessing deficiency income tax and VAT against SMFI in connection to the tax investigation for the period January 1 to December 31, 2010.

The deficiency income tax and VAT pertain to the disallowed NOLCO and input tax credits which were transferred to and vested in SMFI from MFC by operation of law as a result of the merger between SMFI and MFC. According to the BIR, as the ruling (BIR Ruling 424-14 dated October 24, 2014) issued in connection to the merger of SMFI and MFC did not contain an opinion on the assets and liabilities transferred during the merger, the NOLCO and input tax credits from MFC were disallowed. However, it is SMFI's position that the use of the NOLCO and input tax credit from MFC, as the surviving corporation pursuant to a statutory merger is proper, as the same is allowed by law, BIR issuances and confirmed by several BIR rulings prevailing at the time of the transaction.

SMFI filed a Petition for Review before the CTA, docketed as CTA Case No. 9241.

The CTA Third Division rendered its decision granting SMFI's Petition for Review and cancelling the deficiency income tax and VAT assessment issued by the BIR. The BIR then filed a Motion for Reconsideration which was denied.

Despite the finality of the Decision, the BIR issued a WDL against SMFI. SMFI requested BIR for the lifting and cancellation of the WDL.

To put an end to a protracted, expensive and mutually prejudicial litigation, SMFI and the BIR entered into an amicable settlement through execution of a JCA, which was approved by the CTA Third Division.

The CTA Third Division also declared the WDL null and void and ordered it to be cancelled and withdrawn.

(c) SMFI vs. Office of the City Treasurer, City of Davao

SMFI filed several protests against the assessments issued by the City Treasurer of Davao City imposing permit fees to slaughter against its poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District both located in Davao City.

Following the dismissal of the appeals filed by SMFI with the Davao RTC, the following Petitions for review were filed with the CTA:

- CTA Case AC No. 209, filed on August 23, 2018
- CTA Case AC No. 210, filed on November 12, 2018
- CTA Case AC No. 249, filed on February 26, 2021

It is SMFI's position that Section 367 (a) of the 2005 Revenue Code of the City of Davao (Revenue Code of Davao City) on the imposition of permit fee to slaughter is applicable only to slaughterhouses operated by the City Government of Davao City. SMFI's poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District, being privately owned and operated slaughterhouses are beyond the coverage of Section 357 (a) of the Revenue Code of Davao City. In addition, given that SMFI is already paying ante and post-mortem fees for the slaughter of poultry products pursuant to Section 367 (d) of the same Revenue Code, the assessment of permit fee to slaughter would constitute double taxation.

In CTA Case AC No. 209, the CTA First Division dismissed SMFI's Petition on May 29, 2020 and denied the Motion for Reconsideration on February 22, 2021. A Petition for Review was filed on May 12, 2021 with the CTA *En Banc* and docketed as CTA Case EB No. 2474. On January 31, 2023, the CTA *En Banc* denied SMFI's Petition. SMFI filed for a Motion for Reconsideration which was likewise denied on August 4, 2023. Following the denial, SMFI elevated and filed for Petition for Review with the Supreme Court on December 27, 2023, which is pending resolution as at March 11, 2024.

Moreover, the CTA First Division also dismissed on July 3, 2020 the Petition docketed as CTA Case AC No. 210, and on July 28, 2021, SMFI's Motion for Reconsideration was denied. On October 8, 2021, SMFI filed a Petition for Review with the CTA *En Banc* docketed as CTA Case EB No. 2535, which was likewise denied on May 18, 2023. Thus, a Motion for Reconsideration was filed on September 15, 2023 with the same being denied on March 4, 2024.

Last, the CTA Special Third Division on October 12, 2022, dismissed the Petition for Review docketed as CTA Case AC No. 249 on the grounds of lack of jurisdiction on permit fees as it is not a tax, therefore outside the CTA's jurisdiction. In December 2022, SMFI filed a Motion for Reconsideration but was denied on November 9, 2023.

- Oil Spill Incident in Guimaras

On August 11, 2006, MT Solar I, a third party vessel contracted by Petron to transport approximately two million liters of industrial fuel oil, sank 13 nautical miles southwest of Guimaras, an island province in the Western Visayas region of the Philippines. In separate investigations by the Philippine Department of Justice (DOJ) and the Special Board of Marine Inquiry (SBMI), both agencies found the owners of MT Solar I liable. The DOJ found Petron not criminally liable, but the SBMI found Petron to have overloaded the vessel. Petron has appealed the findings of the SBMI to the DOTr and is awaiting its resolution. Petron believes that SBMI can impose administrative penalties on vessel owners and crew, but has no authority to penalize other parties, such as Petron, which are charterers.

Other complaints for non-payment of compensation for the clean-up operations during the oil spill were filed with the RTC of Guimaras by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims amounted to P292. The cases were pending as at December 31, 2023. In the course of plaintiffs' presentation of evidence, they moved for trial by commissioner, which was denied by the trial court. The plaintiffs elevated the matter by way of a petition for certiorari to the Court of Appeals in Cebu City. On January 9, 2020, the Court of Appeals issued a Resolution granting plaintiffs' motion for reconsideration of the earlier resolution denying their petition and ordering Petron to file its comment on plaintiffs' petition within 10 days. On February 6, 2020, Petron filed a motion for reconsideration of said Resolution which remains pending as at March 11, 2024. In the meantime, proceedings before the trial court continues. Less than 200 of the plaintiffs have testified so far. As at December 31, 2023 and 2022, the Group has not set up any provision related to this case because while the case is still pending Petron believes the resolution will be in its favor.

- Lease Agreements with PNOC

On October 20, 2017, Petron filed with the RTC of Mandaluyong City a complaint against the PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of Petron.

The subject landholdings consist of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by Petron of the conveyed lots for its business operation. Thus, PNOC and Petron executed three lease agreements covering the refinery lots, the bulk plants, and the service station sites, all with an initial lease term of 25 years which expired in August 2018, with a provision for automatic renewal for another 25 years. In 2009, Petron, through its realty subsidiary, NVRC, had an early renewal of the lease agreement for the refinery lots with an initial lease term of 30 years, renewable for another 25 years.

The complaint alleges that PNOC committed a fundamental breach of the lease agreements when it refused to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to

PNOC, a government-owned-and-controlled corporation.

On December 11, 2017, the trial court granted Petron's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting Petron from possession of the subject properties until the case is decided.

The court-mandated mediation was terminated on February 5, 2018 without any agreement between the parties. The judicial dispute resolution proceedings before the court were likewise terminated on March 28, 2019, after the parties failed to agree to a settlement. Without prejudice to any further discussion between the parties regarding settlement, the case was remanded to the trial court for trial proper, with the pre-trial held on September 10, 2019. Petron also filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted Petron's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance dated 1993 relating to Petron's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993, (ii) the reconveyance by PNOC to Petron of all such properties, and (iii) the payment by Petron to PNOC of the amount of P143, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a motion for reconsideration. Petron also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to Petron all lease payments the latter had paid to PNOC since 1993.

Following the trial court's denial of their separate motions for reconsideration, both PNOC and Petron filed their respective notices of appeal with the trial court. In a decision dated December 13, 2021, the Court of Appeals dismissed both appeals of Petron and PNOC and affirmed the resolution of the trial court as described above. The Court of Appeals upheld Petron's position that PNOC committed a substantial breach of its contractual obligation under the lease agreements when it dishonored the automatic renewal clause in the lease agreements and threatened to terminate Petron's lease thereby depriving Petron a long-term lease consistent with its business requirements, which was the primordial consideration in the Deeds of Conveyance. The Court of Appeals ruled, however, that, consistent with jurisprudence, while rescission repeals the contract from its inception, it does not disregard all the consequences that the contract has created and that it was therefore only proper that Petron paid PNOC the rentals for the use and enjoyment of the properties which PNOC could have enjoyed by virtue of the Deeds of Conveyance were it not for the lease agreements. On January 11, 2022, Petron filed its motion for reconsideration insofar as the decision dismissed Petron's appeal to return the lease payments made by it to PNOC. PNOC also filed its own motion for reconsideration. In a resolution promulgated on October 6, 2022, the Court of Appeals denied the respective motions for reconsideration of Petron and PNOC. In consideration of the possible delay in the final resolution of the case if Petron were to proceed with the filing of a petition for review with the Supreme Court on the issue of rental payments it seeks to recover and the decision in favor of Petron on the rescission of the Deeds of Conveyance and the reconveyance to it of the properties that has been affirmed by the Court of Appeals, Petron has decided to no longer pursue a petition for review with the Supreme Court. The PNOC filed a petition for review on certiorari with the Supreme Court in December 2022. On November 30, 2023, Petron received a copy of the Supreme Court's resolution dated July 25, 2023, denying PNOC's petition for review on certiorari, on the ground that PNOC failed to sufficiently show that

the Court of Appeals committed any reversible error in the challenged decision and resolution as to warrant the Supreme Court's exercise of its discretionary appellate jurisdiction. On December 6, 2023, Petron received a copy of PNOC's motion for reconsideration of the Supreme Court's resolution, coupled with motion to refer the case to the Supreme Court *En Banc* citing, among others, the involvement of prime vital government assets. As at December 31, 2023, Petron had yet to receive from the Supreme Court any notice on its action on PNOC's motions for reconsideration and referral of the case to the Supreme Court *En Banc*.

- Generation Payments to PSALM

SPPC and PSALM are parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement.

On September 8, 2015, SPPC filed a Complaint with the RTC of Mandaluyong City requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour Temporary Restraining Order (TRO) be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended for until September 28, 2015.

On September 28, 2015, the RTC issued an order granting a Preliminary Injunction enjoining PSALM from proceeding with the termination of the Ilijan IPPA Agreement while the main case is pending. PSALM sought for reconsideration of the said order but was later on denied by the RTC. PSALM filed with the Court of Appeals a Petition for Review on Certiorari assailing the RTC's order of denial. The Court of Appeals ruled in favor of SPPC and affirmed the RTC's issuance of a writ of preliminary injunction against PSALM prohibiting it from terminating the Ilijan IPPA Agreement while the main case in the lower court is pending and named Meralco as intervenor (the "2017 CA Decision").

PSALM filed a Motion for Reconsideration of the 2017 CA Decision but it was denied by the Court of Appeals in its resolution dated July 12, 2018 (the

“2018 CA Resolution”).

On September 19, 2018, PSALM filed a Petition for Certiorari with urgent prayer for the issuance of a TRO and/or Writ of Preliminary Injunction before the Supreme Court praying for the reversal and nullification of the 2017 CA Decision and the 2018 CA Resolution but was denied by the Supreme Court in its resolution dated March 4, 2019 (the “March 4, 2019 SC Resolution”). PSALM filed a Motion for Reconsideration thereof and was denied by the Supreme Court in a resolution dated August 5, 2019 which became final and executory on the same date.

Prior to the Court of Appeals Decision, on December 18, 2017, the presiding judge of the RTC who conducted the judicial dispute resolution issued an order inhibiting himself from the instant case. The case was then re-raffled to another RTC judge in Mandaluyong City.

SPPC filed a Motion for Production of Documents on February 28, 2018, while PSALM filed its Manifestation with Motion to Hear Affirmative Defenses and Objections Ad Cautelam.

On September 24, 2018, the RTC issued an order denying PSALM's Motion to Hear Affirmative Defense and granted SPPC's Motion for Production of Documents. In an order dated April 29, 2019, the RTC denied the Motion for Reconsideration filed by PSALM on the basis that it found no strong and compelling reason to modify, much less reverse, its order dated September 24, 2018.

On July 26, 2019, PSALM filed a Petition for Certiorari with Urgent Prayer for the Issuance of a TRO and/or Writ of Preliminary Injunction with the Court of Appeals, seeking the reversal of the orders of the RTC dated September 24, 2018 and April 29, 2019 (CA-G.R. SP No. 161706). In compliance with the Court of Appeals' directive, PSALM filed an Amended Petition on April 29, 2019 (the “PSALM 2019 CA Petition”).

On April 7, 2022, the Court of Appeals promulgated a Decision dismissing the PSALM 2019 CA Petition (the “April 7, 2022 CA Decision”). PSALM filed a Motion for Reconsideration dated April 29, 2022. SPPC filed a Motion for Leave to File Opposition to the Motion for Reconsideration with an Opposition to the said Motion for Reconsideration on July 15, 2022.

In a Resolution dated October 4, 2022, the Court of Appeals denied PSALM's motion for reconsideration of the April 7, 2022 CA Decision (the “October 4, 2022 CA Resolution”).

On December 1, 2022, PSALM filed a Petition for Review on Certiorari with the Supreme Court, appealing the April 7, 2022 CA Decision denying its petition for certiorari and October 4, 2022 CA Resolution denying its motion for reconsideration. The Petition for Review has been docketed as G. R. No. 263773. SPPC has not yet received a directive to file a Comment on the petition.

In a Resolution dated November 8, 2023, which SPPC received on March 6, 2024, the Supreme Court denied PSALM's Petition for Review of the Court of Appeals' Decision dated April 7, 2022 and Resolution dated October 4, 2022 in CA-G.R. SP No. 161706. The Supreme Court deemed it was not necessary to delve into PSALM's arguments that the trial court committed grave abuse of discretion in directing PSALM to respond to SPPC's modes of discovery because the Court of Appeals found that the trial court acted in accordance with law, the facts, and evidence, and that PSALM had complied with the directive. The Supreme Court also found that it was the regular courts that have jurisdiction and not the ERC.

In January 2020, PSALM also filed with the RTC a Motion Ad Cautelam to Lift or Dissolve the Writ of Preliminary Injunction with Application to File Counterbond. SPPC filed its opposition to this motion in March 2020.

On May 26, 2020, SPPC filed a Supplemental Opposition to PSALM's Motion Ad Cautelam to Lift or Dissolve the Writ of Preliminary Injunction citing SPPC's letter dated March 6, 2020 informing PSALM of its intention to advance the full settlement of the Monthly Payments due for the period March 26, 2020 until the end of the IPPA Agreement on June 26, 2022. SPPC stated that given this intention, PSALM can no longer assert that it stands to suffer injury in the form of reduction in expected cash or that the Government would be exposed to financial risk.

PSALM also filed several other pleadings: (i) Urgent Ex-Parte Motion for Early Resolution of its Motion for Leave to File Amended Answer Ad Cautelam dated May 28, 2020; (ii) Motion for Reconsideration of the RTC Order of February 14, 2020, which did not allow PSALM to present witnesses in support of its Motion to Dissolve the Writ of Preliminary Injunction and directed the parties to submit pleadings and documents in support of their respective positions; and (iii) Reply to SPPC's Opposition to its Motion to Dissolve the Writ of Preliminary Injunction. SPPC filed a Motion for Leave to File Consolidated Rejoinder with Consolidated Rejoinder dated September 14, 2020 to PSALM's Reply to Opposition to the Motion to Dissolve.

In an Order dated November 27, 2020, the RTC denied PSALM's Motion for Leave to File Amended Answer Ad Cautelam (the "November 27, 2020 RTC Order"). On January 15, 2021, SPPC filed a Motion for Summary Judgment, praying that judgment be rendered in favor of SPPC on all its causes of action based on the pleadings, affidavits, and admissions on file. On January 29, 2021 PSALM filed a Motion for Reconsideration of the November 27, 2020 RTC Order.

In an Order dated March 23, 2021 (the "March 23, 2021 RTC Order"), the RTC denied PSALM's Motion for Reconsideration of the November 27, 2020 RTC Order. In the same Order, the RTC also denied SPPC's Motion for Summary Judgment and referred the case to mediation.

On May 21, 2021, SPPC filed a Motion for Reconsideration of the March 23, 2021 RTC Order. PSALM filed an Opposition to the Motion for Reconsideration and SPPC filed a Motion for Leave to File a Reply to the Opposition with an incorporated Reply.

In June 2021, PSALM also filed a Petition for Certiorari under Rule 65 of the rules of Court to annul the November 27, 2020 RTC Order and the March 23, 2021 RTC Order with the Court of Appeals, which was denied by the Court of Appeals in its Decision dated May 30, 2022 (the "May 30, 2022 CA Decision").

On October 3, 2022, the Court of Appeals promulgated a Resolution denying PSALM's Motion for Reconsideration of the May 30, 2022 Decision (the "October 3, 2022 CA Resolution").

After moving for an extension of time, on November 26, 2022, PSALM filed a Petition for Review on Certiorari with the Supreme Court, appealing the May 30, 2022 CA Decision and October 3, 2022 CA Resolution. The petition for review has been docketed as G. R. No. 263774. On January 25, 2023, the Supreme Court denied the petition for failure to show any reversible error in the May 30, 2022 Court of Appeals Decision and October 3, 2022 Court of Appeals Resolution as to warrant the exercise of the Supreme Court of its discretionary appellate jurisdiction. PSALM has filed a Motion for Reconsideration. SPPC has not yet received a directive to file a Comment.

The mediation scheduled on April 19, 2021 did not push through, in view of the restrictions imposed by the enhanced community quarantine and modified enhanced community quarantine.

In an Order dated May 18, 2021, the RTC recalled the portion of the March 23, 2021 RTC Order, where it set the case for mediation, given that the parties have already exhausted both court-annexed mediation and judicial dispute resolution and scheduled the pre-trial of the case on June 18, 2021, which was however cancelled.

On September 13, 2021, the RTC denied SPPC's Motion for Partial Reconsideration of the March 23, 2021 RTC Order and scheduled the pre-trial of the case on November 19, 2021. Pre-trial proceeded on November 19, 2021 and the parties filed the Joint Stipulation of Facts on April 6, 2022.

SPPC filed a Motion to Amend Pre-trial Order and Minutes of the Pre-trial issued by the RTC on April 7, 2022, which was later granted by the RTC on May 20, 2022. The RTC accordingly issued an Amended Pre-trial Order.

SPPC presented its first witness on July 29, 2022 and its second witness on November 11, 2022. Comparison and pre-marking of documents were conducted on January 20, 2023. Trial resumed on January 26, 2024 and March 15, 2024 where SPPC presented its second witness for the cross-examination of SPPC's second witness. No additional trial dates have been scheduled because the presiding judge will retire in June 2024.

Related to the foregoing, in a Resolution dated December 7, 2021, the RTC denied PSALM's Motion Ad Cautelam to Lift or Dissolve the Writ of Preliminary Injunction on the grounds that: (a) the arguments in the Motion had been previously denied with finality by the RTC, Court of Appeals, and Supreme Court and the propriety of the issuance of the writ of preliminary injunction in favor of SPPC "should be considered a settled matter, so long as the facts and circumstances upon which the writ was issued still continue to exist"; (b) "PSALM cannot substantiate its contentions that the continuance of the preliminary injunction would cause it damage or that SPPC can be fully compensated for such damages as it may suffer"; and (c) the counter-bond offered by PSALM would be inadequate to answer for the damages that SPPC might sustain as a result of the lifting of the preliminary injunction.

In an Order dated February 17, 2022, the RTC denied PSALM's Motion for Reconsideration of the Resolution of December 7, 2021 for failing to raise any new or substantial ground.

PSALM filed a Petition for Certiorari dated May 13, 2022, assailing the RTC's Resolution of December 7, 2021 and Order of February 17, 2022 for allegedly having been rendered with grave abuse of discretion. On October 14, 2022, SPPC filed its Comment on the petition. In a Resolution dated February 23, 2023, the Court of Appeals noted that PSALM did not file a Reply to SPPC's Comment thus deemed the petition as submitted for decision.

Although the proceedings before the RTC remain pending, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

- Intellectual Property Rights

- i. G.R. No. 196372: This case pertains to GSMI's application for the registration of the trademark "GINEBRA" under Class 33 covering gin with the Intellectual Property Office of the Philippines (IPOPHL). The IPOPHL rejected GSMI's application on the ground that "GINEBRA" is a Spanish word for gin, and is a generic term incapable of appropriation.

When the Court of Appeals affirmed the IPOPHL's ruling, GSMI filed a Petition for Review on Certiorari (the Petition) with the Supreme Court. The Supreme Court denied GSMI's Petition. GSMI moved for a reconsideration thereof, and likewise filed a Motion to Refer its Motion for Reconsideration to the Supreme Court *En Banc*. The Supreme Court denied GSMI's Motion for Reconsideration with finality, as well as GSMI's Motion to Refer to its Motion for Reconsideration to the Supreme Court *En Banc*.

Subsequently, GSMI filed a Manifestation with Motion for Relief from Judgment (the "Manifestation") and invoked the case of "*League of Cities vs. Commission of Elections*" (G.R. Nos. 176951, 177499 and 178056) to invite the Supreme Court *En Banc* to re-examine the case. The Office of the Solicitor General filed its Comment Opposition to the Manifestation.

On June 26, 2018, the Supreme Court *En Banc* issued a Resolution which resolves to: (a) Accept the subject case which was referred to it by the Third Division in the latter's resolution dated August 7, 2017; (b) Treat as a Second Motion for Reconsideration (of the resolution dated June 22, 2011) GSMI's Manifestation with Motion for Relief from Judgment dated November 28, 2011; (c) Reinstate the Petition; and (d) Require the respondents to Comment on the Petition within a non-extendible period of ten (10) days from notice thereof.

Respondents, through the OSG, filed their Comment dated July 31, 2018 while GSMI filed its Reply with Leave on August 20, 2018.

On January 4, 2019, the Supreme Court Third Division issued a Resolution ordering the consolidation of the previously consolidated cases (G.R. Nos. 216104, 210224 and 219632) with the *En Banc* case (G.R. No. 196372), stating that "considering that all these cases involve identical parties and raise interrelated issues which ultimately stemmed from the registration of trademark of Tanduay Distillers, Inc. (TDI) and GSMI before the IPOPHL.

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPOPHL Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPOPHL Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court *En Banc* resolved to transfer the consolidated cases from the Third Division to the *En Banc*, where this case which has the lowest docket number, i.e. G.R. No. 196372, was originally assigned, hence, all four cases are now consolidated and pending before the Supreme Court *En Banc*. Furthermore, the Supreme Court *En Banc* also noted GSMI's Manifestation dated February 3, 2020 on the IPOPHL Director General's Decision dated December 27, 2019.

On March 10, 2023, GSMI received a copy of the Notice of Judgment dated March 7, 2023 and consolidated Decision promulgated by the Supreme Court *En Banc* on August 9, 2022. In gist, the Supreme Court held that: (1) "GINEBRA" is not a generic mark; (2) Based on the totality of evidence, GSMI presented overwhelming proof, through empirical survey evidence, more than a century of advertisement, and documentary and testimonial evidence, that public perception views "GINEBRA" not as a generic English term for gin; rather, "GINEBRA," through its long usage in the Philippines, now refers to the gin products of GSMI to the public; (3) "GINEBRA" may be considered a descriptive mark which may be subject to trademark protection under the doctrine of secondary meaning. Based on the evidence, "GINEBRA" had already become distinctive of the products of GSMI under the primary

significance test; (4) Applying the dominance test, the simple use of the "GINEBRA" in "GINEBRA KAPITAN" is sufficient to incite an average person, even a gin-drinker, to associate it with GSMI's gin product, in particular "GINEBRA SAN MIGUEL" and/or "GINEBRA S. MIGUEL." TDI committed trademark infringement against GSMI; and (5) TDI's intent to pass off should be presumed in the instant case. If there was no intent to palm off TDI's products as those of GSMI, it is uncanny that aside from the use of the same word "GINEBRA", the general appearance of the two competing products are also strikingly similar. Therefore, TDI should be held liable for unfair competition.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated August 9, 2022.

On August 29, 2023, the Supreme Court *En Banc* issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in these consolidated cases.

- ii. G.R. Nos. 210224 and 219632: These cases pertain to GSMI's Complaint for Unfair Competition, Trademark Infringement and Damages against TDI filed with the RTC, arising from TDI's distribution and sale of its gin product bearing the trademark "Ginebra Kapitan" and use of a bottle design, which general appearance was nearly identical and confusingly similar to GSMI's product. The RTC dismissed GSMI's complaint.

When GSMI elevated the case to the Court of Appeals, due to technicalities, two cases were lodged in the Court of Appeals: 1.) Petition for Review (CA-G.R. SP No. 127255), and 2.) Appeal (CA-G.R. SP No. 100332).

Acting on GSMI's Petition for Review, the Court of Appeals reversed, set aside the RTC's Decision, and ruled that "GINEBRA" is associated by the consuming public with GSMI. Giving probative value to the surveys submitted by GSMI, the Court of Appeals ruled that TDI's use of "GINEBRA" in "Ginebra Kapitan" produces a likelihood of confusion between GSMI's "Ginebra San Miguel" gin product and TDI's "Ginebra Kapitan" gin product. The Court of Appeals likewise ruled that "TDI knew fully well that GSMI has been using the mark/word 'GINEBRA' in its gin products and that GSMI's 'Ginebra San Miguel' has already obtained, over the years, a considerable number of loyal customers who associate the mark 'GINEBRA' with GSMI.

On the other hand, upon GSMI's Appeal, the Court of Appeals also set aside the RTC's Decision and ruled that "GINEBRA" is not a generic term, there being no evidence to show that an ordinary person in the Philippines would know that "GINEBRA" is a Spanish word for "gin". According to the Court of Appeals, because of GSMI's use of the term in the Philippines since the 1800s, the term "GINEBRA" now exclusively refers to GSMI's gin products and to GSMI as a manufacturer. The Court of Appeals added that "the mere use of the word 'GINEBRA' in 'Ginebra Kapitan' is sufficient to incite an average person, even a gin-drinker, to associate it with GSMI's gin product", and that TDI "has designed its bottle and label to somehow make a colorable similarity with the bottle and label of Ginebra S. Miguel".

TDI filed separate Petitions for Review on Certiorari with the Supreme Court, docketed as G.R. Nos. 210224 and 219632, which were eventually consolidated by the Supreme Court on April 18, 2016.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the Supreme Court consolidated this case with *Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks* (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPOPHL Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPOPHL Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court *En Banc* resolved to transfer the consolidated cases from the Third Division to the *En Banc*. Furthermore, the Supreme Court *En Banc* also noted GSMI's Manifestation dated February 3, 2020 on the IPOPHL Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court *En Banc* promulgated a Decision in the four consolidated Petitions. For G.R. Nos. 210224 and 219632, TDI's Petitions for Review were denied, with modification, such that TDI shall pay GSMI temperate damages of P300 and attorney's fees of P200; other awards of damages against TDI are deleted.

- iii. G.R. No. 216104: This case pertains to TDI's application for the registration of the trademark "GINEBRA KAPITAN" for Class 33 covering gin with the IPOPHL.

GSMI opposed TDI's application, alleging that it would be damaged by the registration of "GINEBRA KAPITAN" because the term "GINEBRA" has acquired secondary meaning and is now exclusively associated with GSMI's gin products. GSMI argued that the registration of "GINEBRA KAPITAN" for use in TDI's gin products will confuse the public and cause damage to GSMI. TDI countered that "GINEBRA" is generic and incapable of exclusive appropriation, and that "GINEBRA KAPITAN" is not identical or confusingly similar to GSMI's mark.

The IPOPHL ruled in favor of TDI and held that: (a) "GINEBRA" is generic for "gin"; (b) GSMI's products are too well known for the purchasing public to be deceived by a new product like "GINEBRA KAPITAN"; and (c) TDI's use of "GINEBRA" would supposedly stimulate market competition.

On July 23, 2014, the Court of Appeals reversed and set aside the IPOPHL's ruling and disapproved the registration of "GINEBRA KAPITAN". The Court of Appeals ruled that "GINEBRA" could not be considered as a generic word in the Philippines considering that, to the Filipino gin-drinking public, it does not relate to a class of liquor/alcohol but rather has come to refer specifically and exclusively to the gin products of GSMI.

TDI filed a Petition for Review on Certiorari with the Supreme Court, which was subsequently consolidated with the case of "*Tanduay Distillers, Inc. vs. Ginebra San Miguel Inc.*", docketed as G.R. No. 210224 on August 5, 2015.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the Supreme Court consolidated this case with *Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks* (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPOPHL Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPOPHL Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court *En Banc* resolved to transfer the consolidated cases from the Third Division to the *En Banc*. Furthermore, the Supreme Court *En Banc* also noted GSMI's Manifestation dated February 3, 2020 on the IPOPHL Director General's Decision dated December 27, 2019.

- Imported Industrial Fuel Oil

SLHBTC has an on-going case with the CTA against the Commissioner of Customs (the Commissioner). On January 16, 2016, a Warrant of Seizure and Detention was issued against the 44,000 metric tons of fuel imported by SLHBTC with approximate value of P751. The Commissioner alleged that SLHBTC discharged fuel directly from the vessel carrying SLHBTC's imported fuel to another vessel via loop loading without paying duties and taxes and therefore, violating the Customs Modernization Tariff Act and other customs regulations. On January 20, 2017, the District Collector of Customs issued a decision forfeiting the fuel in favor of the government.

Subsequently on March 23, 2017, SLHBTC filed with the CTA a petition seeking the lifting and termination of the Warrant of Seizure and Detention and the reversal of the decision issued by the District Collector of Customs.

On April 19, 2017, SLHBTC filed with the CTA a Motion for Special Order to release the 44,000 metric tons of fuel, which was granted on January 28, 2018 subject to the posting of a surety bond amounting to P123 or one and one-half times of the assessed amount of P82 representing VAT. SLHBTC posted the surety bond and the 44,000 metric tons of fuel were released.

On December 1, 2021, the customs officer representing the District Collector of Customs was cross-examined by the SLHBTC legal counsel. He admitted that he did not examine the imported documents prior to recommending the issuance of a Writ of Seizure and Detention.

On February 24, 2022, the CTA decided to lift and terminate the Warrant of Seizure and Detention issued by the Commissioner and reversed the decision issued by the District Collector of Customs in January 2017 to forfeit the fuel in favor of the government. Moreover, the order granted by the CTA in January 2018 to release the 44,000 metric tons of fuel is now permanent and the surety bond of P123 shall be released and discharged to SLHBTC upon finality of judgment.

On October 5, 2022, the Commissioner filed a Petition for Review with the CTA *En Banc*. After technical issues were clarified, SLHBTC filed its comment on January 30, 2023. There has been no action from the CTA since then. As at March 11, 2024, the Commissioner has not appealed the decision of the CTA.

SLHBTC and its legal counsel assessed that it has a meritorious case and the final outcome will not have a material adverse effect on the SLHBTC's business financial condition and results of operations.

- Criminal Cases

SPPC

On September 29, 2015, SPPC filed a criminal complaint for estafa and for violation of Section 3(e) of RA No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act, before the DOJ, against certain officers of PSALM, in connection with the termination of SPPC's Ilijan's IPPA Agreement, which was made by PSALM with manifest partiality and evident bad faith. Further, it was alleged that PSALM fraudulently misrepresented its entitlement to draw on the performance bond posted by SPPC, resulting in actual injury to SPPC in the amount US\$60 (P3,345). On June 13, 2017, the DOJ endorsed the complete records of the complaint to the Office of the Ombudsman for appropriate action where it is still pending as at March 11, 2024.

On a related matter, on November 14, 2018, SPPC filed with the Office of the Ombudsman-Field Investigation Office, an administrative complaint against an executive officer of PSALM and several unidentified persons for violation of the Ombudsman Act and the Revised Administrative Code, in the performance of their functions as public officers.

In a Resolution dated March 10, 2021, which was approved by the Ombudsman on February 15, 2022, the Graft Investigation and Prosecution Officer (“GIPO”) dismissed the criminal complaint against the Respondents. In a Decision of the same date, approved by the Ombudsman also on February 15, 2022, the GIPO also dismissed the administrative complaint against the Respondents.

On March 21, 2022, SPPC filed a Motion for Reconsideration of the resolution dismissing the criminal complaint. In an Order dated May 25, 2022, the Office of the Ombudsman denied SPPC’s Motion for Reconsideration. SPPC has decided not to question the dismissal of the criminal complaint.

SPI

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Section 3(e) and 3(f) of RA No. 3019, before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called “excess capacity” of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Section 3(e) and 3(f) of RA No. 3019 (the “July 29, 2016 DOJ Resolution”). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. Respondents have respectively appealed said DOJ’s Resolution of July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation. On November 17, 2017, SPI filed a motion for partial reconsideration of said October 25, 2017 DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration is pending, SPI and the Respondents filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI’s desistance, SPI’s Motion for Partial Reconsideration of the DOJ’s Resolution of October 25, 2017 was considered dismissed and/or withdrawn.

- Civil Case

On June 17, 2016, SPI filed with the RTC Pasig a civil complaint for consignment against PSALM arising from PSALM’s refusal to accept SPI’s remittances corresponding to the proceeds of the sale on the WESM for electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant (“Sale of the Excess Capacity”). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds of the sale on the WESM of electricity generated from the capacity in excess of 1,000 MW of the Sual Plant and that "the consignment should belong to TPEC as it is rightfully entitled to the 200 MW and to the payments which SPI made consequent therewith."

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignment without Tender (the "Omnibus Motion"). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016.

On July 5, 2017, SPI consigned with the RTC Pasig the amount representing additional proceeds of Sale of the Excess Capacity for the billing period July 26, 2016 to August 25, 2016. SPI also filed a Motion to Admit Second Supplemental Complaint in relation to said consignment.

On May 22, 2018, the RTC Pasig issued an order dismissing the complaint for consignment filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of "contracted capacity", the fairness of the settlement formula and the legality of the memorandum of agreement.

On July 4, 2018, SPI filed its Motion for Reconsideration to the May 22, 2018 order which dismissed the consignment case. The Motion for Reconsideration was heard on July 13, 2018 where the parties were given time to file their responsive pleadings. PSALM filed its Comment dated July 26, 2018 to the Motion for Reconsideration and SPI filed its Reply to PSALM's Comment on August 13, 2018.

In an Order dated November 19, 2019, the presiding judge voluntarily inhibited herself from further hearing the case.

On December 13, 2019, the case was re-raffled to Branch 268. On February 7, 2020, a clarificatory hearing was held and Branch 268 noted the pending incidents, which are: (a) SPI's Motion for Partial Reconsideration and Supplemental Motion for Reconsideration of the Order dated May 22, 2018; (b) SPI's two Motions to Admit Supplemental Complaint; and (c) PSALM's Motion to Set Preliminary Hearing on the Special and Affirmative Defenses.

In an Order dated September 30, 2021, the RTC Branch 268: (a) granted SPI's Motion for Reconsideration of the Order of May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI's Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint (the "September 30, 2021 Order").

RTC Branch 268 scheduled the pre-trial on December 13, 2021 but the pre-trial was postponed because PSALM filed an Omnibus Motion for Reconsideration of the September 30, 2021 Order and to Resolve Pending Motion to Set Preliminary Hearing on Special and Affirmative Defenses, and to Defer Pre-trial (sic). SPI has already filed an Opposition to the Omnibus Motion.

In an Order dated May 30, 2022, RTC Branch 268 denied PSALM's Omnibus Motion for Reconsideration of the September 30, 2021 Order and to Resolve Pending Motion to Set Preliminary Hearing on Special and Affirmative Defenses, and to Defer Pre-trial (sic). In the same Order, RTC Pasig Branch 268 set the pre-trial on August 1, 2022. SPI and PSALM filed a Joint Motion to Re-Set Pre-trial Conference on the ground that the parties are negotiating for an amicable settlement. RTC Pasig Branch 268 granted the Joint Motion and scheduled the resumption on September 1, 2022, in the event that the parties do not reach an amicable settlement.

The parties filed a Second Joint Motion to Reset Pre-trial Conference as they were still negotiating an amicable settlement.

On October 5, 2022, SPPC and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, consistent with its representation and acknowledgment in its Answer that the consigned amounts rightfully belong to TPEC, agreed to the release of the said amounts to TPEC and SPI, relying on PSALM's representation and acknowledgment, did not object to the release of the consigned amounts to TPEC.

On October 10, 2022, the RTC issued an Order granting the Omnibus Motion and authorized TPEC's named representative in the Omnibus Motion to withdraw the consigned amounts.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to the Excess Capacity issues, which issues have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within five days from receipt of such order. TPEC, TEAM and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022.

The total amount consigned with the RTC Pasig amounting to P491 was released to TPEC on December 20, 2022.

- TRO Issued to Meralco

On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition ("Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the Supreme Court issued an order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the Supreme Court extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining PEMC and the generators from demanding and collecting the deferred amounts. In a resolution dated April 22, 2014, the Supreme Court extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the Supreme Court was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "ERC Order Voiding WESM Prices"), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the Supreme Court *En Banc* on August 3, 2021 (the "SC Decision") affirming the December 9, 2013 ERC Order which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsels only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the Supreme Court Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the Supreme Court *En Banc*, in its resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the Supreme Court *En Banc* dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI intend to discuss with Meralco the implementation of the Supreme Court Decision. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,276 included under "Trade and other receivables - net" account in the consolidated statements of financial position as at December 31, 2023 and 2022.

- ERC Order Voiding WESM Prices

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC, and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32/kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices (the “March 3, 2014 ERC Order”).

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 Order, the “2014 ERC Orders”). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, SMELC and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 Order. Other generators also requested the Supreme Court to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, while on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals through their respective Petitions for Review.

After consolidating the cases, the Court of Appeals, in its decision dated November 7, 2017 (the “November 7, 2017 Decision”), granted the Petition for Review filed by SPI, SPPC, SRHI, and MPCL, declaring the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions were filed by various intervenors, which were denied by the Court of Appeals through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the Supreme Court, which were also denied by the Supreme Court through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment have been issued by the Supreme Court certifying that the resolutions denying the Petitions for Review on Certiorari filed by various intervenors against SPI, SPPC, SRHI and MPCL, among others, have become final and executory.

The ERC and Meralco also filed separate Petitions for Review appealing the November 7, 2017 Decision and Omnibus Resolution dated March 29, 2019 of the Court of Appeals, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void.

In a Resolution dated November 4, 2020, the Supreme Court directed the consolidation of the separate petitions filed by the ERC and Meralco considering that said cases involve the same parties, raise the same issues, and assail the same decision and resolution, and the transfer of the petition filed by Meralco to the third division of the Supreme Court handling the petition by the ERC.

The ERC has also filed its Consolidated Reply to the comments on its petition dated November 18, 2020.

The Supreme Court has not yet promulgated a decision. However, on August 3, 2021, a decision was rendered by the Supreme Court *En Banc* on a separate case (as discussed under “*TRO Issued to Meralco*”) declaring the March 3, 2014 ERC Order as null and void, which are the subject of the aforementioned Petition. Considering that this decision of the Supreme Court *En Banc* (“Separate SC Decision”) covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL will have to be settled with the IEMOP, the current operator of the WESM.

The said Separate Supreme Court Decision attained finality on October 11, 2022. Despite this, the Supreme Court 3rd Division has not yet rendered any decision on the instant case including whether or not the Separate Supreme Court Decision can be adopted or will be adopted in the instant case. If the Supreme Court 3rd Division will confirm the nullity of the 2014 ERC orders, a claim for refund may be pursued by the relevant subsidiaries with IEMOP in the net aggregate amount of up to P2,322.

b. EPIRA

The EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which San Miguel Global Power was selected winning bidder of the IPPA Agreements (Note 34).

The EPIRA requires generation and DU companies to undergo public offering within five years from the effective date, and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed at the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity. The Group is in compliance with the restrictions as at December 31, 2023 and 2022.

c. *Claim for Price Adjustment on the Meralco PSAs*

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA") while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco ("SPI PSA") both for a period of ten years (collectively, the "PSAs"). The PSAs were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the "Joint Motion") seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of six months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of six months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the "September 29, 2022 ERC Orders").

SPPC CA Petition

On November 10, 2022, SPPC filed with the Court of Appeals a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the "SPPC CA Petition").

In a Resolution dated November 23, 2022, the 14th Division of the Court of Appeals granted SPPC's application for a 60-day TRO, conditioned upon the posting of a bond in the amount of P50 (the "TRO Bond"). SPPC's prayer for the issuance of a writ of preliminary injunction was held in abeyance pending receipt of Respondents' comments.

On November 24, 2022, SPPC filed an Urgent Motion to Allow Consolidation of the Rule 65 Petition filed by SPI which is docketed as CA-G.R. SP No. 170637 with the SPPC CA Petition before the 13th Division of the Court of Appeals as the SPPC CA Petition was transferred to this division of the Court of Appeals. This Urgent Motion was granted by the 13th Division subject to the approval of the Court of Appeals Division handling the SPI CA Petition.

On November 25, 2022, SPPC posted the bond in the amount of P50 (the "TRO Bond"). This was approved in a Resolution dated December 2, 2022, which resulted in the issuance of the TRO on the same date.

On December 7, 2022, SPPC received a copy of the Entry of Appearance with Motion to Lift and/or Dissolve the TRO filed by the ERC through the Office of the Solicitor General. Meralco also filed a Motion to Lift TRO. SPPC filed its Oppositions to said Motions to Lift and/or Dissolve the TRO.

Following the hearing on the application for preliminary injunction held on January 11, 2023, the 13th Division of the Court of Appeals issued on January 25, 2023, a resolution granting SPPC's application for the issuance of a writ of preliminary injunction conditioned upon the posting by SPPC of a bond in the amount of P100 (the "Preliminary Injunction Bond"). The Court of Appeals likewise directed Respondents ERC, Meralco and NASECORE to file their respective comment on the SPPC CA Petition and allowed SPPC to file a reply within five days from receipt of the Respondents' comment. The ERC and Meralco filed motions for reconsideration of the CA's Resolution dated January 25, 2023.

On February 1, 2023, SPPC received copies of the ERC's Comment Ad Cautelam and NASECORE'S Manifestation. On February 6, 2023, SPPC received a copy of MERALCO's Comment. On February 13, 2023, SPPC filed a Motion for Leave to File Consolidated Reply.

In a Resolution dated February 23, 2023, the Court of Appeals approved the Preliminary Injunction Bond posted by SPPC on January 31, 2023, directed the issuance of a Writ of Preliminary Injunction, and released the TRO Bond.

On February 23, 2023, the writ of preliminary injunction was issued by the Court of Appeals for the SPPC CA Petition.

In a Resolution dated April 3, 2023, the Court of Appeals denied the motions for reconsideration of the Court of Appeals' Resolution dated January 25, 2023 (on the issuance of the writ of preliminary injunction in favor of SPPC) filed by the ERC and Meralco.

In its June 9, 2023 Resolution, the Court of Appeals granted the Motion for Leave to Intervene filed by the representatives of Power for People Coalition, Bukluran ng Manggagawang Pilipino, Sanlakas, Philippine Movement for Climate Justice, and Freedom from Debt Coalition, and admitted their Comment-in-Intervention.

In the same June 9, 2023 Resolution, the Court of Appeals declared that the case (consolidated with the SPI Petition) is deemed submitted for decision.

On June 29, 2023, SPPC received a copy of the Petition for Certiorari under Rule 65 of the Rules of Court filed by the ERC with the Supreme Court. The ERC's Petition seeks to annul and set aside the Court of Appeals' Resolutions dated January 25, 2023 and April 3, 2023.

On July 10, 2023, SPPC received the Court of Appeals' Joint Decision dated June 27, 2023 which granted the consolidated petitions of SPPC and SPI. The Court of Appeals: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief in ERC Case Nos. 2019-081 and 2019-083, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023, and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC.

On July 31, 2023, SPPC, through its external counsel, received a copy of the ERC's Consolidated Motion for Reconsideration of the Court of Appeals' Joint Decision dated June 27, 2023.

As directed by the Court of Appeals in its Resolution dated August 24, 2023, SPPC filed its Comment/Opposition on the ERC's Consolidated Motion for Reconsideration on October 2, 2023.

On August 2, 2023, SPPC received a copy of Respondents-Intervenors' Motion for Reconsideration of the Court of Appeals' Joint Decision. As directed by the Court of Appeals in its Resolution dated August 10, 2023, SPPC filed its Comment/ Opposition on Respondents-Intervenors' Motion for Reconsideration on September 14, 2023.

On August 7, 2023, SPPC received a copy of Meralco's Motion for Additional Time to File Petition for Review on Certiorari under Rule 45 of the Rules of Court. Meralco asked for a period of 30 days, or until August 28, 2023, to file its Petition.

On September 12, 2023, SPPC received a copy of Meralco's Motion to Withdraw its Motion for Additional Time to File Petition for Review on Certiorari under Rule 45 of the Rules of Court.

SPI CA Petition

On November 10, 2022, SPI also filed with the Court of Appeals a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "SPI CA Petition"). This was raffled to the 17th Division of the Court of Appeals which was subsequently transferred to its 16th Division.

On November 24, 2022, SPI filed an Urgent Motion for Consolidation of the instant Petition with the SPPC CA Petition pending before the 13th Division of the Court of Appeals.

On December 27, 2022, SPI received a copy of the Court of Appeals 16th Division's Resolution dated November 28, 2022 which directed the private respondents to file their comment on the petition and show cause why SPI's prayer for the issuance of a TRO and/or writ of preliminary injunction should not be granted, within 10 days from notice. Action on SPI's prayer for injunctive relief was held in abeyance pending receipt of the required pleadings.

The ERC has filed an Opposition Ex Abundanti Ad Cautelam to SPI's Urgent Motion to Allow Consolidation of Cases.

MERALCO has filed its Opposition to SPI's application for the issuance of a TRO and/or writ of preliminary injunction. On January 10, 2023, SPI filed its Reply to MERALCO's Opposition.

On January 26, 2023, SPI received the Resolution dated January 13, 2023 of the 16th Division of the Court of Appeals which (i) denied the SPI's prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of SPI Court of Appeals Petition with the SPPC Court of Appeals Petition. The SPI Court of Appeals Petition was thus consolidated with the SPPC Court of Appeals Petition before the 13th Division. The ERC filed a motion for partial reconsideration of the grant of consolidation of SPI's Petition with SPPC Court of Appeals Petition.

On February 10, 2023, SPI filed a Motion for Partial Reconsideration of the January 13, 2023 Resolution and prayed for the issuance of a writ of preliminary injunction.

On February 14, 2023, SPI received copies of the ERC's Comment Ad Cautelam on the Petition and Meralco's Comment.

On February 20, 2023, SPI filed a Motion for Leave to File Consolidated Reply.

SPI's Motion for Partial Reconsideration (on the issuance of a writ of preliminary injunction) and the SPI Court of Appeals Petition remain pending resolution with the Court of Appeals 13th Division.

In a Resolution dated April 3, 2023, the Court of Appeals upheld its decision to consolidate the cases filed by SPI and SPPC thus denying the Motion for Reconsideration filed by the ERC.

d. Commitments

The outstanding purchase commitments of the Group amounted to P248,484 and P266,580 as at December 31, 2023 and 2022, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

e. Foreign Exchange Rates

The foreign exchange rates used in translating the US dollar accounts of foreign subsidiaries, associates and joint ventures to Philippine peso were closing rates of P55.370 and P55.755 in 2023 and 2022, respectively, for consolidated statements of financial position accounts; and average rates of P55.632, P54.502 and P49.285 in 2023, 2022 and 2021, respectively, for income and expense accounts.

f. Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance for any period.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	0	0	0	2	7	7		

COMPANY NAME

S	A	N		M	I	G	U	E	L		C	O	R	P	O	R	A	T	I	O	N		A	N	D				
S	U	B	S	I	D	I	A	R	I	E	S																		

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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M	a	n	d	a	l	u	y	o	n	g		C	i	t	y														

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

N/A

Company's Telephone Number/s

8632-3000

Mobile Number

N/A

No. of Stockholders

35,207

Annual Meeting (Month / Day)

Second Tuesday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Ms. Bella O. Navarra

Email Address

N/A

Telephone Number/s

8632-3000

Mobile Number

N/A

CONTACT PERSON's ADDRESS

No. 40 San Miguel Avenue, Mandaluyong City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



R.G. Manabat & Co.
The KPMG Center, 6/F
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Agreed-Upon Procedures Report on the Use of Proceeds from the Issuance of Series 2-L, 2-N and 2-O Preferred Shares (the "Offering")

The Board of Directors and Stockholders
SAN MIGUEL CORPORATION
No. 40 San Miguel Avenue
Mandaluyong City

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting San Miguel Corporation (the "Company") in complying with the requirement of the Philippine Stock Exchange (PSE) to submit an external auditor's report on the accuracy of the information being represented by the Company relating to the use of proceeds from the Offering as of and for the period ended December 31, 2023.

Responsibilities of the Engaging Party and the Responsible Party

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines.

Our firm applies Philippine Standard on Quality Control (PSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company, on the use of proceeds from the Offering.

The results of agreed-upon procedures performed are summarized as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Report for the period ended December 31, 2023. No exceptions were noted.
2. We have compared the list of all the disbursement in the Progress Report with the schedule of planned use of proceeds from the Offering as indicated in the Final Offer Supplement dated November 8, 2023 (the "Offer Supplement") and agreed amounts to the related supporting documents such as proof of bank transfer, billing invoices or statements, and official receipts. No exceptions were noted.

As presented by the Company and based on the above procedures, the table below lists the details and amounts of disbursements of the proceeds of the Offering for the period ended December 31, 2023:

Purpose	Disbursements		Difference (In Millions)
	Allocations per Offer Supplement (In Millions)	Amounts Per Progress Report (In Millions)	
Underwriting and selling fees, filing fees, taxes, legal and professional fees and other expenses	P379	P379	P -
Repayment of Philippine Peso- dominated short-term loans	16,530	16,530	-
Total	P16,909	P16,909	P -

The table below shows the amount of disbursement per Progress Report and the actual disbursements showing the balance of proceeds as at and for the period ended December 31, 2023:

Purpose	Amount of Disbursement Per Progress Report (In Millions)	Actual Disbursements (In Millions)	Difference (In Millions)
Underwriting and selling fees, filing fees, taxes, legal and professional fees and other expenses	P281	P281	P -
Repayment of Philippine Peso-dominated short-term loans	16,530	16,530	-
Total	P16,811	P16,811	P -

3. The net proceeds from the Offering amounting to P49,621 million were to be adjusted as and when fees of the Offering are disbursed.
4. We have obtained written management representation and confirmed that there were no reallocations made on the Company's planned use of proceeds from the Offering or any changes in the work program as disclosed in the Offer Supplement.

R.G. MANABAT & CO.



DARWIN P. VIROCEL
Partner

April 15, 2024
Makati City, Metro Manila

San Miguel Corporation**Proceeds from Issuance of Series "2", in Subseries "L", Subseries "N" and Subseries "O" Preferred Shares****December 31, 2023****(Amounts in Millions)****i) Gross and Net Proceeds as Disclosed in the Final Offer Supplement ^a**

Gross proceeds		P	50,000
Estimated fees, commissions and expenses relating to the issue:			
Underwriting fees	P	275	
PSE filing fee (inclusive of VAT)		56	
Taxes		25	
Philippine SEC filing and legal research fee		13	
Estimated legal and other professional fees		6	
Estimated other expenses		4	379
Net proceeds			P <u><u>49,621</u></u>

ii) Actual Gross and Net Proceeds ^b

Gross proceeds		P	34,000
Underwriting fees	P	211	
PSE filing fee (inclusive of VAT)		56	
Philippine SEC filing and legal research fee		13	
Other expenses		1	281
Net proceeds/balance of the proceeds			P <u><u>33,719</u></u>

iii) Each Expenditure Item Where the Proceeds were Used

Repayment of Philippine Peso-denominated short-term loans	P	16,530

iv) Balance of the Proceeds as of End of Reporting Period

P	<u><u>17,189</u></u>

a The Gross and Net Proceeds as Disclosed in Final Offer Supplement is based on (i) 400,000,000 Series "2" Preferred Shares with an (ii) oversubscription option of 266,666,700 Series "2" Preferred Shares at P75.00 per share amounting to P50,000 million.

b The Actual Gross and Net Proceeds is based on (i) 400,000,000 Series "2" Preferred Shares with an (ii) oversubscription option of 53,333,400 Series "2" Preferred Shares at P75.00 per share amounting to P34,000 million.

ANNEX “C”

SUPPLEMENTARY SCHEDULES



R.G. Manabat & Co.
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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of San Miguel Corporation (the Company) as at and for the year ended December 31, 2023, on which we have rendered our report dated April 15, 2024.

Our audits were made for the purpose of forming an opinion on the separate financial statements of the Company taken as a whole. The supplementary information included in the Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Darwin P. Virocel', with a stylized, cursive script.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**
For the reporting period ended December 31, 2023
(In Millions)

SAN MIGUEL CORPORATION
No. 40 San Miguel Avenue, Mandaluyong City

Unappropriated retained earnings available for dividend declaration, January 1, 2023		P61,598
Less: Items that are directly debited to unappropriated retained earnings		
Dividends and distributions declared during the reporting period	(P9,396)	
Issuance costs of capital securities redeemed	(40)	(9,436)
Unappropriated retained earnings as adjusted, January 1, 2023		52,162
Net loss for the current period		(16,961)
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gains, except those attributable to cash and cash equivalents	(1,565)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (straight-line recognition of rent income)	(15)	(1,580)
Adjusted net loss		(18,541)
Add: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		1,782
Unappropriated retained earnings available for dividend declaration, December 31, 2023		P35,403



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Corporation (the Company) and Subsidiaries (the Group), as at and for the year ended December 31, 2023, on which we have rendered our report dated April 15, 2024.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the Map of the Conglomerate is the responsibility of the Group's management.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', with a stylized flourish at the end.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

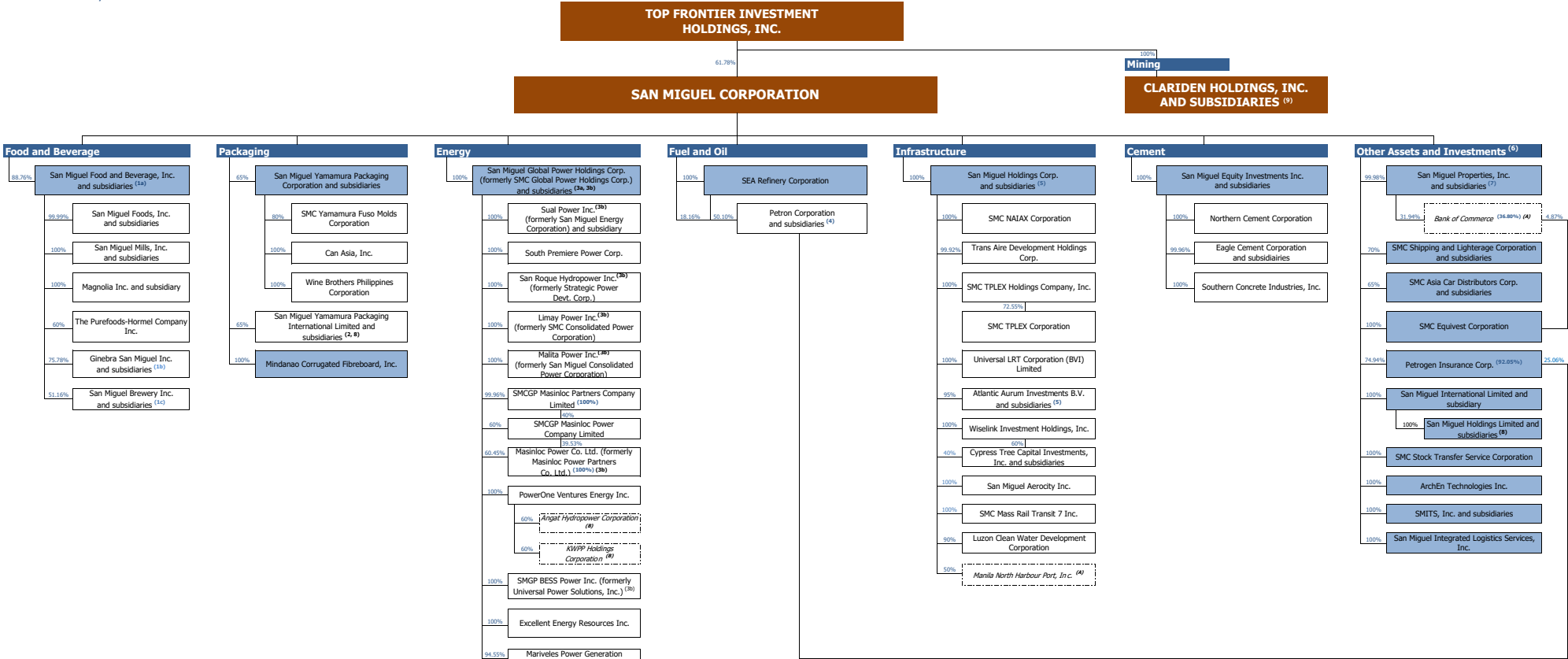
PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

SAN MIGUEL CORPORATION
GROUP STRUCTURE*
As at December 31, 2023



* The group structure includes the Parent Company, Top Frontier Investment Holdings, Inc., its co-subsidiary, Clariden Holdings, Inc. and its subsidiaries and San Miguel Corporation's major subsidiaries, associates and joint ventures.

Notes:
⁽⁴⁾ Associate
⁽⁸⁾ Joint Venture

I. Subsidiaries

1. San Miguel Food and Beverage, Inc. subsidiaries also include: (a) San Miguel Super Coffeemix Co., Inc., PT San Miguel Foods Indonesia and San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.; (b) Ginebra San Miguel Inc. subsidiaries including Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., Ginebra San Miguel International Ltd., GSM International Holdings Limited, Global Beverages Holdings Limited and Siam Holdings Limited; and (c) San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Jakarta Tbk. and subsidiary, San Miguel (Baoding) Brewery Co., Ltd., San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baoding) Brewery Co. Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at December 31, 2023.
2. San Miguel Yamamura Packaging International Limited subsidiaries include San Miguel Yamamura Phu Tho Packaging Company Limited, San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited, Foshan San Miguel Yamamura Packaging Company Limited and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty Ltd and subsidiaries including SMYC Pty Ltd and subsidiary, Foshan Cospak Packaging Co. Ltd., SMYV Pty Ltd, SMYP Pty Ltd, Cospak Limited, SMYBB Pty Ltd, SMYJ Pty Ltd, Wine Brothers Australasia Pty Ltd and Vinocor Ltd.
3. (a) San Miguel Global Power Holdings Corp. subsidiaries also include San Miguel Electric Corp., SMC PowerGen Inc., SMC Power Generation Corp., Albay Power and Energy Corp., Lumiere Energy Technologies, Inc., Central Luzon Premiere Power Corp., Oceantech Power Generation Corporation and subsidiary, SMGP Kabankalan Power Co. Ltd. and Prime Electric Generation Corporation and subsidiary.

(b) The Securities and Exchange Commission approved the change in corporate names of the following entities on the respective dates:

<i>San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.)</i>	<i>March 22, 2023</i>
<i>Sual Power Inc. (formerly San Miguel Energy Corporation)</i>	<i>March 9, 2023</i>
<i>San Roque Hydropower Inc. (formerly Strategic Power Devt. Corp.)</i>	<i>March 31, 2023</i>
<i>Limay Power Inc. (formerly SMC Consolidated Power Corporation)</i>	<i>February 7, 2023</i>
<i>Malita Power Inc. (formerly San Miguel Consolidated Power Corporation)</i>	<i>March 9, 2023</i>
<i>Masinloc Power Co. Ltd. (formerly Masinloc Power Partners Co. Ltd.)</i>	<i>November 13, 2023</i>
<i>SMGP BESS Power Inc. (formerly Universal Power Solutions, Inc.)</i>	<i>November 3, 2023</i>
<i>SMGP Kabankalan Power Co. Ltd. (formerly SMCGP Philippines Energy Storage Co. Ltd.)</i>	<i>September 21, 2023</i>
4. Petron Corporation subsidiaries include Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings, Inc. and subsidiaries, Petron Singapore Trading Pte., Ltd., Petron Global Limited, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited and subsidiaries.
5. San Miguel Holdings Corp. subsidiaries also include ULCOM Company, Inc., Alloy Manila Toll Expressways, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway Inc. and TPLEX Operations & Maintenance Corp.

Atlantic Aurum Investments B.V. subsidiaries include SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holding Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O&M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc.
6. Other Assets and Investments also include Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation.
7. San Miguel Properties, Inc. subsidiaries include SMPI Makati Flagship Realty Corp. and Bright Ventures Realty, Inc.
8. San Miguel Holdings Limited subsidiaries include San Miguel Insurance Company, Ltd. and San Miguel Yamamura Packaging International Limited.

II. Co-Subsidiary

9. Clariden Holdings, Inc. subsidiaries include V.I.L. Mines, Incorporated, Prima Lumina Gold Mining Corp., Excelon Asia Holding Corporation, New Manila Properties, Inc. and Philnico Holdings Limited and subsidiaries including Pacific Nickel Philippines, Inc., Philnico Industrial Corporation and Philnico Processing Corp. (collectively the Philnico Group).



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Corporation (the Company) and Subsidiaries (the Group), as at and for the year ended December 31, 2023, on which we have rendered our report dated April 15, 2024.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the Supplementary Schedules of Annex 68-J is the responsibility of the Group's management.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', with a stylized flourish at the end.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

SAN MIGUEL CORPORATION AND SUBSIDIARIES

**INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023**

A	- FINANCIAL ASSETS	
B	- AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)	NOT APPLICABLE
C	- AMOUNTS RECEIVABLE/PAYABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS	
D	- LONG-TERM DEBT	
E	- INDEBTEDNESS TO RELATED PARTIES	NOT APPLICABLE*
F	- GUARANTEES OF SECURITIES OF OTHER ISSUERS	NOT APPLICABLE
G	- CAPITAL STOCK	

* Balance of account is less than 5% of total assets of the Group

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2023
(Amounts in Millions, except No. of Shares Data)

Name of Issuing Entity / Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2023	Income (Loss) Received and Accrued
Cash and cash equivalents	-	₱ 261,358	Not applicable	₱ 11,397
Trade and other receivables - net	-	263,119	Not applicable	433
Derivative assets	-	2,364	Not applicable	(1,379) *
Financial assets at FVPL	-	1,401	Not applicable	51
Financial assets at FVOCI**	-	7,424	₱ 7,424	127
Financial assets at amortized cost**	-	12,158	12,158	894
Noncurrent receivables and deposits - net	-	48,319	Not applicable	235
Restricted cash	-	18,519	Not applicable	837
		₱ <u>614,662</u>	₱ <u>19,582</u>	₱ <u>12,595</u>

* This represents net marked-to-market gains/losses from derivative assets and derivative liabilities that have matured during the year and those that are still outstanding as of year-end.

** The number of shares or principal amounts of bonds and notes are presented in ATTACHMENT TO SCHEDULE A - FINANCIAL ASSETS.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
ATTACHMENT TO SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2023
(Amounts in Millions, Except No. of Shares Data)

Name of Issuing Entity	No. of Shares or Principal Amount of Bonds and Notes	Value Based on Market Quotation at December 31, 2023 (a)
San Miguel Corporation		
Alabang Country Club	7 P	92
Alta Vista Golf and Country Club	2	1
Apo Golf & Country Club	3	-
Baguio Country Club	1	6
Bancom Group Inc	999,546	-
Calatagan Golf Club	1	-
Camp John Hay	2	1
Canlubang Golf Club	3	11
Capitol Hills Golf & Country Club	1	-
Casino Espanol de Manila	2	-
Cebu Country Club	1	15
Celebrity Sports Plaza	3	1
Club Filipino	8	3
Continental Potash	7,909	-
Evercrest	2	-
Export & Industry Bank	940,560,000	-
Green Valley Club - Baguio	1	-
Greenfield Tennis Club	3	-
Iloilo Golf Club	1	-
Inter island Broadcasting Corp	4,458,928	-
Landgolf Inc	2	-
Makati Executive Center	1	-
Makati Sports Club	11	13
Manila Bankers Life	250,000	1
Manila Electric Company	100,331	1
Manila Golf & Country Club	3	311
Manila Polo Club	2	90
Manila Southwoods Golf & Country Club	1	4
Medical Doctors Inc.	83,379	203
Merchant Investment	41,660	-
Metropolitan Club	2	1
Metropolitan Theater	198	-
Mimosa Golf & Country Club	3	2
Montserrat Trading	1,000	-
Motor Services	52,500	-
Naga Telephone Co.	220	-
Negros Occidental Golf club	6	-
Norcem Philippines	80,000	-
Orchard Golf & Country Club	5	4
Pacific Club Corporate	1	-
Pantranco South Express	340,992	-
People's Press	1,500	-
Phil. Columbian Club	3	-
Phil. Dealing Sytem Holding Corp.	250,000	25
Phil. International Fair	500	-
Phil. Long Distance Tel. Co	230,594	2
Phil. Overseas Resources	10,000	-
Puerto Azul Golf Club	3	1
Quezon City Sports Club	1	1
Sta Elena Properties	7	5
Sta Elena Golf Club	1	14
Sta Lucia Realty Golf Club	2	1

Name of Issuing Entity	No. of Shares or Principal Amount of Bonds and Notes	Value Based on Market Quotation at December 31, 2023 (a)
Subic Bay Yacht Club	1 P	-
Tagaytay Highland Golf and Country Club	2	4
Tagaytay Midlands Country Club	1	2
The Country Club - Canlubang	2	8
Top Frontier Holdings, Inc. - Common	2,561,031	246
Universal Leisure Club	1	-
Valle Verde Golf Club	53	16
Valley Golf Club Inc.	2	10
Victorias Country Club	1	-
SMC Equivest Corporation		
Bank of Commerce - Preferred	416,666,670	5,500
Petrogen Insurance Corporation		
Government Security	-	658
Corporate Bonds under IMA with BOC	700	668
San Miguel Properties, Inc.		
Apo Golf & Country Club	1	1
Mimosa Golf & Country Club	4	2
Sta. Elena Golf & Country Club	1	5
Metro Club	1	-
Meralco	91,011	1
Riviera Golf Course and Country Club	1	30
Tagaytay Midlands Country Club	1	1
San Miguel Paper Packaging Corp.		
Phil Long Distance Tel.	5,200	-
Evercrest Golf & Country Club	1	-
Orchard Golf & Country Club	1	1
Apo Golf & Country Club	1	-
San Miguel Yamamura Packaging Corporation		
Canlubang Golf & Country Club	1	3
Manila Southwoods Golf and Country Club	1	12
Orchard Golf & Country Club	1	12
Puerto Azul Golf Club	1	-
Riviera Golf Course and Country Club	1	2
Mindanao Corrugated Fibreboard, Inc.		
Apo Golf Country Club	1	-
Food and Beverage Group		
Club Filipino	2	1
Makati Sports Club, Inc.	2	2
Philippine Long Distance Tel. Co.	5,753	1
Valle Verde Country Club	1	1
Capitol Hills Golf and Country Club, Inc.	1	
Alabang Country Club	1	12
Manila Southwoods Golf & Country Club	1	4
Sta Elena Golf Club	1	22
Manila Electric Co.	14,895	-
Tagaytay Highland Golf and Country Club	1	2
Royal Tagaytay Country Club	1	-
Orchard Golf and Country Club	1	3
HSBC Holdings	20,400	9
Pacific Club Kowloon	1	8
The American Club Hong Kong	1	10
Hong Kong Football Club	1	7
Discovery Bay Golf Club	1	8
Corporate Bonds under IMA with BOC	11,500	11,500
San Miguel Holdings Corp.		
Architectural Center Club Inc	1	-
Philippine Expressway Support Service Inc	1	-
Phil Am Properties	1	1
 Retail Treasury Bonds	 -	 888
SM Prime Holdings	-	75
BOC Trust	49	49

Name of Issuing Entity	No. of Shares or Principal Amount of Bonds and Notes	Value Based on Market Quotation at December 31, 2023 (a)
Petron Corporation		
Alabang Country Club A	1	P 12
Alta Vista Golf B	1	1
Apo Golf and Country Club	1	-
Bacolod Golf	1	-
Canlubang Golf & Co. Club	1	4
Capitol Hills Club	3	-
Casino Espanol de Cebu	1	1
Celebrity Sports	1	-
Club Filipino Inc de Cebu	1	-
Eagle Ridge Golf & Co. Club -C	2	1
Iloilo Golf and Country Club	2	-
Leyte Golf	1	-
Makati Sports Club B	1	1
Mla. Golf and Country Club (Corporate)	2	240
Manila Polo Club	4	100
Mla. Southwoods Golf & Co. Club A	3	8
Mimosa Golf & Country Club (Corporate)	1	-
Orchard Golf & Country Club C	2	8
Pueblo de Oro Golf	1	-
Quezon City Sports Club B	1	-
Riviera Golf Club C	1	1
Tagaytay Highlands	2	4
The Palm Country Club - A	2	3
Tower Club	1	-
Valle Verde Country Club (individual)	1	1
Valley Golf Club	1	2
Victorias Golf	1	-
Meralco	237,008	2

Total Financial Assets

P 20,983

See Notes 4, 10, 12, 33, 39 and 40 of the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS PAID/ DEBIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
San Miguel Corporation	P 124,039	P 24,908	P (67,202)	P -	P 81,745	P 73,417	P 8,328	P 81,745
San Miguel Global Power Holdings Corp.* and Subsidiaries	17,815	10,954	(15,004)	-	13,765	8,618	5,147	13,765
San Miguel International Limited and Subsidiaries	10,438	1,686	(2,109)	-	10,015	10,015	-	10,015
San Miguel Integrated Logistics Services, Inc.	5,534	6,765	(5,792)	-	6,507	6,514	-	6,514
SMC Shipping and Lighterage Corporation and Subsidiaries	4,877	22,715	(22,864)	-	4,728	4,705	23	4,728
Petron Corporation and Subsidiaries	6,137	17,665	(20,139)	-	3,663	3,663	-	3,663
San Miguel Yamamura Packaging Corp. and Subsidiaries	3,708	18,276	(18,324)	-	3,660	3,367	293	3,660
San Miguel Holdings Corp. and Subsidiaries	1,981	9,593	(9,422)	-	2,152	2,079	73	2,152
San Miguel Food and Beverage, Inc. and Subsidiaries	1,573	1,776	(1,419)	-	1,930	1,844	86	1,930
San Miguel Equity Investments Inc. and Subsidiaries	348	1,387	(110)	-	1,625	1,017	608	1,625
Archen Technologies, Inc.	994	2,600	(2,358)	-	1,236	1,236	-	1,236
Petrogen Insurance Corporation	1,479	4,473	(4,770)	-	1,182	1,182	-	1,182
Others	3,923	12,162	(11,771)	-	4,314	4,100	207	4,307
	P 182,846	P 134,960	P (181,284)	P -	P 136,522	P 121,757	P 14,765	P 136,522

*Formerly SMC Global Power Holdings Corp. The change in the corporate name was approved by the SEC on March 22, 2023.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Sea Refinery Corporation	P 31,382 P	- P	- P	- P	31,382 P	31,382 P	- P	31,382
San Miguel Holdings Corp. and Subsidiaries	50,020	16,398	(35,449)	-	30,969	29,920	1,049	30,969
San Miguel Food and Beverage, Inc. and Subsidiaries	18,717	50,297	(49,480)	-	19,534	16,104	3,430	19,534
San Miguel Corporation	7,871	24,486	(24,508)	-	7,849	7,849	-	7,849
San Miguel Properties, Inc. and Subsidiaries	8,948	3,221	(4,369)	-	7,800	1,896	5,904	7,800
Challenger Aero Air Corporation	6,884	1,687	(1,481)	-	7,090	7,090	-	7,090
San Miguel Global Power Holdings Corp.* and Subsidiaries	4,212	7,267	(5,084)	-	6,395	6,290	105	6,395
Petron Corporation and Subsidiaries	5,012	8,365	(8,333)	-	5,044	5,044	-	5,044
San Miguel Integrated Logistics Services, Inc.	2,843	342	(125)	-	3,060	817	2,243	3,060
San Miguel Equity Investments, Inc. and Subsidiaries	33,010	794	(31,450)	-	2,354	2,354	-	2,354
SMC Shipping and Lighterage Corporation and Subsidiaries	2,115	22,685	(22,713)	-	2,087	2,087	-	2,087
Fortunate Land Inc. and a Subsidiary	2,010	-	-	-	2,010	-	2,010	2,010
San Miguel Yamamura Packaging Corp. and Subsidiaries	1,794	8,033	(8,117)	-	1,710	1,710	-	1,710
Petrogen Insurance Corporation	2,138	3,932	(4,475)	-	1,595	1,595	-	1,595
San Miguel International Limited and Subsidiaries	1,409	187	(264)	-	1,332	1,096	236	1,332
Others	4,481	5,003	(3,173)	-	6,311	3,657	2,654	6,311
	P <u>182,846</u> P	<u>152,697</u> P	<u>(199,021)</u> P	- P	<u>136,522</u> P	<u>118,891</u> P	<u>17,631</u> P	<u>136,522</u>

*Formerly SMC Global Power Holdings Corp. The change in the corporate name was approved by the SEC on March 22, 2023.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2023
(Amounts in Millions)

TITLE OF ISSUE AND TYPE OF OBLIGATION	Amount Authorized by Indenture		Amount Shown as Current		Amount Shown as Noncurrent		Outstanding Balance	INTEREST RATES	Number of Periodic Installments	Final Maturity	
Parent Company											
<u>Peso denominated Bonds:</u>											
	PHP	60,000	PHP	-	PHP	59,299	PHP	59,299	7.4458%, 7.8467% and 8.4890%	Bullet	March 2028, December 2029 and December 2032
									5.2840%, 5.55%, 6.625%, 5.7613%		March 2024, October 2024, March 2025, March 2027 and
	PHP	60,000		17,271		12,816		30,087	and 7.125%	Bullet	March 2028
	PHP	30,000		-		29,762		29,762	3.3832%	Bullet	July 2027
	PHP	30,000		-		29,699		29,699	5.2704% and 5.8434%	Bullet	March 2027 and March 2029
<u>Peso denominated Term Notes:</u>											
	PHP	16,000		160		15,071		15,231	6.9375%	Amortized	June 2026
	PHP	5,200		51		5,097		5,148	7.1968%	Amortized	June 2029
<u>Foreign currency - denominated Term Notes:</u>											
	US\$	2,000		110,301		-		110,301	SOFR + margin	Bullet	September 2024
	US\$	871				81,332		81,332	SOFR + margin	Amortized	June 2035
	US\$	1,330		-		71,892		71,892	SOFR + margin	Bullet	March 2028
	US\$	900		-		49,074		49,074	SOFR + margin	Bullet	October 2026
	US\$	700		-		38,099		38,099	SOFR + margin	Bullet	March 2027
	US\$	300		-		16,244		16,244	SOFR + margin	Bullet	September 2028
	US\$	300		-		16,166		16,166	SOFR + margin	Bullet	November 2028
	US\$	200		-		10,837		10,837	SOFR + margin	Bullet	June 2028
	US\$	150		-		8,247		8,247	6.55%	Bullet	July 2028
	US\$	100		-		5,488		5,488	SOFR + margin	Bullet	December 2026
	US\$	100		-		5,487		5,487	SOFR + margin	Bullet	May 2027
			PHP	127,783	PHP	454,610	PHP	582,393			
Subsidiaries											
<u>Peso denominated Bonds:</u>											
<u>San Miguel Global Power Holdings Corp (formerly SMC Global Power Holdings Corp.)*</u>											
	PHP	40,000	PHP	-	PHP	39,560	PHP	39,560	5.9077%, 7.1051% and 8.0288%	Bullet	July 2025 July 2028 and July 2032
	PHP	30,000		9,223		6,888		16,111	7.1783% and 7.6000%	Bullet	April 2024 and April 2026
	PHP	35,000		6,466		3,590		10,056	6.25% and 6.625%	Bullet	December 2024 and
	PHP	15,000		-		4,740		4,740	5.1792%	Bullet	December 2027 July 2026
<u>Petron Corporation</u>											
	PHP	20,000		13,174		-		13,174	7.8183%	Bullet	April 2024
				-		6,774		6,774	8.0551%	Bullet	October 2025
				13,174		6,774		19,948			
	PHP	18,000		-		8,945		8,945	3.4408%	Bullet	October 2025
				-		8,924		8,924	4.3368%	Bullet	October 2027
				-		17,869		17,869			
<u>San Miguel Food and Beverage</u>											
	PHP	15,000		-		7,973		7,973	5.0500%	Bullet	March 2025
				-		6,954		6,954	5.2500%	Bullet	March 2027
				-		14,927		14,927			
<u>SM Brewery Inc.</u>											
	PHP	15,000		2,537		-		2,537	6.00%	Bullet	April 2024
<u>SMC SLEX Inc.</u>											
		7,300		-		2,494		2,494	6.4872%	Bullet	May 2025

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2023
(Amounts in Millions)

TITLE OF ISSUE AND TYPE OF OBLIGATION	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Noncurrent	Outstanding Balance	INTEREST RATES	Number of Periodic Installments	Final Maturity
<u>Peso denominated Term Notes:</u>							
<u>Petron Corporation</u>							
PHP	5,000	492	4,483	4,975	7.1663%	Amortized	May 2027
PHP	5,000	1,241	3,115	4,356	7.4206%	Amortized	June 2027
PHP	5,000	1,241	3,114	4,355	7.5496%	Amortized	June 2027
PHP	2,375	-	2,366	2,366	6.4920%	Bullet	September 2025
PHP	5,000	1,247	626	1,873	4.5900%	Amortized	April 2025
PHP	15,000	1,606	-	1,606	5.5276%	Amortized	July 2024
PHP	625	-	622	622	6.8672%	Bullet	September 2025
<u>SMC Tollways Corp.</u>							
PHP	41,200	4,035	28,774	32,809	5.556%, 5.825% and 5.997%	Amortized	December 2029
<u>Limay Power Inc. (formerly SMC Consolidated Power Corporation) **</u>							
	44,000	3,082	29,415	32,497	6.2836%, 6.5362% and 7.3889%	Amortized	June 2029
<u>San Miguel Equity Investments Inc.</u>							
PHP	30,000	1,166	28,625	29,791	7.1913%	Amortized	May 2033
<u>SMGP BESS Power Inc. (formerly Universal Power Solutions, Inc.) ***</u>							
PHP	40,000	654	26,884	27,538	8.2104%	Amortized	October 2033
<u>SMC Skyway Stage 3 Corporation</u>							
PHP	31,000	5,101	17,731	22,832	8.7118%	Amortized	August 2027
<u>SMC SLEX Holdings Company Inc.</u>							
PHP	20,000	-	19,877	19,877	BVAL + margin	Amortized	January 2025
<u>Malita Power Inc. (formerly San Miguel Consolidated Power Corporation) ****</u>							
PHP	21,300	1,233	13,410	14,643	6.5077% and 7.7521%	Amortized	August 2030
<u>SMC Mass Rail Transit 7 Inc.</u>							
PHP	100,000	-	14,086	14,086	BVAL + margin	Bullet	June 2038
<u>Northern Cement Corporation</u>							
PHP	12,500	993	11,246	12,239	4.8356%	Amortized	June 2031
<u>San Miguel Global Power Holdings Corp (formerly SMC Global Power Holdings Corp.) *</u>							
PHP	15,000	14,091	-	14,091	6.9265%	Amortized	April 2024
PHP	10,000	-	7,439	7,439	7.968% and 8.541%	Bullet	June 2028
PHP	5,000	35	4,819	4,854	5.00%	Bullet	May 2025
<u>San Miguel Foods, Inc.</u>							
PHP	10,000	148	9,656	9,804	3.5483%	Amortized	December 2029
PHP	8,000	119	7,723	7,842	BVAL + margin or BSP TDF + margin whichever is higher	Amortized	December 2029

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2023
(Amounts in Millions)

TITLE OF ISSUE AND TYPE OF OBLIGATION	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Noncurrent	Outstanding Balance	INTEREST RATES	Number of Periodic Installments	Final Maturity
<u>SM Brewery Inc.</u>							
PHP	4,000	PHP -	PHP 3,985	PHP 3,985	3.80%	Bullet	March 2026
PHP	2,500	34	2,399	2,433	3.875%	Amortized	March 2026
PHP	2,000	-	1,993	1,993	3.95%	Bullet	March 2026
PHP	1,500	-	1,496	1,496	3.95%	Bullet	March 2026
PHP	2,000	-	1,990	1,990	4.15%	Amortized	March 2028
	12,000	34	11,863	11,897			
PHP	4,000	-	3,987	3,987	4.6332%	Bullet	April 2025
PHP	3,000	-	2,985	2,985	5.7513%	Bullet	April 2027
	7,000	-	6,972	6,972			
PHP	10,000	9,983	-	9,983	4.63%	Bullet	December 2024
PHP	10,000	-	9,937	9,937	6.8412% and 6.5323%	Bullet	December 2027
<u>SMC TPLEX Corp</u>							
PHP	12,000	1,183	8,172	9,355	5.6276%	Amortized	September 2029
<u>Masinloc Power Co. Ltd. (formerly Masinloc Power Partners Co. Ltd.) *****</u>							
PHP	8,155	1,138	6,049	7,187	BVAL + margin	Amortized	January 2030
<u>The Purefoods-Hormel Company, Inc.</u>							
PHP	7,000	-	6,970	6,970	3.8460%	Bullet	September 2026
<u>SMC NAIA Corporation</u>							
PHP	5,656	406	3,446	3,852	BVAL + credit spread or BSP OLF + margin whichever is higher	Amortized	June 2030
<u>Luzon Clean Water Development Corporation</u>							
PHP	5,400	332	3,010	3,342	8.17110%, 8.449%, 9.028% and 9.635%	Amortized	March 2030
<u>San Miguel Yamamura Packaging Corp</u>							
PHP	5,000	732	1,500	2,232	5.1657%	Amortized	January 2025
PHP	2,000	586	-	586	BVAL + margin	Amortized	December 2024

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2023
(Amounts in Millions)

TITLE OF ISSUE AND TYPE OF OBLIGATION	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Noncurrent	Outstanding Balance	INTEREST RATES	Number of Periodic Installments	Final Maturity	
<u>SMC Shipping and Lighterage Corporation</u>								
PHP	2,000	PHP	-	PHP	1,992	4.200%	Bullet	July 2026
<u>San Miguel Mills, Inc.</u>								
PHP	2,000		49		1,891	3.2837%	Amortized	December 2026
<u>Foreign currency - denominated Term Notes:</u>								
<u>Petron Corporation</u>								
US\$	669		4,971		31,274	SOFR + Margin	Amortized	November 2027
YEN	15000		1,670		842	TONA + margin	Amortized	March 2025
US\$	225		-		12,172	SOFR + Margin	Amortized	July 2028
<u>San Miguel Global Power Holdings Corp (formerly SMC Global Power Holdings Corp.) *</u>								
US\$	300		-		16,421	SOFR + Margin	Bullet	March 2026
US\$	300		-		16,249	SOFR + Margin	Bullet	August 2027
US\$	200		10,993		10,993	SOFR + Margin	Bullet	September 2024
US\$	100		-		5,484	SOFR + Margin	Bullet	May 2025
US\$	100		5,487		5,487	SOFR + Margin	Bullet	September 2024
US\$	50		-		2,719	SOFR + Margin	Bullet	April 2025
<u>Masinloc Power Co. Ltd. (formerly Masinloc Power Partners Co. Ltd.) *****</u>								
US\$	770		1,296		15,783	8.331%	Amortized	December 2030
US\$	255		427		5,194	SOFR + margin	Amortized	December 2030
<u>San Miguel Yamamura Australasia Pty. Ltd</u>								
AUD	80		1,791		1,791	BBSY + margin	Amortized	July 2024
AUD	10		19		359	BBSY + margin	Amortized	November 2027
AUD	5		34		77	BBSY + margin	Amortized	February 2026
		PHP	109,015	PHP	499,176	PHP	608,191	
Total Long-term Debt								
		PHP	236,798	PHP	953,786	PHP	1,190,584	

See Notes 5, 21, 30, 33, 38, 39 and 40 of the Consolidated Financial Statements.

* The change in the corporate name was approved by the SEC on March 22, 2023.

** The change in the corporate name was approved by the SEC on February 7, 2023.

*** The change in the corporate name was approved by the SEC on November 3, 2023.

**** The change in the corporate name was approved by the SEC on March 9, 2023.

***** The change in the corporate name was approved by the SEC on November 13, 2023.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
December 31, 2023

DESCRIPTION	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED	TREASURY SHARES	NUMBER OF SHARES OUTSTANDING	NUMBER OF SHARES RESERVED FOR OPTIONS *	AFFILIATES	NUMBER OF SHARES HELD BY: SUBSIDIARY	DIRECTORS, OFFICERS AND EMPLOYEES
ISSUED SHARES								
COMMON STOCK	3,790,000,000	3,288,649,125	904,752,537	2,383,896,588	134,641,564	46,395	-	4,144,100
SERIES "1" PREFERRED SHARES	300,000,000	279,406,667	279,406,667	-	-	-	-	-
SERIES "2" PREFERRED SHARES	1,910,000,000	1,758,099,686	288,194,494	1,469,905,192	-	-	1,333,500	610,300
	<u>6,000,000,000</u>	<u>5,326,155,478</u>	<u>1,472,353,698</u>	<u>3,853,801,780</u>	<u>134,641,564</u>	<u>46,395</u>	<u>1,333,500</u>	<u>4,754,400</u>

* See Notes 24, 36 and 37 of the Consolidated Financial Statements.



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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Corporation (the Company) and Subsidiaries (the Group), as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Darwin P. Virocel', with a stylized, cursive script.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

SAN MIGUEL CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that San Miguel Corporation and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of December 31, 2023 and 2022 for liquidity, solvency and profitability ratios and for the periods ending December 31, 2023 and 2022 for operating efficiency ratios.

	December 31	
	2023	2022
<u>Liquidity:</u>		
Current Ratio	1.12	1.22
Quick Ratio	0.70	0.77
<u>Solvency:</u>		
Debt to Equity Ratio	2.70	2.74
Asset to Equity Ratio	3.70	3.74
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	0.07%	(4.24%)
Interest Rate Coverage Ratio	1.80	1.66
Return on Assets	1.84%	1.20%
<u>Operating Efficiency:</u>		
Volume Growth	6%	20%
Revenue Growth	(4%)	60%
Operating Margin	10%	9%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$

KPI	Formula
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right)^{-1}$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right)^{-1}$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

SAN MIGUEL CORPORATION AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
DECEMBER 31, 2023
(In Millions)

				Past Due			
		Total	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
Trade	P	188,447	P 127,332	P 17,482	P 5,049	P 3,322	P 35,262
Non-trade		76,731	42,108	8,071	282	1,331	24,939
Others		11,061	8,709	66	14	14	2,258
Total		276,239	P 178,149	P 25,619	P 5,345	P 4,667	P 62,459
Less allowance for impairment losses		13,120					
Net	P	263,119					



April 15, 2024

Philippine Dealing & Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Suzy Claire R. Selleza
Head – Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Gentlemen:

We submit herewith the attached Annual Report (SEC FORM 17-A) for the period ended December 31, 2023 with the Audited Separate/Parent Financial Statements of the Company.

Very truly yours,


MARY ROSE S. TAN
Assistant Corporate Secretary

ANNEX “D”

SAN MIGUEL CORPORATION
2023
PRINCIPAL PROPERTIES

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
FOOD AND BEVERAGE BUSINESS						
1	SAN MIGUEL BREWERY, INC.					
	A. DOMESTIC					
	Head Office					
	Office Space	40 San Miguel Ave., Mandaluyong City	Owned	Good		
	Production Facilities					
	Polo Brewery	Marulas, Valenzuela City, Metro Manila	Owned	Good		
	San Fernando Brewery	Brgy. Quebiawan, McArthur Highway, San Fernando, Pampanga	Owned	Good		
	Sta. Rosa Brewery	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Owned	Good		
	Bacolod Brewery	Brgy. Granada, Sta. Fe, Bacolod City, Negros Occidental	Owned	Good		
	Mandaue Brewery	National Highway, Brgy. Tipolo, Mandaue City	Owned	Good		
	Davao Brewery	Brgy. Darong, Sta. Cruz, Davao del Sur	Owned	Good		
	Cagayan de Oro Brewery	Sta. Ana, Tagoloan, Misamis Oriental	Building & Facilities- Owned; Land-Rented	Good	1,230,428.97	March 25, 2028
						The lease may be renewed for a period of 25 years upon such terms and conditions mutually agreed upon by the parties
	Sales/Area Offices and Warehouses					
	San Fernando Region Office	SMC Complex, Brgy. Quebiawan, McArthur Highway, San Fernando, Pampanga	Owned	Good		
	Carmen Sales Office	Carmen East, Rosales, Pangasinan	Owned	Good		
	Dagupan Sales Office	Caranglaan Dist., Dagupan City, Pangasinan	Owned	Good		
	Baguio Sales Office	Naguilian Road, San Carlos Heights, Brgy. Irisan, Baguio City, Benguet	Owned	Good		
	Carlatan Sales Office	Pennsylvania Ave., Brgy. Madayegdeg, San Fernando, La Union	Owned	Good		
	Cauayan Sales Office	Brgy. San. Fermin, Cauayan, Isabela	Owned	Good		
	Santiago Sales Office	National Road, Brgy. Mabini, Santiago City, Isabela	Owned	Good		
	Region Office (Angeles Sales Office)	San Andres St., San Angelo Subdivision, Sto. Domingo, Angeles City, Pampanga	Owned	Good		
	Region Office	Brgy. 22, San Guillermo, San Nicolas, Ilocos Norte	Owned	Good		
	Central North Luzon Area	Brgy. Tablac, Candon City, Ilocos Sur	Owned	Good		
	Central North Luzon Area	Maharlika Highway, Brgy. Sta Maria, Lallo, Cagayan	Owned	Good		
	Guiguinto Sales Office	Cagayan Valley Rd., Brgy. Sta. Cruz, Guiguinto, Bulacan	Owned	Good		
	San Isidro Sales Office	Gapan-Olongapo Rd., Poblacion San Isidro, Nueva Ecija	Owned	Good		
	Caloocan Sales Office	A. Cruz cor S. Asistio St., Brgy. 95, East Grace Park, Caloocan City	Owned	Good		
	Tondo Sales Office	Honorio Lopez Blvd., Guidote St., Tondo, Manila	Owned	Good		
	Cubao Sales Office	Brgy. Mangga, Cubao, Quezon City	Owned	Good		
	Portion of Tondo Sales Office	portion of Tondo S.O. - Buendia cor. Guidote St., Tondo Manila	Owned	Good		
	Novaliches Sales Office	Novaliches S.O. - Quirino Highway, Brgy. Kaligayahan, Novaliches, Quezon City, Metro Manila	Owned	Good		
	Pureza Sales Office	489 Pureza St. corner Lardizabal St., Barangay 425, 489 Pureza, Sta. Mesa, Manila	Owned	Good		
	Sta. Ana Sales Office	M. Carreon St., Brgy. 864, Sta. Ana District, Manila	Owned	Good		
	Taytay Sales Office	Manila East Rd., Brgy. Dolores, Taytay, Rizal	Owned	Good		
	Sucat Sales Office	Dr. A. Santos Ave., Bgy. San Dionisio, Parañaque City	Owned	Good		
	Parañaque Sales Office	No. 100 Bernabe Subd., Brgy. San Dionisio, Sucat, Parañaque City, Metro Manila	Owned	Good		
	Canlubang Sales Office	Silangan Exit, Canlubang, Calamba City, Laguna	Owned	Good		

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Lucena Sales Office	Maharlika Highway, Brgy. Isabang, Lucena City, Quezon	Owned	Good			
	Gumaca Sales Office	Maharlika Highway, Brgy. Villa Bota, Gumaca, Quezon	Owned	Good			
	Naga Sales Office	Maharlika Highway, Brgy. Concepcion Grande Pequeña, Naga City, Camarines Sur	Owned	Good			
	Puerto Princesa Sales Office	Brgy. Mandaragat, Puerto Princesa City, Palawan	Owned	Good			
	San Jose Sales Office	Aurora Quezon and Calderron St., Brgy. Labangan, San Jose, Occidental Mindoro	Owned	Good			
	Batangas Sales Office	National Rd., Brgy. Balagtas, Batangas City, Batangas	Owned	Good			
	South Luzon Area	Ayala Highway, Brgy. Balintawak, Lipa City, Batangas	Owned	Good			
	Bacolod Region Office (Bacolod Sales Office)	Brgy. Granada, Sta. Fe, Bacolod City, Negros Occidental	Owned	Good			
	Iloilo Sales Office	Muelle Loney St., Brgy. Legaspi, Iloilo City	Owned	Good			
	Himamaylan Sales Office	National Hi-way, Brgy. 4, Himamaylan City, Negros Occidental	Owned	Good			
	Negros	Flores St., Brgy. Sum-Ag, Bacolod City, Negros Occidental	Owned	Good			
	Numancia Sales Office	Brgy., Camansi Norte, Numancia, Aklan	Owned	Good			
	Roxas Sales Office	Brgy. Libas, Roxas City, Capiz	Owned	Good			
	IGBR Region Office	Meliza St. Brgy. Zamora, Iloilo City	Owned	Good			
	CV North & South Region Offices	National Highway, Brgy. Tipolo, Mandaue City	Owned	Good			
	Region Office	Brgy. Darong Sta. Cruz, Davao del Sur	Owned	Good			
	Davao Sales Office	National Highway, Bgy. Ulas, Talomo, Davao City	Owned	Good			
	Region Office	National Highway, Brgy. Magugpo, Tagum City	Owned	Good			
	Mindanao	Sergio Osmeña, Brgy. Poblacion, Koronadal City	Owned	Good			
	Region Office	National Highway, Brgy. Lagao, Gen. Santos City	Owned	Good			
	Opol Sales Office	National Highway, Brgy. Luyong Bonbon, Opol, Misamis Oriental	Owned	Good			
	Zamboanga Sales Office	R.T. Lim Blvd., Baliwasan, Zamboanga City	Owned	Good			
	Mindanao	Brgy. Bongtod, Tandag City, Surigao del Sur	Owned	Good			
	Mindanao	J.P. Rizal Ave., Poblacion, Digos City	Owned	Good			
	Butuan Sales Office	R. Calo St., Fort Poyohan, Butuan City	Owned	Good			
	Cabanatuan Sales Office	Cabanatuan S.O. - No. 140 Duran Compound, Maharlika Highway, Brgy. Bitas, Cabanatuan City	Land & Building-Rented	Good	82,104.58	January 31, 2025	Renewable upon mutual agreement of both parties.
	Region Office	Region Office - #578 P. Burgos St. Cabanatuan City, Nueva Ecija	Land & Building-Rented	Good	42,835.20	May 31, 2024	Renewable upon mutual agreement of both parties
	Warehouse	Barangay Sta. Rita, Guiguinto, Bulacan	Warehouse Parking space - rented	Good	381,389.04	May 31, 2024	Renewable upon mutual agreement of both parties
	Valenzuela Sales Office	Valenzuela S.O. - Bldg. 23 Plastic City Cpd., #8 T. Santiago St., Brgy. Canumay, Valenzuela City, Metro Manila	Land, Warehouse and Open Space-Rented	Good	397,567.06	April 30, 2024	Renewable upon mutual agreement of both parties
	Warehouse (Balintawak Sales Office)	Kaingin Rd., Brgy. Apolonio Samson, Balintawak, Quezon City	Land, Warehouse and Open Space-Rented	Good	780,995.00	September 30, 2025	Renewable upon mutual agreement of both parties
	Warehouse	Kaingin Rd., Brgy. Apolonio Samson, Balintawak, Quezon City	Warehouse-Rented	Good	252,510.00	November 30, 2025	Renewable upon mutual agreement of both parties
	Warehouse	685 Tandang Sora Ave., Quezon City	Warehouse-Rented	Good	163,035.71	May 31, 2024	The Contract is subject to renewal or extension under such terms and conditions as may be mutually agreed upon between the parties in writing.
	Pasig Sales Office	Pasig S.O. - Mercedes Ave., Pasig City, Metro Manila	Land & Warehouse-Rented	Good	1,464,433.70	December 31, 2024	Renewable upon mutual agreement of both parties
	Masbate Sales Office	Bgy. Pinamarbuan, Mobo, Masbate	Land, Warehouse and Open Space-Rented	Good	204,899.63	March 31, 2026	Renewable upon mutual agreement of both parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Legazpi Sales Office	Legazpi S.O. - Tahao Street, Bgy. Gogon, Legaspi City, Bicol	Warehouse, Office & Open Space-Rented	Good	314,067.60	December 31, 2023	Renewable upon mutual agreement of both parties
	Dasmariñas Sales Office	Dasmariñas S.O. - Brgy. Langkaan II, Governors Drive, Dasmariñas, Cavite	Warehouse-Rented	Good	501,187.50	January 31, 2024	Renewable upon mutual agreement of both parties
	Imus Sales Office	Warehouse No. 5, 7 and 8, The Warehouse Malagasang II-C, City of Imus, Cavite	Warehouse-Rented	Good	793,990.20	April 30, 2026	Renewable upon mutual agreement of both parties
	Bulan Sales Office	Bulan S.O. -Sitio Pawa, Brgy. Lajong, Bulan, Sorsogon	Warehouse-Rented	Good	125,812.50	October 31, 2025	Renewable upon mutual agreement of both parties
	Pila Sales Office	Pila S.O. - Brgy. Bulilan Norte, National Highway, Pila, Laguna	Warehouse-Rented	Good	267,857.14	September 30, 2024	Renewable upon mutual agreement of both parties
	Dumaguete Region Office	Dumaguete Region Office - Brgy. Pulang Tubig, Dumaguete City	Land & Land Improvement-Rented	Good	77,510.16	December 31, 2024	Renewable at the option of the lessee
	Dumaguete Sales Office	West Rovira Road, Pulantubig, Dumaguete City	Warehouse-Rented	Good	120,393.00	December 31, 2023	Renewable upon mutual agreement of both parties
	Iloilo Sales Office	Brgy. Pagduque, Dumanas, Iloilo	Warehouse-Rented	Good	377,348.71	June 15, 2024	Renewable upon mutual agreement of both parties
	Catbalogan Sales Office	Samar Region Office - San Bartolome St., Catbalogan, Samar	Warehouse & Open Space-Rented	Good	96,600.00	November 30, 2031	Renewable upon mutual agreement of both parties
	Catbalogan Sales Office	Samar Region Office - San Bartolome St., Catbalogan, Samar	Warehouse, Office Space & Open Space-Rented	Good	196,350.00	November 30, 2031	Renewable upon mutual agreement of both parties
	Tagbilaran Sales Office	Tagbilaran S.O. - Tomas Cloma Ave., Taloto District, Tagbilaran City, Bohol	Warehouse-Rented	Good	160,714.29	October 31, 2024	Renewable upon mutual agreement of both parties
	Tacloban Sales Office/Region Office	Fatima Village, Tacloban City, Leyte	Portion of Land-Rented/Portion of Land-Owned	Good	280,447.36	May 31, 2024	Renewable upon mutual agreement of both parties
	Butuan Sales Office	Montilla Boulevard, Villa Kananga, Butuan City	Warehouse Facilities and Office-Rented	Good	468,750.00	September 30, 2026	Renewable upon mutual agreement of both parties
	Region Office	Brgy. Aguada, Ozamiz City	Building-Rented	Good	127,145.53	August 31, 2032	Renewable upon mutual agreement of both parties
	Liloy Sales Office	Liloy S.O. - Baybay, Liloy, Zamboanga del Norte	Warehouse-Rented	Good	75,892.86	September 30, 2024	Renewable upon mutual agreement of both parties
	Dipolog Sales Office	Dipolog S.O. - Sta. Filomena, Dipolog City	Warehouse-Rented	Good	50,892.86	September 30, 2025	Renewable upon mutual agreement of both parties
	Terminal						
	Bataan Malt Terminal (land, building, machineries & equipment, furnitures & fixtures)	Mariveles, Bataan	Building & Facilities-Owned; Land-Rented	Good	661,029.65	April 30, 2025	Renewable upon mutual agreement of both parties
	Investment Properties	Brgy. Estefania, Bacolod City (9 lots)	Owned	Good			
		No. 31 Rosario St., Brgy. Granada, Bacolod City	Owned	Good			
		Brgy. Penabatan, Pulilan, Bulacan	Owned	Good			
		L26 B11, Brgy. Sto.Domingo, Sta.Rosa, Laguna	Owned	Good			
		Jaro, Iloilo (2 lots)	Owned	Good			
		Barrio of Tinajeros, Malabon City (2 lots)	Owned	Good			
		Bo. of San Jose and Poblacion Cabanatuan City (3 lots)	Owned	Good			
		Barrio of Mallorca, San Leonardo, Nueva Ecija (2 lots)	Owned	Good			
		Poblacion, San Leonardo, Nueva Ecija	Owned	Good			
		Lot 5009 Imus Estate, Imus Cavite	Owned	Good			
		Imus Friar, Imus, Prov. of Cavite (2 lots)	Owned	Good			
		Lot 5159 Poblacion, Imus Prov. Of Cavite	Owned	Good			
		Barrio of San Rafael & San Roque (2 lots)	Owned	Good			
		Bo. Of Pob. 2nd Municipality of Tarlac (2 lots)	Owned	Good			
		71-B-3-B-4 Barrio Suizo Municipality of Tarlac	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Bgy. Paringao, Municipality of Bauang, La Union	Owned	Good			
	Bo. Mabilao, San Fabian, Pangasinan (5 lots)	Owned	Good			
	Brgy. Gabut Norte, Badoc, Ilocos Norte	Owned	Good			
	Pozorrubio, Pangasinan	Owned	Good			
B. INTERNATIONAL						
Breweries						
San Miguel Beer (Thailand) Ltd.	89 Moo2, Tiwanon Rd., Baan Mai, Muang , Pathumtani 12000, Thailand	Owned	Good			
PT Delta Jakarta Tbk	Jalan Inspeksi Tarum Barat Desa Setia Darma Tambun Bekasi Timur 17510, Indonesia	Building Owned. Land under Land Use Rights	Good			
San Miguel (Guangdong) Brewery Co.,Ltd	San Miguel Road 1#, Longjiang Town, Shunde District, Guangdong Province, China	Owned	Good			
San Miguel (Baoding) Brewery Co. Ltd.	Shengli street, Tianwei West Road, Baoding City, Hebei Province, China	Owned	Good			
San Miguel Brewery Vietnam Ltd.	Quoc Lo 1 , Suoi Hiep , Dien Khanh , Khanh Hoa	Owned	Good			
San Miguel Brewery Hong Kong Limited	22 Wang Lee Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong	Building-Owned; Land-Rented	Good	HKD 220,800.00	2047	No renewal options
Sales/Area Offices and Warehouses						
San Miguel (China) Investment Co. Ltd.	1-7A, 1-11A, 1-12A, 1-9C, 1-7C Parkview Tower Chaoyang District Beijing 100027, China	Owned	Good			
San Miguel Brewery Hong Kong Limited	9 th Floor, Citimark Building , No.28 Yuen Shun Circuit, Siu Lek Yuen, Shatin, NT, Hong Kong	Land-Rented	Good	HKD 40,600.00	2047	No renewal options
San Miguel Brewery Hong Kong Limited	San Miguel Industrial Building, No. 9-11 Shing Wan Road, Tai Wai, Shatin, NT, Hongkong	Land-Rented	Good	HKD 19,374.00	2047	No renewal options
San Miguel (Guangdong) Brewery Co.,Ltd						
San Miguel (Guangdong) Brewery Co.,Ltd	San Miguel Road 1#, Longjiang Town, Shunde District, Guangdong Province, China	Land-Rented	Good	Entire rent paid at the start of lease term	May 01, 2053	Renewal 1 month before expiration date.
Guangzhou Admin Office	Room 1801, No.19 South East Road, Yuexiu District, Guangzhou, China	Office Space-Rented	Good	RMB 11,571.00	June 25, 2024	At the end of contract, in the same condition, we have the priority right of renewal, lease and rent will be discussed by both parties .
Shenzhen Sales Office	Room 319, 3rd Floor, Liangji Zhihui Building, No. 184 Qingquan Road, Longhua Street, Longhua District, Shenzhen, China	Office Space-Rented	Good	RMB 5,180.00	October 31, 2025	At the end of contract, in the same condition, we have the priority right of renewal, lease and rent will be discussed by both parties .
Dormitory	Room 2201, Block 3, Zone 1, No. 26 Kerun Road, Chancheng District, Foshan City, Guangdong Province, China	Rented	Good	RMB 5,400.00	November 30, 2024	At the end of contract, in the same condition, we have the priority right of renewal, lease and rent will be discussed by both parties .
San Remo Taiwan (SRT)						
San Miguel Company Ltd. Taiwan Branch-Taipei	3F-3, No.167, Fusing N. Rd., Taipei, Taiwan (ROC)	Office Space-Rented	Good	NT\$143,800.00	April 15, 2025	At the end of contract , lease and rent will be discussed by both parties .
San Miguel Company Ltd. Taiwan Branch-Kaohsiung	No.305-6, Renlin Rd., Renwu Dist., Kaohsiung City 814, Taiwan (R.O.C.)	Office Space-Rented	Good	NT\$76,000.00	April 30, 2025	At the end of contract , lease and rent will be considered by landlord.
San Miguel Company Ltd. Taiwan Branch-Taichung	No.159, Shuwang Rd., Dali Dist., Taichung City 412, Taiwan (R.O.C.)	Office Space-Rented	Good	NT\$39,000.00	December 31, 2023	At the end of contract , lease and rent will be considered by landlord.
San Miguel Company Ltd. Taiwan Branch-North Region Warehouse	No. 34-88, Dahu Rd., Guishan Dist., Taoyuan City 333, Taiwan (R.O.C.)	Office Space-Rented	Good	NT\$216,460.00	March 31, 2024	Extend agreement 1 year automatically if no expression of intent from both parties
San Miguel China Investment Company Limited	Rooms 1213 and 1218, 12F, No. 1 Building, No. 12 Nongzhanguan South Road, Chaoyang District, Beijing China 100026	Office Space-Rented	Good	RMB 13,654.00	September 30, 2024	Renewable upon mutual agreement of both parties
San Miguel Baoding Brewery Company Limited						
San Miguel Baoding Brewery Company Limited	Shengli Street, Tianwei West Road, Baoding City, Hebei Province, China	Land-Rented	Good	Entire rent paid at the start of lease term	June 01, 2046	Renewable upon mutual agreement of both parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	San Miguel Baoding Brewery Company Limited	1-1-2601, Zhengyulvgu, Chaoyang North Street, Baoding City, Hebei Province, China	Office Space-Rented	Good	RMB 3,406.17	March 06, 2024	Renewable upon mutual agreement of both parties
	San Miguel Marketing Thailand Limited						
	North sales office	North Office 403/5 Lumpoon Road, Wadked, Amphor Muang, Lumpoon	Office Space-Rented	Good	THB 16,000.00	December 31, 2023	Renewable upon mutual agreement of both parties
	South sales office (Phuket)	14/4 Moo 4, Tambon Wichit Amphor Muang, Phuket	Office Space-Rented	Good	THB 23,157.90	December 31, 2023	Renewable upon mutual agreement of both parties
	South sales office (Samui)	44/38 Moo 1 Tambon Maenam, Amphur Koh Samui Suratthani	Office Space-Rented	Good	THB 21,052.63	December 31, 2023	Renewable upon mutual agreement of both parties
	Northeast sales office	44/50 Moo 3 Chataphadung Rd, Thumbon Naimuang, Amphur Muang Khonkean	Office Space-Rented	Good	THB 11,578.95	December 31, 2023	Renewable upon mutual agreement of both parties
	Pattaya sales office	263/91 Moo 12 Tambon Nongprue Banglamung Chonburi	Office Space-Rented	Good	THB 25,263.16	December 31, 2023	Renewable upon mutual agreement of both parties
	San Miguel Brewery Vietnam Limited						
	San Miguel Brewery Vietnam Ltd.	Quoc Lo 1, Suoi Hiep, Dien Khanh, Khanh Hoa	Land-Rented	Good	VND 44,185,733	November 12, 2024	Renewable upon mutual agreement of both parties
	Ho Chi Minh Sales Office	180 Nguyen Van Troi Street, Ward 8, Phu Nhuan District, Ho Chi Minh City	Office Space-Rented	Good	USD 8,774.70	March 31, 2025	Renewable upon mutual agreement of both parties
	Da Nang Sales Office	180 2/9 Street, Da Nang City, Vietnam	Office Space-Rented	Good	VND 28,000,000	October 05, 2026	Renewable upon mutual agreement of both parties
	Nha Trang Sales Office	60 D Tran Nhat Duat Phuoc Hoa Nha Trang	Office Space-Rented	Good	VND 26,000,000	March 31, 2026	Renewable upon mutual agreement of both parties
	Vung Tau Sales Office	80 Huyen Trang Cong Chua Ward 8, Vung Tau	Rented	Good	VND 7,700,000	June 30, 2025	Renewable upon mutual agreement of both parties
	Ho Chi Minh Warehouse	A75 Bach Dang Ward 2 Tan Binh District, TP.HCM, Vietnam	Rented	Fair	USD 1,280.00 + VND 4,000,000	May 09, 2025	Renewable upon mutual agreement of both parties
	Da Nang Warehouse	3rd Floor, 184 Tran Phu, Phuoc Ninh Ward, Hai Chau District, Danang	Rented	Fair	VND 8,500,000.00	April 24, 2025	Renewable upon mutual agreement of both parties
	Apartment	Apartment Room No. 403, 1/18 Nguyen Van Mai, Ward 4, Tan Binh District, HCMC	Rented	Good	VND 15,500,000	August 18, 2024	Renewable upon mutual agreement of both parties
	Apartment	305C/12 Nguyen Van Troi, Ward 01, Tan Binh District, TP.HCM, Vietnam	Rented	Good	USD 720	April 30, 2024	Renewable upon mutual agreement of both parties
	Apartment	Room 3846-Muong Thanh	Rented	Good	VND 7,000,000	April 12, 2024	Renewable upon mutual agreement of both parties
2	GINEBRA SAN MIGUEL, INC.						
	A. HEAD OFFICE						
	GSMI Office Space	3rd and 6th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Owned	Good			
	GSMI Office Space	5th Floor SMPC Bldg., St Francis Ave., Ortigas Center, Mandaluyong City	Rented	Good	1,134,194.28	August 31, 2024	Renewable upon mutual agreement of both parties
	B. NORTH LUZON						
	Plants						
	GSMI Sta. Barbara Plant (Land and Facilities)	Tebag West, Sta. Barbara, Pangasinan	Owned	Good			
	EPSBPI Cauayan Plant (Land and Facilities)	San Fermin, Cauayan, Isabela	Owned	Good			
	Warehouse/Sales Office						
	GSMI Cauayan Sales Office	327 Prenza Highway, San Fermin, Cauayan Isabela	Owned	Good			
	GSMI Pua Warehouse 1	Don Jose Canciller St., Cauayan City, Isabela	Rented	Good	488,748.00 (April 01, 2023 to June 30, 2023) 193,868.00 (July 01, 2023 to December 31, 2023)	December 31, 2023	Renewable upon mutual agreement of both parties
	Pua Warehouse 2	Don Jose Canciller St., Cauayan City, Isabela	Rented	Good	194,940.00	February 15, 2024	Short Term Lease Only

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Pua Warehouse 3	Don Jose Canciller St., Cauayan City, Isabela	Rented	Good	99,940.00	February 15, 2024	Short Term Lease Only
GSMI La Union Sales Office - Bauang	Disso-or Bauang La Union	Rented	Good	36,000.00	October 31, 2024	Renewable upon mutual agreement of both parties
GSMI San Fernando Sales Office	#162 Baliti 2000 City of San Fernando Pampanga	Rented	Good	475,000.00	December 31, 2024	Renewable upon mutual agreement of both parties
GSMI Lunec Warehouse 1	Brgy. Lunec, Malasiqui, Pangasinan	Rented	Good	256,000.00	January 31, 2024	Short Term Lease Only
GSMI Lunec Warehouse 2	Brgy. Lunec, Malasiqui, Pangasinan	Rented	Good	366,240.00	February 15, 2024	Short Term Lease Only
GSMI Lunec Warehouse 3	Brgy. Lunec, Malasiqui, Pangasinan	Rented	Good	366,240.00	February 29, 2024	Short Term Lease Only
GSMI Lunec Warehouse 4	Brgy. Lunec, Malasiqui, Pangasinan	Rented	Good	366,240.00	February 29, 2024	Short Term Lease Only
Depot						
GSMI Alcohol Depots #1 and #2	Brgy. Namonitan, Sto. Tomas (Damortis), La Union	Owned	Good			
Land						
GSMI Lingayen Property	Libsong East, Lingayen, Pangasinan	Owned	Good			
GSMI Olongapo Property	Sta. Rita, Olongapo City, Zambales	Owned	Good			
GSMI Minien West Sta. Barbara Property	Minien West, Sta. Barbara, Pangasinan	Owned	Good			
GMSI Maticmatic Sta. Barbara Property	Maticmatic, Sta. Barbara, Pangasinan	Owned	Good			
EPSBPI San Fermin Cauyan Isabela (TCT No.035-20230016340)	San Fermin, Cauyan, Isabela	Owned	Good			
EPSBPI San Fermin Cauyan Isabela (TCT No.035-2022007225)	San Fermin, Cauyan, Isabela	Owned	Good			
C. GMA						
Warehouse/Sales Office						
GSMI Pandacan Sales Office (Land and Facilities)	631 Tomas Claudio St. Zone 93 Barangay 865 1011 Pandacan NCR, City of Manila, First District Philippines	Owned	Good			
GSMI Sucat Parañaque Sales Office	#8380 Dr. A. Santos Avenue, BF Homes, Parañaque City	Owned	Good			
D. SOUTH LUZON						
Plants						
GSMI Lucena Plant (Land and Facilities)	Bgy. Gulang-gulang, Lucena City, Quezon	Owned	Needs Renovation			
EPSBPI Ligao Plant (Land and Facilities)	Km 503, Hacienda Mitra, Paulog, Ligao City, Albay	Owned	Good			
GSMI Cabuyao Plant (Land and Facilities)	Silangan Industrial Estate, Brgy. Pittland, Terelay Phase, Cabuyao, Laguna	Owned	Good			
Warehouse/Sales Office						
GSMI Ligao Sales Office	Km. 503, Hacienda Mitra, Brgy. Paulog, Ligao City, Albay 4504	Owned	Good			
EPSBPI Warehouse Extension	Km. 503, Hacienda Mitra, Brgy. Paulog, Ligao City, Albay 4504	Owned	Good			
GSMI Lucena Sales Office	Sales Office Building National Rd. Gulang-Gulang 4301 Lucena City (Capital) Quezon Philippines	Owned	Good			
GSMI Legazpi Warehouse 1	Barangay 42, Rawiz Legazpi City	Rented	Good	225,000.00	June 30, 2024	Renewable upon mutual agreement of both parties
GSMI Pagsanjan Sales Office	Sitio Ilaya Sabang 4008 Pagsanjan Laguna	Rented	Good	37,800.00	November 19, 2024	Renewable upon mutual agreement of both parties
Calamba Warehouse 1	Km#52 Bo. Lawa, Calamba, Laguna	Rented	Good	311,040.00	February 29, 2024	Short Term Lease Only
Calamba Warehouse 2	Km#52 Bo. Lawa, Calamba, Laguna	Rented	Good	427,680.00	February 29, 2024	Short Term Lease Only
Calamba Warehouse 3	Km#52 Bo. Lawa, Calamba, Laguna	Rented	Good	388,800.00	February 29, 2024	Short Term Lease Only
Calamba Warehouse 4	Km#52 Bo. Lawa, Calamba, Laguna	Rented	Good	388,800.00	February 29, 2024	Short Term Lease Only
Calamba Warehouse 5	Km#52 Bo. Lawa, Calamba, Laguna	Rented	Good	294,840.00	February 29, 2024	Short Term Lease Only

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Calamba Warehouse 6	Km#52 Bo. Lawa, Calamba, Laguna	Rented	Good	294,840.00	February 29, 2024	Short Term Lease Only
	Tabaco Warehouse 1	Brgy. San Carlos, Tabaco City, Albay	Rented	Good	252,000.00	February 29, 2024	Short Term Lease Only
	Tabaco Warehouse 2	Encinas Compound, Brgy. Pawa, Tabaco City, Albay	Rented	Good	200,000.00	February 29, 2024	Short Term Lease Only
	Depot						
	GSMI Cotta Depot	Francisco Ferdinand St., Teacher's Village, Bgy. Cotta, Lucena City	Owned	Good			
	GSMI Tabangao Depot (Land and Tanks)	Bgy. Tabangao, Aplaya, Batangas City	Owned	Good			
	GSMI Bauan Depot	San Pedro 4201 Bauan Batangas	Owned	Good			
	E. VISAYAS						
	Plants						
	GSMI Mandaue Plant (Land and Facilities)	Subangdaku, Mandaue City, Cebu	Owned	Good			
	DBI Alcohol Distillery (Land and Facilities)	Km 13.5, Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
	DBI Deepwell Sites (Land and Facilities)	Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
	Warehouse/Sales Office						
	GSMI Bago City Sales Office	Km 13.5, Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
	Distileria Bago, Inc. (Aged Alcohol Warehousing and Management)	Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
	GSMI Tacloban Sales Office	Purok 1 Brgy. 91 Maharlika Highway, Abucay Tacloban City	Rented	Good	33,928.57	October 31, 2024	Renewable upon mutual agreement of both parties
	GSMI Iloilo Sales Office	Brgy. Quintin Salas, Jaro, Iloilo City	Rented	Good	58,500.00	January 31, 2025	Renewable upon mutual agreement of both parties
	GSMI Nothern Samar Sales Office	Sitio Cabicalan Londres Allen, Northern Samar	Rented	Good	50,000.00	August 31, 2024	Renewable upon mutual agreement of both parties
	GSMI Goldmark Warehouse	T. Villa St. T. Padilla., Cebu City	Rented	Good	499,200.00	April 30, 2024	Renewable upon mutual agreement of both parties
	GSMI Lapu-lapu Warehouse	Firecrash, Bangkal, Lapu-lapu City	Rented	Good	500,000.00	February 29, 2024	Short Term Lease Only
	GSMI Mandaue Warehouse	P. Sanchez St., Brgy. Pagsabungan, Mandaue City	Rented	Good	613,200.00	March 31, 2024	Short Term Lease Only
	Depot						
	GSMI Ouano Alcohol Depot (Tank)	Ouano, Mandaue City	Owned	Good			
	Land						
	DBI Relocation Site	Brgy. Calumangan, Bago City, Negros Occidental	Owned	Good			
	DBI (160sq.m new acquisition)	Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
	GSMI Looc Land (Depot)	Mandaue Port, J. Cenniza St., Looc Mandaue City	Owned	Good			
	GSMI Bago Plant (Land)	Brgy. Calumangan, Bago City, Negros Occidental	Owned	Good			
	F. MINDANAO						
	Warehouse/Sales Office						
	GSMI Davao Warehouse and Sales Office	Brgy. Talomo, Ulas, Davao City	Owned	Good			
	GSMI Pagadian Sales Office	2nd flr., Nesoricom Prime Arcade, National Highway, Tiguma, Pagadian City	Rented	Good	17,894.74	November 30, 2024	Renewable upon mutual agreement of both parties
	GSMI Cagayan de Oro Sales Office	Limac Warehouse Diversion Road Bulua Zone 8 9000 Cagayan De Oro City	Rented	Good	115,416.00 (May 01, 2023 to April 30, 2024)	April 30, 2024	Renewable upon mutual agreement of both parties
	GSMI Davao Warehouse	SMC Compound, Ulas, Talomo District, Davao City	Owned	Good			
3	FOOD GROUP						
	Admin Office/Sales Office						
	Pasig Office - San Miguel Food and Beverage, Inc. (SMFB)	17F, 18F, 21F, 22F, 23F JMT Corporate Condominium Building, ADB Avenue, Ortigas Center, Pasig City	Owned	Good			
	Iloilo Office - Agro Industrial Cluster	Meliza St., Iloilo City	Owned	Good			
	Davao Region Office - Agro Industrial Cluster	2F, MPPP DavSur 2, Sitio Rambutan, Brgy. Darong, Sta.Cruz, Davao del Sur	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Admin Office and Feedmill/Processing Plant/Product Development Laboratory/Warehouse						
Cavite Admin Office and Magnolia Plant - Magnolia, Inc.	Governor's Drive, Bo. De Fuego, Gen. Trias, Cavite	Owned	Good			
Depok Office and Poultry Processing Plant - PT San Miguel Purefoods Indonesia	Jl. Raya Bogor Km. 37 Sukamaju, Cilodong, Depok, Indonesia	Owned	Good			
Tarlac Office, Feedmill and Warehouse - Feeds	Luisita Industrial Park, San Miguel, Tarlac City	Owned	Good			
Bataan Feedmills and Warehouse - Feeds	Mindanao Avenue, Corner 10th Ave. BEZ, Mariveles, Bataan City	Owned	Good			
Pasig Office and Product Development Laboratory - SMFI-Corporate	SMFG Cmpd., Legaspi cor. Eagle St., Ugong, Pasig City	Owned	Good			
Bacolod Warehouse - San Miguel Mills Inc.	Reclamation Area, Barangay Poblacion, Bacolod City	Owned	Good			
Isabela Feedmill and Warehouse - Feeds	Bo. Soyung, Echague, Isabela City	Owned	Good			
Bulacan Feedmill and Warehouse (San Ildefonso) - Feeds	Brgy. Malipampang San Ildefonso, Bulacan	Owned	Good			
Pangasinan Feedmill - Feeds	Brgy. Bued, Binalonan, Pangasinan City	Owned	Good			
Admin Office & Magnolia Poultry Processing Plant - SMFI - Poultry	SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
Marikina Processed Meats Plant (used as warehouse) - Purefoods-Hormel	JP Rizal St., Bo. San Roque, Marikina City	Owned	Good			
Camarines Sur Office - SMFI - AIC; Office, Quality Assurance Office, Magnolia Poultry Processing Plant, Cold Storage and Holding Room - SMFI - Poultry; Cold Storage - SMFI - Meats	Sta. Rita Industrial Estate, Sagurong, Pili, Camarines Sur	Owned	Good			
Isabela Sales Office & BMEG Isabela Plant - SMFI - Poultry	Soyung, Echague, Isabela	Owned	Good			
General Santos Office and Vetmed Hub - SMFI - Poultry	Bo. Makar, Calumpang, Gen. Santos City	Owned	Good			
Depot						
Cagayan De Oro Building - Magnolia	Victorian Freight Express Corp, Brgy. Cugman, Cagayan De Oro City	Owned	Good			
Pampanga Depot - Magnolia	Gloria 1, Sindalan, San Fernando Pampanga	Rented	Good	3,888,373.84	December 31, 2023	Renewable every year
Iloilo Depot - Magnolia	3M Dragon, Leganes St., Brgy Lupa Santa Barbara Iloilo	Rented	Good	1,986,000.00	December 31, 2023	Renewable every year
Consolacion Cebu Depot - Magnolia	Cebu-North Road, Tayud, Consolacion, Cebu	Rented	Good	3,048,251.32	December 31, 2023	Renewable every year
Cagayan De Oro Depot - Magnolia	Brgy. Cugman, Cagayan de Oro City	Rented	Good	3,234,698.45	December 31, 2023	Renewable every year
Bacolod Depot - Magnolia	Magsasay Cor Araneta Sts., Brgy. Singcang, Bacolod City	Rented	Good	1,649,901.40	December 31, 2023	Renewable every year
Farm/Hatchery						
Isabela Cattle Farm - Meats	3305 San Luis, Cauayan, Isabela City	Owned	Good			
Calamba Hatchery - Poultry	Brgy Licheria, Calamba City	Owned	Good			
Bataan Farm - Poultry	Brgy. General Lim, Orion, Bataan City	Owned	Good			
Bukidnon Hatchery - Poultry	Kapitan Bayong, Impasug-ong, Bukidnon City	Owned	Good			
Laguna Cattle Farm & R&D - SMFI - Meats; Office - SMFI - AIC	Brgy. Mabacan, Calauan, Laguna	Owned	Good			
Camarines Sur Magnolia Poultry Hatchery - SMFI - Poultry; SMFI - AIC	Brgy. San Juan, Baao, Camarines Sur	Owned	Good			
Magnolia Poultry Farm Davao Del Sur - SMFI - Poultry	Brgy Hagonoy Crossing, Hagonoy, Davao Del Sur	Owned	Good			

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Flourmill/Feedmill and Warehouse						
Iloilo Feedmill - Feeds	Brgy. Gua-an, Leganes, Iloilo	Owned	Good			
Mabini Flourmill - San Miguel Mills, Inc.	Brgy. Bulacan, Mabini, Batangas City	Owned	Good			
Tabangao Flourmill - San Miguel Mills, Inc.	Brgy. Tabangao, Batangas City	Owned	Good			
Bukidnon Feedmill - Feeds	Impalutao, Impasug-ong, Bukidnon City	Owned	Good			
Davao Feedmill and Warehouse- Feeds	Sitio Landing, Brgy. Darong, Sta. Cruz, Davao Del Sur	Owned	Good			
Pavia Iloilo Feedmill - SMFI - Feeds	Brgy. Mali-ao Pavia, Iloilo	Owned	Good			
Ormoc Feedmill - SMFI - Feeds	Brgy. Macabug, Ormoc City	Owned	Good			
Misamis Oriental Feedmill and Warehouse - SMFI - Feeds	Brgy. Gracia, Sitio Kivulda, Phividec, Tagoloan, Misamis Oriental	Owned	Good			
Mandaue Feedmill - SMFI - Feeds	JL. Ceniza St., Brgy. Looc, Mandaue City	Owned	Good			
General Santos Feedmill - SMFI - Feeds	San Miguel Purefoods Compound, Rivera St., Calumpang, General Santos City	Owned	Good			
Grain Terminal						
Mabini Bulk Grain Handling Terminal - San Miguel Mills, Inc. (GBGTC)	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas City	Owned	Good			
Land						
Mabini Land - SMFB	Brgy. Bulacan, Mabini, Batangas City	Owned	Good			
Pasig Land - San Miguel Mills, Inc. (GAC)	San Miguel Ave., Corner Tekkite Road, Pasig City	Owned	Good			
Bulacan Land - SMFI Feeds	Malipampang, San Ildefonso, Bulacan	Owned	Good			
Bacolod Land - SMMI	Reclamation Area, Barangay Poblacion, Bacolod City	Owned	Good			
Isabela Land - Feeds	Bo. Soyung, Echague, Isabela City	Owned	Good			
Iloilo Land - Feeds	Brgy. Gua-an, Leganes, Iloilo	Owned	Good			
Davao Land - SMFI - Feeds	Darong, Sta. Cruz, Davao	Owned	Good			
Catbalogan Property (Land & Building) - SMFI - SMIS	Brgy. 048 Payao, Catbalogan City, Samar	Owned	Good			
Cavite Property (Land) - Magnolia	Lot 1-E of Subdivision Plan (LRA), PSD-417836, Brgy. San Francisco, General Trias, Cavite	Owned	Good			
Processing Plant						
Binh Duong Processing Plant - San Miguel Purefoods (VN) Co., Ltd.	An Tay, Ben Cat, Binh Duong, Vietnam	Owned	Good			
Cavite Processed Meat Plant - Purefoods Hormel Company, Inc.	Bo. De Fuego, Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good			
Davao Processing Plant 2- SMFI - Poultry	Sitio Rambutan, Brgy. Darong, Sta. Cruz, Davao del Sur	Owned	Good			
Cavite Fresh Meat Processing Plant - Meats	Governor's Drive Bo. Langkaan 1, Dasmarinas Cavite City	Owned	Good			
Laguna Ice Cream Plant - Golden Food Management Inc. (GFMI)	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Owned	Good			
San Fernando Processing Plant - SMFI - Feeds	SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
Magnolia Poultry Processing Plant Pagbilao - SMFI - Poultry	Pagbilao, Quezon	Owned	Good			
Processing Plant and Cold Storage						
Mandaue Poultry Processing Plant and Cold Storage - Poultry	Riverside, Canduman, Mandaue City	Owned	Good			
Warehouse						
Sta. Rosa Warehouse - SMFI - SMIS	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa City, Laguna	Owned	Good			

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Admin Office						
Mandaluyong Office - San Miguel Food and Beverage, Inc.	40 San Miguel Ave., Mandaluyong City	Owned	Good			
Davao Office - Poultry	3rd Floor Alpha Bldg., Lanang Business Park, Lanang, Davao	Rented	Good	321,599.60	December 31, 2023	Preterminated the contract from August 31, 2025
Ho Chi Minh Office - SMPFVN	6F Mekong Tower, 235-241 Ward 13, Tan Binh, Ho Chi Minh City, Vietnam	Rented	Good	VND 38,646,597.17	July 31, 2025	Renewable every 5 years
Zamboanga Office - Agro Industrial Cluster	Don Alfonso Marquez Subd., MCLL Highway Tetuan Zamboanga City	Rented	Good	31,408.46	December 31, 2025	Renewable every 3 years
Bukidnon Office - Agro Industrial Cluster	Propia St., Malaybalay, Bukidnon	Rented	Good	147,321.43	January 31, 2025	Renewable every 2 years
Cagayan de Oro Office - Agro Industrial Cluster	Masterson Avenue Zone 13, Carmen, Cagayan de Oro	Rented	Good	408,727.23	June 30, 2024	Renewable every year
Dumaguete Office - Agro Industrial Cluster	Unit 1-C, JC Building, Ipil Road, Brgy. Daro, Dumaguete City	Rented	Good	34,186.12	October 30, 2024	Renewable every 5 years
Bacolod Office - Agro Industrial Cluster	NFCC Cybercentre Complex, Lacson Cr. Hernaez St., Bacolod City	Rented	Good	345,150.00	December 31, 2023	1 year (under TACIT RENEWAL until new rate is approved by Negros Sanguiang Panlalawigan)
C5 Pasig Office - SMFB, SMFI, PHC, Magnolia, Coffee, SMMI	100 E. Rodriguez Jr. Ave., C5 Road, Ugong, Pasig City	Owned	Good			
Tacloban Office - Agro Industrial Cluster	Unit 12, 2nd Floor Bldg. B, Metrobank Center, Juan Luna St., Brgy. Poblacion, Palo, Leyte	Rented	Good	53,204.45	October 21, 2028	Renewable every 5 years
Ormoc Office - Agro Industrial Cluster	AW Square 3rd/F R#3F Cor. Real & San Vidal St., Ormoc City	Rented	Good	32,340.00	November 30, 2024	Renewable every 4 years
Central Luzon Office - Agro Industrial Cluster	SMPFC Region Office, SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
Admin Office and Cold Storage/Processing Plant/Warehouse						
Butuan Office and Cold Storage - Agro Industrial Cluster and Poultry	Km 9 Tag-ibo Butu-an City	Rented	Good	11,127.16 (Office) 449,450 (Processing Plant) 228,920 (Cold Storage) 220,530 (Holding Room)	December 31, 2025 (Office - AIC) December 31, 2025 (Cold Storage - Poultry)	Negotiations for the renewal shall commence six (6) months before expiry date. The decision to renew or not to renew should be made by the parties within a period not exceeding three (3) months from date of expiry
Misamis Occidental Office and Cold Storage - Agro Industrial Cluster and Poultry	Mailen, Clarin, Misamis Occidental	Rented	Good	133,090 (Cold Storage) 250,027 (Holding room) 14,946.00 (Office)	December 31, 2025	-Renewable every 3 years (Office) -6 months before expiry date. The decision to renew or not to renew should be made by the parties within a period not exceeding three (3) months from date of expiry (Cold Storage & Holding Room)
Cebu Office, Laboratory & Cold Storage - Poultry	Brgy. Pangdan, Naga City, Cebu	Rented	Good	39,200.00 (Office and Laboratory) 3,781,750 (Cold Storage & Warehouse)	January 31, 2025	Renewable every 3 years
Mandaue Warehouse and Cold Storage - Poultry	Lot 2459-B1&B2 Batiller Street, Barangay Umapad, Mandaue City	Rented	Good	654,740.00	Continuing unless terminated and agreed by both parties	Ongoing renewal
JM1 Farm - SMFI - Meats	Brgy. Kalasungay, Malaybalay City	Rented	Good	650,000.00	August 31, 2025	Renewable upon mutual agreement of both parties
Cold Storage						
Misamis Oriental Dressing Plant (Processing, Cold Storage, Holding Room) Poultry	Mohon Tagoloan Misamis Oriental	Rented	Good	422,620.00	September 30, 2025	The Lessee maybe pre-terminate the Contract without cause by giving 60 days prior written notice to the Lessor
Misamis Oriental Cold Storage - Meats	Sta. Ana, Tagoloan, Misamis Oriental	Rented	Good	118,552.00	Continuing unless terminated and agreed by both parties	Renewed upon the expiry of its contract term for the like period(s) under the same terms and conditions, except as may be otherwise agreed by the parties in writing

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Palawan Cold Storage - Poultry	Abara Road, Brgy. San Pedro, Puerto Princesa City, Palawan	Rented	Good	388,080.00	December 31, 2024	Renewable every 2 years
	Negros Oriental - Cold Storage & Processing Plant - Poultry	Sra Ascion, San Jose, Negros Oriental	Rented	Good	2,433,370.00	October 28, 2024	Renewable every 3 years
Cold Storage and Blast Freezing Facility/Holding Room/Laboratory/Warehouse/Processing Plant/Mixes Storage/Office							
	Bulacan Cold Storage and Holding Room - Poultry	#95 Landicho St., Brgy. Balasing, Sta. Maria, Bulacan	Rented	Good	180,928 (Cold Storage) 184,667 (Holding room)	May 31, 2025	Renewable every 3 years
	Pampanga Cold Storage & Selling Station- SMFI - Meats & Mixes Storage - Poultry	888 Quezon Rd, Brgy. San Isidro, San Simon, Pampanga	Rented	Good	1,967,612.59 (Cold Storage) 51,785.71 (Selling Station) 30,140 (Mixes Storage)	December 31, 2024 (Cold and Mixes Storage) June 30, 2024 (Selling Station)	Renewable upon mutual agreement of both parties
	Leyte Cold Storage and Office and Labatory - Poultry	Brgy. Antipolo, Albuera, Leyte	Rented	Good	1,637,614.00 (Cold Storage) 35,000.00 (Office and Labatory)	Extension memo up to Feb 29, 2024	Renewable every 3 years
	Bulacan Cold Storage, Holding Room and Laboratory & Liquidator's Office- SMFI - Poultry	Brgy. Caysio, Sta. Maria, Bulacan	Rented	Good	2,831,846 (Cold Storage) 1,392,985 (Holding Room) 55,033(Laboratory) 9,750 (Office)	February 28, 2025	Renewable every 3 years
	La Union Cold Storage, Holding Room and Laboratory - Poultry	Brgy. Rabon, Rosario, La Union 2506	Rented	Good	2,183,379 (Cold Storage & Holding Room) 72,081.00 (Laboratory)	September 30, 2026	Renewable every 3 years
	Pampanga Cold Storage, Holding Room and Labatory - SMFI - Poultry	Brgy. San Isidro, San Simon, Pampanga	Rented	Good	731,185 (Cold Storage) 317,853.00 (Holding Room) 49,090.00 (Labatory)	July 08, 2025	Renewable every 5 years
	Tarlac Cold Storage, Holding Room and Laboratory - Poultry	Brgy. San Nicolas Balas, Concepcion, Tarlac 2316	Rented	Good	1,810,069.00 (Cold Storage) 1,211,826.00 (Holding Room) 37,882.07 (Laboratory)	December 31, 2024	Renewable every 3 years
	Bataan Cold Storage and Holding Room - Poultry	Brgy. Tumalo, Hermosa, Bataan	Rented	Good	2,880,950 (Cold Storage) 1,327,480.00 (Holding Room) 28,764.14 (Labatory)	December 31, 2024	Renewable every 3 years
	Nueva Ecija Cold Storage, Holding Room and Labatory- SMFI - Poultry	Km104, Brgy Tabuating, San Leonardo, Nueva Ecija	Rented	Good	693,070 (Cold Storage) 914,660.00 (Holding Room) 28,570.00 (Labatory)	March 09, 2024	Renewable every 3 years
	Iloilo Cold Storage and Processing Plant - Poultry	Barangay Tungay, Sta. Barbara, Iloilo	Rented	Good	902,691.69 (Cold storage) 474,483.96 (Processing plant)	December 31, 2023	Renewable every 3 years
	Negros Oriental Cold Storage and Processing Plant - Poultry	Bolocboloc Sibulan Negros Oriental	Rented	Good	1,818,600	October 31, 2024	Renewable every 3 years
	Negros Occidental Processing Plant and Cold Storage & Laboratory - Poultry	Hda Binunga. Brgy Guinhalaran, Silay City, Negros Occidental	Rented	Good	395,541.76 (Processing Plant) 794,134.38 (Cold Storage)	December 31, 2024	Renewable upon mutual agreement of both parties
	El Salvador Processing Plant; Cold Storage; Holding Room - SMFI Poultry	Upper Linabo, Brgy. Cogon, El Salvador City	Rented	Good	2,121,510 (Cold Storage) 453,490 (Holding room)	March 3, 2026	6 months before expiry date. The decision to renew or not to renew should be made by the parties within a period not exceeding three (3) months from date of expiry
	Tacloban Cold Storage and Warehouse - SMFI - Poultry	Brgy. Diit, Maharlika Highway, Tacloban City, Leyte	Rented	Good	2,755,200	December 31, 2023	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Foreshore						
Mabini Bulk Grain Handling Terminal Foreshore - GBGTC	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas	Rented	Good	373,949.14	February 28, 2025	Lease may be renewed for another 25 years at the option of the DENR
Mabini Foreshore - San Miguel Mills, Inc.	Brgy. Bulacan, Mabini, Batangas	Rented	Good	49,089.06	Continuing unless terminated and agreed by both parties	Lease may be renewed for another 25 years at the option of the DENR
Tabangao Foreshore - San Miguel Mills, Inc.	Brgy. Tabangao, Batangas	Rented	Good	9,648.63	August 22, 2024	Lease may be renewed for another 25 years at the option of the DENR
Land						
Mabini Bulk Grain Handling Terminal (Land only) - GBGTC	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas	Owned	Good			
Pangasinan Feedmill (Land only) - Feeds	Brgy. Bued, Binalonan, Pangasinan	Owned	Good			
Mabini Flourmill (Land Only) - San Miguel Mills, Inc.	Brgy. Bulacan, Mabini, Batangas	Owned	Good			
Bataan Farm (Land only) - Poultry	Brgy. General Lim, Orion, Bataan	Owned	Good			
Bataan Feedmill (Land only) - Feeds	Mindanao Avenue, Corner 10th Ave. BEZ, Mariveles, Bataan	Rented	Good	1,323,435.00 (Plant 1) 842,267.78 (Plant 2) 906,560.73 (Extension warehouse)	31-Dec-2054 (Plant 1) 31-Mar-2041 (Plant 2) 31-Mar-2041 (Extension Warehouse)	Renewable upon mutual agreement of both parties
Cebu Land - San Miguel Mills, Inc.	P. Rodriguez Street & Dad Cleland Road, Poblacion, Lapu-Lapu, Cebu	Rented	Good	Jan-June : 4,042,478.91 July -Dec : 4,244,602.85	May 31, 2031	Renewable upon mutual written agreement of the parties
Pasig Office (Land Only) - San Miguel Foods, Inc. - Corporate	SMFG Cmpd., Legaspi cor. Eagle St., Ugong, Pasig	Owned	Good			
Laguna Ice Cream Plant (Land Only) - GFMI	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Owned	Good			
Ready-to-Eat Plant (Land Only) - Great Food Solutions	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Owned	Good			
Bulacan Feedmill (Land Only) - SMFI - Feeds	Brgy. Malipampang San Ildefonso, Bulacan	Owned	Good			
Davao Land - SMFI - Feeds	Sitio Landing, Brgy. Darong , Sta. Cruz, Davao Del Sur	Owned	Good			
Processing Plant						
Lipa Dressing Plant - Poultry	Brgy Kayumanggi, Lipa	Rented	Good	1,040,110.00	August 31, 2024	Renewable upon mutual agreement of both parties
Puerto Princesa Dressing Plant - Poultry	Brgy Tagburos, Puerto Princesa	Rented	Good	22,400.00	December 31, 2024	Renewable every 2 years
Lucena Processing Plant - Poultry	Brgy. Bocohan, Lucena	Rented	Good	1,534,600.00	June 30, 2024	Renewable every 3 years
Isabela Processing Plant and Laboratory - SMFI - Poultry	Garit Sur, Echague Isabela	Rented	Good	3,516,289 (Processing Plant) 40,765.18 (Laboratory)	March 15, 2024	Renewable every 3 years
Davao City Processing Plant -Poultry	R.Castillo, Davao City	Rented	Good	397,423.89	Continuing unless terminated and agreed by both parties	Continuing unless terminated and agreed by both parties
Rizal Processing Plant - Poultry	#1 Sitio Kapatagan, Brgy. Pinugay, Baras, Rizal	Rented	Good	291,326.19	December 31, 2024	Renewable every year
Batangas Processing Plant - Poultry	Brgy Aya, San Jose, Batangas	Rented	Good	3,314,850.00	December 31, 2023	Renewable upon mutual agreement of both parties
South Cotabato Processing Plant - Meats	Purok 3, Brgy. Glamang, Polomolok, South Cotabato	Rented	Good	208,272.87	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of both parties
Marawoy Lipa Processing Plant - Meats	A.Tanco Drive, Brgy . Marawoy , Lipa City, Batangas	Rented	Good	132,959.49	December 31, 2025	Renewable upon mutual agreement of both parties
Tacloban Processing Plant - Poultry	Brgy. 69 Anibong, Tacloban City	Rented	Good	132,000.00	December 31, 2023	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Sales Office						
Iloilo Office - San Miguel Integrated Sales	Orbe St., Brgy. Baybay Norte, Miag-ao, Iloilo	Rented	Good	8,928.57	June 30, 2028	Renewable upon mutual agreement of both parties
Sales Office and Cold Storage/Laboratory/Warehouse						
Pangasinan Office and Warehouse - SMFI - Poultry	GTL Compound, San Vicente, San Jacinto, Pangasinan, 2431	Rented	Good	25,000.00 (Office) 15,000.00 (Warehouse)	31-Dec-2023 (Office, Warehouse)	Renewable every year
Warehouse						
LSL Multi-Serve-Managed Warehouses - Feeds	Bay 6 Everland Agri Corp., Km. 12, Sasa, Davao City; Km. 11, Sasa, Davao	Rented	Good	754,285.71	December 31, 2023	Renewal every one year
Pangasinan Warehouse - Feeds	Carmen East, Rosales, Pangasinan	Rented	Good	1,547,212.80	December 31, 2023	Renewable every year
MMIJOE-Managed Warehouses - Feeds	Diversion Rd., Buhangin, Davao City; Km 10, Sasa, Davao City	Rented	Good	865,632.14	December 31, 2023	Renewable every year
SMCSL-Managed Warehouses - Feeds	Manila; Bataan; Batangas; Camarines Sur; Cebu; Iloilo; Bacolod; Cagayan de Oro; Ozamiz; Bukidnon; General Santos; Zamboanga; Davao	Rented	Good	47,680,963.51	December 31, 2023	Renewable upon mutual agreement of both parties
D Meter-Managed Warehouses - Feeds	Cristo Rey Capas, Tarlac 2315; Claro Castaneda St, Brgy. Namayan, Mandaluyong City	Rented	Good	1,679,546.96	December 31, 2023	Renewable upon mutual agreement of both parties
Tarlac Warehouse - Feeds	Mabini, Moncada, Tarlac	Rented	Good	504,128.80	December 31, 2023	Renewable every year
Camarines Sur Warehouse - Feeds	Santiago, Pili, Camarines Sur	Rented	Good	273,240.00	December 31, 2023	Renewable every year
Pangasinan Warehouse - Feeds	Urdaneta, Pangasinan	Rented	Good	1,886,640.00	December 31, 2023	Renewable every year
Mandaluyong Warehouse - Feeds	979 C. Castaneda Street, Mandaluyong City Metro Manila	Rented	Good	198,000.00	Continuing unless terminated and agreed by both parties	As mutually agreed upon between parties. Should the parties continue their relations upon expiry of term without the parties having executed a written renewal, the Contract shall subsist on a month to month basis.
Camarines Sur Warehouse - Feeds	Brgy. San Jose, Pili, Camarines Sur	Rented	Good	972,787.20	December 31, 2023	Renewable every year
Parañaque Warehouse - AIC, SMIS and Great Food Solutions	Pacific Coast Plaza Building, 1st Villamor Street, Parañaque	Rented	Good	59,423.29 (AIC) 149,629.7 (SMIS) 24,433.47 (GFS)	December 31, 2024	Mutually be agreed upon between the parties.
Tarlac Warehouse - Feeds	Brgy. Estrada Capas, Tarlac	Rented	Good	1,002,400.00	December 31, 2023	Renewable every year
Laguna Warehouse - Poultry	Denson Whse, Brgy Parian, Calamba, Laguna	Rented	Good	1,142,350.00	July 31, 2024	Renewable every year
Calamba Warehouse - Poultry	Prinza, Calamba, Laguna	Rented	Good	203,400.00	December 31, 2023	Continuing unless terminated and agreed by both parties
Isabela Warehouse - SMFI - Feeds	Bo. Soyung, Echague, Isabela	Rented	Good	882,028 (Jan-Apr) 1,260,924 (May-Jul) 838,236 (Aug-Dec)	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of both parties
Paranaque Warehouse - SMMI	8380 Dr. A. Santos Avenue, Barangay BF Homes, Parañaque City	Owned	Good			
Samar Warehouse-SMMI	Catbalogan Samar	Owned	Good			
Bulacan Warehouse - SMFI - Feeds	Cagayan Valley Rd, Brgy. Matimbubong, San Ildefonso, Bulacan	Rented	Good	784,000.00	December 31, 2023	Renewable upon mutual agreement of both parties
Batangas Warehouse - SMFI - Feeds	Brgy. Balibaguan, Mabini Batangas	Owned	Good			
Bacolod Warehouse - SMFI - Feeds	Lot 1 Bredco Port, Brgy. Poblacion, Bacolod City	Owned	Good			
Gen. Santos Warehouse - SMFI - Feeds	Labangal, General Santos City	Rented	Good	361,600.00	December 31, 2023	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
PACKAGING BUSINESS						
A. DOMESTIC						
1 SAN MIGUEL YAMAMURA PACKAGING CORPORATION						
SMYPC Main Office, SMYPC Trading and SMYPC Contract Packaging						
Building / Office Space	San Miguel Properties Centre, Saint Francis St., Mandaluyong City	Owned	Good			
SMYPC Rightpak Plant, SMYPC Canlubang PET & Caps Plant, SMYPC MCLP Canlubang Plant and SMYPC Leasing Operations						
Land	Canlubang Industrial Estate, Canlubang, Laguna	Owned	Good			
SMYPC Cebu Beverage Packaging Plant, SMYPC Cebu Glass Plant and SMYPC MCLP Mandaue Plant						
Land	SMC Mandaue Complex, Hi-way, Tipolo, Mandaue City, Cebu	Owned	Good			
SMYPC MCLP Mandaue						
Warehouse - SMC	SMC Mandaue Complex, Hi-way, Tipolo, Mandaue City, Cebu	Owned	Good			
Warehouse - Brewery	SMC Mandaue Complex, Hi-way, Tipolo, Mandaue City, Cebu	Owned	Good			
SMYPC Cebu Beverage Packaging Plant & SMYPC Cebu Glass Plant						
Warehouse	SMC Wharf, Tipolo, Mandaue City, Cebu	Owned	Good			
SMYPC Cebu Glass Plant						
Warehouse	Quano Wharf, Mandaue City	Owned	Good			
Warehouse	GSK, Jagobiao, Mandaue City	Rented	Good	2,831,940.00	December 31, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
Warehouse	LDGP, Tayud, Consolacion	Rented	Good	453,065.00	October 14, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
Warehouse	Bassett Land, Tayud, Consolacion	Rented	Good	155,520.00	April 25, 2024	Plan to renew until April 25, 2025
Warehouse	CBPP, SMC Complex, Mandaue City	Owned	Good			
SMYPC San Fernando Bev. Packaging Plant						
Land and Warehouse	Brgy. Maimpis, City of San Fernando, Pampanga (Gate 2, SMC PET Plant)	Owned	Good			
SMYPC Pet Recycling Plant and SMYPC MCLP San Fernando Plant						
Land	SMC San Fernando Complex, Quebiauan, San Fernando City	Owned	Good			
SMYPC Manila Glass Plant						
Land	Muelle dela Industria St., Binondo, Manila City	Owned	Good			
Warehouse	San Fernando Brewery, San Fernando, Pampanga	Owned	Good			
Warehouses 1, 2 & 3	No. 35 Calle Malusak, San Pablo, Malolos City, Bulacan	Rented	Good	881,684.70	June 30, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
Warehouses	No.10 T. Santiago St., Plastic City Compound, Canumay, Valenzuela City	Rented	Good	340,200.00	December 31, 2023	For renewal for 6 mos period only (Jan-Jun2024)
Warehouse Extension 2	Mabalas Brgy Calulut San Fernando Pampanga	Rented	Good	507,500.00	April 30, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
Warehouse Extension 3	Mabalas Brgy Calulut San Fernando Pampanga	Rented	Good	261,000.00	April 30, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
SMYPC Glass Business Office						
Land	Barrio Halayhay, Tanza, Cavite	Owned	Good			
SMYPC Manila Plastics Plant						
GTU Warehouse	2068 B Candido St. Mapulang Lupa, Valenzuela City	Rented	Good	1,252,650.24	May 31, 2025	Renewable for a period in accordance with the mutual written agreement of both parties
Bocau Warehouse (Ecostorage)	#276 Boontown Industrial Park Brgy. Tambobong, Bocau , Bulacan	Rented	Good	525,000.00	September 30, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
MCLP Warehouse	MCLP warehouse ,Canlubang Laguna	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	SMYPC MPP Cebu Operations						
	Warehouse	Mandaue Cebu	Owned	Good			
	Warehouse	SMC Wharf, Tipolo, Mandaue City, Cebu	Owned	Good			
	Warehouse Rental of Bassette Land	Sitio Bangkerohan, Tayud, Consolacion	Rented	Good	620,978.40	December 31, 2023	Renewable for a period in accordance with the mutual written agreement of both parties > With renewal of contract for BPG Processing Jan 01, 2024 to Dec 31, 2024)
	SMYPC SMY Glass Plant						
	Land	Km 27, Aguinaldo Highway, Imus, Cavite	Owned	Good			
	Land & Warehouse	Canlubang Industrial Estate, Canlubang, Laguna	Owned	Good			
	Warehouse	Quezon Road, San Simon, Pampanga	Rented	Good	963,424.00	March 31, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
	Warehouse	Tagoloan, Misamis Oriental	Owned	Good			
	Springfield Warehouses	Sitio Pantay, Brgy. Maguyam, Silang Cavite	Rented	Good	2,226,056.00	June 04, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
	STMI	Km 52 Bo Lawa, Calamba Laguna	Rented	Good	2,959,875.00	April 15, 2024	Renewable for a period in accordance with the mutual written agreement of both parties
2	SMC YAMAMURA FUSO MOLDS CORPORATION	Governor Dr., Bo. De Fuego, Bgy. San Francisco, Gen. Trias, Cavite	Owned	Good			
3	MINDANAO CORRUGATED FIBREBOARD, INC.						
	Land	Km 12 Sasa, Davao City	Owned	Good			
4	CAN ASIA, INC.						
	Land	Bgy. San Francisco de Malabon, Gen. Trias, Cavite	Owned	Good			
	B. INTERNATIONAL						
5	SAN MIGUEL YAMAMURA PACKAGING INTERNATIONAL LTD. AND SAN	9/F Citimark Building, 28 Yuen Shun Circuit, Siu Lek Yuen, Shatin, N.T. Hongkong, PRC	Owned	Good			
6	ZHAOQING SAN MIGUEL YAMAMURA GLASS COMPANY LTD.						
	Plant	12 North Avenue, Housha St., Zhaoqing City Guangdong Province, PRC	Land Use Rights	Good			
	Warehouse	Duanzhou Science and Technology Industrial Area, Zhaoqing City	Rented	Good	518,720.45	January 31, 2026	Negotiation by both parties
	Warehouse	Duanzhou seven road and Mugang South Road interchange,Zhaoqing City	Rented	Good	319,606.35	March 12, 2024	Negotiation by both parties
	Warehouse	Duanzhou district Taihe Road Junfu Industrial Park third building four, Zhaoqing City	Rented	Good	699,152.56	October 31, 2025	Negotiation by both parties
7	FOSHAN SAN MIGUEL YAMAMURA PACKAGING COMPANY LTD.	3 Dongdi Road, Junan Township, Guangdong Province, PRC	Land Use Rights	Good			
8	SAN MIGUEL YAMAMURA HAIPHONG GLASS COMPANY LTD.	17-A Ngo Quyen St., Ngo Quyen District, Haiphong City, Vietnam	Land Use Rights	Good			
9	SAN MIGUEL YAMAMURA PHU THO PACKAGING COMPANY LTD.	1 Le Van Khuong Street, Hiep Thanh Ward, District 12, Ho Chi Minh City, Vietnam	Land Use Rights	Good			
10	SAN MIGUEL YAMAMURA PLASTICS FILMS SDN. BHD.	No. 172, Jalan Usaha 5, lots 83, 84, 85, 75, 76 Ayer Keroh Industrial Estate, 75450 Melaka, Malaysia	Owned	Good			
11	SAN MIGUEL YAMAMURA PACKAGING AND PRINTING SDN. BHD. AND PACKAGING RESEARCH CENTRE SDN. BHD.	Lot 5078 and 5079, Jalan Jenjarum 28/39, Seksyen 28, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia	Owned	Good			
12	SAN MIGUEL YAMAMURA WOVEN PRODUCTS SDN. BHD.						
	Office Space	Lot 9 and 10, Jalan Usuha 4, Ayer Keroh Industrial Estate, 75450 Melaka, Malaysia Lot 4305, Jalan Usaha 8, Ayer Keroh Industrial Estate, 75450 Melaka, Malaysia	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Plant	Lot 75, Jalan Usaha 5, Ayer Keroh Industrial Estate, 75450 Melaka	Rented	Good	MYR 22,932.00	December 31, 2024	The tenancy will automatically renew every 2 years for 5 consecutive terms subject to early termination.
	Warehouse	Lot 4320, Jalan Usaha 6, Ayer Keroh Industrial Estate, 75450 Melaka, Malaysia	Rented	Good	MYR 6,800.00	March 30, 2024	In the event that the Tenant is desirous of extending the period of Tenancy herein created, the Landlord shall upon receipt of a written request from the Tenant made not less than three (1) month before expiration of the term hereby created, at the expense of the Tenant, grant to the Tenant a tenancy of the Premises for a further term of one (1) year from the expiration of the Term (the "Renewal Term").
	Warehouse	83, Jalan Usaha 6, Kawasan Perindustrian Air Keroh, 75450 Melaka, Malaysia	Rented	Good	MYR 9,500.00	February 28, 2025	In the event that the Tenant is desirous of extending the period of Tenancy herein created, the Landlord shall upon receipt of a written request from the Tenant made not less than three (1) month before expiration of the term hereby created, at the expense of the Tenant, grant to the Tenant a tenancy of the Premises for a further term of one (1) year from the expiration of the Term (the "Renewal Term").
13	INSA ALLIANCE SDN. BHD.						
	Office Space	Plo 64 & Plo 65, Jln Kejuteraan 4, Kaw. Perindustrian, Jln Genuang, 85000 Segamat, Johor.	Owned	Burnt in fire			
	Plant	Plo 64 & Plo 65, Jln Kejuteraan 4, Kaw. Perindustrian, Jln Genuang, 85000 Segamat, Johor.	Owned	Burnt in fire			
	Warehouse	Plo 136, Jln Kejuteraan 4, Kaw. Perindustrian, Jln Genuang, 85000 Segamat, Johor.	Owned	Good			
	Plant	PT 3197, Jalan TP 3, Taman Perindustrian Bukit Rambai Fasa 6, 75260 Melaka.	Rented	Good	MYR 35,000.00	March 31, 2026	Renewable upon mutual agreement of both parties
14	SAN MIGUEL YAMAMURA AUSTRALASIA						
	Office	1 Culverston Road, Minto NSW, Australia	Rented	Good	AUD 161,592.00	July 31, 2027	Renewable upon mutual agreement of both parties
	Production	21 Huntsmore Road, Minto NSW, Australia (Unit 1)	Rented	Good	AUD 24,873.00	July 31, 2027 - Unit 1	Renewable upon mutual agreement of both parties
	SMYC PTY LTD						
	Warehouse	117-121 Lewis Rd, Knoxfield, Victoria	Rented	Good	AUD 95,781.00	September 07, 2031	Renewable upon mutual agreement of both parties
	Warehouse	Warehouse 5, Acacia Link Industrial Estate, 25 Industrial Crescent, Willawong, Queensland	Rented	Good	AUD 35,981.00	October 31, 2027	Renewable upon mutual agreement of both parties
	Warehouse	30-32 Rosberg Rd, Wingfield, South Australia	Rented	Good	AUD 49,172.00	June 18, 2027	Renewable upon mutual agreement of both parties
	Warehouse	52 McDowell Street Welshpool, Western Australia	Rented	Good	AUD 39,878.00	September 30, 2024	Renewable upon mutual agreement of both parties
	Warehouse	22 Kinta Drive, Beresfield, Newcastle	Rented	Good	AUD 7,917.00	November 30, 2024	Renewable upon mutual agreement of both parties
	Warehouse	10-12 Linear Court, Derwent Park, Tasmania	Rented	Good	AUD 15,435.00	November 16, 2023	Renewable upon mutual agreement of both parties
	SMYP PTY LTD						
	Plant	21 Huntsmore Road, Minto NSW, Australia (Unit 2)	Rented	Good	AUD 30,851.00	July 31, 2027	Renewable upon mutual agreement of both parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Warehouse	21 Huntsmore Road, Minto NSW, Australia (Unit 3)	Rented	Good	AUD 32,048.00	July 31, 2030	Renewable upon mutual agreement of both parties
	Plant	114-118 Talinga Road, Cheltenham, Victoria	Rented	Good	AUD 83,333.00	January 01, 2028	Renewable upon mutual agreement of both parties
	Plant	160 May Terrace Ottoway, South Australia	Rented	Good	AUD 52,235.00	October 17, 2026	Renewable upon mutual agreement of both parties
	Plant	160 May Terrace Ottoway, South Australia	Rented	Good	AUD 27,206.00	November 01, 2026	Renewable upon mutual agreement of both parties
	Plant	Lionels Vineyard, Payne Road Jindong, Western Australia (Margaret River)	Rented	Good	AUD 31,104.00	July 01, 2029	Renewable upon mutual agreement of both parties
	SMYV PTY LTD						
	Plant/Office	34-38 Aldershot Road, Lonsdale South Australia	Owned	Good			
	Barossa Bottling Pty Ltd						
	Plant/Office	Lot 147, Sturt Highway, Nuriootpa, South Australia	Rented	Good	AUD 44,278.00	February 01, 2031	Renewable upon mutual agreement of both parties
	SMYBB Pty Ltd						
	Plant/Office	463-469 Cowra Avenue, Mildura, Victoria	Rented	Good	AUD 24,468.00	July 31, 2027	Renewable upon mutual agreement of both parties
	Plant/Office	487-501 Cowra Avenue, Mildura, Victoria	Owned	Good			
	Plant/Office	503-513 Cowra Avenue, Mildura, Victoria	Rented	Good	AUD 29,855.00	May 16, 2025	Renewable upon mutual agreement of both parties
	Plant	Port Adelaide Distribution Centre 25-91 Bedford Road Gillam SA	Rented	Good	AUD 26,706.00	July 06, 2025	Renewable upon mutual agreement of both parties
	Plant	Warehouse 02, 95 South Gippsland Highway, Dandenong South, Victoria	Rented	Good	AUD 79,991.00	April 27, 2026	Renewable upon mutual agreement of both parties
	SMYJ Pty Ltd						
	Plant/Office	50 Bond Street Mordialloc Victoria	Rented	Good	AUD 36,513.00	July 10, 2024	Renewable upon mutual agreement of both parties
	Plant/Office	48 Bond Street Mordialloc Victoria	Rented	Good	AUD 21,759.00	July 29, 2025	Renewable upon mutual agreement of both parties
15	COSPAK LIMITED	27 Ross Reid Place, East Tamaki, Auckland, New Zealand	Rented	Good	NZD 138,307.71	July 31, 2026	Renewable upon mutual agreement of both parties
16	FOSHAN NANHAI COSPAK PACKAGING COMPANY LIMITED	Beijia Team of Niande Village Committee, Nanfeng Road, Leping Town, Sanshui District, Foshan City, Guangdong Province, PRC	Rented	Good	¥ 63,275	October 31, 2024	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
FUEL AND OIL BUSINESS						
1 PETRON CORPORATION						
Refinery and Powerplant						
Petron Bataan Refinery	Petron Bataan Refinery, Limay, Bataan	Owned	Good			
Power Plant (Units 1, 2, 3 and 4)	Brgy. Lamao, Limay, Bataan	Owned	Good			
Polypropylene Plant	PNOC-AFC Petrochemicals Estate Barangay Batangas Dos Mariveles, Bataan	Owned	Good			
Metro Manila and Manufacturing						
Terminal (Navotas)	PFDA CMPD., Navotas, M.M.	Rented Except Building & Facilities	Good	1,450,558.33	Aug 26, 2039	Renewable upon mutual agreement of both parties
Terminal (Rosario)	Gen. Trias, Rosario, Cavite	Rented Except Building & Facilities	Good	268,013.66	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Terminal (Pandacan)	Jesus St., Pandacan, Manila	Rented Except Building & Facilities	Good	1,812,664.86	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Terminal (SLHBTC)	Tondo, Manila	Owned	Good			
Lube Oil Manufacturing Plant	Block 12 and Pipeline Row, Harbour Centre, North Harbor, Tondo, Manila.	Owned	Good			
Lube Oil Manufacturing Plant	Block 13, Harbour Centre, North Harbor, Tondo, Manila	Owned	Good			
Airport Installations	Laoag Airport Installation, Laoag Airport, Brgy. Araniw, Laoag City	Rented Except Building & Facilities	Good	3,180.00	October 31, 2029	Renewable upon mutual agreement of both parties
Airport Installations	NAIA Airport Installation (Petron) & JOCASP, JOCASP Compound, NAIA Complex, Pasay City	Rented Except Building & Facilities	Good	833,133.46	December 31, 2035	Renewable at the option of the lessee
Luzon Operations						
Terminal (Palawan)	Brgy. Masipag, Puerto Princesa City	Rented Except Building & Facilities	Good	173,643.75	November 30, 2024	Renewable at the option of the lessee
Terminal (Palawan)	Parola, Brgy. Maunlad, Puerto Princesa City, Palawan	Rented Except Building & Facilities	Good	4,222.12	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Sales Office (Pasacao)	Sitio Camangui, Brgy. Santa Rosa del Sur, Pasacao, Camarines Sur	Rented Except Building & Facilities	Good	Jan - 489,675.38 Jun - 514,159.14	May 31, 2027	Renewable upon mutual agreement of both parties
Terminal (Poro)	Poro Pt., San Fernando, La Union	Rented Except Building & Facilities	Good	314,841.71	February 28, 2023	Renewable upon mutual agreement of both parties
Terminal (Poro)	Poro Pt., San Fernando, La Union	Rented Except Building & Facilities	Good	22,279.97	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Terminal (Poro)	Poro Pt., San Fernando, La Union	Rented except Building & Facilities	Good	25,300.00	June 01, 2021	Renewable upon mutual agreement of both parties
Sales Office (Calapan)	Sixteen Enterprises Compound, Brgy. Masipit, Calapan City, Oriental Mindoro	Rented	Good	Jan - 26,741.14 Jul - 28,078.19	June 30, 2027	Renewable upon mutual agreement of both parties
Sales Office (San Jose)	Purok Tagumpay 2, Brgy. Caminawit, San Jose, Occidental Mindoro	Rented	Good	17,000.00	April 30, 2026	Renewable upon mutual agreement of both parties
Sales Office (Masbate)	Masbate	Rented except Building & Facilities	Good	4,759.53	December 31, 2026	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Terminal (Batangas)	Bo. Mainaga, Mabini, Batangas	Rented Except Building & Facilities	Good	41,987.17	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Terminal (Bataan)	Limay, Bataan	Rented Except Building & Facilities	Good	1,611.84	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Sales Office (Odiongan)	Brgy Poctoy, Odiongan, Romblon	Rented	Good	67,175.33	December 31, 2051	Renewable at the option of the lessee
Terminal (SL PanAsia)	Limay, Bataan	Owned	Good			
Terminal (SL PanAsia)	Limay, Bataan	Rented	Good	43,836.00	December 31, 2024	Renewable upon mutual agreement of both parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Airport Installations	Puerto Princesa Airport, Palawan	Rented	Good	80,762.50	September 30, 2025	Renewable upon mutual agreement of both parties
	Visayas Operations						
	Depot (Amlan)	Tandayag, Amlan, Negros Oriental	Rented Except Building & Facilities	Good	57,594.16	November 30, 2033	Renewable at the option of the lessee
	Terminal (Bacolod)	Bo. San Patricio, Bacolod City, Negros Occidental	Rented Except Building & Facilities	Good	86,265.59	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Bacolod)	Bo. San Patricio, Bacolod City, Negros Occidental	Owned	Good			
	Depot (Siquijor Mini BP)	Candanay Sur, Siquijor	Rented Except Building & Facilities	Good	180,912.91	March 31, 2035	with 5% escalation per year
	Terminal (Iloilo)	Lapuz, Iloilo City	Rented Except Building & Facilities	Good	30,408.92	August 31, 2023	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Iloilo)	Lapuz, Iloilo City	Rented Except Building & Facilities	Good	~3,500,000 (thruput-based)	April 04, 2039	Effective for 20 years
	Terminal (Iloilo)	Lapuz, Iloilo City	Owned	Good			
	Depot (Isabel)	LIDE, Isabel, Leyte	Rented Except Building & Facilities	Good	Awaiting offered lease rate from lessor	November 30, 2024	Renewable upon mutual agreement of both parties
	Terminal (Mactan)	MEPZ, Lapu- lapu City	Rented Except Building & Facilities	Good	780,000.00	September 30, 2045	Continuing unless terminated by both parties
	Terminal (Mactan)	MEPZ, Lapu- lapu City	Rented Except Building & Facilities	Good	11,570.88	September 30, 2043	Continuing unless terminated by both parties
	Terminal (Mactan)	MEPZ, Lapu- lapu City	Rented Except Building & Facilities	Good	104,000.00	December 31, 2023	Continuing unless terminated by both parties
	Terminal (Ormoc)	Bo. Linao, Ormoc City, Leyte	Rented Except Building & Facilities	Good	26,831.40	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Ormoc)	Bo. Linao, Ormoc City, Leyte	Rented Except Building & Facilities	Good	5,000.00	May 31, 2025	Renewable upon mutual agreement of both parties
	Terminal (Roxas)	Sitio Pook, Brgy. Culasi, Roxas, City	Owned	Good			
	Terminal (Tacloban)	Anibong, Tacloban City	Rented Except Building & Facilities	Good	15,233.33	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Tacloban)	Anibong, Tacloban City	Rented Except Building & Facilities	Good	434,109.38	January 02, 2039	Renewable upon mutual agreement of both parties
	Depot (Tagbilaran)	Graham Ave., Tagbilaran, Bohol	Rented Except Building & Facilities	Good	4,579.76	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Mandaue)	Looc, Mandaue City, Cebu	Rented Except Building & Facilities	Good	61,414.63	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Mandaue)	Looc, Mandaue City, Cebu	Owned	Good			
	Airport Installations	Iloilo Airport, Cabatuan, Iloilo City	Rented Except Building & Facilities	Good	60,260.27	Continuing unless terminated and agreed by both parties	Terminal has an ongoing application with CAAP Iloilo for a long term contract in Iloilo (20-25 yrs)
	Mindanao Operations						
	Terminal (Davao)	Km. 9, Bo. Pampang, Davao City	Rented Except Building & Facilities	Good	163,360.53	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Bawing)	Purok Cabu, Bawing, General Santos City	Owned	Good			
	Terminal (Iligan)	Bo. Tomas Cabili, Iligan City, Lanao del Norte	Rented Except Building & Facilities	Good	10,303.79	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Jimenez)	Jimenez, Misamis Occidental	Rented Except Building & Facilities	Good	274,625.00	March 02, 2035	Renewable upon mutual agreement of both parties
	Terminal (Jimenez)	Jimenez, Misamis Occidental	Rented Except Building & Facilities	Good	274,625.00	December 16, 2029	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Terminal (Nasipit)	Talisay, Nasipit, Agusan del Norte	Owned	Good			
Terminal (Nasipit)	Talisay, Nasipit, Agusan del Norte	Rented	Good	82,500.00	December 31, 2024 Awaiting approval from Legal	Renewable upon mutual agreement of both parties. Yearly renewal
Terminal (Nasipit)	Talisay, Nasipit, Agusan del Norte	Rented	Good	7,310.00	July 31, 2029	Renewable at option of the lessee
Terminal (SL Phividec)	SL Phividec, Mindanao	Owned	Good			
Terminal (Tagoloan)	Tagoloan, Misamis Oriental PNOC- 13,836 sq m	Rented Except Building & Facilities	Good	14,205.15	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Terminal (Tagoloan)	Tagoloan, Misamis Oriental - 13,499 sq m.	Owned	Good			
Terminal (Tagoloan)	Tagoloan, Misamis Oriental PHIVIDEC/NVRC (FLA)- 19,965 sq m.	Rented Except Building & Facilities	Good	100,623.60	February 9, 2034	Renewable at the option of the lessee
Terminal (Zamboanga)	Bgy. Campo Islam, Lower Calarian, Zamboanga City	Rented Except Building & Facilities	Good	32,532.63	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Airport Installations	Laguindingan, Misamis Oriental CAAP- 4000 sq m.	Rented Except Building & Facilities	Good	200,187.50	March 30, 2025	Renewable upon mutual agreement of both parties
Airport Installations	Davao Airport	Rented Except Building & Facilities	Good	32,850.00	December 31, 2024	Renewable upon mutual agreement of both parties
Airport Installations	Zamboanga International Airport	Rented Except Building & Facilities	Good	84,540.00	November 30, 2029	Renewable at the option of the lessee
Gasul Operations						
Depot (LPG Operation)	Lakandula Drive, brgy. Bonot, Legaspi City	Rented Except Building & Facilities	Good	43,169.61	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Depot (Gasul - San Fernando)	Brgy Dela Paz Norte, San Fernando, Pampanga	Rented Except Building & Facilities	Good	9,691.29	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
Refilling Plant (San Pablo)	San Pablo	Owned	Good			
Terminal (Gasul – Pasig)	Bo. Ugong, C5, Pasig, M.M	Rented Except Building & Facilities	Good	955,475.80	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
2 PETROFUEL LOGISTICS INC.						
Office	SMC Head Office Complex, #40 San Miguel Avenue, Mandaluyong City	Owned	Good			
3 PETRON MALAYSIA REFINING & MARKETING BHD						
Refinery						
Port Dickson Refinery	Lot 1222, 1593-1595, 1757, 1803, 1805, 1836, 1838, 1926-1930, 2645-2647, 12111-12112, 30151-30156 Mukim Port Dickson, Negeri Sembilan	Owned	Good			
Lumut LPP plant	Lot 15636, Lumut Port Industrial Park, Mukim Lumut, Jalan Kampung Acheh, Sitiawan, Perak.	Owned	Good			
Terminals and Depots						
Port Dickson Terminal	Batu 1.5, Jalan Pantai, 71009 Port Dickson, Negeri Sembilan	Owned	Good			
Bagan Luar Terminal	Lot 95-125, Lot 2327-2338 Section 4 Butterworth, Seberang Perai Utara, Penang	Owned	Good			
KLIA Aviation Depot	Forward Fuel Base, Jalan FFB Kuala Lumpur International Airport (KLIA) 64000 Sepang Selangor Darul Ehsan, Malaysia	Rented	Good	MYR 8,976.00	Continuing unless terminated and agreed by both parties	Contract automatically renewed on yearly basis unless terminated in accordance with the termination provision in the agreement
KVDT- MPP (Tie-in facilities for MPP/KVDT)	GM 1397 Lot 194 Mukim and Daerah Port Dickson Negeri Sembilan	Rented Except Building & Facilities	Good	MYR 8,100.00	June 30, 2026	Renewable upon mutual agreement of both parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
4	PETRON FUEL INTERNATIONAL SDN BHD						
	Kuantan Terminal	Lot 1863, Mukim Sungai Karang, Tanjung Gelang, Kuantan Port, 26100 Kuantan. PAHANG	Rented	Good	Terminal 1 MYR 20,895.61 Terminal 2 MYR 19,693.79	Terminal 1 Dec 2027 Terminal 2 Dec 2027	Current rate is RM13.27 per square meter per year from 1st January 2022 until 31st Dec 2025 and shall be increased by 10% on 1st January 2026 and after every three (3) years thereafter Current rate is RM13.27 per square meter per year from 1st January 2022 until 31st Dec 2025 and shall be increased by 10% on 1st January 2026 and after every three (3) years thereafter
	Pasir Gudang Terminal	Jalan Cecair Satu, Kawasan Perdagangan Bebas, Lembaga Pelabuhan Johor, 81700 Pasir Gudang, Johor.	Rented	Good	MYR 9,788.00	June 2051	An option for renewal for a period of thirty (30) years. Note: Revision of assessment fee effective 2017 by Johor Port after approval by MPPG.
	Westport JV	Terminal Bersama Sdn Bhd, Jeti Petrokimia, Pelabuhan Barat, 49290 Pulau Indah, Selangor	Rented	Good	MYR 54,994.50	Aug 2024	Renewable upon expiry of lease term
5	PETRON OIL (M) SDN BHD						
	Tawau Terminal	Jalan Tg Batu Laut, 91000 Tawau, Sabah	Rented Except Building & Facilities	Good	MYR .125 (Yearly Rental - MYR 1.50)	October 2902	No option stated in the agreement
	Sandakan Terminal	Jalan Kampung Karamunting, Sandakan, Sabah	Rented Except Building & Facilities	Good	MYR 778,000.00 (Total Rental)	31 Dec 2078	Revised lease offered to start from 01/01/2019 (backdate) for a period of sixty (60) years. The lease has been fully paid in 2021.
	Sepangar Bay Terminal	P.O. Box 10558, Kota Kinabalu 88806, Sabah	Rented Except Building & Facilities	Good	MYR 25,333.33 (Yearly Rental - MYR 304,000.00)	July 2031	An option for renewal for a period of 15 years.

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
ENERGY BUSINESS							
1	SUAL POWER INC. (formerly SAN MIGUEL ENERGY CORPORATION)^(a)						
	1000 MW Sual Coal-Fired Thermal Power Plant	Brgy. Pangascasan, Sual, Pangasinan	IPPA with PSALM	Good			
2	SAN ROQUE HYDROPOWER INC. (formerly STRATEGIC POWER DEVT. CORP.)^(b)						
	345 MW San Roque Multi-Purpose Hydroelectric Power Plant	Brgy. San Roque, San Manuel, Pangasinan	IPPA with PSALM	Good			
3	SOUTH PREMIERE POWER CORP.						
	1200 MW Ilijan Natural Gas Combined Cycle Power Plant	Brgy. Ilijan, Batangas City, Batangas	Owned	Good			
	Land (where the 1200 MW Ilijan Natural Gas Combined Cycle Power Plant and related facilities are situated)	Brgy. Ilijan, Batangas City, Batangas	Rented	Good	\$35,202,754.12 (one time payment)	April 04, 2047	Renewable for another 25 years or the remaining corporate life of the Lessor if its original corporate life is extended, whichever is shorter, upon mutual written agreement of both parties. With assignable option to purchase upon issuance by the Lessor of an Option Existence Notice.
4	LIMAY POWER INC. (LPI; formerly SMC CONSOLIDATED POWER CORPORATION) ^{(c)(i)}						
	Phase I - 2 X 150 MW Coal-Fired Power Plant (Units 1 and 2)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Phase II - 2 X 150 MW Coal-Fired Power Plant (Units 3 and 4)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land - Site 1 (where a portion of the Phase I power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land - Site 2 (where a portion of the Phase II power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land (Ash Dump Facility)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Offshore/Foreshore land	Brgy. Lamao, Limay, Bataan	Rented	Good	2,034,084.17	December 2042	Renewable for another 25 years at the option of the Lessor
	Land - Site 3 (where a portion of the Phase II power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan	Rented	Good	512,248.44	March 2042	Renewable for another 25 years to be agreed by both parties
5	MALITA POWER INC. (MPI; formerly SAN MIGUEL CONSOLIDATED POWER CORPORATION) ^{(d)(i)}						
	2 X 150 MW Coal-Fired Power Plant (Units 1 and 2)	Brgy. Culaman, Malita, Davao Occidental	Owned	Good			
	5 X 1.6 MW Diesel Generator Set	Brgy. Sangali, Zamboanga, Philippines	Owned	Good			
	1 X TM2500 60HZ Mobile Gas Turbine Generator	Brgy. Sangali, Zamboanga, Philippines	Owned	Ongoing construction			
	Land (where Units 1 and 2 power plant and related facilities are situated)	Brgy. Culaman, Malita, Davao Occidental	Owned	Good			
	Offshore/Foreshore land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	55,300.51	February 2043	Renewable for another 25 years at the option of the Lessor
	Offshore/Foreshore land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	558,354.47	February 2043	Renewable for another 25 years at the option of the Lessor
	Offshore/Foreshore Land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	387,903.40	February 2048	Renewable for another 25 years at the option of the Lessor
	Offshore/Foreshore Land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	570,000.00	May 2048	Renewable for another 25 years at the option of the Lessor
	Offshore/Foreshore Land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	754,780.02	May 2048	Renewable for another 25 years at the option of the Lessor

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
6	GRAND PLANTERS INTERNATIONAL INC.						
	Land - Site 1 (where a portion of the LPI Phase I and II power plants and related facilities are situated)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land - Site 2	Brgy. Alangan, Limay, Bataan	Owned	Good			
	Land	Brgy. Biaan, Mariveles, Bataan	Owned	Good			
	Land	No. 169 E. Delos Santos Avenue, Mandaluyong City	Rented	Good	892,857.14	March 22, 2036	Renewable
7	MASINLOC POWER CO. LTD. (MPCL; formerly Masinloc Power Partners Co. Ltd.)^{(e)(k)}						
	344 MW coal-fired power plant (Unit 1)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	344 MW coal-fired power plant (Unit 2)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	335 MW coal-fired power plant (Unit 3)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	350 MW coal-fired power plant (Unit 4)	Brgy. Bani, Masinloc, Zambales	Owned	Ongoing construction			
	350 MW coal-fired power plant (Unit 5)	Brgy. Bani, Masinloc, Zambales	Owned	Ongoing construction			
	10 MW battery energy storage project (Phase 1)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	20 MW battery energy storage system (Phase 2)	Brgy. Bani, Masinloc, Zambales	Owned	Substantially complete			
	Land (where Units 1, 2, 3, 4 and 5 power plant and related facilities, and the 10 MW and 20 MW Battery Energy Storage Systems (BESS) projects of MPCL are situated)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	Land (where Units 3, 4, 5 power plants and related facilities are situated)	Brgy. Bani, Masinloc, Zambales	Rented	Good	Lease with PSALM - US\$3,966.43	April 2028	With assignable option to purchase
8	SMGP KABANKALAN POWER CO. LTD. (formerly SMCGP PHILIPPINES ENERGY STORAGE CO. LTD.)^(f)						
	Land (where the 20 MW and 10MW BESS are situated)	Brgy. Binicuil, Kabankalan, Negros Occidental	Owned	Good			
	20 MW BESS (Phase 1)	Brgy. Binicuil, Kabankalan, Negros Occidental	Owned	Good			
	10 MW BESS (Phase 2)	Brgy. Binicuil, Kabankalan, Negros Occidental	Owned	Substantially complete			
9	MARIVELES POWER GENERATION CORPORATION						
	4 x 150 MW Coal-Fired Power Plant	Sitio Lusong, Brgy. Biaan, Mariveles, Bataan	Owned	Ongoing construction			
	Land (where the 4 x 150 MW coal-fired power plant project is situated)	Sitio Lusong, Brgy. Biaan, Mariveles, Bataan	Owned	Good			
	Land (where the transmission network project is situated)	Sitio Lusong, Brgy. Biaan, Mariveles, Bataan	Owned	Good			
	Land (for transmission line)	Brgy. Malaya and Maligaya, Mariveles Bataan	Rented	Good	P33,528,000 (one time payment)	October 31, 2046	Renewable upon mutual agreement by both parties
	Land (for transmission line)	Brgy. Biaan, Mariveles, Bataan	Owned	Good			
10	TOPGEN ENERGY DEVELOPMENT INC.						
	Land (where the 10 MW Tagum BESS project of SBPI is situated)	Brgy. Magdum Tagum City, Davao del Norte	Owned	Good			
	Land	Barrio Centro Occidental, Polangui, Albay	Owned	Good			
	Land	Brgy. Penafrancia, Daraga, Albay	Owned	Good			
11	SMGP BESS POWER INC. (SBPI; formerly UNIVERSAL POWER SOLUTIONS, INC.)^{(g)(l)}						
	Land and 20 MW Malita BESS	Brgy. Culaman, Malita, Davao Occidental	Owned	Good			
	Land and 50 MW Lamao BESS	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land and 40 MW Bataan Combined Cycle Power Plant BESS	Brgy. Luz, Limay, Bataan	Land - Rented; BESS - Owned	Land - Good; BESS - Good	205,528.05	April 15, 2045	Renewable upon mutual agreement by both parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Land and 20 MW Jasaan BESS	Jasaan, Misamis Oriental	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	2,160,000.00	April 15, 2045	Renewable upon mutual agreement by both parties
	Land and 20 MW Toledo BESS	Calong-calong and Talevera, Toledo City, Cebu	Land - Rented; BESS - Owned	Land - Good; BESS - Good	900,000.00	April 15, 2045	Renewable upon mutual agreement by both parties
	Land and 20 MW Villanueva BESS	Brgys. Sta. Ana, Tagaloan and San Maritin , Villanueva, Phividec Industrial Estate of Misamis Oriental - Special Economic Zone (PIEMO-SEZ)	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	342,368.34	June 04, 2045	Renewable upon mutual agreement by both parties
	Land and 20 MW Tabango BESS	Brgy. Tugas, Tabango, Leyte	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	4,326.85	March 01, 2036	Renewable upon mutual agreement by both parties
	Land and 50 MW Mexico BESS	Brgy. San Jose Matulid, Mexico, Pampanga	Owned	Land - Good; BESS - Ongoing Construction			
	Land and 20 MW Mexico-2 BESS	Brgy. San Jose Matulid, Mexico, Pampanga	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	372,023.81	June 03, 2036	Renewable upon mutual agreement by both parties
	Land and 20 MW Maco BESS	Brgys. Dumlan and Concepcion, Maco, Compostela Valley, Davao del Norte	Owned	Land - Good; BESS - Good			
	Land and 40 MW Gamu BESS	Brgy. Lenzon, Gamu, Isabela	Owned	Land - Good; BESS - Substantially complete			
	Land and 40 MW Magapit BESS	Brgy. Magapit, Lal-Lo, Cagayan	Owned	Land - Good; BESS - Substantially complete			
	Land and 20 MW Ubay BESS	Brgy. Imelda, Ubay, Bohol	Owned	Good			
	Land and 50 MW San Manuel BESS	Brgy. Sto. Domingo, San Manuel, Pangasinan	Owned	Land - Good; BESS - Good			
	Land and 50 MW San Manuel BESS	Brgy. Sto. Domingo, San Manuel, Pangasinan	Owned	Land - Good; BESS - Good			
	Land and 50 MW Concepcion BESS	Brgy. Sta. Rosa, Concepcion, Tarlac	Owned	Land - Good; BESS - Substantially complete			
	Land and 40 MW Ormoc BESS	Brgy. Dolores, Ormoc City, Leyte	Owned	Land - Good; BESS - Substantially complete			
	Land and 40 MW Ormoc BESS	Brgy. Dolores, Ormoc City, Leyte	Owned	Land - Good; BESS - Substantially complete			
	Land and 50 MW Lumban BESS	Brgy. Halang & Lewin, Lumban, Laguna	Owned	Land - Good; BESS - Ongoing Construction			
	Land and 10 MW Tagum BESS	Brgy. Magdum Tagum City, Davao del Norte	Owned	Good			
	Land and 20 MW Tabango BESS and NGCP interconnection facility	Barrio Tabango, San Isidro, Leyte	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	95,250.23	September 26, 2032	Renewable upon mutual agreement by both parties
12	EXCELLENT ENERGY RESOURCES INC. (EERI)						
	Batangas Combined Cycle Power Plant (BCCPP)	Barangay Ilijan and Dela Paz, Batangas	Owned	Ongoing Construction			
	Land (where the BCCPP Project is situated)	Barangay Ilijan and Dela Paz, Batangas	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Land (to be used as water source for BCCPP)	Barangay Dela Paz, Batangas	Owned	Good			
13	SAN MIGUEL GLOBAL POWER HOLDINGS CORP. (formerly SMC GLOBAL POWER HOLDINGS CORP.)^(b)						
	C5 Office Space	100 E. Rodriguez Jr. Avenue (C-5 Road) Brgy. Ugong, Pasig City, Metro Manila	Owned	Good			
14	MULTI-VENTURES INVESTMENT HOLDINGS, INC.						
	Land	Ternate, Naic and Maragondon, Cavite	Owned	Good			
15	SMC GLOBAL LIGHT AND POWER CORP.						
	Land	Barangay San Luis, Cauayan City, Isabela	Owned	Good			
	Land	Barangay Lucanin, Mariveles, Bataan	Owned	Good			
16	ILIJAN PRIMELINE INDUSTRIAL ESTATE CORP.						
	Land (a portion of which are used (i) for the BCCPP and related facilities of EERI and (ii) for the Liquefied Natural Gas Terminal of a third party)	Barangays Ilijan and Dela Paz, Batangas	Owned	Good			
17	BLUE EAGLE STAR, CORP.						
	Land	Maragondon and Ternate, Cavite	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
INFRASTRUCTURE BUSINESS						
1 SAN MIGUEL HOLDINGS CORP.						
Office Space	Wing A and B - 11/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
Office Space	20/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
Office Space - 83 sq meters	No. 40 San Miguel Avenue, Mandaluyong City	Owned	Good			
Office Space	4th Floor San Miguel Properties Center St. Francis Street, Mandaluyong City	Owned	Good			
Office Space - 635.75 sq meters	Unit C and D - 23rd Floor of the JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City	Owned	Good			
Office Space	19th floor San Miguel Properties Centre St. Francis St. Ortigas Center Mandaluyong City	Owned	Good			
Office Space	Unit A - 18th Floor of the JMT Corporate Condominium, ADB Avenue, Ortigas Center Pasig City	Owned	Good			
2 SMC NAIAX Corporation (Formerly: VERTEX TOLLWAYS DEVT. INC.)						
Office Space	11/F San Miguel Properties Centre, St. Francis Street, Mandaluyong City	Owned	Good			
Office Space	Unit C 18th Floor of the JMT Corporate Condominium, ADB Avenue, Ortigas Center	Owned	Good			
Parking	(B-4) JMT Corporate Condominium, ADB Avenue, Ortigas Center	Owned	Good			
Parking	(B-2) JMT Corporate Condominium, ADB Avenue, Ortigas Center	Rented	Good	5,000.00	July 31, 2024	Annually
3 TERRAMINO HOLDINGS, INC AND ASSETVALUES HOLDING COMPANY, INC.						
Office Space	11F and 20/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
4 UNIVERSAL LRT CORPORATION (BVI) LIMITED						
Office Space	11/F San Miguel Properties Centre, St. Francis Street, Mandaluyong City	Owned	Good			
5 TRANS AIRE DEVELOPMENT HOLDINGS, CORP.						
Office Space	Wing B 2/F San Miguel Building, 40 San Miguel Ave. Mandaluyong City	Owned	Good			
6 SMC TPLEX HOLDINGS COMPANY, INC.						
Land	Emilio Vergara Highway Corner Mabini Street Extension, Sta. Arcadia, Cabanatuan, Nueva Ecija	Owned	Good			
Land	Maharlika Highway, Malipampang, San Ildefonso, Bulacan	Owned	Good			
7 SMC TPLEX CORPORATION						
Office space (Old)	Unit 06 UG Pioneer Highlands Condo Tower 2, Pioneer corner Madison Streets, Mandaluyong City	Owned	Good			
Office space	11th Floor San Miguel Properties Center St. Francis Street Mandaluyong City	Owned	Good			
Office space	The JMT Bldg, ADB Ave. Ortigas Center, Pasig City	Owned	Good			
Parking	The JMT Bldg, ADB Ave. Ortigas Center, Pasig City	Owned	Good			
ROWA SMPI Office space	Burgos St. District1 Poblacion, Pozorrubio, Pangasinan	Rented	Good	49,065.42 (Mar 1, 2023 to Feb 28, 2024) 51,401.87 (Mar 1, 2024 to Feb 28, 2025)	February 28, 2025	Subject to renewal or extension as mutually agreed between the parties
DPWH Office & Lodging	Narang-Ay Apartment, San Nicolas, Villasis, Pangasinan	Rented	Good	18,947.37	January 3, 2025	Subject to renewal or extension as mutually agreed between the parties
DPWH Office & Lodging - Section1&2	ENS-NPM Residences, Barangay Abagon, Gerona Tarlac	Rented	Good	5,263.16	December 31, 2023	Subject to renewal or extension as mutually agreed between the parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
8	OPTIMAL INFRASTRUCTURE DEVELOPMENT, INC.						
	Land	Manila Harbour Centre, Brgy. 128 Zone 10 (Isla de Balut/Vitas), Tondo, Manila City	Owned	Good			
9	WISELINK INVESTMENT HOLDINGS, INC.						
	Office Space	40 San Miguel Avenue, Brgy. Wack-Wack Mandaluyong City	Owned	Good			
10	ATLANTIC AURUM INVESTMENTS B.V.						
	Office Space	Museumlaan 2, 3581 HK, Utrecht, The Netherlands	Owned by the Service Provider	Good			
11	STAGE 3 CONNECTOR TOLLWAYS HOLDINGS CORPORATION						
	Office Space	40 San Miguel Avenue, Mandaluyong City	Owned	Good			
12	SMC SKYWAY STAGE 3 CORPORATION (Formerly: CITRA CENTRAL EXPRESSWAY CORP)						
	Office Space	Unit D - 18th Floor of the JMT Corporate Condominium ADB Avenue, Ortigas Center Pasig City	Owned	Good			
	Office Space	11/F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City	Owned	Good			
	Parking Slots	B1- 22 & 23 of the JMT Corporate Condominium ADB Avenue, Ortigas Center Pasig City	Owned	Good			
13	SMC SKYWAY CORPORATION (Formerly: CITRA METRO MANILA TOLLWAYS CORPORATION)						
	Office Space	21st to 24th Floors One Magnificent Mile-CITRA Building, San Miguel Avenue, Ortigas Center 1605 Pasig City	Owned	Good			
	Office Space	3/F Toll Operations Building, Doña Soledad Avenue, Brgy. Don Bosco, Parañaque City	Owned	Good			
	Office Space	11/F San Miguel Properties Centre, #7 St. Francis Street, Ortigas Center, Mandaluyong City	Owned	Good			
14	SKYWAY O&M CORPORATION						
	Office Space	1st and 2nd Floors TOB Doña Soledad Avenue, Bicutan, Paranaque City	Owned	Good			
15	ALLOY MANILA TOLL EXPRESSWAYS INC.						
	Office Space	GF Operations and Control Center, Km.44 South Luzon Expressway, Sitio Latian, Brgy. Mapagong, Calamba City, Laguna	Owned by ROP (South Luzon Tollway Corporation Concession Rights)	Good			
	Land	Km.44 Sitio Latian, Brgy. Mapagong, Calamba City, Laguna	Owned	Good			
16	JETHANDLER ASIA SERVICES, INC.						
	Office Space	Caticlan, Malay, Aklan	Rented	Good	59,054.81	August 31, 2024	Renewable upon mutual agreement in writing by the parties through their duly authorized representatives
	Lot Rental	Caticlan, Malay, Aklan	Rented	Good	45,439.49	July 12, 2025	No renewal options
	Lot Rental	Caticlan, Malay, Aklan	Rented	Good	92,842.11	July 12, 2024	Renewable for another period of two (2) years upon mutual agreement of the parties
	PNP and OTS Office	Caticlan, Malay, Aklan	Rented	Good	18,947.37	December 31, 2024	Subject to renewal or extension upon expiration at the option of the LESSEE and on such terms and conditions as may mutually be agreed upon between the parties.
	PNP-SOU Staffhouse	Caticlan, Malay, Aklan	Rented	Good	8,421.05	December 31, 2023	Subject to renewal or extension upon expiration at the option of the LESSEE and on such terms and conditions as may mutually be agreed upon between the parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	PNP-AVSEC Barracks	Caticlan, Malay, Aklan	Rented	Good	12,631.58	December 31, 2024	Subject to renewal or extension upon expiration at the option of the LESSEE and on such terms and conditions as may mutually be agreed upon between the parties
	OTS Staff House	Caticlan, Malay, Aklan	Rented	Good	15,789.74	March 31, 2024	Subject to renewal or extension upon expiration at the option of the LESSEE and on such terms and conditions as may mutually be agreed upon between the parties
	TABON Staffhouse	Caticlan, Malay, Aklan	Rented	Good	35,087.72	February 7, 2026	No renewal options
17	MANILA TOLL EXPRESSWAY SYSTEMS, INC.						
	Office Space	GF Operations and Control Center, Km.44 South Luzon Expressway, Sitio Latian, Brgy. Mapagong, Calamba City, Laguna	Owned by ROP (South Luzon Tollway Corporation Concession Rights)	Good			
18	SMC INFRAVENTURES INC.						
	Office Space	40 San Miguel Avenue, Mandaluyong City	Owned	Good			
19	SMC SLEX INC. (Formerly: SOUTH LUZON TOLLWAYS CORPORATION)						
	Land	Lot 3122-C, Sitio Latian, Brgy. Mapagong, Calamba, Laguna	Owned	Good			
	Office Space	11F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
20	SMC SKYWAY STAGE 4 CORPORATION (Formerly: CITRA INTERCITY TOLLWAYS, INC.)						
	Office Space	Unit B 18th Floor of the JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City	Owned	Good			
	Office Space	11/F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City	Owned	Good			
	Parking Space	B4- JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City	Owned	Good			
	Parking Space	B1-JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City	Owned	Good			
21	STAR INFRASTRUCTURE DEVELOPMENT CORPORATION						
	Land	Brgy. Lapu Lapu, Ibaan, Batangas	Owned	Good			
	Office Space	23F JMT Corporate Condominium, ADB Ave., Ortigas Center, Pasig City	Owned	Good			
	SIDC Office	7th Floor Electra House Condominium, 115- 117 Esteban St., Legaspi Village, Makati City	Rented	Good	50,446.43	January 31, 2024	Subject to renewal or extension as mutually agreed between the parties
22	STAR TOLLWAY CORPORATION						
	Office Space	Brgy. Tambo, Lipa City, Batangas	Owned by ROP (Star Infrastructure Development Corporation Concession Rights)	Good			
23	ULCOM COMPANY, INC.						
	Office Space	11/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
24	SMC MASS RAIL TRANSIT 7, INC.						
	Office Space	40 San Miguel Avenue, Mandaluyong City	Owned	Good			
	Office Space	GF 808 Bldg, Meralco Avenue Cor Gen Lim Street, Brgy. San Antonio, Pasig City	Owned	Good			
	Office Space	4F 808 Bldg, Meralco Avenue Cor Gen Lim Street, Brgy. San Antonio, Pasig City	Owned	Good			
	Office Space	808 Bldg, Meralco Avenue Cor Gen Lim Street, Brgy. San Antonio, Pasig City (Meeting Rooms G & H)	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Office Space	808 Bldg, Meralco Avenue Cor Gen Lim Street, Brgy. San Antonio, Pasig City (Meeting Rooms I & J)	Owned	Good			
	Office Space	2F 808 Bldg, Meralco Avenue Cor Gen Lim Street, Brgy. San Antonio, Pasig City	Owned	Good			
	Office Space	4th Floor Kayumanggi Center, Commonwealth cor. Luzon Avenue, Quezon City	Rented	Good	216,150.00	November 30, 2025	Renewal and extension upon expiration of contract may be mutually agreed upon between parties.
	Condo Unit	Dover Hill Condominium, Mabini Cor Ortega and Pilar St., Addition Hills, San Juan City	Rented	Good	118,250.00	February 11, 2025	The Parties may agree in writing to renew and extend the lease period within 90 days from expiration of the lease period
	Office Space	22nd Floor of OMM Citra Building, No 39 San Miguel Avenue, Ortigas Center, Pasig City	Owned	Good			
	Office Space	7th Floor 100 E Rodriguez Jr, Avenue (C-5 Road), Barrio Ugong, Pasig City	Owned	Good			
	Parking Space	No. 17B Gen. Atienza Street, San Antonio Village, Brgy San Antonio, Pasig City	Owned	Good			
25	AEROFUEL STORAGE MANAGEMENT INC.						
	Office Space	11/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
26	ARGONBAY CONSTRUCTION COMPANY, INC.						
	Office Space	5th Floor, 808 Building, Meralco Avenue, Brgy Antonio Pasig City	Owned	Good			
27	INTELLIGENT E- PROCESSES TECHNOLOGIES CORP.						
	Office Space	23F San Miguel Properties Centre, 7 St. Francis Street, Ortigas Center, Mandaluyong City	Owned	Good			
	Office Space	KM 44 South Luzon, Brgy. Mapagong, Sitio Latian, Calamba, Laguna	Owned	Good			
28	LUZON CLEAN WATER DEVELOPMENT CORPORATION						
	Office Space	BBW Administration Bldg. Don Manuel F. Reyes Ave. PH 1, Gate 1, Pleasant Hills Subd., Brgy. San Manuel City of SJDM, Bulacan 3023	Owned	Good			
29	PASIG RIVER EXPRESSWAY CORPORATION						
	Office Space	40 San Miguel Avenue, Mandaluyong City	Owned	Good			
30	TPLEX OPERATIONS AND MAINTENANCE CORP						
	Office Space	Brgy. San Pascual Tarlac City	Owned	Good			
	Office Space	Brgy Baculong, Victoria, Tarlac	Owned	Good			
	Office Space	Brgy Palakipak, Rosales, Pangasinan	Owned	Good			
	Office Space	Gerona, Tarlac	Owned	Good			
	Office Space	Urdaneta, Pangasinan	Owned	Good			
	Office Space	Rosario, La Union	Owned	Good			
31	SINCERE LUMBER CO., INC.						
	Office Space	11/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
	Land	1500 Quirino Ave., Paco, Manila City, Metro Manila	Owned	Good			
32	SAN MIGUEL AEROCITY INC						
	Office Space	Lower Penthouse, 808 Building, Meralco Avenue, Brgy Antonio Pasig City	Owned	Good			
	Office Space	5th Floor, 808 Building, Meralco Avenue, Brgy Antonio Pasig City	Owned	Good			
	Office Space	3rd Floor, 808 Building, Meralco Avenue, Brgy Antonio Pasig City	Owned	Good			
	Parking Space	Gen. Capinpin St./Parking Space Brgy San Antonio, Pasig City	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Parking Space	Ground Floor, 100 E. Rodriguez Jr. Avenue (C-5 Road), Barrio Ugong, Pasig City, Metro Manila	Owned	Good			
	Office Space	3rd Floor, 100 E. Rodriguez Jr. Avenue (C-5 Road), Barrio Ugong, Pasig City, Metro Manila	Owned	Good			
	Condominium Unit	Delgado Place Residences	Rented	Good	24,107.14	August 2024	Annual Renewal
	Staff House	Brgy. San Nicholas Bulacan	Rented	Good	30,000.00	January 15, 2027	The Parties may agree in writing to renew and extend the lease period within 90 days from expiration of the lease agreement.
	Parking Space	21 Gen Atienza St., Brgy San Antonio Pasig City	Owned	Good			
	Office Space	14th Flr, 45 San Miguel Bldg.	Rented	Good	467,600.00	June 30, 2026	The Parties may agree in writing to renew and extend the lease period within 90 days from expiration of the lease agreement.
	Parking Space	45 San Miguel Bldg.	Rented	Good	38,500.00	June 30, 2026	The Parties may agree in writing to renew and extend the lease period within 90 days from expiration of the lease agreement.
	Staff House	Brgy. San Antonio, Pasig City	Rented	Good	12,500.00	September 15, 2024	Annual Renewal
	Staff House	Cavite Staff House	Rented	Good	7,000.00	July 15, 2024	Annual Renewal
	Condominium Unit	U707, East Tower Lumiere Residences	Rented	Good	40,000.00	March 29, 2024	Annual Renewal
33	SMC Central Access Link Expressway Corp.						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
34	SMC Marilao Access Link Expressway Corp.						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
35	SMC Northern Access Link Expressway Corp.						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
36	SMC Southern Access Link Expressway Corp.						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
37	SOUTH LUZON TOLL ROAD-5 EXPRESSWAY INC						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
38	SMC TOLLWAYS CORPORATION (Formerly: ATLANTIC AURUM INVESTMENTS PHILIPPINES CORPORATION)						
	Office Space	11F San Miguel Properties Centre, 7 St. Francis St., Ortigas Center, Mandaluyong City	Owned	Good			
39	SMC SLEX Holdings, Inc. (Formerly: MTD MANILA EXPRESSWAYS, INC.)						
	Office Space	11F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
40	ASSETVALUES HOLDING COMPANY INC						
	Office Space	11F and 20/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
41	SMC AEROTROPOLIS INC						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
42	PHILIPPINE INTERNATIONAL AIRPORT INC.						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
43	SMC AVIATION CITY INC.						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
44	TOLL ROAD OPERATION AND MAINTENANCE VENTURE CORPORATION						
	Office Space	11/F San Miguel Properties Centre, #7 St. Francis Street, Ortigas Center, Mandaluyong City	Owned	Good			
45	SMC CBEX INC						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
46	SMC NBEX INC						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
47	AEROCITY CEMENT INC.						
	Office Space	11/F San Miguel Properties Centre, #7 St. Francis Street, Ortigas Center, Mandaluyong City	Owned	Good			
48	DURACEMENT INC.						
	Office Space	11/F San Miguel Properties Centre, #7 St. Francis Street, Ortigas Center, Mandaluyong City	Owned	Good			
49	SMC PLEX INC.						
	Office Space	40 San Miguel Avenue, Mandaluyong City	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
OTHERS						
1 SAN MIGUEL CORPORATION						
Iligan Coconut Oil Mill	Sta.Filomena, Iligan City	Owned	Good			
Land and Warehouse	A. Del Rosario Ave., Brgy. Tipolo, Mandaue City	Owned	Good			
Land	Banilad, Mandaue - Petron Station	Owned	Good			
Land	Alfonso, Cavite - Management Training Center	Owned	Good			
Office Space	Meralco Ave., Pasig City - 808 Building	Owned	Good			
Warehouse Only	Northbay Blvd., Navotas, Metro Manila	Owned	Good			
Land	San Fernando, Pampanga	Owned	Good			
Office Space	40 San Miguel Ave., Mandaluyong City - SMC Corporate Office	Owned	Good			
Land	San Rafael, Tarlac	Owned	Good			
Land	Tagaytay - Petron Station	Owned	Good			
Land	Tunasan - Petron Station	Owned	Good			
Land	Looc Ouano, Mandaue City	Owned	Good			
Warehouse Only	SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
2 REAL ESTATE BUSINESS						
San Miguel Properties, Inc.						
Bel Aldea Subdivision	Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good			
Maravilla Subdivision	Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good			
Asian Leaf Subdivision	Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good			
Office Spaces	San Miguel Properties Centre, Mandaluyong City	Owned	Good			
Office Building	155 Edsa (SMITS), Ortigas Center, Mandaluyong City	Owned	Good			
Land	620 Lee St., Mandaluyong City	Owned	Good			
Land	San Isidro Road corner Unnamed Road Lot, Brgy. Tatalon, Cabuyao, Laguna	Owned	Good			
Land and Building	808 Bldg. Meralco Avenue corner General Lim St., Brgy. San Antonio, Pasig City	Owned	Good			
Land	Along Commerce Avenue Corner Asean Drive and Jakarta Lane, Filinvest Corporate City, Brgy. Alabang, Muntinlupa City	Owned	Good			
Land	Brgy. Canlubang and Majada, Calamba City, Laguna	Owned	Good			
Land	Barrio de Fuego, Gen. Trias, Cavite	Owned	Good			
Land	Barrio Sinaliw Munti, Alfonso, Cavite	Owned	Good			
Land	Brgys. of Mabatac, Sinaliw and Kaytitinga, Sitios of Amuyong and Haulian, Alfonso, Cavite	Owned	Good			
Land	Brgys. Lourdes and Santiago, Lubao, Pampanga	Owned	Good			
Land	Cagay Road, Brgy. Asid, Masbate City	Owned	Good			
Land	Brgy. Tagabuli, Sta. Cruz, Davao del Sur	Owned	Good			
Land	Sitio Landing, Brgy. Darong, Sta. Cruz, Davao del Sur	Owned	Good			
Land	Brgy. Bato, Sta. Cruz, Davao del Sur	Owned	Good			
Land	Brgy. Yapak, Boracay Island, Malay, Aklan	Owned	Good			
Land	327 Brgy. Prenza-San Fermin, Cauayan City, Isabela	Owned	Good			
Land	471 F. Ortigas St., Brgy. Hagdang Bato Libis, Mandaluyong City	Owned	Good			
Land/Building/Improvements	San Miguel Corporation - Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City	Owned	Good			
Land and Building	Dr. A Santos Ave. (Sucat Road), Parañaque City	Owned	Good			
Land	Brgy. Boot, Tanuan, Batangas	Owned	Good			
Land	Brgy. Glamang (Silway), Polomolok, South Cotabato	Owned	Good			
Land	Maragondon / Mabacac - Magallanes Road, Brgy. Mabato, Maragondon, Cavite	Owned	Good			
Land	Acacia St., Brgy. Hagdang Bato, Mandaluyong City	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Land	Sixto Avenue, Maybunga, Pasig City	Owned	Good			
Land	National Road, Brgy. Bunawan, Davao City	Owned	Good			
Land and Building	Crestview Heights Subd., San Roque, Antipolo, Rizal	Owned	Good			
Land	618 Lee St. Brgy. Addition Hills, Mandaluyong City	Owned	Good			
Land	Brgy. Bucal Calamba, Laguna	Owned	Good			
Land	Brgy. Tawala, Panglao, Bohol	Owned	Good			
Land and Building	635 Lee St. Addition Hills Mandaluyong City	Owned	Good			
Land and Building	Brgy. Sasa, Davao City	Owned	Good			
Land	Brgy. De Fuego, Brgy. San Francisco General Trias,	Owned	Good			
Land and Building	Lot1-D Brgy. Parian, Calamba City, Laguna	Owned	Good			
Land and Building	SJCB Sta. Maria Bulacan- Lots 2&4	Owned	Good			
Land	Bowen Island -Bugsuk, Balabac, Palawan	Owned	Good			
Land and Building	Brgy. Nibaliw West, San Fabian, Pangasinan	Owned	Good			
Land	Naic, Cavite	Owned	Good			
Bel-Aldea Realty, Inc.						
Land and Building	No. 77 IPO St., Brgy. Paang Bundok, La Loma, Quezon City	Owned	Good			
Bright Ventures Realty, Inc.						
Land	A. Marcos cor M.H. del Pilar and A. Mabini Sts., Addition Hills, San Juan City	Owned	Good			
Land / Dover Hill	No. 168 Pilar Corner P. Zamora Sts., Brgy. Addition Hills, San Juan City	Owned	Good			
Brillar Realty and Development Corp.						
Land	Limbones Island, Brgy. Papaya, Nasugbu, Batangas	Owned	Good			
Dimanyan Wakes Holdings, Inc.						
Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good			
Busuanga Bay Holdings Inc.						
Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good			
Bulalacao Property Holdings, Inc.						
Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good			
Calamian Prime Holdings, Inc.						
Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good			
Palawan White Sands Holdings Corp.						
Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good			
Coron Islands Holdings, Inc.						
Land	Bo. Bulalacao, Bulalacao Island, Coron, Palawan	Owned	Good			
Rapidshare Realty and Development Corporation						
Land	341 Northwestern St., Brgy. Wack-Wack, Greenhills, Mandaluyong City	Owned	Good			
SMC Originals, Inc.						
Land	Antonio Arnaiz Avenue corner Estacion St., Brgy. Pio del Pilar, Makati City	Owned	Good			
Silang Resources, Inc.						
Land	Brgys. San Vicente, San Miguel, Biluso And Lucsuhin, Silang, Cavite	Owned	Good			
Tanauan Resources, Inc.						
Land	No. 34 McKinley Road, Brgy. Forbes Park (North Side), Makati City	Owned	Good			
SMPI Makati Flagship Realty Corp.						
Land and Building	117 Legaspi and Gallardo Sts., Legaspi Village, Makati City	Owned	Good			
Carnell Realty, Inc.						
Land	621 Lee St., Mandaluyong City	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Grandioso Realty Corporation						
Land	National Road, Brgy. Tumbler, General Santos City	Owned	Good			
Sta. Cruz Resource Management, Inc.						
Land and Building	54 and 50 Hydra St., Bel Air 3, Makati City	Owned	Good			
Maison 17 Properties, Inc.						
Land	116 Legaspi and Gallardo Sts., Legaspi Village, Makati City	Owned	Good			
Integrated Geosolutions, Inc.						
Land	Bo.Diezmo, Cabuyao, Laguna	Owned	Good			
Tierra Castellanas Development Inc.						
Land	Brgy. Bungoy, Dolores, Quezon	Owned	Good			
Excel Unified Land Resources Corp.						
Wedge Woods Subdivision	Silang, Cavite	Owned	Good			
512 Acacia Holdings, Inc.						
Land	512 Acacia Ave., Ayala Alabang Village Phase II-A, Brgy. Alabang, Muntinlupa City	Owned	Good			
La Belle Plume Realty Inc						
Land	Western Visayas	Owned	Good			
La Verduras Realty Corp.						
Land	No. 38 Gen. Delgado Street, San Antonio Village, Pasig City	Owned	Good			
First Monte Sierra Realty Corporation						
Land	Brgy. San Antonio, Basco, Batanes	Owned	Good			
Lanes and Bi-Ways Realty Corp.						
Land	403 Columbia St., East Greenhills, Mandaluyong City	Owned	Good			
Land	#2 Columbia St. N.East Greenhills, San Juan	Owned	Good			
Premiata Realty, Inc.						
Land	52 Mercedes cor 61 Aries, Bel Air 3, Makati City	Owned	Good			
Picanto de Alta Realty Corp.						
Land	1331 J.P. Laurel St. Brgy. 643 Zone 066, San Miguel District, Manila	Owned	Good			
Kingsborough Realty, Inc.						
Land	37 Gen. Delgado St., San Antonio Village, Pasig City	Owned	Good			
E- Fare Investment Holdings Inc.						
Land	Mariveles, Bataan	Owned	Good			
Zobel Polo Club Inc.						
Land	Lipa, Batangas	Owned	Good			
Rapidshare Realty and Development Corporation						
Land	Northwestern Street, Barangay Wack-Wack Greenhills, Mandaluyong City	Owned	Good			
Land Improvements	Ortigas Street, Barangay Wack-Wack, Greenhills, Mandaluyong City	Owned	Good			
Apice Solare Resources Corp.						
Land	National Road, Barangay Igmaya-an, District 1, Don Salvador Benedicto, Negros Occidental	Owned	Good			
Roca Pesada Realty Corp.						
Land	118 Esteban Abada St. Varsity Hills, Quezon City	Owned	Good			
Uno Clarity Investment Holdings Inc.						
Land and Building	Buruanga, Aklan	Owned	Good			
Zee2 Resources Inc.						
Land	82 Cambridge Circle, North Forbes Park, Makati City	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Quicksilver Development Corp.						
	Land	50 McKinley Road North Forbes Park Makati City	Owned	Good			
	Max Harvest Holdings Inc.						
	Land	Brgy. Anyatam San Ildefonso Bulacan	Owned	Good			
	High Garden Land Resources Inc.						
	Land	82 EDSA Brgy Wack-Wack, Mandaluyong City	Owned	Good			
	One Wilson Cayenne Holdings, Inc.						
	Land	708-A & B J.R Yulo St. Mandaluyong City	Owned	Good			
	Land	6-C East St. Addition Hills Mandaluyong City	Owned	Good			
	Aubumrite Holdings Inc.						
	Land	Bungahan, Biñan, Laguna	Owned	Good			
	Land	Mamplasan, Biñan, Laguna	Owned	Good			
	Bricktree Properties Inc.						
	Land	Bancalaan, Palawan	Owned	Good			
	Agricultural Investors, Inc						
	Land	Bugsuk, Palawan	Owned	Good			
	Unexplored Land Developers, Inc						
	Land	Bugsuk Palawan	Owned	Good			
	Ocean-side Maritime Enterprises, Inc						
	Land	Bugsuk Palawan	Owned	Good			
	Labayug Air Terminals Incorporated						
	Land	Bugsuk Palawan	Owned	Good			
	Pura Electric Co. Inc						
	Land	Bugsuk Palawan	Owned	Good			
	Punong Bayang Housing Development Corporation						
	Land	Bugsuk Palawan	Owned	Good			
	Habagat Realty Development Incorporated						
	Land	Bugsuk Palawan	Owned	Good			
	Spade One Resorts Corporation						
	Land	Bugsuk Palawan	Owned	Good			
	Ondarre Holdings Corp.						
	Land	Mandaluyong City	Owned	Good			
	Soracil Prime Inc.						
	Land	Mandaluyong City	Owned	Good			
3	PACIFIC CENTRAL PROPERTIES, INC.						
	Land	Limay, Combined Power Plant, Limay, Bataan	Owned	Good			
	Land	Dauin, Negros Oriental	Owned	Good			
	Land	Outlook Drive, Baguio City	Owned	Good			
4	SMC SHIPPING AND LIGHTERAGE CORPORATION AND SUBSIDIARIES						
	SMC Shipping and Lighterage Corporation						
	Land	Maribojoc-Cortes National Road Junction, Barrio Salvador, Cortes, Bohol	Owned	Good			
	Land and Building	Dr. A. Santos Avenue corner Unnamed Road, Brgy. San Antonio, Parañaque City	Owned	Good			
	Land	Mariveles Bataan Lot #1 and #2, Barrio of Lucanin, Mariveles, Bataan	Owned	Good			
	Land	Mariveles Bataan Lot #3, Barrio of Agnipa and Cabcaban, Mariveles, Bataan	Owned	Good			
	Land	National Road, Brgy. San Pedro, Bauan and Brgy. San Juan, Mabini, Batangas	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Building (Admin Buildings, Warehouses D, C, R, S, I, N, Q, L, M, Terminals, Parking Shed, Loading Bay)	Ouano Wharf, Looc, Manduae City	Owned	Good			
	Building (KCSLI)	Dad Cleland Avenue, Looc, Lapu Lapu City	Owned	Good			
	Land and Building	Brgy. Loboc, Lapaz, Iloilo	Owned	Good			
	Land	Mariveles, Bataan	Rented	Good	2,870,392.20	September 30, 2030	Renewable upon mutual agreement of the parties
	Land	Yard 2, Engineering Island, Baseco Compound, Port Area, Manila City	Rented	Good	5,052,978.00	January 02, 2037	Renewable upon mutual agreement of the parties
	Land	Block 22 Manila Harbor Center, Tondo, Manila City	Rented	Good	1,976,616.63	July 14, 2024	Renewable upon mutual agreement of the parties
	Land	San Pedro, Bauan, Batangas	Rented	Good	477,543.60	December 06, 2042	SMCSL can exercise an option to purchase the reclaimed lot during the life of the lease period should the municipality decide to sell the property
	Land	Brgy. Tubod, Municipality of Sto. Tomas, La Union	Rented	Good	200,000.00	August 31, 2027	Renewable upon mutual agreement of the parties
	Land	Putting Buhangin hi-way, Orion (TCT #s 226614, 2015000040, 2015000041)	Rented	Good	263,538.00	June 30, 2034	Renewable upon mutual agreement of the parties
	Land	Bo. of Gua-an, Municipality of Leganes, Province of Iloilo	Owned	Good			
	Land	Ouano Wharf, Looc, Manduae City	Owned	Good			
	Land	Road Lot 3 Brgy. 128 Zone 010, Tondo, Manila	Owned	Good			
	Land	Santa Elena, Orion, Bataan	Owned	Good			
	Land, Land Improvement (e.g. Pier), Building, and Machineries	Namonitan, Santo Tomas, La Union	Owned	Good			
	Warehouse	Limay, Bataan	Owned	Good			
	Coal Warehouse	Namonitan, Santo Tomas, La Union	Owned	Good			
	Land	Baluarte, Tagoloan Misamis Oriental	Owned	Good			
	Land	Lot 1118&1119 Putting Buhangin Orion Bataan	Owned	Good			
	Warehouse	Mactan, Cebu	Owned	Good			
	Warehouse	Loboc, Iloilo	Owned	Good			
	Warehouse	Tagoloan, Misamis Oriental	Owned	Good			
	Pier	Iloilo	Owned	Good			
	Pier	Mandaue, Cebu	Owned	Good			
	Warehouse	Mabini, Bauan, Batangas	Owned	Good			
	Blk 12 (Lot 1) and Blk 14 (Lot 1-15)	Harbor, Manila	Owned	Good			
	Warehouses (14 warehouses) 14,700sqm in total	Zone 3, Upper Agusan, Cagayan de Oro City	Rented	Good	2,028,600.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouses (1,5,9A & 8A, 10)	Brgy. Masaya, Rosario Batangas	Rented	Good	423,998.21	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse (3&5)	Bicol Oil Mill Cmpd. Balogo, Pasacao, Camarines Sur	Rented	Good	337,500.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse rental for Feedmill Plant	CDO	Owned	Good			
	Warehouse rental for Feedmill Plant	Iloilo	Owned	Good			
	Warehouse (A, B, D1, D2)	Casisang, Malaybalay City, Bukidnon	Rented	Good	390,000.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	10,835.33	October 02, 2024	Renewable after one (1) year or upon mutual agreement of the parties
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	1,398.79	October 04, 2024	Renewable after one (1) year or upon mutual agreement of the parties
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	27,994.66	January 24, 2024	Renewable after one (1) year or upon mutual agreement of the parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	1,763.17	October 04, 2024	Renewable after one (1) year or upon mutual agreement of the parties
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	5,246.54	February 15, 2024	Renewable after one (1) year or upon mutual agreement of the parties
	Warehouse	218 Don Jose Canciller Avenue, Cauayan City	Rented	Good	64,260.00	July 15, 2024	Renewable upon mutual agreement of the parties
	Warehouse	Leganes, Iloilo (2A, 3A, 5A & 6A)	Rented	Good	2,106,046.06	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse (GMC3)	Taboc, Brgy. San Jose, Pili Cam Sur	Rented	Good	202,500.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse (GMC1&2)	San Jose, Pili, Camarines sur	Rented	Good	308,142.86	December 31, 2023	Renewable upon mutual agreement of the parties
	Office space	Namayan Compound, No. 979 Castaneda St., Brgy Namayan, Mandaluyong	Rented	Good	10,000.00	June 30, 2024	Renewable upon mutual agreement of the parties
	Warehouse 1&2, office space	Pangao, Ibaan, Batangas	Rented	Good	223,214.29	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse 1&2 (Cosay)	National Highway, Santiago, Pili, Camarines Sur	Rented	Good	221,785.72	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse (A3,A7,B2,B3,B4,B6,B9)	PRK5 Bario Mahayag, Bunawan, Davao	Rented	Good	784,530.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse 21	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	157,615.00	June 04, 2024	Renewable upon mutual agreement of the parties
	Warehouse 23	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	159,861.61	June 04, 2024	Renewable upon mutual agreement of the parties
	Warehouse 5-7	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	534,063.75	June 04, 2024	Renewable upon mutual agreement of the parties
	Warehouse 8	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	178,021.25	June 04, 2024	Renewable upon mutual agreement of the parties
	Warehouse 12	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	252,466.50	July 08, 2024	Renewable upon mutual agreement of the parties
	Warehouse 22	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	158,767.00	June 04, 2024	Renewable upon mutual agreement of the parties
	Bldg 2 Doors 5-7	PLDC Diversion Road, Naga City, Camarines Sur	Rented	Good	321,428.57	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse 1-3	Sitio Tawagan, Tayud, Consolacion, Cebu	Rented	Good	480,000.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse PKS-F	Sitio Tawagan, Tayud, Consolacion, Cebu	Rented	Good	209,760.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse 1&2	Tabok, Mandaue City, Cebu	Rented	Good	396,480.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse 3	Sta. Elena, Orion Bataan	Rented	Good	1,555,200.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Condo	15J Pearl of the Orient Ermita, Manila	Rented	Good	17,600.00	May 19, 2024	Renewable upon mutual agreement of the parties
	Condo	33J Pearl of the Orient Ermita, Manila	Rented	Good	18,000.00	April 07, 2024	Renewable upon mutual agreement of the parties
	Condo	3615 Admiral Baysuites, Malate, Manila	Rented	Good	24,000.00	October 02, 2024	Renewable upon mutual agreement of the parties
	Condo	709 Burgundy Place Condominium, Loyola Heights, QC	Rented	Good	23,825.44	July 31, 2024	Renewable upon mutual agreement of the parties
	Condo	Unit 2201 Grand Riviera Suites Roxas Boulevard, Corner Padre Faura St., Ermita, Manila	Rented	Good	25,000.00	June 15, 2024	Renewable upon mutual agreement of the parties
	Warehouse (B1-B3)	Parang, Batangas	Rented	Good	618,000.00	December 31, 2023	Renewable upon mutual agreement of the parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Office Space	2nd Floor, Unit G, Blk 9 Lot 4-6 Manila Harbour Center, Fernando St. Cor. Francisco St. Zone 10 Barangay 128, Tondo Manila	Rented	Good	21,804.69	September 01, 2024	Renewable upon mutual agreement of the parties
	Office Space	2nd Floor, Unit G, Blk 9 Lot 4-6 Manila Harbour Center, Fernando St. Cor. Francisco St. Zone 10 Barangay 128, Tondo Manila	Rented	Good	21,804.69	May 01, 2024	Renewable upon mutual agreement of the parties
	Office Space	5th Floor, Unit B, Blk 9 Lot 4-6 Manila Harbour Center, Fernando St. Cor. Francisco St. Zone 10 Barangay 128, Tondo Manila	Rented	Good	46,284.33	March 01, 2024	Renewable upon mutual agreement of the parties
	Office Space	3rd Floor, Blk 9 Lot 4-6 Manila Harbour Center, Fernando St. Cor. Francisco St. Zone 10 Barangay 128, Tondo Manila	Rented	Good	346,741.76	February 15, 2024	Renewable upon mutual agreement of the parties
	Office Space	4th Floor, Blk 9 Lot 4-6 Manila Harbour Center, Fernando St. Cor. Francisco St. Zone 10 Barangay 128, Tondo Manila	Rented	Good	346,741.76	January 17, 2024	Renewable upon mutual agreement of the parties
	Staffhouse	Poblacion Norte, Sta. Barbara, Pangasinan	Rented	Good	8,000.00	April 14, 2024	Renewable upon mutual agreement of the parties
	Staffhouse	Zone 7, Brgy. Agusan, Cagayan De Oro	Rented	Good	8,000.00	June 30, 2024	Renewable upon mutual agreement of the parties
	Staffhouse	Maharlika Hi-way, Brgy. Paulog, Ligao City, Albay	Rented	Good	5,800.00	August 19, 2024	Renewable upon mutual agreement of the parties
	Condo	Bldg 3. Unit 1443, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	17,000.00	July 15, 2024	Renewable upon mutual agreement of the parties
	Condo	Bldg 1. Unit 1207, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	17,000.00	July 15, 2024	Renewable upon mutual agreement of the parties
	Condo	Unit 2, No. 681, Beaterio Street corner Magallanes Street, Intramuros, Manila	Rented	Good	25,000.00	June 15, 2024	Renewable upon mutual agreement of the parties
	Condo	Unit 51-A North Tower, One Shangri-La Place	Rented	Good	160,000.00	December 27, 2024	Renewable upon mutual agreement of the parties
	Condo	Bldg 5. Unit 1415, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	17,000.00	April 30, 2024	Renewable upon mutual agreement of the parties
	Condo	Bldg 10. Unit 233, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	17,000.00	March 31, 2024	Renewable upon mutual agreement of the parties
	Warehouse (Elim)	Lam-An, Ozamis City, Misamis Occidental	Rented	Good	37,500.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Staffhouse	23 Tubod West, Sto. Tomas, La Union	Rented	Good	10,000.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Condo	4F-414, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	15,000.00	March 15, 2024	Renewable upon mutual agreement of the parties
	Condo	Bldg 10. Unit 1056, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	17,000.00	May 31, 2024	Renewable upon mutual agreement of the parties
	Warehouse (2,3,4,7,8,9,12)	MCT Complex, Tagoloan, Misamis Oriental	Rented	Good	1,636,600.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse Rich A7, B2, B3, B4, B6,B9	PRK 5, Barrio, Mahayag, Bunawan, Davao City	Rented	Good	683,330.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse	Door 2-3, Bay 6, Everland Agricorp, Sasa, Davao	Rented	Good	251,183.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse 1 (1-4) & 2	Brgy. Mahabang, Parang, Batangas City	Rented	Good	1,023,000.00	December 31, 2023	Renewable upon mutual agreement of the parties
	SMC Shipping and Lighterage Corporation and SL Mariveles Drydocking and Shipyard Corporation						
	Building (Warehouses, Admin Building, Slipway, Seawall, Guardhouse)	Luzon Avenue, Baseco Compound, Mariveles, Bataan	Owned	Good			
	Land	Baseco Compound Luzon Avenue Mariveles, Bataan	Rented	Good	730,747.07	December 31, 2023	Renewable upon mutual agreement of the parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
SMC Shipping and Lighterage Corporation and Baseco Shipyard Corporation						
Building (Warehouses, Admin Building, Improvements, Container Yard, Access Roads, Guardhouse, Truckscale, Equipments)	Yard 2, Engineering Island, Baseco Compound, Port Area, Manila City	Owned	Good			
Land	Yard 2, Engineering Island, Baseco Compound, Port Area Manila	Rented	Good	2,523,293.73	December 31, 2023	Renewable upon mutual agreement of the parties
SL Harbour Bulk Terminal Corporation						
Land	Blk14 Lots 1-4 Manila Harbour Centre, Brgy. 128, Zone 10, Tondo District, Manila City	Owned	Good			
Land	Blk15 Lots 8-9 Brgy. 128 Zone 010, Tondo, Manila	Owned	Good			
Land	Blk4 Lot 10-11 Road Lot 3, Brgy. 128 Zone 010, Tondo, Manila	Owned	Good			
Land	Manila Harbour Center Lot 3 fronting Blk 14 (BERTHING 5)	Rented	Good	501,886.21	April 29, 2024	Renewable upon mutual agreement of the parties
Land	Manila Harbour Center Lot 3 fronting Blk 15 (BERTHING 4)	Rented	Good	380,077.59	April 29, 2024	Renewable upon mutual agreement of the parties
Land	Blk17 Lot 4 Manila Harbour Centre, Vitas, Tondo, Manila City	Rented	Good	431,323.88	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of the parties
Foreshore and Offshore Areas	Gracia, Tagoloan, Misamis Oriental (41,682 sqm)	Rented	Good	27,145.23	March 07, 2029	May be renewed for 25 years upon terms and conditions mutually agreed upon by the parties
Foreshore and Offshore Areas	Gracia, Tagoloan, Misamis Oriental (50,152 sqm)	Rented	Good	251,233.01	March 07, 2029	May be renewed for 25 years upon terms and conditions mutually agreed upon by the parties
Foreshore and Offshore Areas, and Port Facility	Gracia, Tagoloan, Misamis Oriental (121,396 sqm)	Rented	Good	292,518.93	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of the parties
Building (Admin Buildings, Terminals, Parking Shed, Loading Bay, Mini Laboratory, Storage Areas)	Manila Harbour Centre, Brgy. 128, Zone 10, Tondo, Manila City	Owned	Good			
Land Improvements (Walkways, Driveway, Ground Improvements, Access Roads, Catwalks, Perimeter Fence, Etc.)	Manila Harbour Centre, Brgy. 128, Zone 10, Tondo, Manila City	Owned	Good			
Buildings (Admin Building, Bulk Office, Mini Laboratory, etc.)	Limay, Bataan	Owned	Good			
Buildings (Admin Building, Mini Laboratory, etc.)	Tagoloan, Misamis Oriental	Owned	Good			
Land	Blk12 Rd 10 Cor Rd 21 New Harbour Center, Brgy. 128 Zone 010, Tondo, Manila	Owned	Good			
Land	Blk14 Lot 5 Rd Lot 3 Cor Rd Lot 9 New Harbour Center, Brgy. 128 Zone 010, Tondo, Manila	Owned	Good			
Land	Barrio Kitang, Limay, Bataan (228,616 sqm)	Rented	Good	532,559.05	December 31, 2023	Renewable on a year to year basis for as long as the original lease agreement is in effect and under such terms and conditions based on the mutual consent and agreement of both parties
Land	Block 15, Lots 1-7, Manila Harbour Centre, Tondo, Manila	Rented	Good	3,013,776.95	January 26, 2024	Renewable upon mutual agreement of the parties
Leasehold Improvements (Driveway, Pier, Perimeter Fence, etc.)	Limay, Bataan	Owned	Good			
Leasehold Improvements (Driveway, Pier, Perimeter Fence, etc.)	Tagoloan, Misamis Oriental	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Machinery and Equipment (Fuel Tanks)	Bataan Combined Cycle Power Plant, Barangay Luz, Kitang 2, Limay, Bataan	Rented	Good	4,969,228.61	December 31, 2023	Renewable upon mutual agreement of the parties
	Machinery and Equipment (Fuel Tanks, Water Tanks, Tank Truck Loading Racks, etc.	Manila Harbour Centre, Brgy. 128, Zone 10, Tondo, Manila City	Owned	Good			
	Machinery and Equipment (Fuel Tanks, Water Tanks, Tank Truck Loading Racks, etc.	Limay, Bataan	Owned	Good			
	Machinery and Equipment (Fuel Tanks, Water Tanks, Tank Truck Loading Racks, etc.	Tagoloan, Misamis Oriental	Owned	Good			
	Land	386,755 sqm land in Manila Harbour Center	Rented	Good	187,709.75	April 30, 2024	Renewable upon mutual agreement of the parties
	Land	The lease agreement pertains to lease of land in Manila Harbor Blk 4 lot 10 and 11.	Rented	Good	1,072,000.00	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of the parties
	Land	Road Lot 3 fronting lot 10 and 11 of block 4, Manila Harbour Centre, Tondo, Manila City	Rented	Good	380,077.59	May 14, 2024	Renewable upon mutual agreement of the parties
	MG8 Terminal Inc.						
	Land	Road Lot 19 (New Harbor Center) Brgy. 128 Zone 010, Tondo, Manila	Owned	Good			
	Land	Lucanin, Mariveles, Bataan	Owned	Good			
	Land	Mabini, Batangas	Owned	Good			
	Land	Lot 10181, CAD-584, C-24 San Pedro, Bauan Cadastre	Owned	Good			
	Land	Lot 10184-A, of the sub. Plan, Psd-04-148187 being a portion of Lot - 10184 Cad 584, Bauan Cadastre	Owned	Good			
	Land	Lot 14038-B of the sub. Plan Psd-04-195256 being portion of Lot 14038 Cad 584, Bauan Cad., LRC Rec. No.	Owned	Good			
	Land	Lot 10156 Cad-584 San Pedro, Bauan, Batangas TCT 05-0034-00532	Owned	Good			
	Land and pier and port facilities	Various land in Bauan, Batangas	Owned	Good			
	Warehouse 1, 2, 3 and 4	Mabini and Bauan, Batangas	Owned	Good			
	SMC Shipyard Cebu Land Inc.						
	Land and Building	Dad Cleland Ave., Looc, Lapu Lapu City	Owned	Good			
	La Union Shipyard and Marine Service Corporation						
	Buildings	Tubod Sto. Tomas La Union	Owned	Good			
	Leasehold Improvemens/Shipyard	Tubod Sto. Tomas La Union	Owned	Good			
	LS Shipping Management Corporation						
	Landrights and improvements	Barangay San Miguel, Municipality of Bauan, Province of Batangas.	Owned	Good			
	Elite Marine Construction Corporation						
	Land	Barangay Putting Buhangin, Orion, Bataan	Rented	Good	30,000.00	December 31, 2024	Renewable upon mutual agreement of the parties
	Land	Lot 1071, Barangay Putting Buhangin, Orion, Bataan	Rented	Good	44,555.00	September 01, 2024	Renewable upon mutual agreement of the parties
	Condo	125 Bernadette Street, 8th Avenue, Grace Park, Caloocan City	Rented	Good	15,789.47	August 07, 2024	Renewable upon mutual agreement of the parties
	Office space	5th floor, Unit A Kynsna Bldg, Blk 9 Lot 4-6 Manila Harbour Centre Fernando St Cor. Francisco Siero St Barangay 128 Zone 10 Dist 1 1012 Tondo I / II NCR, City of Manila, First District Philippines	Rented	Good	44,150.99	February 01, 2024	Renewable upon mutual agreement of the parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Staffhouse	Brgy. Upper, Bian, Mariveles, Bataan	Rented	Good	10,526.32	January 21, 2025	Renewable upon mutual agreement of the parties
	Office space	5th floor, Unit J Kynsna Bldg, Blk 9 Lot 4-6 Manila Harbour Centre Fernando St Cor. Francisco Siero St Barangay 128 Zone 10 Dist 1 1012 Tondo I / II NCR, City of Manila, First District Philippines	Rented	Good	30,660.53	April 01, 2024	Renewable upon mutual agreement of the parties
	Office space	3rd floor, Kynsna Bldg, Blk 9 Lot 4-6 Manila Harbour Centre Fernando St Cor. Francisco Siero St Barangay 128 Zone 10 Dist 1 1012 Tondo I / II NCR, City of Manila, First District Philippines	Rented	Good	89,285.71	April 30, 2024	Renewable upon mutual agreement of the parties
	Cupertino Realty Corporation						
	Land 1 - TOT# 095-2011000677	PPA BY PASS Road, Barangay Loboc, La Paz, City of Ilo-Ilo	Owned	Good			
	Land 2 - TOT# 095-2011000678	Barangay Loboc, La Paz, City of Ilo-Ilo	Owned	Good			
	Building 1	Barangay Loboc, La Paz, City of Ilo-Ilo	Owned	Good			
	Building 2	Barangay Loboc, La Paz, City of Ilo-Ilo	Owned	Good			
5	SM BULK WATER CO., INC.						
	Land	Bobulusan, Guinobatan, Albay	Owned	Good			
	Land	Brgy. Batang, Ligao City	Owned	Good			
	Land	Tabuyoc, Apalit, Pampanga	Owned	Good			
6	SMC STOCK TRANSFER SERVICE CORPORATION						
	Office Space	Units 1505-1507, Robinsons Equitable Tower, ADB Avenue, corner Poveda, Pasig City	Owned	Good			
	Parking Space	Parking Slots 31-33, Robinsons Equitable Tower, ADB Avenue, corner Poveda, Pasig City	Owned	Good			
7	SAN MIGUEL PAPER PACKAGING CORPORATION	8380 Dr. A Santos Avenue, Sucat, Parañaque City	Owned	Good			
8	SAN MIGUEL INTEGRATED LOGISTICS SERVICES INC.						
	Warehouse	45 Muelle Dela Industria Binondo Manila	Owned	Good			
	Ulas Warehouse	Brgy. Talomo, Ulas, Davao City	Owned	Good			
	Warehouse	8380 Dr. A. Santos Avenue, Barangay BF Homes, Sucat, Paranaque	Owned	Good			
	Land	Purok 5, Brgy Rawis Legazpi City	Owned	Good			
	Land	A. Mabini Street San Juan City	Owned	Good			
	Land	Fe Martinez St. Brgy Anghit Daet Camarines Norte	Owned	Good			
9	SAN MIGUEL INTEGRATED MERCHANDISING SERVICES INC.						
	Office	6th Floor, Unit C&D, JMT Corporate Condominium, ADB Avenue, Mandaluyong City	Rented	Good	459,559.43	March 31, 2024	Renewable upon mutual agreement of the parties
	Office	G/F, IT Benedicto College, A.S. Fortuna Street, Bakilid, Mandaue City	Rented	Good	59,400.00	January 31, 2024	New contract upon expiration of the previous
	Office	Lot 1 C. Ramon Diaz St., Villa Corazon del Rosario, Naga City, Camarines Sur	Rented	Good	11,080.34	March 28, 2024	New contract upon expiration of the previous
	Office	Kingspire Business Centre, KM. 71, Mc Arthur Hiway, Brgy. San Isidro, San Fernando City, Pampanga	Rented	Good	29,439.25	July 31, 2024	New contract upon expiration of the previous
	Office	Room 304, 2nd Floor, G & J E Bldg., Cor. Hernaez Locsin Sts., Brgy. 38, Bacolod City, 6100	Rented	Good	7,500.00	February 14, 2024	New contract upon expiration of the previous
	Office	127B, Sorongon Drive, Brgy. Danao, Iloilo City	Rented	Good	13,500.00	November 30, 2024	New contract upon expiration of the previous
	Office	2nd Floor, 1st Door, Realmark Commercial Hub Mons. #430 Hayes St., Pinikitan, Cagayan De Oro City	Rented	Good	10,000.00	October 15, 2024	New contract upon expiration of the previous
	Office	Room No. 7, 2nd Floor, Brgy. Zamora Extension, Pogo Chico, Dagupan City	Rented	Good	7,476.64	June 12, 2024	New contract upon expiration of the previous
10	SMC MULTI-SERVICES INC.						
	Office	SMC C5 Complex No. 100 E. Rodriguez Jr. Ave C5 Road, Pasig City	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
11	SMC REPAIRS & MAINTENANCE INC.						
	Office	#100 E. Rodriguez Jr. Ave., (C5 Road), Brgy. Ugong, Pasig City 1604	Owned	Good			
12	SMC INTEGRATED FARM SPECIALISTS INC.						
	Office	#100 E. Rodriguez Jr. Ave., (C5 Road), Brgy. Ugong, Pasig City 1604	Owned	Good			
13	SAN MIGUEL EQUITY INVESTMENTS INC. AND SUBSIDIARIES						
	San Miguel Equity Investments Inc.						
	Office Space	No. 40 San Miguel Avenue, Mandaluyong City	Owned	Good			
	Ionic Cementworks Industries Inc.						
	Land	Pagbilao, Quezon	Owned	Good			
	Southstrong Cement Industries Corp.						
	Land	Leganes, Iloilo	Owned	Good			
	Land	Tayasan, Negros Oriental	Owned	Good			
	Primer Cemento Industries Corp.						
	Land	Agno, Pangasinan	Owned	Good			
	Southern Concrete Industries Inc.						
	Land	Darong, Sta. Cruz, Davao del Sur	Owned	Good			
	Land	Darong, Sta. Cruz, Davao del Sur	Owned	Good			
	Cement Grinding Plant	Darong, Sta. Cruz, Davao del Sur	Owned	Good			
	E-Novate Holdings, Inc.						
	Land	Cagnio and Trinidad, Surigao City	Owned	Good			
	Northern Cement Corporation						
	Head Office Space	3rd Flr 155 Edsa Building, 155 Edsa Brgy Wack Wack Mandaluyong	Owned	Good			
	Cement Plant	Brgy. Labayug, Sison Pangasinan	Owned	Good			
	Cement Plant	Brgy. Labayug, Sison Pangasinan	Owned	On-going Construction			
	Land	Brgy. Inoman, Pozorrubio, Pangasinan	Owned	Good			
	Land	Brgy. Labayug, Inmalog - Sison Pangasinan	Owned	Good			
	Land	Brgy. Bila And Paldit - Sison, Pangasinan	Owned	Good			
	Land	Brgy. Amagbagan, Sison, Pangasinan	Owned	Good			
	Land	Brgy. Bobonan, Inoman, Sugcong - Pozorrubio, Pangasinan	Owned	Good			
	Land	Brgy. Lunec, Malasiqui, Pangasinan	Owned	Good			
	Land	Brgy. Asin, Malasiqui, Pangasinan	Owned	Good			
	Land	Brgy. La Paz, Villasis And Mangan Dampay - Malasiqui, Pangasinan	Owned	Good			
	Land	Brgy. Mangan Dampay, Taloyan, Bacudao - Malasiqui, Pangasinan	Owned	Good			
	Land	Brgy. Ansagan, Tuba, Benguet	Owned	Good			
	Land	Brgy. Tubod And Namonitan - Sto Tomas, La Union	Owned	Good			
	Land	Brgy. Namonitan And Casantaan - Sto Tomas, La Union	Owned	Good			
	Land	Brgy. Guset sur, Sto. Domingo - San Manuel Pangasinan	Owned	Good			
	Land	Brgy. Paldit, Sison, Pangasinan	Rented	Good	80,405.74	December 31, 2025	Renewable subject to conditions
	Land	Brgy Olympia, Makati City	Rented	Good	35,740.34	December 31, 2024	Renewable subject to conditions
	Eagle Cement Corporation						
	Head Office Space	2F Smits Bldg. 155 EDSA, Brgy. Wack-Wack, Mandaluyong City	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Cement Plant	Brgy. Akle, San Ildefonso, Bulacan	Owned	Good			
Cement Grinding Plant	Brgy. Lamao, Limay, Bataan	Owned	Good			
Land	Brgy. Akle, San Ildefonso, Bulacan	Owned	Good			
Land	Brgy. Bohol na Mangga, San Ildefonso, Bulacan	Owned	Good			
Land	Brgy. Alagao, San Ildefonso, Bulacan	Owned	Good			
Land	Brgy. Talbak, DRT, Bulacan	Owned	Good			
Land	Brgy. Kalawakan, DRT, Bulacan	Owned	Good			
Land	Brgy. Biak-na-Bato, San Miguel, Bulacan	Owned	Good			
Land	Brgy. Mabalasbalas, San Rafael, Bulacan	Owned	Good			
Land	Brgy. Gabihan, San Ildefonso, Bulacan	Owned	Good			
Land	Brgy. Caingin, San Rafael, Bulacan	Owned	Good			
Land	Brgy. Caigsing, Ginatilan, Cebu	Owned	Good			
Land	Brgy. Campisong, Ginatilan, Cebu	Owned	Good			
Land	Brgy. Guiwanon, Ginatilan, Cebu	Owned	Good			
Land	Brgy. Looc, Ginatilan, Cebu	Owned	Good			
Land	Brgy. Malatbo, Ginatilan, Cebu	Owned	Good			
Land	Brgy. Poblacion, Ginatilan, Cebu	Owned	Good			
Land	Mabalacat, Pampanga	Owned	Good			
Land	Harvard Street, Wack Wack Village Subdivision, Brgy Wack Wack, Mandaluyong City	Owned	Good			
Land	(EDSA), Wack Wack Subdivision, Brgy Wack Wack, Mandaluyong City	Owned	Good			
Warehouse Space	Malasique, Pangasinan	Rented	Good	137,340.00	December 31, 2023	Renewable subject to conditions
Warehouse Space & Driveway	Paranaque City	Owned	Good			
Parking Space	Paranaque City	Owned	Good			
Warehouse Space	Ibaan, Batangas	Rented	Good	261,360.00	December 31, 2023	Renewable subject to conditions
Parking Space	Ibaan, Batangas	Rented	Good	178,571.43	December 31, 2023	Renewable subject to conditions
Warehouse Space	Imus, Cavite	Rented	Good	239,285.71	April 30, 2025	Renewable subject to conditions

^(a) The change in the corporate name was approved by the SEC on March 9, 2023

^(b) The change in the corporate name was approved by the SEC on March 31, 2023.

^(c) The change in the corporate name was approved by the SEC on February 7, 2023.

^(d) The change in the corporate name was approved by the SEC on March 9, 2023.

^(e) The change in the corporate name was approved by the SEC on November 13, 2023.

^(f) The change in the corporate name was approved by the SEC on September 21, 2023.

^(g) The change in the corporate name was approved by the SEC on November 3, 2023.

^(h) The change in the corporate name was approved by the SEC on March 22, 2023.

Note: All owned properties are free of liens and encumbrances, except for the following:

⁽ⁱ⁾ The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of LPI;

^(j) The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of MPI;

^(k) The Power Plant, including all related facilities therein, and the land are mortgaged in favor of the lenders to secure the loan obligation of MPCL; and

^(l) The BESS, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of SMGP BESS.

ANNEX “E”

SAN MIGUEL CORPORATION
LIST OF PRODUCTS FOR 2023



LIST OF PRODUCTS

I. BEER AND NAB

1. San Miguel Pale Pilsen
2. San Mig Light
3. San Miguel Super Dry
4. San Miguel Premium All-Malt
5. Red Horse
6. Red Horse Super
7. Gold Eagle
8. Cerveza Negra / San Miguel Cerveza Negra
9. San Miguel Flavored Beer
10. San Mig Zero
11. San Miguel NAB
12. San Miguel Flavored NAB
13. San Miguel Cerveza Blanca
14. San Miguel Chocolate Lager (Limited Edition)
15. Valor
16. Blue Ice
17. Dragon
18. W1N Bia (Bia Hoi)
19. Anker
20. Kuda Putih
21. Bruck
22. Knight
23. San Mig Hard Seltzer
24. Batavia

ALCOHOL-FREE BEVERAGE

1. San Mig Free

NON-ALCOHOLIC BEVERAGES

1. Magnolia Fruit Drink
2. Magnolia Healthtea
3. Cali
4. Magnolia Flavored Water

BREWED FOR PRIVATE LABEL

1. Ikinama
2. Kiwamugi
3. Ceus
4. Elite

BREWED UNDER LICENSING/TOLLING
AGREEMENT

1. Carlsberg
2. Sunlik

IMPORTED/DISTRIBUTED

1. Kirin Ichiban
2. Samuel Adams
3. Sam 76
4. Angry Orchard
5. Spitfire
6. Whitstable Bay
7. Mahou
8. Magners
9. Arcobrau

II. SPIRITS

1. GINEBRA SAN MIGUEL
2. GINEBRA SAN MIGUEL PREMIUM GIN
3. G.S.M. BLUE LIGHT GIN
4. G.S.M. BLUE FLAVORS (Mojito, Margarita, Gin Pomelo, and Cosmopolitan)
5. PRIMERA LIGHT (Primera Light Imported)
6. VINO KULAFU (Chinese Wine)
7. ANTONOV VODKA
8. 1834 PREMIUM DISTILLED GIN
9. AÑEJO GOLD RUM
10. G&T Ultralight Spirit Drink (Lemon Ginger and Apple Black Tea)
11. SAN MIGUEL ETHYL ALCOHOL

FOR EXPORT ONLY

12. Tondeña Manila Rum (Gold)

III. FOOD

San Miguel Foods, Inc.

POULTRY

Live Broilers

Dressed Chicken (Wholes)

- Magnolia Fresh Chicken (Fresh Chilled, Frozen)
- Magnolia Spring Chicken (Fresh Chilled, Frozen)
- Magnolia Big Bird (Fresh and Frozen)
- Magnolia Jumbo Chicken (Fresh and Frozen)
- Magnolia Free Range Chicken (Fresh and Frozen)

Cut-ups

- Magnolia Chicken Cut-ups (Fresh Chilled, Frozen)
- Magnolia Chicken Station Cut-ups (Cut and packed in the Chicken Stations)
- Magnolia Free Range Cut-ups

Marinated, Ready to Cook

- Magnolia Chicken Timplados Ready-to-Cook (Fried Chicken, BBQ, Tocino, Teriyaki, Spicy Wings, Oriental Wings, Inasal, Spicy Fried Chicken, Roasters Lemon Herb, Roasters Smoked Pepper, Bola-Bola, Chicken Longanisa, Grillers Classic Roast, Cheesy Fingers, All-around Pangsahog, All-around Giniling, Fried Chicken Drumsticks with BBQ seasoning, Pinoy Streat Foods Chicken Skin, Classic Burger)

- Magnolia Chicken Station Timplados (Cheesy Fingers, Vanilla Fingers, Lumpiang Shanghai, Spicy Neck, Chicken Frillers, Korean BBQ, Chicken Siomai, Chicken Tapa) – produced in Chicken Stations

- Magnolia Chicken Streat Sarap (Isaw, Chicken Feet, Chicken Neck)

- Magnolia Real Chicken Burger Steak

Giblets

- Magnolia Chicken Giblets (Fresh and Frozen Liver and Gizzard)

Institutional

- Whole Chicken
- Customized Bone-in Cut-ups and Deboned Fillets

Brown Eggs

- Magnolia Cage-Free Brown Eggs 12s
- Magnolia Egg-A-Day 7s

FRESH MEATS

Live Hogs

Wholesale Cuts

- Pork
 - Hog Carcass
 - Boxed Primal Parts

- Beef
 - Beef Forequarters
 - Beef Hindquarters
 - Boxed Primal Cuts

Retail Cut-ups

- Monterey Primal Cuts (Pork, Beef)
- Monterey Meatshop Cut Ups (Pork, Beef) - cut and packed in Monterey Meatshops

Marinated

Monterey Meatshop Timplados (Pork, Beef) - produced in Monterey Meatshops

Pork BBQ Tenderloin Skewers

Monterey Exclusives (Pork BBQ, Baby Back Ribs, American Style Ribs, Pork Tocino)

FEEDS**Animal and Aquatic Feeds****Hog Feeds**

B-MEG Premium Hog Feeds

B-MEG Premium Super Inahin Hog Pellets

B-MEG Premium Super Biik Hog Pellets

B-MEG Expert Premium Formulation Hog Pellets

B-MEG Expert Complete Nutrition Hog Feeds

B-MEG Mega Mash

B-MEG Essential Hog Feeds

B-MEG Essential Performix

B-MEG Bonanza Hog Pellets

Jumbo Hog Feeds

Pureblend Hog Feeds

Poultry Feeds

B-MEG Essential Layer

B-MEG Essential Broiler

B-MEG Essential Broiler Breeder

B-MEG Premium Layer

B-MEG Premium Broiler

B-MEG Expert Layer

B-MEG Layer

B-MEG Broiler

B-MEG Ducks

B-MEG Free Range Chicken Feeds

B-MEG Integra

B-MEG Integra Powermaxx

B-MEG Derby Ace

B-MEG Alertone Mixed Grains

B-MEG Fighting Cock Pellets

B-MEG F-Series

B-MEG Pigeon Pellets

Jumbo Pullet Developer Pellets

Pureblend Layer Feeds

Pureblend Broiler Feeds

Pureblend Duck Feeds

Aquatic Feeds

B-MEG Prize Catch Super Premium Extruded Floating Feeds

B-MEG Prize Catch Premium Extruded Floating Feeds

B-MEG Prize Catch Premium Sinking Feeds

B-MEG Aquaration Extruded Floating Feeds

B-MEG Aquaration Extruded Sinking Feeds

Others

Pureblend Quail Feeds

B-MEG Horse Feeds

Concentrates

B-MEG Hog Concentrate

B-MEG Essential Pig Protein Concentrate

B-MEG Essential Goat Concentrate

B-MEG Essential Cattle Concentrate

Animal Health Care Veterinary Medicines

Anti-infective - Water Soluble Preparations

Amoxil-V (Amoxicillin 20%)
Cephalexin 20%
Chlortetracycline 25%
Cotrimoxazole 48%
Doxa-V (Doxycycline 20%)
Dox-C-Lin Gold Premium
B-MEG Integra Trimax
B-MEG Integra CXD-3

Supplement/Vitamins - Water Soluble Preparations

Elec-V (Electrolytes)
Multi-V (Multi-vitamins)
Multivitamins + Minerals + Amino Acids
Vitamin B-Complex (Broiler)
B-MEG Integra Electromax
B-MEG Integra Multimax

Anti-Inflammatory/Anti-pyretic - Water Soluble Preparation

Para-V

Dewormer/Anti-nematodal - Water Soluble Preparations

Bulatigok SD (Levamisole 2%)
Bulatigok (Levamisole 20%)

Injectables

Alamycin LA

Supplement/Vitamins - Injectables

Iron Vet
Norovit

Oral Preparations

B-MEG Integra Trifast
B-MEG Integra Power Edge
B-MEG Integra Worm-X
B-MEG Integra Worm-X Maxx
B-MEG Integra Multimax D5

Anti-infective - Liquid Preparations

Norfloxacin 20%
Doxa-V Plus 20%

Supplement/Vitamins - Liquid Preparations

Vitamin ADE OS
Vitamin E 60%
Multi-V
Multi-V Plus (MV+AA OS)
PneumoCare (Essential Oils + Ethanol)
Vita-Levo

Anti-infective - Feed Premix

Tiamulin 10%

Supplement/Vitamins - Feed Premixes

B-MEG Essential Swine Vitamin
B-MEG Essential Swine Mineral
B-MEG Essential Poultry Vitamin
B-MEG Essential Poultry Mineral

Disinfectants

Protect Plus
Protect Plus Gold
Aqua Care
Calci Clear
Sanivir Smoke

Others

B-MEG Integra Feather Shine Shampoo
Cyrokill

Pet Care**Mainstream Dog Food**

Nutri Chunks Hi-Protein Puppy Lamb
Nutri Chunks Optimum Adult Beef
Nutri Chunks Optimum Adult Lamb
Nutri Chunks Coatshine Adult Salmon
Nutri Chunks Maintenance Adult Beef
Nutri Chunks Maintenance Small Breed Lamb

Economy Dog Food

AlphaPro Regular Bites Adult Beef
AlphaPro Small Bites Adult Beef

Dog Treats

NutriChunks Milk Flavored Sticks
NutriChunks Beef Flavored Sticks

Pet Health/Wellness

NutriChunks Wormshot Dewormer
NutriChunks Multi-V Yum Supplement

San Miguel Mills, Inc.**Hard Wheat Flour**

Emperor
King
Pacific
Monarch
Harina de Pan de Sal
Count

Soft Wheat Flour

Queen
Countess
Red Dragon
Nova
Vega
Alpha
Polaris

Specialty Flour

Baron All-Purpose Flour
Gallant All-Purpose Flour
Baron Siopao Flour
Princess Cake Flour
Golden Wheat Whole Wheat Flour (Fine and Coarse)

Customized Flour

Royal Premium Noodle Flour
Royal Special Noodle Flour
Prince Miki Flour
Prince Noodle Flour
Prince Wrapper Flour

Premixes

Bake Best Bibingka Mix
Bake Best Brownie Mix
Bake Best Butter Cake Mix
Bake Best Crinkle Mix
Bake Best Pan De Sal Mix
Bake Best Puto Mix
Bake Best Yeast Raised Doughnut Mix

Bakery Ingredients

Bake Best Baking Powder
Bake Best Bread Improver
Bake Best Gold Bread Improver
Bake Best Platinum Bread Improver
Emperor's Best Instant Yeast

Other Wheat Flours

Mabini
Humabon

The Purefoods-Hormel Company, Inc.**REFRIGERATED MEATS****Hotdogs**

Purefoods Tender Juicy Hotdog (Classic, Jumbo, King Size, Cocktail, Cheesedog, Chick 'n Cheese, Giant, Cheesy Pizza, Cheesy Spaghetti, Balls, Cheeseballs, Cheesy Corndog, Classic Corndog, Chili, Chili & Cheese)
Purefoods Star Hotdog (Classic, Cheezeedog, Chick n' Tasty, Cheeseballs, Footlong)
Purefoods Star Cheesedog (Regular, Jumbo, Footlong)
Purefoods Star Chick n' Tasty (Regular, Jumbo)
Higante Hotdog (Classic, Cheesedog, Chicken, Chicken and Cheese)
Purefoods Deli Franks (German, Angus Beef, Cheese, Spicy Pepper Beef)
Purefoods Deli Sausages (Bockwurst, Schublig, Hungarian Cheese, Breakfast Sausage)
Purefoods Beefies Hotdog (Regular, Lots-a-Cheese)
Vida Hotdog
Bongga Hotdog

Breaded, Battered and Fried

Purefoods Chicken Nuggets (Chicken Breast Nuggets, Crazy Cut Shapes, Letters & Numbers, Bacon & Cheese, Cheese Overload, Drummets, Chicken Popcorn, Spicy Chicken Nuggets)
Purefoods Fish Nuggets
Purefoods Shrimp Tempura
Purefoods Tail-On Shrimp
Purefoods Squid Rings
Purefoods Chicken Katsu
Purefoods Pork Katsu
Purefoods Chicken Karaage
Purefoods Crispy Fried Chicken (Classic, Soy Garlic, Garlic Parmesan)
Star Chicken Nuggets (Chicken, Chick'n Cheese)
Star Burger Bites

Bacon

Purefoods Bacon (Honeycured, Maple-flavored, Thick Cut Honeycured, Bacon Crumble, Beef Bacon)
Hormel Black Label Bacon
Vida Bacon

Premium RM (under Deli portfolio)

Purefoods Deli Patty (Angus Beef, Breakfast Sausage)

Sliced Hams

Purefoods Ham (Sweet, Cooked, Chicken)
Purefoods Fiesta Ham Slices
Star Sweet Ham
Vida Sweet Ham

Whole Hams

Purefoods Fiesta Ham (Whole, Pre-Sliced, Bone-in, Chicken)
Purefoods Jamon de Bola (Pork, Chicken)
Purefoods Chinese Ham
Purefoods Brick Ham
Purefoods Pear-Shaped Ham (Pork, Chicken)
Jamon Royale

Ready-to-Cook/Ready-to-Eat

Purefoods Sisig
Purefoods Chicken Teriyaki, Chicken Balls
Ready-to-Eat Viands (Kare Kare, Bistek Tagalog, Lechon Paksiw, Pork Binagoongan, Pork Humba, Beef Caldereta, Beef Pares, Bicol Express, Chicken Afritada, Callos, Korean Beef Stew, Dinuguan, Chicken Pastel, Chicken Curry, Pininyahang Manok, Chicken Caldereta, Beef Mechado)
Ready-to-Eat Classic Filipino Soups (Beef Bulalo, Beef Kansi, Chicken Binakol, Sinampalukang Manok)
Purefoods Sauces (Spaghetti Sauce)

Native Line

Purefoods Tocino (Classic, Sweet Chili, Chicken)
Purefoods Longanisa (Hamonado, Recado, Chicken)
Purefoods Tapa (Beef, Chicken, Sweet & Spicy Beef, Hot & Spicy Chicken)
Purefoods Adobo Flakes
Purefoods BBQ ala Liempo (Pinoy BBQ)
Purefoods Chicken Inasal
Purefoods Chicken Barbecue
Purefoods Sisig
Purefoods Chicharon Bulaklak

Plant-Based

Veega Meat Free Line (Burger Patty, Sausage, Giniling, Nuggets, Balls)
Veega Meat Free RTE Line (Bulgogi, Spicy Soy Garlic Balls)
Veega Vegan Line (Adobo Flakes, Tapa, Tocino)

GROCERY PRODUCTS**Corned Meats**

Purefoods Corned Beef (Classic, Hash, Chili, Hot & Spicy, with Chunks, Bulgogi, Mechado, Salpicao)
Purefoods Corned Chicken (Classic, Hot & Spicy)
Chunkee Corned Beef
Star Corned Beef (Regular, Chunky Cheese)
Star Carne Norte
Bongga Carne Norte (Regular, Hot & Spicy)

Luncheon Meats

Purefoods Luncheon Meat Round Can (Classic, BBQ, Chili Pepper, Bacon, Cheese, Lite)
Purefoods Luncheon Meat Square Can (Classic)
Purefoods Chinese Style Luncheon Meat
Purefoods Chicken Luncheon Meat
Star Beef Loaf
Star Meat Loaf
Star Nutri-Meats Ulam Loaf (Hot & Spicy, Embutido)
Bongga Beef Loaf
SPAM (Regular, Less Sodium, Lite, Tocino, Hot & Spicy, Bacon)

Sausages

Purefoods Vienna Sausage
Star Nutri-Meats Sausage

Canned Viands

Purefoods Sizzling Delights (Sisig, Chicken Sisig)
Ulam King (Caldereta, Menudo, Mechado)
Star Nutri-Meats Ulam (Adobo, Bicol Express, Bistek, Caldereta, Humba, Kare-Kare, Mechado, and Pares)

Canned Chicken

Purefoods Chicken (Broth, Afritada, Homestyle-Curry, Hot & Spicy)

Specialty Grocery Products

Purefoods Liver Spread
Purefoods Spaghetti Meat Sauce
Purefoods Chorizo Bilbao Style
Star Nutri-Meats Liver spread

Peanut Butter

SKIPPY (Creamy, Chunky, No Sugar No Salt Added, Choco Stripes)

Magnolia Inc.**BUTTER, MARGARINE, AND CHEESE****Butter and Margarine**

Magnolia Gold Butter (Salted, Unsalted)
Magnolia Gold Spreadable
Magnolia Butter-licious! (Salted and Unsalted)
Whipped Butterblend (Food Service)
Butterblend (Food Service)

Refrigerated Margarine

Dari Creme (Classic, Buttermilk)
Dari Creme Spreadable
Buttercup
Baker's Best

Non-Refrigerated Margarine

Star Margarine (Classic, Sweet Blend, Garlic, Chocolate)
Delicious Margarine
Magnolia Non-Refrigerated Margarine (Food Service)
Primex Shortening (Food Service)
NRM Buttermilk (Food Service)

Cheese

Magnolia Cheezee Block (Regular, Milky White)
Magnolia Cheezee Spread (Plain, Pimiento, Milky White)
Magnolia Cheezee Squeeze (Cheddar, Pimiento)
Daily Quezo
Magnolia Quickmelt
Magnolia Cheddar
Magnolia Cream Cheese (Block, Spread)
Magnolia Christmas Cheeseballs (Queso de Bola, Gold Edam) - Seasonal
Magnolia Food Service Cheese (Cheese Sauce, Filled Cheese, Cheese food, Hi-Colored Cheese, Sharp Flavored Melting Cheese)

MILK

Magnolia Chocolait
Magnolia Fresh Milk
Magnolia Low Fat Milk
Magnolia Full Cream Milk
Magnolia Non Fat Milk

ALL-PURPOSE CREAM

Magnolia All-Purpose Cream

SALAD AIDS

Magnolia Real Mayonnaise
Magnolia Sandwich Spread
Magnolia Mayoriffic
Magnolia Creamy Chicken Spread

FLOUR MIXES

Magnolia Pancake
Magnolia All Purpose Flour
Magnolia Cake Mixes

ICE CREAM**Bulk Ice Cream**

Magnolia Classic (Kesong Puti, Avocado, Vanilla, Chocolate, Ube)
Magnolia Gold Label (Vanilla, Chocolate, Ube, Mango, Avocado, S'mores, Double Dutch, Cookies and Cream, Rocky Road, Wintermelon Milk Tea, Quadruple Chocolate, Choco Peanut Butter, Taro White Cheese, Tablea Yema, Avocado Macchiato, Ube Keso, Kesong Puti, Mango Dark Chocolate, Latte Choco Brownie)
Magnolia Food Service (Tablea Yema, Taro White Cheese, Kesong Puti, Macapuno, Buko Pandan, Dark Chocolate, Ube Keso, Wintermelon milk tea)

San Miguel Gold Label (For Export)

SMGL Mellorine (Ube, Ube Keso, Creamy Halo-Halo, Mango, Avocado Macchiato, Macapuno, Ube Swirl, Avocado, Keso, Kesong Puti, Taro White Cheese, Macapuno, Tsokolate, Kape't Tsokolate, Tablea Yema, Langka, Langka't Kasuy, Buko, Buko Pandan)
SMGL Frozen Dessert (Ube, Macapuno Ube Swirl, Creamy Halo-Halo, Mango, Avocado, Buko Pandan, Durian, Ube Keso)
SMGL Ice Confectionery (Ube, Ube Keso, Macapuno Ube Swirl, Creamy Halo-Halo, Avocado, Buko Pandan, Durian, Mango)
Magnolia Gold Label (Vanilla, Chocolate, Mango, Cookies & Cream, Double Dutch, Rocky Road, Avocado Macchiato, Ube, Ube Keso, Macapuno Ube Swirl, Creamy Halo-Halo, S'mores, Tablea Yema, Taro White Cheese, Quadruple Chocolate, Avocado, Kesong Puti, Mango Dark Chocolate, Latte Choco Brownie)
Magnolia Classics (Vanilla, Chocolate, Ube, Mango, Strawberry)

San Miguel Super Coffeemix Co., Inc.

Coffee

- San Mig Super Coffee Regular 3-in-1 Coffee – Original
- San Mig Super Coffee Sugar Free 3-in-1 Coffee (Mild, Original, Strong, and White)
- San Mig Super Coffee 3-in-1 Barako
- San Mig Super Coffee 3-in-1 Crema White Coffee
- L'OR Essenso Micro Ground Coffee (3-in-1, 2-in-1, 2-in-1 Colombian Mystique, 3-in-1 Brazilian Elegance)
- Moccona Instant Pure (Espresso, Roasted Hazelnut, Classic Medium Roast, Classic Dark Roast, Indulgence)
- Moccona Cafe Style Coffee Mix (White Espresso, Latte, and Cappuccino)
- L'OR Capsules (Profondo, Ristretto, Supremo, Origins India, Origins Colombia, Origins Papua New Guinea)

San Miguel Foods, Inc. - Great Food Solutions (GFS)

House Brands, Customized Products, and Traded Products

Ready-to-eat/Fully Cooked

- Cook Express (Beef Tapa, Chili Con Carne, Chicken Chunks in Brine, Chicharon Bulaklak, Corned Beef Brisket)
- Customized (Fully Cooked Chicken Cut-ups, Chorizo Mix)
- FS Beef Pares

Marinated Meats

- Chef's Selection Chicken Tocino

Burger Patties & Meatballs

- Chef's Selection (Angus Burger Patty, Quarter Pounder Burger Patty, Sausage Patty, Chorizon Hamonado Patty, Value Beef Burger, Value Chicken Burger)
- Customized (Beef Patty, Chicken Chorizo Patty, Chicken Sausage Patty, Meatballs)

Breaded, Battered, & Fried

- Cook Express (Chicken Karaage, Corndog, Korean Corndog, Breaded Chicken Bites)
- Customized BBF (Hot Chicks, Chicken Tenders, Breaded Chicken Fillet, Cheesy Chicken Bites)
- FS Mini Corndog

Bakery Products

- Crunchy Pan (Spicy Beef, Tuna Melt, Chocolate)

Cheese

- Mozzarella Cheese
- Pizza Topping

Purefoods Customized Pizza Toppings

Magnolia Customized Cheeses

Customized Flours

San Miguel Pure Foods (VN) Co., Ltd.

Sausage

- Le Gourmet German Sausage
- Le Gourmet Deli Sausage
- Le Gourmet Deli Sumo Sausage
- Le Gourmet Beer Garden Sausage
- Le Gourmet Viet My Sausage
- Le Gourmet My Sausage
- Le Gourmet Hao Vi Sausage
- Le Gourmet Cocktail Sausage
- Le Gourmet Chinese Sausage
- Le Gourmet Black Pepper Sausage
- Le Gourmet Smoked Sausage
- Le Gourmet BBQ Sausage
- Le Gourmet Italian Sausage
- Le Gourmet Hotdog
- Le Gourmet Hotdog Corndog
- Purefoods Tender Juicy Hotdog

Bacon

- Le Gourmet Smoked Bacon
- Le Gourmet Lean Smoked Bacon

Ham

- Le Gourmet Ham

Traditional

- Le Gourmet Cha Lua
- Le Gourmet Cha Bo
- Le Gourmet Gio Thu
- Le Gourmet Beef Ball

Paste

- Le Gourmet Pate

Ready-to-Cook/ Ready-to-Eat

- Le Gourmet Spaghetti with Pasta

Foodservice/ Specialty

- Le Gourmet Beef Toppings
- Le Gourmet Pepperoni
- Le Gourmet Meatballs

2023 LIST OF PETRON PRODUCTS

PETRON PHILIPPINES

FUELS

Automotive Fuels

Petron Blaze 100 Euro 6
Petron XCS
Petron Xtra Advance
Petron Turbo Diesel
Petron Diesel Max

Industrial Fuels

Petron Fuel Oil

Aviation Fuels

Aviation Gasoline
Jet A-1

Household Fuels

Gasul
Fiesta
Gaas

AUTOMOTIVE LUBRICATING OILS

Diesel Engine Oils

Rev-X Turbo HTP
Rev-X Fully Synthetic
Rev-X Synthetic Blend
Rev-X Premium Multi-grade
Rev-X Multi-grade
Rev-X Pantra
Rev-X HD4X
Rev-X HD
Rev-X Hauler
Petron XD3
Petron Railroad Extra

Gasoline Engine Oils

Blaze Racing HTP
Blaze Racing Fully Synthetic
Blaze Racing Synthetic Blend
Blaze Racing Premium Multi-grade
Blaze Racing Multi-grade
Petron MO

Motorcycle Oils

Petron Sprint 4T Fully Synthetic HTP

Petron Sprint 4T Fully Synthetic
Petron Sprint 4T Premium Multi-grade
Petron Sprint 4T Synthetic Blend
Petron Sprint 4T Multi-grade
Petron Sprint 4T Mono-grade
Petron Sprint 4T Scooter Oil Fully Synthetic
Petron Sprint 4T Scooter Oil Synthetic Blend
Petron Sprint 4T Scooter Oil Premium Multi-grade
2T Powerburn
2T Premium
2T Autolube

Automotive Gear Oils

Petron GHTP Gear Oil
Petron GX
Petron GEP
Petron GST
Petron Scooter Gear Oil

Automotive Transmission Fluids

Petron CVT Fluid
Petron ATF Premium HTP
Petron ATF Premium
Petron TF 38
Petron TDH 50

Other Automotive Oils

STM

INDUSTRIAL LUBRICATING OILS

Turbine, Hydraulic and Circulating Oils

Hydrotur AW 22 / 32 / 46 / 68 / 100
Hydrotur AWX 32 / 46 / 68 / 100
Hydrotur AW GT 32
Hydrotur EP 32 / 46 / 68 / 100
Hydrotur N 100
Hydrotur R 32 / 46 / 68 / 100 / 150 / 185 /
220 / 320
Hydrotur SX 68
Hydrotur T 32 / 46 / 68
Hydrotur TEP 68 / 77

Food Grade Hydraulic Oil

Hydrotur FG H1 - 68

Industrial Gear Oils

Hydrotur SX 220

Hypex EP 68 / 100 / 150 / 220 / 320 / 460 / 570
/ 680 / 1000 / 4000 / 25k (Oil-Based)
Hypex EP 2K / 4K (Asphalt-Based)
Milrol 5K
Gearfluid 2K / 5K / 8K
Gearkote 3K / 22K / 68K
Petrocyl S 390 / 700
Petrocyl 680

Food Grade Gear Oils

Hypex FG H1 150 / 220 / 320

Industrial Transmission Oils

Petron Hi-Torq TX 10W / 30 / 40 / 50
Petron Universal Tractor Fluid

Cutting Oils

Turnol 40
Petrokut 10 / 27

Refrigeration Oils

Zerflo 68
Zerflo P68
Zerflo SX

Transformer Oil

Voltran 60

Slideway Oil

Hydrotur SW 68
Hydrotur SW 220

Other Industrial Lubricating Oils

Airlube 100 / 150 / 320
Petrosine 68
Petron Mould Lube

MARINE LUBRICATING OILS

Crosshead Engine Cylinder Oils

Petromar DCL 7050
Petromar DCL 4000 Series

Trunk Piston Engine Oils

Petromar HF 1040 / 1540
Petromar HF 2040
Petromar HF 3000 series
Petromar HF 4000 series
Petromar HF 5040 / 5540
Petromar XC 1030 / 1040 / 1050 / 1530 / 1540

Petromar XC 2030 / 2040
Petromar XC 3030 / 3040
Petromar XC 4040 / 4050
Petromar XC 5040 / 5540
Petron MS 9250 / 9370

Crosshead Engine System Oil

Petromar 65

Marine outboard 2-stroke oil

Petron Regatta

GREASES

Multi-purpose Greases

Petron Grease MP 2 / 3
Molygrease Premium
Petrogrease Premium

Water Resistant Grease

Petrogrease XX

Extreme Pressure Greases

Petrogrease EP 00 / 0 / 1 / 2
Molygrease EP 2
Molygrease EP 2P
Petrogrease EP 375
Petron Moly LX EP 2
Petron OGX Grease HV 0/00

High Temperature Greases

Petrogrease HT

Complex Greases

Petron Grease HTP Lithium Complex
Petron Premium Lithium Complex

Food Grade Grease

Petrogrease EP FG H1 - 2

ASPHALTS

Penetration Asphalt

Petropen

Cutback Asphalt

Petropen CB

Emulsified Asphalt

Petromul SS-1
Petromul CSS -1

Blown Asphalts

Asphaltseal
Asphalt Joint Sealer

Polymer Modified Bitumen

Petron Polymer Modified Bitumen

SPECIAL PRODUCTS**Process Oils**

Stemol 68
Petrosine 68
Process Oil series

Heat Transfer Oil

Petrotherm 32

Cleaning Agent

Greaseaway
Greasolve

Protective Coatings

Petrokote 392
Marinekote
Autokote
Cablekote 70

AFTERMARKET SPECIALTIES

PetroMate Oil Saver
PetroMate Diesel Power Booster
PetroMate Engine Flush
PetroMate Super Coolant
PetroMate Penetrating Oil
PetroMate Greaseaway
PetroMate Brake and Clutch Fluid
Petron Brake Fluid HTP DOT 4

**PERFORMANCE ADDITIVES &
CHEMICALS**

pCHEM DEF (Diesel Exhaust Fluid)
pCHEM 3500
pCHEM 3500F
pCHEM 140M
pCHEM 3500MF
pCHEM 500FS
pCHEM 1000
pCHEM 100X
pCHEM 3500M
pCHEM 3000DP
pCHEM 6000DP
pCHEM BT25

SAN MIGUEL YAMAMURA PACKAGING GROUP

PRODUCTS AND SERVICES

GLASS

Applied Color Label (ACL) decorated bottles
Stock Glass Bottles
Custom Glass Bottles
Mold Design and Manufacturing

PLASTICS

Crates
Pallets
Plastic Top Frames
Pigpen Flooring (TUFFMat)
Chicken Flooring (E-MAT)
Food Trays
One-Way Containers
(Industrial Pails, Jerry Cans, Tubs and Lids)
Plastic Closures

METAL

2-Piece Aluminum Cans (Body, Ends, Retortable Aluminum Cans, Thermochromic and Glow-in-the-Dark Cans)
Crowns
Lug Caps
EDDPP (Extra Deep Drawn Pilfer Proof) Caps
Continuous Thread Caps

PAPER

Single Face Web Boards
Single and Double Wall Boards
Corrugated Cartons in various styles
(RSC, HSC, CSSC, Interior Forms, MRS, Trays, and Wrap-Around)
Slipsheets
Separator Sheets
Coslock (Carton Divider)
Carrier Bags

FLEXIBLES

Sachets
Stand Up Pouches (SUPs)
Generic Ziplock SUPs
PVC Shrink Labels
Retortable Pouches
Vacuum Metalized Laminates
Stretch Wrap
Shrink Film
Curviché

POLYETHYLENE TEREPHTHALATE (PET)

PET Preforms
PET Bottles

OTHER PACKAGING PRODUCTS

Radiant Barrier (Envirotuff)
Medical Protector or PRIMERA
(Caps, Gowns, Masks, Surgical Gowns, etc.)
Woven Products
Sacks (Woven or Paper)
Tonner Bags
Plastic Films
(CPP, BOPP, Metallized Films and Special Films)

SERVICES

Crate and Pallet Leasing
Packaging Research and Development
Logistics Services
Beverage Filling & Bottling
RTD Beverage Formulation
Trading

San Miguel Properties, Inc. and Subsidiaries
List of Projects
as of December 31, 2023

A. RESIDENTIAL PROJECTS

NAME	LOCATION
Dover Hill (<i>Bright Ventures Realty, Inc.</i>)	Mabini Street corner Ortega and Pilar Streets, Barangay Addition Hills, San Juan
One Dover View (<i>Carnell Realty, Inc.</i>)	621 Lee Street, Barangay Addition Hills, Mandaluyong
Two Dover View (<i>SMPI</i>)	620 Lee Street, Barangay Addition Hills, Mandaluyong
Emerald 88 (<i>SMPI</i>)	598 Dr. Sixto Antonio Avenue, Barangay Maybunga, Pasig
Bel Aldea (<i>SMPI</i>)	Brgy. De Fuego Street, General Trias, Cavite
Maravilla (<i>SMPI</i>)	Brgy. San Francisco, General Trias, Cavite
Asian Leaf (<i>SMPI</i>)	Brgy. San Francisco, General Trias, Cavite
Wedgewoods (<i>Excel Unified Land Resources, Inc.</i>)	Brgy. Inchican, Silang, Cavite

B. HOSPITALITY PROJECTS

NAME	LOCATION
Makati Diamond Residences (<i>SMPI Makati Flagship Realty Corporation</i>)	118 Legazpi St., Legazpi Village, Makati

C. INDUSTRIAL PROJECTS

NAME	LOCATION
Mariveles Economic Zone (<i>E-Fare Investment Holdings, Inc.</i>)	Mariveles, Bataan

D. SMPI-OWNED BUILDINGS / LAND / WAREHOUSE

NAME	LOCATION
Building and Land Lease of San Miguel Corporation Head Office Complex (<i>SMPI</i>)	No. 40 San Miguel Avenue, Ortigas, Mandaluyong City
Building Lease of Six (6) Units in San Miguel Properties Centre (<i>SMPI</i>)	No. 7 Saint Francis Street, Ortigas, Mandaluyong City
Building Lease of 808 Building (<i>SMPI</i>)	Meralco Avenue corner Gen. Lim Street, Barangay San Antonio, Pasig City
Warehouse Lease of Rengo Warehouse and Land Lease of Sucat Property (<i>SMPI</i>)	Dr. A. Santos Avenue (Sucat Road), Parañaque
Land Lease of Antipolo City Property (<i>SMPI</i>)	Crestview Circle, Crestview Heights Subd., Brgy. San Roque, Antipolo City
Land Lease of General Trias, Cavite Property (<i>SMPI</i>)	Arnaldo Highway, Brgy. San Francisco, Sitio De Fuego, Gen. Trias, Cavite
Land Lease of Bunawan, Davao City Property (<i>SMPI</i>)	Along Davao-Agusan National Highway, Brgy. Bunawan, Davao City
Land Lease of Darong, Davao City Property (<i>SMPI</i>)	Brgy. Darong, Municipality of Sta. Cruz, Davao del Sur

Land Lease of San Jose Patag, Sta. Maria, Bulacan Property (<i>SMPI</i>)	San Jose Patag, Sta. Maria, Bulacan
Land Lease of Mariveles, Bataan properties (<i>E-Fare Investment Holdings, Inc.</i>)	Mariveles Economic Zone, Brgy. Biaan, Mariveles, Bataan
Land Lease of Cabuyao, Laguna Property (<i>Integrated Geosolutions, Inc.</i>)	Brgy. Diezmo, Cabuyao, Laguna
Land Lease of Parking Space for El Magnifico Building (<i>Kingsborough Realty, Inc.</i>)	No. 37 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City
Building Lease of Delgado Building (<i>La Verduras Realty Corp.</i>)	No. 38 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City

E. TOURISM DEVELOPMENT PROJECTS

NAME	LOCATION
(Planned) Bugsuk Eco-Luxury Leisure and Tourism Project (<i>Bricktree Properties, Inc.</i>)	Balabac, Palawan

SAN MIGUEL CORPORATION
2023 LIST OF CEMENT PRODUCTS

EAGLE CEMENT CORPORATION GROUP

A. CEMENT

Type 1T

Advance Portland Blended Cement Type 1T (in 40-kg bag)

Exceed Portland Blended Cement Type 1T (in 40-kg bag)

Maxplus Portland Blended Cement Type 1T (in 40-kg bag)

Type 1P

Advance Portland Blended Cement Type 1T (in 40-kg bag)

Exceed Portland Blended Cement Type 1T (in 40-kg bag)

Type I

Strong Cem Portland Cement Type 1 (in tonner bag and in bulk)

B. MINERALS

Limestone

Shale

Pozzolan

NORTHERN CEMENT CORPORATION

A. CEMENT

Type 1T

Maxplus Blended Cement Type 1T (in 40-kg bag)

Maxpro Blended Cement Type 1T (in tonner bag and in bulk)

Solid North Blended Cement Type 1T (in 40-kg bag)

Type N

Master Palitada Masonry Cement Type N (in 40-kg bag)

Type 1

Supreme Portland Cement Type 1 (in 40-kg bag, in tonner bag and in bulk)

SOUTHERN CONCRETE INDUSTRIES CORP

A. CEMENT

Type 1T

SMC Davao Cement (in 40-kg bag/ in Sling bag/ in Tonner bag/ in Bulk)

SMC Pacific Cement (in 40-kg bag/ in Sling bag)

Type 1

Southern Cement (in 40-kg bag/ in Sling bag/ in Tonner bag/ in Bulk)

ANNEX “F”

**SAN MIGUEL CORPORATION
LIST OF COLLECTIVE BARGAINING AGREEMENTS**

COLLECTIVE BARGAINING AGREEMENTS
As of Dec. 31, 2023

BANK OF COMMERCE

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	EXPIRATION	
			Economic	Representation
Bank of Commerce Employees Union	781	1	June 30, 2025	June 30, 2025

GINEBRA SAN MIGUEL INC.

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	EXPIRATION	
			Economic	Representation
GSMI - Mandaue Plant (Dailies) Ginebra San Miguel Inc. - Employees Union FREEWAS (GSMI-EU-FREEWAS Chapter) - Mandaue Plant	26	1	December 31, 2024	December 31, 2023
GSMI - Cabuyao Plant (Dailies) United Independent Union of GSMI-Cabuyao Plant	96	1	December 31, 2023	December 31, 2027
GSMI - Sta Barbara Plant (Dailies) Daily Paid Workers Independent Union	87	1	December 31, 2025	December 31, 2026
GSMI - Sta Barbara Plant (Monthlies) La Tondeña Distillers Independent Workers Union (LATODIWU)	20	1	December 31, 2025	March 31, 2022
Distilleria Bago Inc. (Monthlies) Congress of Independent Organization - Distilleria Bago Employees Union (CIO - DBEU)	93	1	December 31, 2025	December 31, 2026
Total	322	5		

PETRON CORPORATION

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	Expiration	
			Economic	Representation
Petron Corporation (Head Office Complex, Depots) - Petron Employees Association (PEA - NATU)	174	1	December 31, 2025	December 31, 2027
Petron Corporation (Pandacan, Navotas and Batangas) - Petron Employees Labor Union (PELU)	38	1	December 31, 2024	December 31, 2026
Petron Corporation (Bataan) - Bataan Refiners Union of the Philippines (BRUP - PTGWO)	344	1	December 31, 2024	December 31, 2024
	556	3		

SAN MIGUEL BREWERY INC.

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	Expiration	
			Economic	Representation
Concerned Workers of SMC – Polo Brewery	250	1	June 30, 2025	July 12, 2025
SMBI Employees Union (SMBIEU) – PTGWO (Monthlies – Polo)	85	1	June 30, 2025	June 30, 2024
San Fernando Brewery Employees Union (SFBEU) –(Dailies)	301	1	Feb. 15, 2026	Feb. 15, 2025
San Miguel Brewery Inc. Employees Union (SMBIEU-SFB)-Monthlies	92	1	Dec. 31, 2025	Dec. 31, 2024
GMA-Monthlies Employees Union – GMAEU-PTGWO	0	0	DISSOLVED (June 30, 2022)	
San Miguel Brewing Group - Bacolod Brewery Employees Union (SMBG-BBEU) (Dailies)	97	1	July 31, 2025	Apr. 27, 2024
Philippine Agricultural, Commercial and Industrial Workers Union-Trade Union Congress of the Philippines (PACIWU-TUCP) (Bacolod Monthlies)	48	1	Oct. 31, 2025	Oct. 31, 2023
Kahugpongan Sa Ligdong Mamumu-O (KLM) (Dailies) (Mandaue)	199	1	Dec. 31, 2026	Dec. 31, 2025
San Miguel Davao Brewery Employees Independent Union (Dailies)***	117	1	Nov. 30, 2024	Nov. 30, 2022
	1189	8		

SAN MIGUEL FOOD GROUP

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	Expiration	
			Economic	Representation
Magnolia Inc. (Dailies) Progressive Workers' Union - IBM Local 47 KMU (PWU- IBM KMU)	94	1	February 28, 2026	February 28, 2025
San Miguel Foods Inc. (GMA Monthlies)- SMFI Employees Union (SMFIEU) - PTGWO	110	1	December 31, 2025	October 22, 2026
San Miguel Foods Inc. - South Luzon SMFI Poultry (Monthlies) - Magnolia Poultry Employees Union - PTGWO	23	1	December 31, 2025	June 30, 2026
San Miguel Mills, Inc. - Mabini Batangas Flour Mill Employees Union (Monthlies) - Purefoods Flour Mill Employees Union - (PFMEU)	41	1	December 31, 2025	July 31, 2027
	268	4		

SMC INFRASTRUCTURE

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	Expiration	
			Economic	Representation
Manila North Harbor Port Inc. (Dailies & Monthlies)- Waterfront Workers Union - North Harbor Inc. (WWU-NH)	646	1	January 31, 2026	January 31, 2028
Star Tollway Corporation (Monthlies) - Star Tollway Corporation Toll Teller Employees Association (STCTTEA)	170	1	July 31, 2024	July 31, 2026
Star Tollway Corporation (Monthlies) - Star Tollway Corporation Supervisory Employees Association - Workers Solidarity Network (STCSEA-WSN)	38	1	April 30, 2025	April 30, 2027
Manila Toll Expressway Systems Inc. (Monthlies) - Malayang Samahan ng Toll Tellers sa MATES - Workers Solidarity Network (MSTM-WSN)	608	1	December 31, 2026	December 31, 2028
Manila Toll Expressway Systems Inc. (Monthlies) - Obrero Pilipino - SLEX Manila Toll Expressway Systems (Traffic Department) Chapter	95	0	Awaiting start of 1st CBA negotiation	March 23, 2027
	1557	4		

SAN MIGUEL YAMAMURA PACKAGING CORPORATION

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	EXPIRATION	
			ECONOMIC	REPRESENTATION
SMC Yamamura Fuso Molds Corporation (Monthlies) - <i>SMC Yamamura Fuso Molds Monthlies Union - PTGWO</i> <i>PTGWO Local Chapter 842</i>	65	1	Dec. 31, 2024	Dec. 31, 2023 (On-going renewal of Cert. of Reg.)
San Miguel Yamamura Packaging Corporation - Manila Plastics Plant (Ex-Parent) (Monthlies) <i>San Miguel Packaging Specialists, Inc Employees Union -</i> <i>Manila Plastics Plant - PTGWO Local 888</i>	57	1	June 30, 2025	June 30, 2027
San Miguel Yamamura Packaging Corporation - Manila Glass Plant (Ex-Parent) (Monthlies) <i>San Miguel Yamamura Packaging Corp. Employees Union - Manila Glass Plant - Association of Genuine Labor Organization</i> <i>(SMYPCEU-MGP-AGLO)</i>	123	1	June 30, 2025	June 30, 2028
San Miguel Yamamura Packaging Corporation - Metal Closure & Lithography Plant - (Ex-Parent) (Monthlies) <i>San Miguel Packaging Specialists, Inc Employees Union - Metal Closure & Lithography Plant -</i> <i>PTGWO Local 890</i>	19	1	June 30, 2025	June 30, 2027

Mindanao Corrugated Fireboard, Inc. (Monthlies) <i>Mincorr Independent Workers Union - Alliance of Progressive Labor - Sentro ng mga Nagkakaisa at Progresibong Manggagawa</i> (MIWU-APL-SENTRO)	41	1	Dec. 31, 2025	Dec. 31, 2028
Can Asia, Inc. - (Monthlies) <i>San Miguel Yamamura Packaging Corporation - Can Asia, Inc.</i> (Independent Union)	89	1	Dec. 31, 2025	Dec. 31, 2024
San Miguel Yamamura Packaging Corporation - SMY Glass Plant (Monthlies) <i>Union Buo Organisadong Samahan ng Empleyado sa SMYAC - Independent (BOSES-SMYAC)</i>	359	1	Dec. 31, 2025	April 01, 2028
Rightpak International Corporation (Monthlies) - Independent Rightpak Employees Union	120	1	May 31, 2025	May 31, 2025
San Miguel Yamamura Packaging Corporation - Mandaue Packaging Plants (Glass, MCLP, Power) (Dailies) <i>Kahugpong Sa Ligdong Mamumuo - SMPSI Mandaue (KLM-SMPSI)</i>	37	1	Dec. 31, 2026	Dec. 31, 2025
San Miguel Yamamura Packaging Corporation - Logistics Services (Dailies) <i>San Miguel Yamamura Logistics Services Worker's Union (Independent)</i>	244	1	June 30, 2025	June 30, 2028
	1,154	10		
TOTAL	5,827	35		

ANNEX “G”

SAN MIGUEL CORPORATION
LIST OF TOP 20 STOCKHOLDERS
AS OF DECEMBER 31, 2023

[illegible]

ANNEX “H”

SAN MIGUEL CORPORATION
LIST OF SEC FORM 17-C FILINGS

SAN MIGUEL CORPORATION - 17-C - 2023

Date	Subject										
Jan. 26	We advise that, at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, January 26, 2023, the Board of Directors of the Corporation declared cash dividends to be paid out of the unrestricted retained earnings of the Corporation as of December 31, 2022, distributable as dividends to all stockholders of record as of March 21, 2023 on the following shares of the Corporation to be paid on April 4, 2023, as follows: <table data-bbox="532 590 1406 882"> <tr> <th><u>Class of Shares</u></th><th><u>Dividend Amount per share</u></th></tr> <tr> <td>Series "2" Preferred Shares - Subseries "F"</td><td>₱1.27635</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "I"</td><td>₱1.18790625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "J"</td><td>₱0.890625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "K"</td><td>₱0.84375</td></tr> </table> The books of the Corporation will be closed from March 22, 2023 to March 28, 2023.	<u>Class of Shares</u>	<u>Dividend Amount per share</u>	Series "2" Preferred Shares - Subseries "F"	₱1.27635	Series "2" Preferred Shares - Subseries "I"	₱1.18790625	Series "2" Preferred Shares - Subseries "J"	₱0.890625	Series "2" Preferred Shares - Subseries "K"	₱0.84375
<u>Class of Shares</u>	<u>Dividend Amount per share</u>										
Series "2" Preferred Shares - Subseries "F"	₱1.27635										
Series "2" Preferred Shares - Subseries "I"	₱1.18790625										
Series "2" Preferred Shares - Subseries "J"	₱0.890625										
Series "2" Preferred Shares - Subseries "K"	₱0.84375										
Jan. 27	Disclosure of the Company with respect to the News Article entitled: "ERC says court denies hold order vs its ruling In Sept." posted in BusinessWorld (Online Edition) on January 27, 2023.,										
March 7	Disclosure of the Company with respect to the news articles posted in various online sites. In the attached news article entitled "San Miguel Holdings collars Cavite-Batangas Expressway" posted in manilastandard.net on March 6, 2023.										
March 9	We advise that, at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, March 9, 2023, the Board of Directors of the Corporation declared cash dividends on the common shares of the Corporation in the amount of P0.35 per common share. The dividend payment date is on April 28, 2023, to be paid out of the unrestricted retained earnings of the Corporation distributable as dividends as of December 31, 2022. Payment shall be made to the stockholders of record of the aforementioned common shares as of March 31, 2023. The books of the Corporation will be closed from April 3 to 12, 2023.										
March 9	In connection with the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, March 9, 2023, we disclose that the Board approved the re-issuance and private placement of 270,000,000 Series "2" Preferred Shares from the treasury shares of the Company. The terms and conditions of the issuance shall be in accordance with the Amended Articles of Incorporation of the Company. The Company shall make additional disclosures relating to the aforementioned private placement upon the execution of the definitive agreements with the subscribers.										

March 9	During the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, March 9, 2023, the Board of Directors unanimously approved the holding the stockholders' meeting of the Company via remote communication on June 13, 2023. The following are the other key dates relating to the annual stockholders meeting of the Corporation: <u>2023 Annual Stockholders' Meeting</u> <table border="1"> <tr> <td>Date of Annual Stockholders' Meeting</td><td>June 13, 2023 2:00 p.m. (via remote communication)</td></tr> <tr> <td>Record Date for Stockholders Entitled to Vote</td><td>May 5, 2023</td></tr> <tr> <td>Closing of Stock and Transfer Book</td><td>May 8 to 12, 2023</td></tr> <tr> <td>Deadline for Submission of Proxies</td><td>May 30, 2023</td></tr> <tr> <td>Validation of Proxies</td><td>June 6, 2023</td></tr> </table>	Date of Annual Stockholders' Meeting	June 13, 2023 2:00 p.m. (via remote communication)	Record Date for Stockholders Entitled to Vote	May 5, 2023	Closing of Stock and Transfer Book	May 8 to 12, 2023	Deadline for Submission of Proxies	May 30, 2023	Validation of Proxies	June 6, 2023
Date of Annual Stockholders' Meeting	June 13, 2023 2:00 p.m. (via remote communication)										
Record Date for Stockholders Entitled to Vote	May 5, 2023										
Closing of Stock and Transfer Book	May 8 to 12, 2023										
Deadline for Submission of Proxies	May 30, 2023										
Validation of Proxies	June 6, 2023										
March 10	Disclosure on Additional Information relating to Private Placement of 270M Series "2" Preferred Shares										
March 13	Disclosure of the Company with respect to the news article entitled "SMC Global set to issue \$500m worth of securities" posted in manilastandard.net on March 12, 2023.										
March 16	Press Release of the Company entitled: "SMC 2022 revenues up 60% to P1.5 trillion, top pre-pandemic levels," which we will release to the press today, March 16, 2023.										

March 20	A. The following are the disbursements of the Company from the net proceeds of the offering of the Fixed-Rate Bonds Series “L”, Series “M” and Series “N” (the “Offering”).																				
	<table><tr><th>Date of Disbursement</th><th>Use of Proceeds</th><th>Details</th><th>Amount in Php</th></tr><tr><td>20 March 2023</td><td>Final Redemption and Payment of Series “E” Fixed-Rate Bonds</td><td>Final redemption and payment by the Company of its Series “E” Fixed-Rate Bonds with a total outstanding amount of Php13,145,600,000.00 with an annual interest rate of 6.25%</td><td>Php13,145,600,000.00</td></tr><tr><td colspan="3">TOTAL DISBURSEMENT IN THIS REPORT</td><td>13,145,600,000.00</td></tr><tr><td colspan="3">TOTAL DISBURSEMENTS TO DATE</td><td>41,929,600,000.00</td></tr><tr><td colspan="3">BALANCE OF NET PROCEEDS</td><td>Php17,395,081,412.45</td></tr></table>	Date of Disbursement	Use of Proceeds	Details	Amount in Php	20 March 2023	Final Redemption and Payment of Series “E” Fixed-Rate Bonds	Final redemption and payment by the Company of its Series “E” Fixed-Rate Bonds with a total outstanding amount of Php13,145,600,000.00 with an annual interest rate of 6.25%	Php13,145,600,000.00	TOTAL DISBURSEMENT IN THIS REPORT			13,145,600,000.00	TOTAL DISBURSEMENTS TO DATE			41,929,600,000.00	BALANCE OF NET PROCEEDS			Php17,395,081,412.45
	Date of Disbursement	Use of Proceeds	Details	Amount in Php																	
	20 March 2023	Final Redemption and Payment of Series “E” Fixed-Rate Bonds	Final redemption and payment by the Company of its Series “E” Fixed-Rate Bonds with a total outstanding amount of Php13,145,600,000.00 with an annual interest rate of 6.25%	Php13,145,600,000.00																	
	TOTAL DISBURSEMENT IN THIS REPORT			13,145,600,000.00																	
	TOTAL DISBURSEMENTS TO DATE			41,929,600,000.00																	
	BALANCE OF NET PROCEEDS			Php17,395,081,412.45																	
The net proceeds of the Offering are computed as follows:																					
<table><tr><td>Gross Proceeds</td><td>Php 60,000,000,000.00</td></tr><tr><td>Expenses related to the Offering</td><td>Php 675,318,587.55¹</td></tr><tr><td>Net Proceeds</td><td>Php 59,324,681,412.45</td></tr></table>	Gross Proceeds	Php 60,000,000,000.00	Expenses related to the Offering	Php 675,318,587.55 ¹	Net Proceeds	Php 59,324,681,412.45															
Gross Proceeds	Php 60,000,000,000.00																				
Expenses related to the Offering	Php 675,318,587.55 ¹																				
Net Proceeds	Php 59,324,681,412.45																				
March 20	Disclosure of the Company with respect to the news articles posted in various online sites. In the attached news article entitled “SMC terminates 1,800-MW supply contracts with Meralco” posted in Manila Bulletin (Online Edition) on March 18, 2023.																				
March 20	We advise that as of March 20, 2023, all of the Php13,145,600,000.00 Series E Fixed Rate Peso Denominated Bonds (the “Bonds”) issued by San Miguel Corporation (the "Corporation") due on 2023 have fully matured. The principal investment amounts due on the Bonds will be paid to the respective holders thereof in accordance with the relevant terms and conditions contained in the public offering subject of previous disclosures of the Corporation.																				
March 23	Disclosure of the Company with respect to the news articles posted in various online sites, article entitled “SMC, Batangas to build P45B expressway” posted in Malaya Business Insight (Online Edition) on March 23, 2023.																				

¹ Expenses of the Offering include: (i) payment of filing fees with the SEC; and (ii) payments made to Philratings for its rating fees and monitoring fees; (iii) underwriting fees; (iv) documentary stamp taxes to be paid by the Company; (v) PDEx listing application and maintenance fees; (vi), legal and other professional fees and other miscellaneous expenses, and (vii) paying agency and trustee fees.

April 27	Disclosure of the Company with respect to the news articles posted in various online sites. In the article under Biz Buzz column entitled “BIZ BUZZ: SMC’s P20-B ‘super bridge” posted in Inquirer.net on April 27, 2023 “																										
April 28	A. The following are the disbursements of the Company from the net proceeds of the offering of the Fixed-Rate Bonds Series “L”, Series “M” and Series “N” (the “Offering”). <table><tr><th>Date of Disbursement</th><th>Use of Proceeds</th><th>Details</th><th>Amount in Php</th></tr><tr><td>28 April 2023</td><td>Payment of Certain U.S.-Dollar Denominated Obligations</td><td>Repayment of the U.S.\$300,000,000.00 facility agreement dated 22 June 2018, between the Company and MUFG Bank, Ltd., Labuan Branch as Facility Agent and Original Lender</td><td>Php17,395,081,412.45</td></tr><tr><td colspan="3">TOTAL DISBURSEMENT IN THIS REPORT</td><td>59,324,681,412.45</td></tr><tr><td colspan="3">TOTAL DISBURSEMENTS TO DATE</td><td>59,324,681,412.45</td></tr><tr><td colspan="3">BALANCE OF NET PROCEEDS</td><td>Php0.00</td></tr></table> The net proceeds of the Offering are computed as follows: <table><tr><td>Gross Proceeds</td><td>Php 60,000,000,000.00</td></tr><tr><td>Expenses related to the Offering</td><td>Php 675,318,587.55²</td></tr><tr><td>Net Proceeds</td><td>Php 59,324,681,412.45</td></tr></table> B. With the disbursements made in this disclosure, the proceeds of the Offering have been fully disbursed, and no further disclosures will be made relating to the use of proceeds of the Offering.	Date of Disbursement	Use of Proceeds	Details	Amount in Php	28 April 2023	Payment of Certain U.S.-Dollar Denominated Obligations	Repayment of the U.S.\$300,000,000.00 facility agreement dated 22 June 2018, between the Company and MUFG Bank, Ltd., Labuan Branch as Facility Agent and Original Lender	Php17,395,081,412.45	TOTAL DISBURSEMENT IN THIS REPORT			59,324,681,412.45	TOTAL DISBURSEMENTS TO DATE			59,324,681,412.45	BALANCE OF NET PROCEEDS			Php0.00	Gross Proceeds	Php 60,000,000,000.00	Expenses related to the Offering	Php 675,318,587.55 ²	Net Proceeds	Php 59,324,681,412.45
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² Expenses of the Offering include: (i) payment of filing fees with the SEC; and (ii) payments made to Philratings for its rating fees and monitoring fees; (iii) underwriting fees; (iv) documentary stamp taxes to be paid by the Company; (v) PDEx listing application and maintenance fees; (vi), legal and other professional fees and other miscellaneous expenses, and (vii) paying agency and trustee fees.

May 11	We advise that at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, May 11, 2023, the Board of Directors of the Corporation declared cash dividends to be paid out of the unrestricted retained earnings of the Corporation as of March 31, 2023, distributable as dividends to all stockholders of record as of June 21, 2023 on the following shares of the Corporation to be paid on July 5, 2023, as follows: <table border="1"> <thead> <tr> <th><u>Class of Shares</u></th><th><u>Dividend Amount per share</u></th></tr> </thead> <tbody> <tr> <td>Series "2" Preferred Shares - Subseries "F"</td><td>₱1.27635</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "I"</td><td>₱1.18790625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "J"</td><td>₱0.890625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "K"</td><td>₱0.84375</td></tr> </tbody> </table> The books of the Corporation will be closed from June 22 to 28, 2023.	<u>Class of Shares</u>	<u>Dividend Amount per share</u>	Series "2" Preferred Shares - Subseries "F"	₱1.27635	Series "2" Preferred Shares - Subseries "I"	₱1.18790625	Series "2" Preferred Shares - Subseries "J"	₱0.890625	Series "2" Preferred Shares - Subseries "K"	₱0.84375
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Series "2" Preferred Shares - Subseries "K"	₱0.84375										
May 12	We submit herewith copies of the Affidavits of Publications of the Notice of the Annual Stockholders Meeting of the Corporation at the Manila Bulletin and The Philippine Star on May 9 and May 10, 2023. The Agenda for the said meeting is indicated in the said Notice.										
May 15	Press statement of the Company entitled "SMC reports strong Q1 results, revenues up 9% to P346.7 billion," which we will release to the press today, May 15, 2023.										
June 13	We advise that, at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, June 13, 2023, the Board of Directors of the Corporation declared cash dividends on the common shares of the Corporation in the amount of P0.35 per common share. The dividend payment date is on July 26, 2023, to be paid out of the unrestricted retained earnings of the Corporation distributable as dividends as of May 31, 2023. Payment shall be made to the stockholders of record of the aforementioned common shares as of June 30, 2023. The books of the Corporation will be closed from July 3 to 7, 2023.										
June 13	We advise that, at the Annual Stockholders' Meeting of San Miguel Corporation (the "Corporation") held today, June 13, 2023, the following were approved: <u>Election of Directors</u> The following directors were duly elected by the stockholders of the Corporation: Ramon S. Ang John Paul L. Ang Aurora T. Calderon Joselito D. Campos, Jr. Jose C. de Venecia, Jr. Menardo R. Jimenez Estelito P. Mendoza Alexander J. Poblador Ernesto M. Pernia Iñigo Zobel Ramon F. Villavicencio Teresita J. Leonardo-De Castro – Independent Director Reynato S. Puno – Independent Director Margarito B. Teves – Independent Director Diosdado M. Peralta – Independent Director										

	2. <u>Approval of Directors Fees for 2022</u> The stockholders of the Corporation approved the payment of Directors' Fees for 2022 amounting to P72.39 Million. 3. <u>Appointment of External Auditors</u> The stockholders of the Corporation approved the appointment of the auditing firm of R. G. Manabat & Co., CPAs as the External Auditor of the Corporation for the year 2023.																																							
June 13	Please be informed that, at the Organizational Meeting of the Board of San Miguel Corporation (the "Corporation") held on June 13, 2023, the following appointments were duly made: A. <u>By-law officers of the Corporation:</u> <table><tr><td>Ramon S. Ang</td><td>-</td><td>Vice Chairman, President and Chief Executive Officer</td></tr><tr><td>Ferdinand K. Constantino</td><td>-</td><td>Chief Finance Officer-Treasurer</td></tr><tr><td>Virgilio S. Jacinto</td><td>-</td><td>General Counsel, Corporate Secretary and Compliance Officer</td></tr><tr><td>Mary Rose S. Tan</td><td>-</td><td>Assistant Corporate Secretary</td></tr></table> B. <u>Lead Independent Director:</u> - Reynato S. Puno C. <u>Head- Internal Audit</u> - Ramon R. Bantigue D. <u>Members of the Board Committees:</u> 1. <u>Executive Committee</u> <table><tr><td>Ramon S. Ang</td><td>-</td><td>Member</td></tr><tr><td>Menardo R. Jimenez</td><td>-</td><td>Member</td></tr><tr><td>Estelito P. Mendoza</td><td>-</td><td>Member</td></tr><tr><td>Iñigo Zobel</td><td>-</td><td>Member</td></tr></table> 2. <u>Audit and Risk Oversight Committee</u> <table><tr><td>Margarito B. Teves</td><td>-</td><td>Chairman (Independent Director)</td></tr><tr><td>Teresita J. Leonardo-De Castro</td><td>-</td><td>Member (Independent Director)</td></tr><tr><td>Estelito P. Mendoza</td><td>-</td><td>Member</td></tr><tr><td>Reynato S. Puno</td><td>-</td><td>Member (Independent Director)</td></tr><tr><td>Diosdado M. Peralta</td><td>-</td><td>Member (Independent Director)</td></tr></table>	Ramon S. Ang	-	Vice Chairman, President and Chief Executive Officer	Ferdinand K. Constantino	-	Chief Finance Officer-Treasurer	Virgilio S. Jacinto	-	General Counsel, Corporate Secretary and Compliance Officer	Mary Rose S. Tan	-	Assistant Corporate Secretary	Ramon S. Ang	-	Member	Menardo R. Jimenez	-	Member	Estelito P. Mendoza	-	Member	Iñigo Zobel	-	Member	Margarito B. Teves	-	Chairman (Independent Director)	Teresita J. Leonardo-De Castro	-	Member (Independent Director)	Estelito P. Mendoza	-	Member	Reynato S. Puno	-	Member (Independent Director)	Diosdado M. Peralta	-	Member (Independent Director)
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	3. <u>Corporate Governance Committee</u> Reynato S. Puno - Chairman (Independent Director) Aurora T. Calderon - Member Menardo R. Jimenez - Member Margarito B. Teves - Member (Independent Director) Diosdado M. Peralta - Member (Independent Director) 4. <u>Related Party Transactions Committee</u> Teresita J. Leonardo-De Castro - Chairman (Independent Director) Joselito D. Campos, Jr. - Member Alexander J. Poblador - Member Reynato S. Puno - Member (Independent Director) Margarito B. Teves - Member (Independent Director)
June 26	Disclosure of the Company with respect to the news articles posted in various online sites on June 26, 2023 entitled “ERC asks SC to void decision halting power deal” posted in BusinessWorld (Online Edition).
June 29	June 29 Further to our disclosure of June 26, 2023, please be advised that South Premier Power Corp. and San Miguel Energy Corp., through their counsels, have received today a copy of a Petition for Certiorari dated June 22, 2023 filed by the Energy Regulatory Commission with the Supreme Court to annul and set aside the January 25 and April 3, 2023 resolutions issued by the 13 th Division of the Court of Appeals.
June 30	Disclosure of the Company with respect to the publication of news article in Manila Standard entitled “SMC signs P100-b loan for MRT-7 project.
July 6	Please be informed that at the Regular Meeting of the Board of San Miguel Corporation (the Company”) held on July 6, 2023, the Board approved the creation of the Company’s Sustainability Committee and the appointment of its members, namely: Chairperson: Teresita L. De Castro Members: Aurora T. Calderon Diosdado M. Peralta Ernesto M. Pernia Alexander J. Poblador

July 11	We advise that the Company received today, through Poblador Bautista Reyes Law Offices, the counsel of record of San Miguel Energy Corp (“SMEC”) and South Premiere Power Corp. (“SPPC”), a copy of the Joint Decision rendered by the 13th Division of the Court of Appeals, dated June 27, 2023, granting the consolidated petitions for certiorari of SPPC and SMEC. The dispositive portion of the Joint Decision states, as follows: “WHEREFORE, premises considered, the consolidated petitions of South Premiere Power Corporation and San Miguel Energy Corporation are GRANTED. With the grant of the petitions, judgment is hereby rendered: 1. ANNULLING and SETTING ASIDE the Orders dated September 29, 2022 in ERC Case No. 2019-081 and ERC Case No. 2019-083 for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction; 2. GRANTING the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief in ERC Case No. 2019-081 and ERC Case No. 2019-083, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of WPI] and for SMEC, from June 2022 to the date of the finality of this Joint Decision); 3. DENYING SMEC’s Motion for Partial Reconsideration of the Court’s January 13, 2023 Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic; 4. The writ of preliminary injunction issued in favor of SPPC is hereby made permanent. SO ORDERED.”
July 17	Disclosure of the Company with respect to the news article entitled “MVP, RSA team up for new tollway project” posted in philSTAR.com on July 17, 2023.
July 27	Disclosure of the Company with respect to the news article entitled “San Miguel, MPIC to submit joint Tagaytay toll road offer in August” posted in Manila Standard.
July 28	Disclosure of the Company with respect to the news article entitled “Court overturns ruling on SMC’s stamp tax refund claim” posted in BusinessWorld (Online Edition) on July 27, 2023.

August 3	We advise that, at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, August 3, 2023, the Board of Directors of the Corporation declared cash dividends to be paid out of the unrestricted retained earnings of the Corporation as of June 30, 2023, distributable as dividends to all stockholders of record as of September 21, 2023 on the following shares of the Corporation to be paid on October 5, 2023, as follows: <table data-bbox="391 434 1360 625"> <tr> <th><u>Class of Shares</u></th><th><u>Dividend Amount per share</u></th></tr> <tr> <td>Series "2" Preferred Shares - Subseries "F"</td><td>₱1.27635</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "I"</td><td>₱1.18790625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "J"</td><td>₱0.890625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "K"</td><td>₱0.84375</td></tr> </table> The books of the Corporation will be closed from September 22 to 28, 2023.	<u>Class of Shares</u>	<u>Dividend Amount per share</u>	Series "2" Preferred Shares - Subseries "F"	₱1.27635	Series "2" Preferred Shares - Subseries "I"	₱1.18790625	Series "2" Preferred Shares - Subseries "J"	₱0.890625	Series "2" Preferred Shares - Subseries "K"	₱0.84375
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August 3	We advise that, at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, August 3, 2023, the Board of Directors of the Corporation approved the Sustainability Charter of the Sustainability Committee of the Corporation.										
August 8	Press Release entitled "SMC H1 profits 18% to P23.3 billion"										
August 23	Further to our disclosure on March 9, 2023, we advise that the Company issued today, 23 August 2023, 173,333,325 cumulative, non-voting, non-participating, non-convertible, redeemable, peso-denominated Series 2-M preferred shares, with a par value of Php5.00 per share and at an offer price of Php75.00 per share, through a private placement (the "Private Placement"). The proceeds from the Private Placement, amounting to approximately Php13 billion, will be used for general corporate purposes. Subject to the compliance by the Company with the requirements of the Philippine Stock Exchange ("PSE"), the Series 2-M preferred shares are expected to be listed on the Main Board of the PSE on 29 August 2023.										
August 29	Further to our disclosure on August 23, 2023, we advise that the Series 2-M Preferred Shares of the Company will be listed today, August 29, 2023, on the Main Board of the Philippine Stock Exchange. Attached hereto are copies of the Certificate of Filing of Enabling Resolution, dated August 17, 2023, issued by the Securities and Exchange Commission and the Terms and Conditions of the Series 2-M Preferred Shares, respectively.										
August 29	Disclosure of the Company with respect to the news articles posted in various online sites on August 28, 2023. In the news article entitled "SMC tollway unit hikes 2023 capex" posted in manilatimes.net.										

September 1	Amended Disclosure on the Issuance of Series 2-M Preferred Shares (Copy of the Certificate of Filing of Enabling Resolution). The Certificate of Filing of Enabling Resolution (the "Certificate") was received by the Company on August 22, 2023 and filed with the Listings Department of the Exchange on the same day, in connection with the listing application of the Company for the Series 2-M Preferred Shares. As requested by the Listings Department, the Company appended a copy of the Certificate in its disclosure of August 29, 2023. The Company is also re-submitting a copy of the Certificate, together with the Terms and Conditions (the "Terms") as, due to inadvertence, the version submitted to the Exchange was not the same version filed with the Securities and Exchange Commission. Kindly refer to: (i) the Subscription Date and Listing Date appearing in page 1 and (ii) the schedule of the number of shares or total number of securities outstanding and the address of the Stock and Transfer Agent reflected in page 6, of the Terms, respectively.
Sept. 7	We advise that, at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, September 7, 2023, the Board of Directors of the Corporation declared cash dividends on the common shares of the Corporation in the amount of P0.35 per common share. The dividend payment date is on October 27, 2023, to be paid out of the unrestricted retained earnings of the Corporation distributable as dividends as of August 31, 2023. Payment shall be made to the stockholders of record of the common shares as of October 6, 2023. The books of the Corporation will be closed from October 9 to 13, 2023.
Sept. 7	During the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, September 7, 2023, we disclose that the Board of the Directors authorized the following, namely: (a) the shelf registration of approximately up to Php65,000,002,500.00 billion worth of Series "2" Preferred Shares, at an offer price of P75 per share, or up to 866,666,700 Series "2" Preferred Shares, to be issued for a period of three (3) years or such other period as determined by Management; (b) the initial offering of approximately up to Php50,000,002,500.00 billion worth of Series "2" Preferred Shares, at an offer price of P75 per share, or up to 666,666,700 Series "2" Preferred Shares (the "Initial Offer Shares"); (c) the filing of the appropriate Registration Statement and Prospectus with the Securities and Exchange Commission; and (d) the filing of the listing application with the Philippine Stock Exchange for the Series "2" Preferred Shares. For the purpose of implementing the actions referred to above, the Board has authorized Management to determine the other relevant terms and conditions of the public offering in accordance with the market conditions as well as the engagement of the services of underwriters, advisors, legal counsels, stock and transfer agent, receiving agent/bank, and other parties as may be necessary, proper or desirable to effect the offering.

Sept. 12	Please be advised that the Company submitted to the Securities and Exchange Commission (SEC) a copy of the Registration Statement (SEC Form 12-1) with the Preliminary Prospectus for the Shelf Registration in the Philippines of up to 866,666,700 Series 2 Preferred Shares to be offered within a period of three (3) years and the Offer Supplement for the Public Offering of 400,000,000 Series 2 Preferred Shares with an Oversubscription Option of up to 266,666,700 Series 2 Preferred Shares. A copy of the Preliminary Prospectus and Offer Supplement can be viewed at https://www.sanmiguel.com.ph/disclosures/smc-65-billion-shelf-registration-and-public-offering-of-series-2-preferred-shares.
Sept. 15	Disclosure of the Company with respect to the news article entitled “SMC, MIAC keen on Naia rehab deal” posted in Inquirer.net on September 15, 2023.
Sept. 22	Disclosure of the Company with respect to the news articles posted in various online sites on September 22, 2023. In the attached news article entitled “SMC power unit investors warned” posted in Daily Tribune (Online edition).
Oct. 13	We are submitting to the Exchange a copy of the Certificate of Filing of the Enabling Resolution which we received today, October 13, 2023, from our external counsel, Picazo, Buyco, Tan, Fider & Santos Law Offices, issued by the Securities and Exchange Commission (SEC) in connection with the offer and sale of up to 866,666,700 Series 2 Preferred Shares of the Company (the “Offer”). The Offer is pending registration with and issuance of the relevant Permit to Sell by the SEC. A copy of the Certificate of Filing is attached. The Company will provide further updates on the Offer, including the issuance of the Order of Effectivity and Permit to Sell by the SEC.
Oct. 20	Disclosure of the Company with respect to the news articles posted in various online sites on October 19, 2023, concerning San Miguel Corporation (“SMC”): 1. “SMC signs deal on 76.8-km. Pangasinan Link Expressway” posted in manilastandard.net. 2. “SEC okays P100-B SMC, Vista Land public offerings” posted in Daily Tribune (Online edition).:
Oct. 23	Disclosure of the Company with respect to the news article entitled “Rivals to allies: Ramon Ang to invest in MVP-led Metro Pacific” posted in Inquirer.net on October 23, 2023.

Nov. 8	Disclosure of the Company with respect to the news articles posted in various online sites on November 8, 2023, entitled "MPIC eyes more tie-ups with SMC" posted in Malaya Business Insight (Online Edition) on November 8, 2023.												
Nov. 8	Please see attached disclosure of the Company relating to the Shelf Registration of Series 2-L, 2-N, 2-O Preferred Shares of the Company.												
Nov. 9	We advise that, at the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held today, November 9, 2023, the Board of Directors of the Corporation declared cash dividends to be paid out of the unrestricted retained earnings of the Corporation as of September 30, 2023, distributable as dividends to all stockholders of record as of December 21, 2023 on the following shares of the Corporation to be paid on January 4, 2024, as follows: <table data-bbox="412 680 1409 905"> <tr> <th><u>Class of Shares</u></th><th><u>Dividend Amount per share</u></th></tr> <tr> <td>Series "2" Preferred Shares - Subseries "F"</td><td>₱1.27635</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "I"</td><td>₱1.18790625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "J"</td><td>₱0.890625</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "K"</td><td>₱0.84375</td></tr> <tr> <td>Series "2" Preferred Shares - Subseries "M"</td><td>₱1.5703125</td></tr> </table> The books of the Corporation will be closed from December 22, 2024 to December 29, 2023.	<u>Class of Shares</u>	<u>Dividend Amount per share</u>	Series "2" Preferred Shares - Subseries "F"	₱1.27635	Series "2" Preferred Shares - Subseries "I"	₱1.18790625	Series "2" Preferred Shares - Subseries "J"	₱0.890625	Series "2" Preferred Shares - Subseries "K"	₱0.84375	Series "2" Preferred Shares - Subseries "M"	₱1.5703125
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Series "2" Preferred Shares - Subseries "K"	₱0.84375												
Series "2" Preferred Shares - Subseries "M"	₱1.5703125												
Nov. 10	The Company is submitting to the Exchange a copy of the Order dated 09 November 2023 issued by the Securities and Exchange Commission for the shelf registration of up to 866,666,700 Series "2" Preferred Shares, and the corresponding Permit to Sell for the initial tranche consisting of up to 666,666,700 Series "2" Preferred Shares consisting of a base offer of 400,000,000 Series "2" Preferred Shares with an oversubscription option of up to 266,666,700 Series "2" Preferred Shares, to be issued in Subseries "2-L", "2-N" and "2-O". The Final Shelf Prospectus and the Offer Supplement can be viewed at: https://www.sanmiguel.com.ph/disclosures/smc-65-billion-shelf-registration-and-public-offering-of-series-2-preferred-shares												
Nov. 13	Press Release entitled: "SMC's nine-month profit more than doubles to P31.2 billion"												
Nov. 16	Disclosure of the Company with respect to the news articles posted in various online sites on November 16, 2023, article entitled "BIR wins tax case versus San Miguel" posted in manilatimes.net.												

Nov. 23	In accordance with the provisions of the Audit and Risk Oversight Committee Charter (the “Charter”) of the Company adopted on August 13, 2012 and in compliance with SEC Memorandum Circular No. 4, Series of 2012 (the “Memorandum Circular”), we advise that the results of the self-assessment of the members of the Audit and Risk Oversight Committee for the year 2023, are as follows: Under the category “Quality and integrity of the Company’s financial statements and financial reporting process,” with the rating of 5 being the highest and 1 being the lowest, the average rating given by the five members of Audit and Risk Oversight Committee (the “Committee”), was 4.76. For this category, there were 5 questions based on the Charter. Under the category, “Effectiveness of the Company’s internal control systems,” the average rating given by the members of the Committee was 4.68. For this category, there were 16 questions based on the Charter. Under the category, “Independence and performance of its internal and external auditors,” the average rating given by the members of the Committee was 4.68. For this category, there were 16 questions based on the Charter. Under the category, “Compliance by the Company with accounting standards, legal and regulatory requirements, including the Company’s disclosure policies and procedures,” the average rating given by the members of the Committee was 4.6 For this category, there were 3 questions based on the Charter. Under the category, “Evaluation of management’s process to assess and manage the Company’s enterprise risk issues,” the average rating given by the members of the Committee was 4.7. For this category, there were 6 questions based on the Charter.																						
Dec. 1	We advise that the Company issued today, 01 December 2023, 453,333,400 cumulative, non-voting, non-participating, non-convertible, redeemable and re-issuable Series 2-L, Series 2-N and Series 2-O preferred shares, with a par value of Php5.00 per share and at an offer price of Php75.00 per share (the “Offer Shares”). The Offer Shares were also listed today, 01 December 2023, on the Main Board of the Philippine Stock Exchange.																						
Dec. 1	A. The following are the disbursements of the Company from the net proceeds of the offering of Series “2-L”, Series “2-N” and Series “2-O” Preferred Shares (the “Offering”). <table><tr><th>Date of Disbursement</th><th>Use of Proceeds</th><th>Details</th><th>Amount in Php</th></tr><tr><td rowspan="2">01 December 2023</td><td rowspan="2">Repayment of Philippine Peso-denominated Short-Term Loan Facilities</td><td>Payment of Php600 million short-term loan facility with BDO Unibank, Inc.</td><td>Php600,000,000.00</td></tr><tr><td>Payment of Php6.450 billion short-term loan facility with Land Bank of the Philippines</td><td>6,450,000,000.00</td></tr><tr><td colspan="3">TOTAL DISBURSEMENT IN THIS REPORT</td><td>Php7,050,000,000.00</td></tr><tr><td colspan="3">TOTAL DISBURSEMENTS TO DATE</td><td>7,050,000,000.00</td></tr><tr><td colspan="3">BALANCE OF NET PROCEEDS</td><td>26,880,369,170.27</td></tr></table>	Date of Disbursement	Use of Proceeds	Details	Amount in Php	01 December 2023	Repayment of Philippine Peso-denominated Short-Term Loan Facilities	Payment of Php600 million short-term loan facility with BDO Unibank, Inc.	Php600,000,000.00	Payment of Php6.450 billion short-term loan facility with Land Bank of the Philippines	6,450,000,000.00	TOTAL DISBURSEMENT IN THIS REPORT			Php7,050,000,000.00	TOTAL DISBURSEMENTS TO DATE			7,050,000,000.00	BALANCE OF NET PROCEEDS			26,880,369,170.27
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	The net proceeds of the Offering are computed as follows: <table><tr><td>Gross Proceeds</td><td>Php 34,000,005,000.00</td></tr><tr><td>Expenses related to the Offering</td><td>Php 69,635,829.73³</td></tr><tr><td>Net Proceeds⁴</td><td>Php 33,930,369,170.27</td></tr></table>	Gross Proceeds	Php 34,000,005,000.00	Expenses related to the Offering	Php 69,635,829.73³	Net Proceeds⁴	Php 33,930,369,170.27																								
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Expenses related to the Offering	Php 69,635,829.73³																														
Net Proceeds⁴	Php 33,930,369,170.27																														
Dec. 4	A. The following are the disbursements of the Company from the net proceeds of the offering of Series “2-L”, Series “2-N” and Series “2-O” Preferred Shares (the “Offering”). <table><tr><th>Date of Disbursement</th><th>Use of Proceeds</th><th>Details</th><th>Amount in Php</th></tr><tr><td rowspan="6">04 December 2023</td><td rowspan="6">Repayment of Philippine Peso-denominated Short-Term Loan Facilities</td><td>Payment of Php1.5 billion short-term loan facility with Bangkok Bank Public Company Limited</td><td>Php1,500,000,000.00</td></tr><tr><td>Payment of Php4.7 billion short-term loan facility with BDO Unibank Inc.</td><td>4,630,000,000.00</td></tr><tr><td>Payment of Php1.75 billion short-term loan facility with Land Bank of the Philippines</td><td>1,750,000,000.00</td></tr><tr><td>Payment of Php850 million short-term loan facility with Metropolitan Bank & Trust Company</td><td>850,000,000.00</td></tr><tr><td>Payment of Php750 million short term loan facility with Philippine Trust Company</td><td>750,000,000.00</td></tr><tr><td></td><td></td></tr><tr><td colspan="2">TOTAL DISBURSEMENT IN THIS REPORT</td><td></td><td>Php9,480,000,000.00</td></tr><tr><td colspan="2">TOTAL DISBURSEMENTS TO DATE</td><td></td><td>16,530,000,000.00</td></tr><tr><td colspan="2">BALANCE OF NET PROCEEDS</td><td></td><td>17,400,369,170.27</td></tr></table>	Date of Disbursement	Use of Proceeds	Details	Amount in Php	04 December 2023	Repayment of Philippine Peso-denominated Short-Term Loan Facilities	Payment of Php1.5 billion short-term loan facility with Bangkok Bank Public Company Limited	Php1,500,000,000.00	Payment of Php4.7 billion short-term loan facility with BDO Unibank Inc.	4,630,000,000.00	Payment of Php1.75 billion short-term loan facility with Land Bank of the Philippines	1,750,000,000.00	Payment of Php850 million short-term loan facility with Metropolitan Bank & Trust Company	850,000,000.00	Payment of Php750 million short term loan facility with Philippine Trust Company	750,000,000.00			TOTAL DISBURSEMENT IN THIS REPORT			Php9,480,000,000.00	TOTAL DISBURSEMENTS TO DATE			16,530,000,000.00	BALANCE OF NET PROCEEDS			17,400,369,170.27
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³ Expenses of the Offering include: (i) payment of filing fees with the SEC and PSE; and (ii) other miscellaneous fees (i.e., expenses for publication, marketing and other out-of-pocket expenses).

Other fees of the Offering including: (i) underwriting and selling fees; (ii) legal and other professional fees, (iii) taxes to be paid to the BIR; and (iii) stock transfer service fees and lodgment fees. Such other fees will be reported on actual disbursement.

⁴ To be adjusted as and when fees of the Offering are disbursed.

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<u>Net Proceeds⁶</u>	<u>Php 33,930,369,170.27</u>										
Dec. 7	In connection with the Regular Meeting of the Board of Directors of San Miguel Corporation (the "Corporation") held on December 7, 2023, we disclose that the Board declared cash dividends for Common Shares at P0.35 per share. The cash dividends are payable on January 26, 2024 to all common stockholders of record as of January 5, 2024. The stock and transfer books of the Corporation will be closed from January 8 to January 12, 2024. The dividends shall be paid out of the unrestricted retained earnings of the Company distributable as dividends as of October 31, 2023.										
Dec. 27	Disclosure of the Company with respect to the news article entitled "SMC set to finish 32 battery energy storage systems" posted in manilastandard.net on December 24, 2023.										
Dec. 27	A. The table below details the updated computation of the net proceeds of the offering of Series "2-L", Series "2-N" and Series "2-O" Preferred Shares (the "Offering"). <table> <tr> <td>Gross Proceeds</td><td>Php 34,000,005,000.00</td></tr> <tr> <td>Expenses related to the Offering⁷</td><td>Php 281,212,275.36</td></tr> <tr> <td>Net Proceeds⁸</td><td>Php33,718,792,724.64</td></tr> <tr> <td>Total Disbursements as of December 4, 2023</td><td><u>16,530,000,000.00</u></td></tr> <tr> <td>BALANCE OF NET PROCEEDS</td><td>17,188,792,724.64</td></tr> </table>	Gross Proceeds	Php 34,000,005,000.00	Expenses related to the Offering ⁷	Php 281,212,275.36	Net Proceeds ⁸	Php33,718,792,724.64	Total Disbursements as of December 4, 2023	<u>16,530,000,000.00</u>	BALANCE OF NET PROCEEDS	17,188,792,724.64
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⁷ Expenses of the Offering include: (i) payment of filing fees with the SEC and PSE; (ii) underwriting and selling fees; and (iii) other miscellaneous fees (i.e., expenses for publication, marketing and other out-of-pocket expenses)

⁸ To be adjusted as and when fees of the Offering are disbursed.

ANNEX “I”

SAN MIGUEL CORPORATION
Sustainability Report

San Miguel Corporation

2023 Sustainability Report

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1 About the Report

At San Miguel Corporation (SMC, San Miguel, or the Company), our dedication to sustainability is ingrained in all our business operations. Guided by our Sustainability Blueprint, we aim to reduce our environmental footprint, promote social inclusion, and commit to building a stronger, more resilient, and globally competitive company.

We are pleased to present the 2023 San Miguel Corporation Sustainability Report as a testament to our long-term commitment to sustainability. This Report contains information on the environmental, social, and governance (ESG) performance topics identified as material to SMC’s businesses and stakeholders.

We recommend a side-by-side review of this Report with our 2023 Annual Report for a more comprehensive understanding of the Company’s operations and impacts, which you may access through this [link](#).

1.1 Scope and Coverage

GRI 2-2 | GRI 2-3

This Report provides detailed information on the consolidated ESG performance of SMC and key business groups from January 1 to December 31, 2023. The subsidiaries included in this Report were selected based on their scale of operations and SMC’s majority ownership interest, and level of operational control.

This Report covers the ESG data of the following key businesses:

- Food and Beverage
- Packaging
- Fuel and Oil
- Energy
- Infrastructure
- Cement
- Others (as specified in “Our Businesses” section of the Report)

The Cement business expanded its coverage and now includes Eagle Cement Corporation and Southern Concrete Industries, Inc. Please refer to the Appendices for a complete list of the subsidiaries covered by this Report.

1.2 Reporting Frameworks and Standards

GRI 2-4 | GRI 3-1

Our approach in preparing and presenting this Report was based on the following frameworks:

The Philippine Securities and Exchange Commission Guidelines

We prepared this Report in compliance with the Philippine Securities and Exchange Commission Memorandum Circular No. 4 Series of 2019, entitled “Sustainability Reporting Guidelines for Publicly Listed Companies.” The reporting requirements include impacts, risks, opportunities, and Management’s approach to addressing material ESG topics.

Global Reporting Initiative (GRI) Standards

We provided SMC’s disclosures with reference to the GRI Reporting Standards and ensured that this Report aligns with GRI’s reporting principles. A GRI content index is found in the Appendices to help readers navigate the information in this Report.

Sustainability Accounting Standards Board (SASB) Standards

We were guided by reporting principles in the SASB Standards and integrated globally applicable and sector-specific disclosures into our core communications. We based our SASB recommended disclosures

on the following industry standards: SASB Containers and Packaging Standard, SASB Alcoholic Beverage Standard, and SASB Processed Foods Standard.

We provided a SASB index in the Appendices to facilitate reference to SMC’s financial material sustainability information.

Greenhouse Gas (GHG) Protocol

We were guided by the GHG Protocol’s Corporate Standard in accounting for and reporting SMC’s greenhouse gas emissions. We followed its principles to ensure that our GHG inventories accurately represent our total 2023 emissions. By improving our understanding of our GHG emissions, we can better manage our risks, identify reduction opportunities, and monitor our progress towards achieving our Net Zero goal by 2050. We used the operational control approach to consolidate our GHG emissions.

SMC has started determining our Scope 3 or supply chain GHG emissions. Guided by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, we have begun the process of identifying which Scope 3 activities across our business units are expected to have the highest emissions, offer significant opportunities for emissions reduction, and are most relevant to our sustainability goals.

More details are found in the section on “Our Scope 3 Boundaries” in this Report.

Reporting Principles

Our Report subscribes to the following Reporting Principles:

- **Accuracy:** We ensured that the qualitative and quantitative information provided in this Report is consistent with all available data.
- **Balance:** We provided a fair and unbiased representation of SMC’s negative and positive impacts.
- **Clarity:** We presented clear information that readers with reasonable knowledge of SMC can easily understand.
- **Comparability:** We outlined information to enable SMC and other readers to assess the Company’s disclosures against our goals and targets. We also laid out information so external parties can easily evaluate and benchmark our performance as part of rating activities, investment decisions, or advocacy programs.
- **Completeness:** We included sufficient information on SMC’s present activities, events, and impacts for the reporting period.

We have restated some of our 2022 ESG data based on improvements in our data collection process. All material data restatements are noted below the relevant ESG data tables.

1.3 Contact Information

GRI 2-3

We value your comments and insights. Please address your feedback on this Report and any inquiries on SMC’s sustainability initiatives to:

Corporate Sustainability Office

SMC Corporate Head Office
40 San Miguel Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Telephone: (632) 8 632 3974
Email: csso@sanmiguel.com.ph
Attention: Rita Imelda B. Palabyab

Additional information on our sustainability performance is available on our sustainability microsite at <https://www.sanmiguel.com.ph/sustainability/>.

2 Message from the President and CEO

GRI 2-22 | GRI 203-1 | GRI 203-2

A year into our ambitious sustainability blueprint, we are already making a growing and positive impact on our business in terms of cost efficiency and resilience. At a time when more and more companies are talking about sustainability and how it might tie into their core purpose, San Miguel has sought to define how we work with others, how we interact with the environment and our communities, and ultimately, the future we hope to create.

As a starting point, over the last year, we revisited our vision and core purpose statements—the building blocks that reflect our corporate culture and direction—and sought to align those of our subsidiaries with our vision to build a better Philippines where prosperity is widely shared, and every Filipino can reach his highest aspirations.

Our newly created Corporate Sustainability Office has settled into its role, providing the additional rigor, support, and challenge to ensure sustainability is top of mind among the estimated 50,000-strong San Miguel family. Employees for whom sustainability is not a full-time role or who have recently been given responsibility to study and address the issues, have embraced this new mindset with much enthusiasm. We have seen colleagues from various departments contributing to our sustainability agenda, including logistics, manufacturing, procurement, and human resources. They have moved beyond ad-hoc and project-based activities, pursuing long-term impact by engaging in strategic and collaborative activities. It is heartwarming to see how everyone, regardless of their role in the corporation, believes they can play a part in making a positive impact on customers, co-workers, shareholders, and society through sustainable practices.

Many of the capstone projects in our management leadership programs now seek solutions to water scarcity, identify and adopt processes that use less energy and fewer materials, circular approaches, and even social inclusion. Today, sustainability is a common thread in many of our employees' day-to-day projects and initiatives, and growing numbers are beginning to understand that San Miguel is responsible for everything done in our name.

Over the last year, we have identified the issues that matter most to our company and stakeholders. We have converged on agreed-upon priorities and developed clear milestones and key indicators for our four sustainability goals: circularity, upliftment, governance, and net zero emissions. We are setting time-bound metrics for each goal and creating a roadmap to which we will be accountable.

Climate change is the defining crisis of our time, happening much more quickly than we could have ever anticipated. This will fundamentally change the shape of our business, causing us to reconfigure our energy, transportation, manufacturing, and food systems. From the resources we use, to how we make, sell, and move our products; engage with communities; to the expectations we set for our business partners and suppliers—everything we do from this point onward forms part of the social and environmental legacy we hope to craft for ourselves.

In our inaugural report, we identified our Scope 1 and Scope 2 emissions and are finding ways to decarbonize our operations, from implementing energy efficiency measures, retrofitting our plants to use more solar power, to continuing our transition to cleaner energy through additional Battery Energy Storage System (BESS) facilities. While we are still gathering data on our Scope 3 GHG emissions, we have already engaged our supply base by working to set metrics, arrive at shared terminology, and collect data from our biggest suppliers to allow us to understand better the impact of our products and processes. We fully intend to share our progress across all reporting parameters based on the best available data, and to improve our level of disclosure each year.

Our Tullahan river rehabilitation and flood mitigation project, which was launched in 2020, has since expanded to the Pasig and San Juan Rivers and further north to Bulacan province, the site of our international airport project. We are also extending rehabilitation efforts to neighboring river systems, including the Pampanga River, Maragondon River and related tributaries in Cavite; waterways in Navotas City and the San Pedro River in Laguna. As of March 2024, SMC's river clean-up program has removed over 5.7 million tons of waste from approximately 90 kilometers of river systems.

Alongside our environmental initiatives, we continue to roll out social impact projects, the newest of which is Better World Smokey Mountain *Pangarap Para sa Pamilya* center. Our four Better World centers repurpose idle, abandoned properties for community use, such as green space, learning, and healthcare facilities. Through committed, long-term engagement, we encourage greater civic participation and capacity and give the economically disadvantaged a voice in their community's future.

Yet, there is a lot more that still needs to be done.

Indeed, the journey to becoming more sustainable is not straightforward for any organization, particularly not for one as big and as diversified as ours. However, as one of the Philippines' leading conglomerates, we will set the standards that others follow because the big issues facing the world today, from climate change to social inequality, demand that businesses redefine their societal role.

We have always had a strong sense of social, environmental, and economic responsibility and an understanding that our success depends on the success of society at large. This is one of the core values we live by. When our colleagues, customers, suppliers, or communities are in need, we help.

Today, we have a once-in-a-generation opportunity to help ensure future generations have the same, if not better, opportunities than those at present. As San Miguel, we are determined to make a long-lasting, positive contribution to our country and the world we inhabit as a whole.

Ramon S. Ang

President and Chief Executive Officer

3 About San Miguel Corporation

3.1 Company Overview

GRI 2-1 | GRI 2-6 | GRI 203-1 | GRI 203-2

San Miguel Corporation is one of the largest and most diversified conglomerates in the Philippines in terms of revenues and total assets. Its sales account for approximately 6.0% of the Philippine Gross Domestic Product (GDP) in 2023, based on its consolidated revenues for the year, divided by the country’s total revenue, as sourced from the Philippine Statistics Authority. Originally founded in 1890 as a single-product brewery, SMC has operated for over 130 years. Today, it owns market-leading businesses in various key sectors, including Beverages, Food, Packaging, Fuel and Oil, Energy, Infrastructure, Cement, Property Development and Leasing, Car Distributorship, Insurance and Banking services. SMC’s portfolio of companies is interwoven into the economic fabric of the Philippines, benefiting from and contributing to the nation’s development and economic progress.

Through its core subsidiaries and extensive product portfolio, SMC has maintained long-standing leadership positions in various categories, including in beer, spirits, non-alcoholic beverages (NAB), poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products, and a full range of refined petroleum products. Moreover, SMC’s aggressive expansion into growth industries such as power generation, cement, and infrastructure, has also led to its leadership in these industries over the last decade.

The bulk of SMC’s operations are in the Philippines. It also has international operations, mainly in Malaysia, Singapore, Australia, China, Indonesia, and Vietnam, and through exports, which collectively contributed 29% of consolidated sales in 2023.

Through the decades, SMC’s traditional core businesses have sustained their market-leading positions, due in large part to continuous innovation, diligent product enhancement resulting from rigorous consumer and market research, and meticulously planned marketing initiatives and brand-building activities.

Since its business diversification program in 2007, SMC has also channeled much of its resources into sectors that are crucial to Philippine economic growth and development. SMC maintains that its strategy of continuous value creation through investing in nation-building projects, extracting synergies and efficiencies across its portfolio, and pushing for greater sustainability, redounds to a stronger financial performance, wider access to capital, more growth opportunities, and resilience against economic downturns and cyclical business challenges.

SMC is listed on the Philippine Stock Exchange (PSE Ticker: SMC), along with its publicly listed subsidiaries: San Miguel Food and Beverage, Inc., Ginebra San Miguel Inc., and Petron Corporation.

SMC is headquartered in the San Miguel Corporation Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550. The company operates over 100 major facilities in the Philippines, Southeast Asia, China, Australia, and New Zealand.

3.2 Our Businesses

GRI 2-1 | GRI 2-6 | GRI 203-1 | GRI 203-2

Food and Beverage

SMFB is a leading food and beverage company in the Philippines.

SMFB has three primary operating divisions—(i) Beer and Non-Alcoholic Beverages (NAB) through San Miguel Brewery, Inc. (SMB) and its subsidiaries, (ii) Spirits through Ginebra San Miguel Inc. and its subsidiaries, and (iii) Food and Animal Nutrition through San Miguel Foods, Inc. (SMFI) and its related companies. SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to about seventy (70) markets worldwide.

The brands under which SMFB produces, markets, and sells its products are among the most recognizable in the Philippines, holding market-leading positions in their respective categories. These include *San Miguel Pale Pilsen*, *San Mig Light*, and *Red Horse* for Beer, and *Ginebra San Miguel* and *Vino Kulafu* for Spirits. Under its Food business: *Magnolia* for chicken, dairy, ice cream, flour mixes, and salad aids; *Monterey* for fresh and marinated meats; *Purefoods Tender Juicy* for hotdogs; *Purefoods* for other processed meats, ready-to-eat meals, and seafood line; *Veega* for plant-based protein products; *Star* and *Dari Crème* for margarine, and *B-Meg* for animal feeds.

SMFB has an extensive, complementary product portfolio featuring 32 brands in six categories, with something to offer for every segment of the growing domestic market.

With seven beer production facilities strategically located across the Philippines and close to consumer markets, SMFB can serve all regions and transport beer products to market within five to seven days of production, thus ensuring product availability and freshness. Spirits, on the other hand, are produced from fine alcohol obtained from a centralized distillery in Negros Occidental, the Philippines' largest molasses-producing region, and are bottled at five domestic facilities across the country. Additionally, SMFB operates a nationwide network of facilities, including breeding and growing farms, state-of-the-art feed mills, poultry processing and food manufacturing plants. These facilities are located in close proximity to the markets that they serve and an efficient cold chain ensures optimal shelf life and preserves the quality and freshness of its products. Equipped with modern technology, SMFB's facilities rank among the most efficient in the country, maintaining high quality standards and optimal production costs.

The Beer and NAB Division operates over 50 sales offices, partnering with approximately 450 dealers, with products in over 500,000 outlets. The Spirits Division operates 14 sales offices strategically located across the Philippines and coordinates with a network of 93 dealer sites covering approximately 158,000 outlets. The products of the Food Division are offered through approximately 160,000 points of sale, partnering with over 1,300 dealers, distributors, and food service clients.

SMFB is expanding its production capacities and manufacturing facilities in strategic areas to meet growing demand in its various food segments. Over the last six years, we have built new feed mills and processing plants for poultry, refrigerated and canned processed meats, and ready-to-eat food. In October 2023, the Food Division inaugurated its first mega poultry farm in Hagonoy, Davao del Sur, equipped with controlled climate technology, automated feeding and watering systems, an air quality monitoring system, and an automated harvesting system. Over the next ten years, the Food Division is set to build a number of mega poultry farms across the country, each capable of producing up to 80 million birds per year at full capacity. Employing the latest technology in poultry farming and best practices in animal health and nutrition, the farms are expected to consistently produce premium quality chickens to meet consumer demand for safe and affordable products. This effort aims to bring down production and logistical costs and support SMC's larger plan to boost the country's food security.

Packaging

The packaging business began operations in 1938 with the establishment of a glass plant that supplied glass bottles for the beer and NAB products of SMC. The Packaging Group is comprised of San Miguel Yamamura Packaging Corporation (SMYPC) and San Miguel Yamamura Packaging International Ltd, along

with their respective subsidiaries. These entities are joint venture companies between SMC and Nihon Yamamura Group, one of Japan's largest glass and plastic packaging corporations. The group further includes SMC Yamamura Fuso Molds Corporation, the sole manufacturer of glass and plastics molds in the country; Can Asia Inc., a pioneer in producing two-piece aluminum cans; Mindanao Corrugated Fibreboard, Inc., a corrugated carton manufacturer; and Wine Brothers Philippines Corp., involved in the sale and distribution of wine products. Today, the Packaging Group is a market leader across all its product formats in the domestic packaging industry, offering total packaging solutions to clients. The Packaging Group continuously innovates to enter new markets and segments with novel products, while developing eco-friendly processes. In recent years, the Packaging Group has upgraded its manufacturing facilities to exceed established government regulations. Among its significant investments is an Electrostatic Precipitator, a pollution-abating device.

The Packaging Group has one of the largest packaging operations in the Philippines, producing glass, molds, metal and plastic closures, aluminum cans, plastic bottles, pallets and crates, flexibles, paper, and other packaging products. It also provides beverage filling in aluminum cans, PET and glass bottles, and logistics services. Serving as the principal supplier of packaging needs for other SMC businesses, it also caters to customers in the Asia-Pacific region, the U.S., and Australasia, as well as to major multinational corporations in the Philippines, including Coca-Cola Beverages Philippines, Inc., Nestle Philippines, and Pepsi Cola Products Philippines, Inc.

The Packaging Group owns 18 international packaging companies, mainly located in China (glass, plastic, paper packaging products, and trading), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags and radiant/thermal liners), Australia (trading of packaging products, including retail/online packaging, cargo protection, materials handling products, plastic manufacturing, provision of wine closures, and wine filling services), and New Zealand (plastic manufacturing and trading of packaging products).

Aside from extending the reach of the packaging business overseas, these facilities also allow the Packaging Group to serve the packaging requirements of SMB breweries in China, Vietnam, Indonesia, and Thailand.

Energy

SMC operates its energy business through its wholly owned subsidiary, San Miguel Global Power Holdings Corp. (SMGP) which, together with its subsidiaries, associates, and joint ventures, is one of the largest power companies in the Philippines. As of December 31, 2023, SMGP controls a combined capacity of 4,789 MW. SMGP benefits from a diversified power portfolio that includes natural gas, coal, and renewable energy, such as hydroelectric power and BESS. Based on the total installed generating capacities reported in the Energy Regulatory Commission (ERC) Resolution on Grid Market Share Limitation, SMGP's combined installed capacity represents approximately 19% of the National Grid, 25% of the Luzon Grid, and 7% of the Mindanao Grid as of December 31, 2023. In addition, SMGP is involved in distribution and retail electricity services and has various power projects in the pipeline.

SMGP has a portfolio that includes some of the newest and largest power plants in the Philippines. Its baseload and peaking plants with diversified fuel sources allow SMGP to manage costs effectively and offer more competitive baseload power rates. SMGP also has capacity from its BESS facilities, which can provide more efficient ancillary services and has synergistic effects with renewable technologies, particularly the ability to strengthen the stability of a grid, while improving power quality.

As of December 31, 2023, the major power assets of SMGP consist of the Sual Power Plant, San Roque Power Plant, Angat Hydroelectric Power Plant, Limay Greenfield Power Plant, Malita Greenfield Power Plant, Masinloc Power Plant (with the Masinloc BESS), and the Ilijan Power Plant, which was turned over by the Power Sector Assets and Liabilities Management (PSALM) to SMGP following the expiration of its Independent Power Producer Agreement on June 3, 2022.

The power generated by the Sual Power Plant, Ilijan Power Plant, Limay Greenfield Power Plant, Malita Greenfield Power Plant, and Masinloc Power Plant, is primarily used as baseload supply and sold to customers under bilateral offtake agreements. The power generated by the San Roque Power Plant and the Angat Hydroelectric Power Plant serves as peaking supply. It is sold through the Wholesale Electricity

Spot Market or as replacement power to affiliates. The entire capacity of the 10 MWh Masinloc BESS and the 20 MWh Kabankalan BESS are contracted to the National Grid Corporation of the Philippines, providing regulating reserve ancillary services to the Luzon Grid under an Ancillary Services Procurement Agreement.

SMGP is well-positioned to leverage opportunities from the continued growth of the Philippine electricity market and an expected power supply shortage in the country. The latter is exacerbated by an existing base of aging power plants which are over 20 years old--and are thus prone to unscheduled shutdowns--as well as a large base of seasonal power supply, such as hydropower plants in Mindanao. To address this, SMGP has a defined roadmap to increase capacity by developing greenfield power plants and pursuing opportunities to invest in renewable energy projects, particularly in hydroelectric power and solar power projects and complementary technologies such as BESS.

SMGP closely supervises, controls, and processes improvements in the power plants it owns and operates to ensure that emissions comply with applicable environmental standards. SMGP utilizes Circulating Fluidized Bed (CFB) technology in its Limay Greenfield Power Plant and Malita Greenfield Power Plant. CFB technology transforms coal into a fuel source with relatively low pollutant emissions. These low emissions are made possible by processes that are used only in CFB power plants, such as chemically washing minerals and impurities from coal, gasification, treating flue gases with steam to remove sulfur dioxide, employing carbon capture and storage technologies to capture carbon dioxide from the flue gas, and dewatering lower-rank coals (brown coals) to improve calorific value, thereby improving electricity conversion efficiency. In addition, CFB plants incorporate other features that reduce emissions, such as fine coal grinders, limestone injections, and electrostatic precipitators to capture dust particles that escape the boiler.

Fuel and Oil

SMC operates its fuel and oil business through Petron Corporation (Petron), the Philippines' market leader and operator of the only integrated oil refinery in the country. It is also a leading player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day, refining crude oil and marketing and distributing refined petroleum products in the Philippines and Malaysia. In the Philippines, Petron operates the Petron Bataan Refinery, with a production capacity of 180,000 barrels per day. Petron's products are primarily sold to customers in the Philippines and Malaysia, and the company exports various petroleum and petrochemical products, including low-sulfur waxy residue, naphtha, mixed xylene, benzene, toluene, and propylene to other customers in the Asia-Pacific region.

Petron maintains 40 terminals and airport installations throughout the Philippines to serve its domestic markets, representing the country's most extensive distribution network for petroleum products. This network comprises 13 terminals in Luzon, seven in Visayas, and eight in Mindanao, as well as four airport installations in Luzon, five in Visayas, and three in Mindanao. The terminals have marine receiving facilities, multiple product storage tanks for liquid fuels and Liquefied Petroleum Gas (LPG), drummed products storage, and warehouses for packaged products, such as lubricants and greases. Refined products from the Petron Bataan Refinery are distributed to the various terminals and direct large consumer accounts using a fleet of contracted barges and tankers, as well as to service stations and industrial accounts through a fleet of contracted tank trucks. The barges and tankers are chartered on term or spot contracts from third-party ship owners. Bulk products are hauled from the storage terminals to service stations and industrial accounts by tank trucks owned by Petron and third parties.

As of December 31, 2023, Petron has a network of more than 1,800 retail service stations in the Philippines, with most stations located in Luzon where demand is heaviest. Through its extensive network, Petron sells gasoline, diesel, and kerosene to motorists and to the public transport sector. Its LPG brands, *Petron Gasul* and *Fiesta Gas*, are also available at these service stations and from a nationwide network of 1,700 LPG branch stores. Meanwhile, Petron's Lubes distribution network includes 45 car care centers, more than 350 active lube bays, and approximately 1,100 service stations selling lubes.

Infrastructure

The infrastructure business, conducted through San Miguel Holdings Corporation (SMHC), consists of investments in companies that hold long-term concessions in the infrastructure sector in the Philippines. Currently operating toll roads include the South Luzon Expressway (SLEX), Skyway Stages 1, 2 and 3, Southern Tagalog Arterial Road (STAR), Tarlac-Pangasinan-La Union Expressway (TPLEX), and NAIA Expressway (NAIAx). Ongoing projects include Skyway 4, SLEX-TR4, SLEX-TR5, Pasig River Expressway (PAREX), MRT-7, Northern Access Link Expressway (NALEX), Southern Access Link Expressway (SALEX), Cavite-Batangas Expressway (CBEX), Nasugbu-Bauan Expressway (NBEX), and the New Manila International Airport (NMIA). SMHC also operates and is currently expanding the Boracay Airport and has investments in Manila North Harbour Phil. Inc., the concessionaire of the domestic terminal North Port of the Manila North Harbour, and Luzon Clean Water Development Corporation for the Bulacan Bulk Water Supply Project.

SMHC has become one of the major infrastructure companies in the country, with concessions in toll roads, airports, mass rail transit, and bulk water supply. SMHC's concession rights cover approximately 1,048.5 kilometers of total road length, serving Metro Manila and other fast-growing regions of Luzon.

SMHC aims to address gaps in our country's infrastructure and transport network by building expansive, resilient road infrastructure and public transportation projects. These efforts are designed to catalyze trade, investment, and national development, supporting growth and progress through collaboration on projects under the government's Public-Private Partnership (PPP) programs. By partnering with the government to enhance the country's infrastructure and transportation, SMC Infrastructure contributes to the overall economy and helps improve people's lives.

Cement

The cement business is conducted under San Miguel Equity Investment Inc. (SMEII), which owns 100% of the common stock of Northern Cement Corporation (NCC) and Southern Concrete Industries, Inc. (SCII) and 99.96% of Eagle Cement Corporation (ECC) as of the end of December 2023. SMC owns 100% of SMEII.

The Cement business has grown in size and contribution to SMC with the addition of ECC as of the end of 2022. Together, NCC and ECC have established a strong market presence in Luzon, building reputable names in cement production and domestic sales. The cement group operates plants with integrated cement manufacturing lines showcasing sustainable, environment-friendly, world-class, and state-of-the-art equipment capable of producing high-quality cement that is above and beyond prescribed specifications.

In 2023, SMC expanded its market presence in Mindanao by establishing a cement grinding facility through SCII, which adopted the processes, technologies, and strategies of NCC.

The cement group owns and operates various facilities: ECC has a fully integrated cement production facility, a limestone, shale, and pozzolan quarry, and a Limestone Pulverizing Plant in San Ildefonso, Bulacan, and a grinding and packaging facility in Limay, Bataan. NCC has a fully integrated cement production facility and quarry in Sison, Pangasinan, while SCII operates a grinding plant in Santa Cruz, Davao Del Sur. Overall, the cement business has a combined annual rated production capacity of approximately 17.53 million metric tons per year (MTPY) of finished cement.

It continues to develop and improve plant capacity and operational efficiency through innovative technology and measures to increase the supply of cost-efficient cement products. This includes adapting environment protection and enhancement programs, promoting innovative high-quality products, strict monitoring and enforcement of regulatory compliances, strengthening of customer technical and mobile laboratory services, and implementing social development and management programs. Additionally, the cement business offers programs for Indigenous Cultural Communities, and undertakes employee welfare and holistic people development programs to create a resilient and engaged workforce.

Real Estate

Established in 1990 as the corporate real estate arm of SMC, San Miguel Properties Inc. (SMPI) aims to become one of the major players in the country's property development sector. SMPI is 99.97% owned by SMC and primarily manages, develops, sells, and leases the conglomerate's real estate assets. SMPI offers a diverse portfolio of mid-range homes and prime lots. It is expanding into the high-end market with its foray into townhouse developments and the hospitality segment through Makati Diamond Residences. Furthermore, SMPI is considering entering integrated township developments and sustainable tourism projects.

Banking

Bank of Commerce (BankCom), an affiliate of SMC, is one of the country's fastest-growing universal banks licensed by the Bangko Sentral ng Pilipinas. The Bank has been operating since 1963. BankCom provides innovative banking solutions and a complete range of products and services in deposit, commercial loans, credit card services, consumer banking, transaction banking, corporate banking, treasury, asset management, trust, and investments. In terms of service reach, BankCom has retail and corporate internet banking facilities consisting of 140 branches and 242 automated teller machines, strategically located nationwide as of December 31, 2023.

BankCom aims to strengthen its presence in the domestic market and deepen its relationship with clients through various financial solutions focused on supplier and customer relationships within conglomerates.

BankCom's ESG data is not included in this report, being an affiliate of SMC, whose performance is not consolidated with the Group.

Logistics

SMC Shipping and Lighterage Inc. (SMCSL) is a 70% owned subsidiary of SMC that primarily operates shipping, cargo handling, warehousing, and trucking services for other businesses within the SMC Group.

San Miguel Integrated Logistics Services, Inc. (SMILSI) is another SMC subsidiary providing logistics management services to other businesses in the SMC Group. Utilizing company-owned and leased storage facilities, transport units, and material handling equipment, SMILSI offers integrated planning, coordination, operations, and maintenance services related to shipping, warehousing, trucking activities, and customs brokerage and port operations services.

Information Technology

Established in 1999, San Miguel Information Technology Services, Inc. (SMITS) is one of the leading Information Technology (IT) companies in the Philippines today. It is responsible for managing SMC's IT operations. The organization employs over 700 IT professionals and over 1000 business process experts and offers IT consulting, implementation, and support services to the San Miguel Group and non-San Miguel clients.

SMITS is built on four pillars to provide clients with a more holistic approach to digital innovation:

- Enterprise Applications, including SAP;
- Emerging Technologies, including developing client or business-specific solutions;
- Infrastructure Management Services for all IT facilities; and
- Business Process Outsourcing (BPO) Services.

SMITS manages SMC's IT operations and offers IT consulting, implementation, and support services to the San Miguel Group and external clients.

Cars and Motorcycles

SMC Asia Car Distributors Corp. was established in 2017 and is 65% owned by SMC. Its primary purpose is to import, buy, sell, and distribute all kinds of motor vehicles and means of transportation, as well as spare parts, accessories, tires, tubes, batteries, and other supplies, materials and appliances used in

motor vehicles. It is currently the sole importer and distributor of BMW vehicles, spare parts, and accessories in the Philippines.

3.3 Our Awards and Recognitions

GRI 2-22

Our commitment to integrating sustainable practices across all aspects of our business operations is reflected in the diverse array of accolades we received in 2023. These recognitions underscore our unwavering dedication to environmental stewardship, social responsibility, and corporate governance, aligning with our agenda to create a positive impact on society and the environment.

2023

San Miguel Corporation

- The Asset ESG Corporate Awards (Titanium)
- The Asset Best Initiative in Environmental Responsibility: BESS
- Alpha Southeast Asia 13th Institutional Investor Corporate Awards 2023
 - Strongest Adherence to Corporate Governance
 - Most Consistent Dividend Policy
 - Best Strategic Corporate Social Responsibility
- 2023 Philippine Chamber of Commerce and Industry (PCCI) Presidential Recognition for Outstanding Achievement on Environment / Climate Initiatives
- 2023 PCCI Nation Builders' Award to Ramon S. Ang and San Miguel Corporation
- 2023 ASEAN Corporate Governance Scorecard (ACGS) Recognition Award: One Golden Arrow
- Forbes 2023 World's Best Employers
- Time World's Best Companies 2023

San Miguel Food and Beverage Inc.

- 2023 ACGS Recognition Award: Three Golden Arrows

Ginebra San Miguel Corporation

- The Green Organization 2023 International CSR Excellence Award – Bronze
- 20th Philippine Quill Awards – Award of Excellence for “Huling Patak ng Bagong Tapang” under the Marketing, Advertising, and Brand Communication Category
- TESDA 2023 National Kabalikat Awards – Industry Category
- Monde's World Quality Awards – Gold
 - Ginebra San Miguel 350ml (Round), 350ml (Frasquito) and 700ml (Frasco); GSM Premium Gin, Antonov Vodka; Vino Kulafu 350ml and 700ml; 1834 Premium Distilled Gin
- Monde's World Quality Awards – Silver
 - GSM Blue Mojito, Pomelo, Margarita, Light Gin, and Primera Light Brandy

Petron Corporation

- 2023 ACGS Recognition Award: Two Golden Arrows

San Miguel Global Power Holdings Corp.

- Asian Power Awards 2023 – Innovative Power Technology of the Year – Philippines (BESS Facilities)
- Asian Power Awards 2023 – Smart Grid Project of the Year – Philippines (BESS Facilities)
- Asian Power Awards 2023 – Water Conservation Initiative of the Year – Philippines (Limay Power Inc.)
- Asian Power Awards 2023 – Diesel-Fired Power Project of the Year – Philippines (Malita Power Inc.)
- Asian Power Awards 2023 – Power Plant Upgrade of the Year – Philippines (Malita Power Inc.)
- Asian Power Awards 2023 – Information Technology Project of the Year – Philippines (Malita Power Inc.)

Packaging Group

- Excellence Award from the International Quality and Productivity Convention
- Success Story Award from the Pollution Control Association of the Philippines

Eagle Cement Corporation

- 2023 ACGS Recognition Award: One Golden Arrow
- Presidential Mineral Industry Environment Award from the Department of Environment and Natural Resources (DENR)
- 2nd runner-up for Best Mining Forest Award from the DENR

Northern Cement Corporation

- Best Environmental Partner from the DENR

2022

- Special recognition by the Department of Labor and Employment (DOLE) as an exemplary Filipino company, with *malasakit* for its own people (SMC)
- French Government’s Legion of Honor for Ramon S. Ang
- Forbes Magazine, World’s Best Employers List (SMC placed 174th out of 800 companies)
- ACGS Recognition Award: Three Golden Arrows (SMFB)
- ACGS Recognition Award: Two Golden Arrows (Petron)
- Presidential Mining Environmental Award: Titanium Achievement Award for Quarry Operator Category (NCC)
- Consistently recognized as a Top Taxpayer in the Local Government Units (LGUs) where we operate and by the government’s revenue collection agencies, in particular the Bureau of Customs
- Catholic Mass Media Award for Best Digital Ad (GSMI, Ginebra San Miguel)
- Monde Selection Awards: Gold (GSMI)
 - Ginebra San Miguel Premium Gin
 - Antonov Vodka
 - Ginebra San Miguel
 - 1834 Premium Distilled Gin
 - GSMI Blue Light Gin
 - GSM Blue Flavors Pomelo
 - Vino Kulafu
- Monde Selection Awards: Silver (GSMI)
 - GSM Blue Flavors Mojito
 - GSM Blue Flavors Margarita

2021

- The Asset ESG Corporate Awards (SMC)
- Gold Award in Excellence in Environmental, Social and Governance (SMC)
- Catholic Mass Media Award for Best Digital Ad (GSMI)
 - Ginebra San Miguel
- Monde Selection Awards: Gold (GSMI)
 - Ginebra San Miguel Premium Gin
 - Antonov Vodka
 - Ginebra San Miguel
 - GSMI Blue Light Gin
 - GSM Blue Flavors Pomelo
 - Vino Kulafu
 - GSM Blue Flavors Mojito
- Monde Selection Awards: Silver (GSMI)
 - GSM Blue Flavors Margarita

4 Our Stakeholders

4.1 Stakeholder Engagement

GRI 2-12 | GRI 2-16 | GRI 2-25 | GRI 2-26 | GRI 2-29

With its extensive portfolio of businesses, SMC significantly impacts on the daily lives of the Filipino people who depend on us not only for the provision of goods and services but also for our responsible and conscientious approach to doing business. Our commitment to sustainability is centered on addressing the key challenges our stakeholders face, harnessing the power of our businesses to offer meaningful solutions. We recognize that adopting sustainable practices benefits our stakeholders and enhances both business performance and shareholder value.

Transparent and open communication is crucial for recognizing the diverse needs of our stakeholders. We prioritize engaging in continuous dialogue with our stakeholders through various effective communication channels, ensuring that their needs are met. Additionally, we actively benchmark our ESG performance against the best practices of our peers, both locally and globally, to further strengthen our commitment to sustainability.

4.2 Our Stakeholder Groups

GRI 2-12 | GRI 2-16 | GRI 2-25 | GRI 2-26 | GRI 2-29 | GRI 411-1 | GRI 413-1 | GRI 413-2

Shareholders and Investors

SMC considers its shareholders and investors to be integral partners, supporting the Company's vision and strategies by supplying the essential capital needed for long-term business growth. They are pivotal in driving sustainable evolution and future value creation, influencing the Company's corporate behavior and commitment to sustainable practices. Our sustainability goals and targets are shaped by constant feedback and open dialogue with shareholders and investors, aligning with their needs and expectations. This approach fosters trust, transparency, and accessibility for all stakeholders and investors.

Our communication channels are well established, including monthly and quarterly meetings with the Board of Directors and various Board-level committees. Annual stockholders' meetings offer a platform for shareholders to learn about the Company's performance and plans, and to voice their comments and questions. We maintain ongoing communication through one-on-one or group meetings, roadshows, teleconferences, calls, email correspondences, and regular Company disclosures to the SEC, PSE, and Philippine Dealing & Exchange Corp. (PDEX). Additionally, quarterly investor briefings and E-newsletters are part of our communication strategy.

Social media platforms further enhance our outreach by disseminating news on performance, developments, and milestones.

In the realm of ESG, SMC engages in meetings within the Group and with external parties to discuss ESG ratings and potential initiatives addressing ESG-related concerns. The open flow of dialogue and information exchange on goals and strategies ensures the Company's trajectory towards more sustainable growth and value creation.

Government Bodies and Regulators

SMC continues to work closely with the government and regulators on developmental, legal, regulatory, or legislative matters, viewing them as important partners in attaining the country's development goals. Our regular dialogues include consultation meetings, plant visits, legislative hearings, briefings, and conferences, to name a few.

Furthermore, SMC diligently complies with all relevant laws and regulatory requirements. We conduct financial and operational audits to ensure we fulfill all requirements and aim to at least be at par with global standards and best industry practices.

Additionally, SMC supports national growth and progress through collaboration on projects and initiatives through the government's Public-Private Partnership program. By being a partner of the government in enhancing the country's infrastructure and transportation systems, and providing a stable power supply, we believe we are contributing to the overall economy and helping to improve people's lives. We also closely monitor and engage in discussions with the government regarding any plans that may affect our products, such as tax increases, to ensure that it will be fair and acceptable to our consumers.

Road infrastructure is a prime example of SMC's willingness to collaborate with national and local government units. The Company holds numerous consultations with relevant agencies, addressing the impacts of the road network and devising plans to address these impacts adequately. This includes implementing appropriate and robust mitigations, compensating those who stand to lose their homes, or providing access to opportunities that expansion would bring, such as new jobs and apprenticeships.

For Republic Act (R.A.) No. 11898, also known as the Extended Producer Responsibility (EPR) Act which became a law in August 2022, SMC representatives attended industry association meetings and participated in industry consultations with the DENR leading to the passage of the bill that placed responsibility for post-consumer plastic waste squarely on the shoulders of manufacturers. Along with other companies, SMC supported the plan and helped ensure that the implementation mechanism would be a viable and practical approach to reducing the volume of plastics that leak out into the environment.

Engagements with government and regulators in the ESG space are critical for creating an environment conducive to sustainable and responsible business practices. Collaboration between the public and private sectors is essential for achieving meaningful progress in the ESG landscape.

Customers

SMC recognizes its customers' continued loyalty as vital to the Company's success. As such, we strive to produce quality products that are safe and affordable and services that provide the best customer care. This is by keeping up with customers' evolving preferences through customer satisfaction surveys, customer engagement initiatives, immersion, field visits, and social media monitoring.

SMC uses both traditional and digital communication channels for its products and services. We aim to remain present in the minds of everyday customers using product marketing campaigns, social media launches, and traditional forms of advertising such as TV, radio, and out-of-home advertising. Consistency and harmonization of our marketing and packaging efforts are of utmost importance, as a lack of these may send conflicting messages to our valued customers.

SMC continues to increase the use of social media platforms to engage directly with consumers, ensuring that all private messages regarding its products are responded to and addressed promptly. We regularly monitor feedback from our consumers on promos implemented to ensure that these are relevant and adjust consumer promo mechanics as needed. These are monitored through consumer promo and novelty items surveys conducted quarterly or twice a year.

To provide easier and faster access for our products and services, our customers can place orders through "<https://www.sanmiguelmart.ph/>" and <https://www.smbdelivers.com/>", which deliver directly to their doorsteps. We also have our Customer Care contact, "+63 2 8632-2000", where customers can make inquiries, give feedback, and inform us of any complaint they may have.

Specifically for our Fuel and Oil business, Petron provides avenues for customers and stakeholders to provide feedback via the following platforms: the Petron website (www.petron.com); Petron's various social media platforms such as Facebook (facebook.com/PetronCorporation), Instagram (instagram.com/petroncorporation/), and X (twitter.com/Petron_Corp); the Petron Customer Interaction Center where various customer concerns, inquiries, and complaints on orders, facilities, and prices are attended to; and the feedback program at service stations where posters in place indicate a hotline number for feedback via SMS. These platforms offer accessible mechanisms to collect, record, and address complaints or grievances.

Suppliers and Vendors

SMC contributes significantly to the growth of upstream industries, fostering a wide network of third-party suppliers for our portfolio of products and services. We view our suppliers and vendors as valuable partners in creating shared value, supplying essential products and services that meet the Company's stringent quality standards and requirements.

Supplier accreditation involves a thorough audit and assessment by our Corporate Procurement Group, screening for adherence to business ethics, environmental standards, health and safety compliance, and financial capability. Having enhanced our Supplier Code of Conduct in 2022 to incorporate ESG metrics, we continue to orient suppliers to ensure their understanding and alignment with the revised Code.

Corporate Procurement has drafted a multi-year engagement plan, cognizant that suppliers are in different stages of their own ESG journeys. For suppliers, mostly large foreign companies, which are quite advanced in their sustainability practices, the objective is to learn from them and understand what work has been done towards obtaining valued certifications. For suppliers who are still setting up their programs, or who may not even be aware of ESG concerns, training workshops will be conducted. As a preliminary step, training sessions were held for our own procurement teams to ensure that they understand ESG concepts and can properly communicate on the topic with suppliers.

To assess suppliers' sustainability practices, SMC enhanced the survey questionnaire administered last year and will involve an additional 500 suppliers in the next run, increasing coverage to 10% of total suppliers of the SMC Group. Finally, we are evaluating at least three vendors offering solutions for monitoring and validating ESG compliance among our suppliers.

Employees

SMC views our employees as the heart and soul of the Company, partners in realizing our strategy and purpose, and together, supporting the advancement of our ESG agenda. As of 2023, SMC had 53,357 employees in the domestic operations of the subsidiaries, as covered by this Report.

SMC employs qualified, skilled, and experienced personnel to manage our business and run our operations. We offer compensation and benefits packages that are competitive within the industries of each business to ensure the adequate manning of critical positions. We have established succession planning programs for key positions to ensure leadership continuity and the preservation of technical expertise.

SMC realizes the importance of upholding labor laws, maintaining mutual respect and promoting a harmonious labor-management environment. Keeping open lines of communication is essential and this is achieved through several programs: 1) Grievance Machinery is a process stipulated in Collective Bargaining Agreements (CBAs) through which unionized employees can air their complaints or concerns regarding their employment; 2) Labor-Management Councils are organized at plant level to provide a venue to discuss issues and work together on programs for the benefit of the employees.

For non-unionized employees, town halls or speak-up occasions are organized, usually on a bi-monthly or quarterly basis. These vary in form and practice across the different businesses, but in general, town halls are for major announcements or program launches while speak-ups are held for small groups of employees, either with their second-level manager or with the division or business head. Speak-ups are usually free-wheeling discussions on issues or suggestions from employees.

Other than these, the Human Resources managers in each business unit also serve as a sounding board for their fellow employees and are expected to raise important concerns brought to their attention to higher management for action or resolution.

Local Communities

SMC has operations across the entire Philippine archipelago, with farms, manufacturing facilities, power plants, fuel terminals, service stations, and warehouses positioned in various communities nationwide.

At the initial planning stage of any project, we actively engage with the communities where we intend to operate. Preliminary dialogues are held with the LGU in charge of the area, asking for their input and support and building mutual trust. The process then calls for a presentation of the proposed project to the host *barangay/s* giving the directly affected community an opportunity to raise concerns and the Company, to respond to these concerns. The resolution of this back-and-forth process serves as input to an Environmental Impact Assessment report which is submitted to the DENR for approval, along with project design. Throughout the construction period, meetings with the LGU or the *barangay/s* are held to raise and resolve any problems that may arise.

SMC strives to cultivate positive relationships with host communities and LGUs. We recognize the significance of sustained long-term commitments beyond isolated events or programs. Thus, each facility has a designated person in charge of maintaining community relations. This may be the Plant Manager, the HR Head, Area Sales Manager or other personnel with authority in the facility. They are supported by counterparts on a regional level, and further by dedicated External Relations Managers at division level. Part of the job is to periodically attend *barangay* council meetings, and municipal and provincial gatherings on various socio-economic and industrial topics.

Since many locations where SMC operates are in rural areas or similarly under-privileged communities, part of keeping a positive relationship with the community is providing materials or services that they need. These may include provision of water, feeding programs, education and livelihood opportunities, and health and medical services through community clinics. Initiatives such as road widening, street lighting and drainage cleanup are also done.

In areas with Indigenous Peoples (IP), such as the power plant in Masinloc, Zambales or the cement plant in Sison, Pangasinan, the Company ensures the protection of IP rights in collaboration with the National Commission on Indigenous Peoples. Engagement with IPs in these areas include nursery development and reforestation, community development projects, and annual outreach events.

Financial Institutions

Financial institutions are essential partners of SMC in our drive to develop and expand our businesses, with the ultimate goal of contributing to national development and prosperity. They provide the funds necessary to support our major undertakings. They provide us with advisory services, insights on financial strategies, market trends, and regulatory compliance, which help us make informed decisions and navigate complex financial environments in our funding activities. They have been instrumental in successfully assisting SMC with our expansion strategy in key areas of our business, particularly in infrastructure and energy, through debt or equity financing via bonds, preferred shares, or perpetual securities deals, roadshows, project financing, and loans. These efforts have provided us with a menu of options to raise capital, manage cashflow, and support the Company's ambitious growth.

SMC consistently communicates and engages with financial institutions through economic briefings, regular market updates, credit update calls, discussions on different financial instruments, and formal email correspondence.

Financial institutions also expand our knowledge about the increasing importance of sustainability in our strategies and operations. Banks bring in their sustainability experts to assess our programs and practices and offer valuable advice on improving our ESG performance and ratings. Through their assistance, SMC has been assessing financing instruments such as green loans or social loans to help us achieve the Company's sustainability goals and targets. They have also aided us in effectively communicating our ESG agenda and goals to our shareholders and investors.

Media

The media are essential to how we communicate with all our stakeholders, including investors, customers, communities, and the public at large. As such, SMC maintains professional relationships with both traditional and online media practitioners. Through official releases, press briefings, and personal and online interviews, our President and CEO, as well as key officers, keeps the media updated on the company's plans, performance results, and other relevant business updates.

The media are also invited to company events such as our annual stockholders' meetings, the inaugurations of facilities and major projects, brand launches, and listing ceremonies in the SEC, PSE, and PDEX, among others. SMC endeavors to provide information on a regular basis in a timely, responsible, and transparent manner and has expanded the ways it delivers information with the rise of digital and social media.

The SMC Corporate Affairs Office and Media Affairs Group take the lead in providing the media and the public with information about the company's sustainability agenda. Through press releases and postings on the company's website and social media platforms, the Company keeps the media updated on the development of major sustainability programs. The media are invited to visit project sites and interview personnel and community members where warranted. The President and CEO also meets with media stakeholders to update them on key projects, such as the company's river rehabilitation initiative. All these efforts help ensure that the media, and by extension, the public, investors, and other stakeholders, have a clear picture of the Company's performance, strategies, and governance.

5 Our Approach to Sustainability

5.1 Our Materiality Process

GRI 3-1

Transparency and accountability remain the bedrock of our sustainability reporting, guiding our communication and engagement with stakeholders.

No material changes have occurred in our Company’s activities, relationships, or broader business context over the past year. This continuity has allowed us to anchor our sustainability efforts in the findings of our earlier materiality assessment, which continues to accurately reflect the critical ESG challenges and opportunities facing our organization.

With the consistent relevance of these identified material topics, our efforts have increasingly focused on the deeper implementation of initiatives designed to address these areas.

Although a comprehensive materiality reassessment was not undertaken this year, we remain committed to continuously monitoring the evolving internal and external landscape, ensuring that our materiality assessment remains dynamic and responsive to emerging trends and shifts. Furthermore, our adherence to globally recognized standards, including the GRI and SASB, ensures our materiality process is robust, comprehensive, and aligned with best practices.

Our Materiality Assessment Process

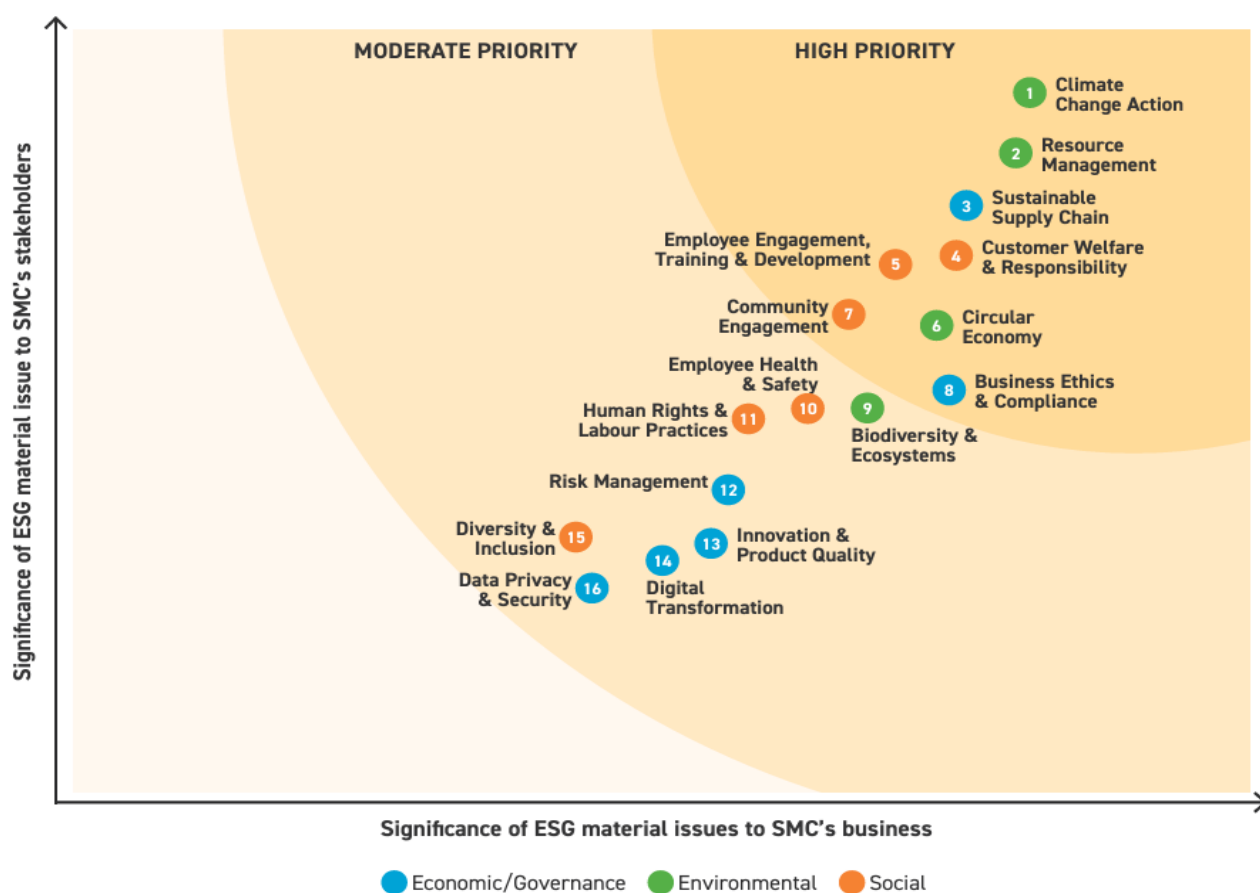
Our 2022 materiality assessment process was comprehensive, beginning with identifying potential material topics. This was achieved by analyzing peer entities and reviewing internationally recognized ESG standards, ensuring a complete understanding of relevant ESG issues within global and local contexts.

Following this, we engaged with our stakeholders through targeted sessions, aiming to refine and prioritize these topics according to their impact to stakeholders and our business. This culminated in a Materiality Validation Workshop, attended by SMC’s senior management, where these topics were thoroughly examined and prioritized, affirming our commitment to aligning our sustainability initiatives with stakeholder expectations.

A. Our Material Topics

GRI 3-2

SMC identified key ESG topics that are central to our sustainability agenda. Eight topics were highlighted as primary focus areas for the coming one to two years, directing the development and execution of sustainability strategies and initiatives to address ESG-related risks and opportunities. Another set of eight topics was deemed of moderate priority, reflecting areas already integrated into SMC’s operational practices or applicable only to certain subsidiaries. For a complete description of each of the material topics, please refer to the Appendices of this Report.



5.2 Our ESG Data Collection Process

GRI 2-5

We commit to complete transparency and accountability for our ESG actions and disclosures to our many stakeholders. We adhere to global and local standards and ensure that the data disclosed in this Report are accurate, balanced and complete.

We have improved our 2022 standardized data template and expanded the boundaries to include a wider range of data on our material ESG topics from our various subsidiaries. We have strengthened the data template to better align with various ESG frameworks, such as the SEC requirements, GRI Standards, SASB Standards, the Task Force for Carbon Related Disclosure (TCFD) Framework, GHG Protocols and the Carbon Disclosure Project Framework.

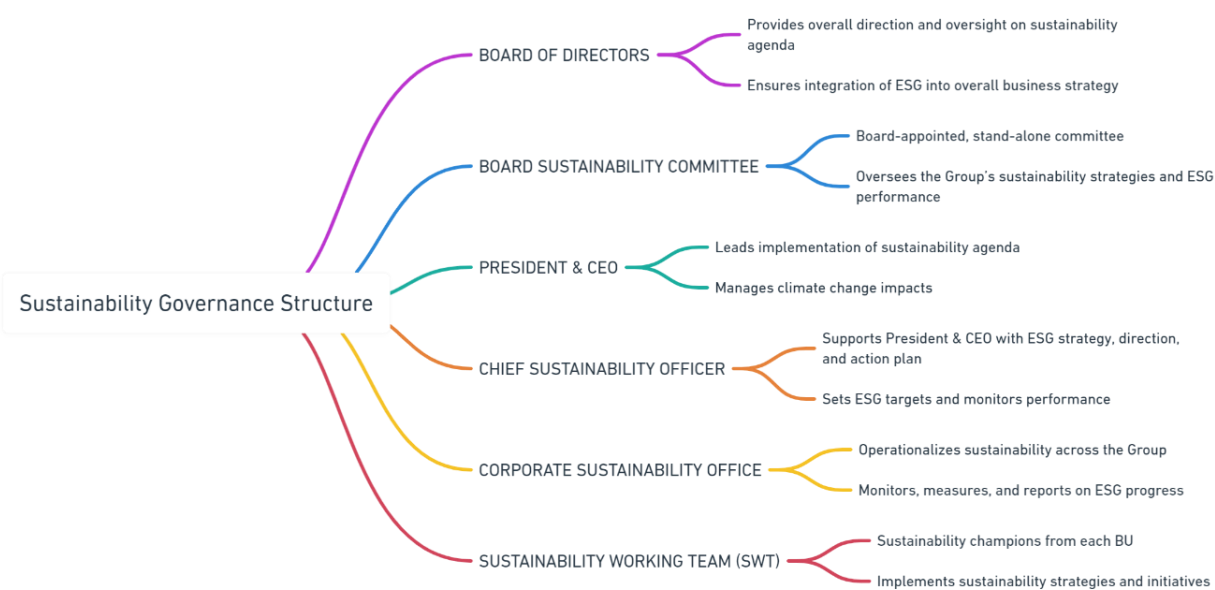
Data Collection Process

The *Sustainability Working Teams* from the business units collected, verified, and consolidated data at the business unit level before submission to the SMC parent company. The *Corporate Sustainability Office* was responsible for reviewing and analyzing the data, ensuring that the submitted data was complete and of sufficient quality before the final consolidated data were utilized as the basis of our core communications in this Report. Working alongside the Corporate Sustainability Office were the Corporate Affairs Office, Corporate Human Resources, Corporate Finance, Office of the General Counsel and the San Miguel Foundation, together forming the *SMC Sustainability Core Team*.

Plans are in place to improve and automate our data collection and validation processes and employ data analytics to identify possible risks and opportunities better. Additionally, we intend to achieve external assurance for our sustainability reporting within the next three years.

5.3 Our Sustainability Governance Structure

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-12 | GRI 2-13 | GRI 2-14



In keeping with our enduring commitment to sustainability, San Miguel Corporation has developed a robust governance framework to ensure effective oversight and implementation of our sustainability agenda. This framework ensures that sustainability is a key part of our operations at every level, encouraging a company-wide culture of environmental and social responsibility.

The Board of Directors stands at the core of our governance structure, setting the strategic vision and direction for sustainability within the SMC Group. The Board ensures the integration of ESG principles into the broader business strategy, risk management framework, and corporate values.

Supporting the Board is a Board Sustainability Committee. This independent committee oversees the Group’s sustainability strategies and the execution of related initiatives, and closely monitors our ESG performance.

The President and CEO spearheads our sustainability efforts at the executive level, tasked with the crucial role of implementing the Group’s sustainability agenda. This responsibility includes addressing the broader impacts of climate change.

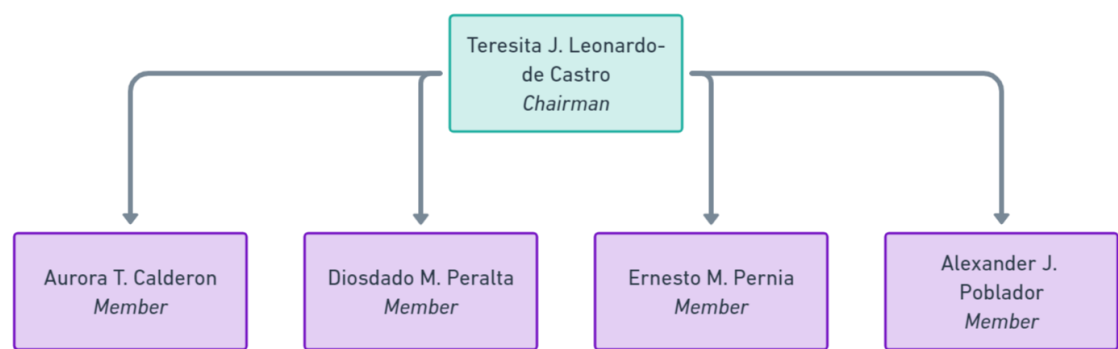
The Chief Sustainability Officer (CSO) assists and supports the President and CEO and plays a key role in shaping our overarching sustainability strategy, establishing ambitious goals, and tracking our ESG performance. The CSO is essential in transforming our sustainability agenda into actionable targets and programs moving the organization forward.

At the operational level, the Corporate Sustainability Office is a dedicated unit that implements our sustainability agenda throughout the Group. It is responsible for monitoring, measuring, and reporting on ESG progress.

The Sustainability Working Team, comprised of sustainability champions from SMC’s various business units, drives the execution of ESG strategies and initiatives within their respective businesses. Their role ensures that sustainability is actively pursued within each business unit of the Group and that every part of the Company is working towards our sustainability goals.

A. Our Board Sustainability Committee

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-12 | GRI 2-13 | GRI 2-14



In July 2023, San Miguel took a significant step forward in its sustainability journey by establishing a dedicated Board Sustainability Committee. This initiative marks a deeper embedding of sustainability into our corporate governance, weaving it into our strategic decision-making and everyday operations.

Purpose and Vision

The Board Sustainability Committee was created to assist the Board of Directors in embedding sustainability throughout our organization, helping shape a present where environmental stewardship, social responsibility, and governance excellence drive our every decision.

Responsibilities and Strategic Objectives

Armed with a definitive mandate, the Committee is at the heart of our efforts to realize our bold sustainability aspirations, namely: establishing a circular economy approach by 2040, reaching Net Zero emissions by 2050, uplifting 15 million people by 2030, and ensuring a fully sustainable and ethical supply chain by 2040. It plays a pivotal role in steering the Group towards these goals, while managing ESG risks and leveraging opportunities.

Within the SMC Group, San Miguel Food and Beverage, Inc. (SMFB) has also established its own Board-level committee, integrating the responsibility into its Board Risk Oversight and Sustainability Committee, aligning with the commitment and goals of the parent company.

Composition and Expertise

The Committee is made up of five Board members, with a majority being Independent Directors. Each member has a rich diversity of knowledge, experience, and perspectives, enhancing the Committee’s effectiveness in guiding the SMC’s sustainability agenda.

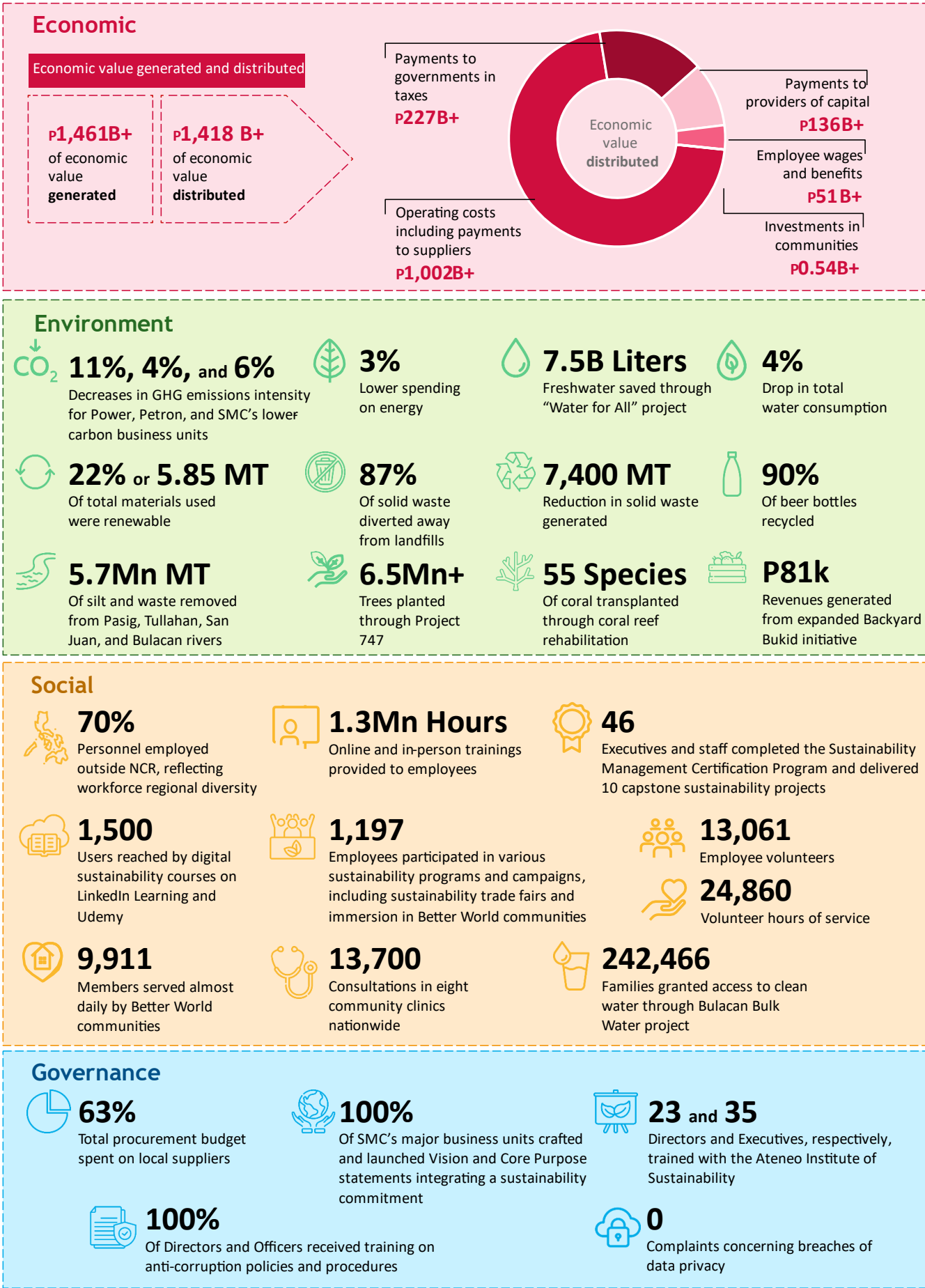
Functions, Duties, and Initial Actions

The Committee’s responsibilities include the review of sustainability policies and strategies, monitoring and advising on ESG performance, and enhancing stakeholder engagement. In its first ever meeting in July 2023, the Committee laid out a clear roadmap for SMC’s sustainability journey, deliberating on plans, priorities, and next steps. This proactive approach demonstrates the Committee’s readiness to lead and sets a tone of action and accountability.

6 Our Sustainability Blueprint

6.1 Our Sustainability at a Glance

GRI 2-17 | GRI 201-1 | GRI 203-1



1.1 A Blueprint for San Miguel

GRI 2-12 | GRI 2-22

Given global warming, more frequent extreme weather events, and resource scarcity, the rise of hunger and poverty post-pandemic, companies can no longer deny their impact on climate change and are more aware of how important it is to take action for a healthy environment and work toward greater equality in society and prosperity for all.

Sustainability has always been an integral part of our business long before it was ever a catalyzing force for positive change. Reducing our impact on the environment, fostering social inclusion, and having robust governance practices have been ingrained in San Miguel's corporate culture for many years.

For much of our 134-year history, we have referred to these sustainable practices as part of our value system of *malasakit*. We manifest *malasakit* by taking care of our host communities, doing good for everyone we come by, taking only what we need, and working to make life better for people.

In 2022, in collaboration with consulting firm PricewaterhouseCoopers, top management representatives from across the businesses conducted a baseline review, identifying each business's material impacts and creating a sustainability strategy to help San Miguel plan for the future.

Armed with a detailed understanding of the business and the Company's long-term sustainability ambitions, in 2023, we embarked on a journey to further embed sustainability into our organization and day-to-day work lives through a series of peer review workshops designed to draw together the many interconnecting issues and strands to a common starting point from which San Miguel could develop a strategy to reduce its impacts and agree on sustainability goals.

Part of this journey required crafting a new vision and core purpose. Senior management participated in a series of workshops, and in May 2023, the Board of Directors approved the new San Miguel Vision and Core Purpose Statement.

This vision encapsulates the role we have set out for ourselves: a nation-builder whose businesses build a more resilient and globally competitive Philippines and whose investments create better-paying jobs and economic opportunities that inspire Filipinos to work toward a better future.

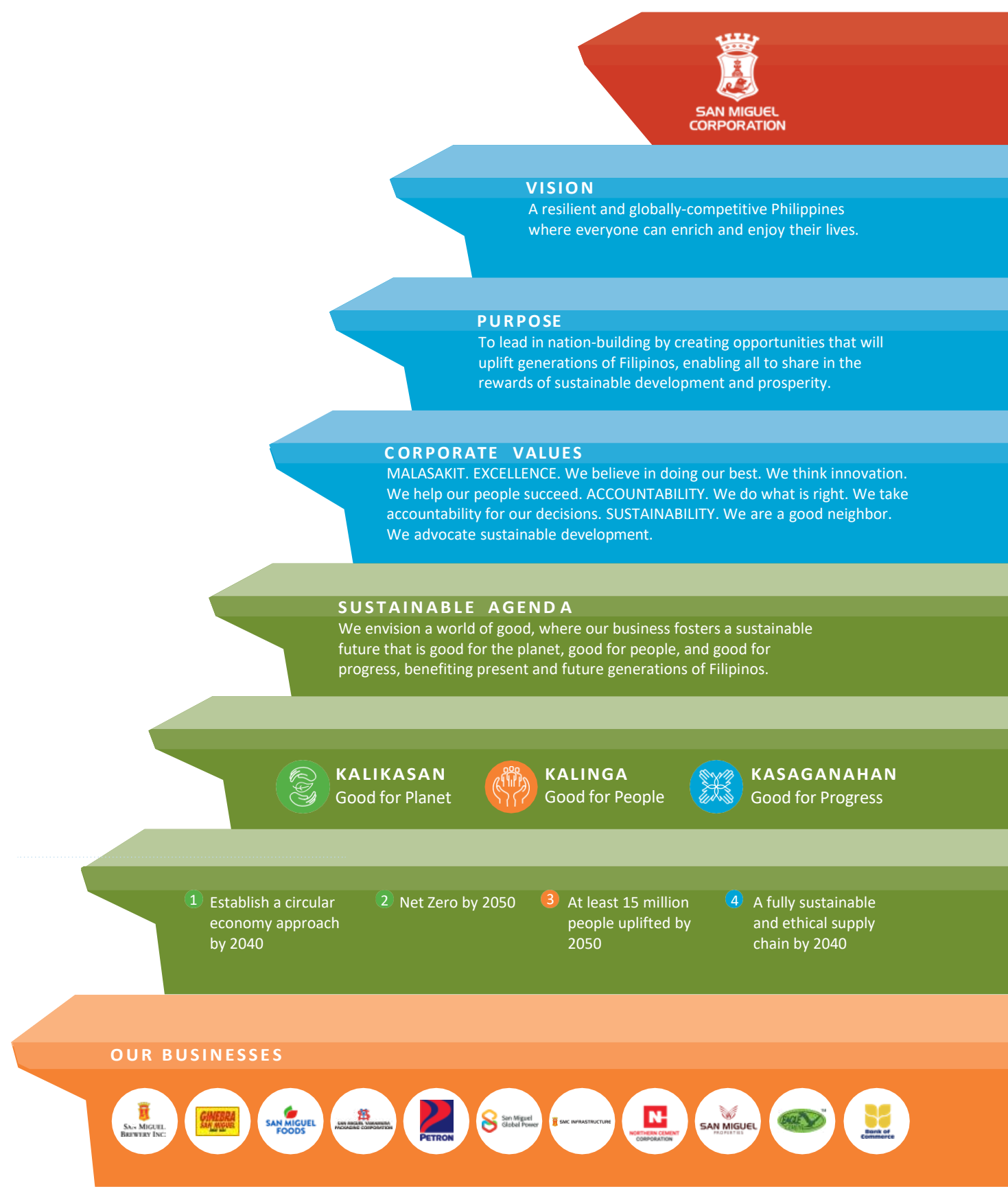
Embedded in this vision was our sustainability agenda, a World of Good, and the four goals of circular economy practices, upliftment of communities, a sustainable and ethical supply chain, and net zero emissions by 2050.

To build the knowledge, capabilities, and behavior required by the new vision, core purpose, and sustainability statements, a series of town halls, the final one attended by SMC President and Chief Executive Officer Ramon S. Ang, was held from September to November 2023 to encourage a common mindset that will bring sustainability and the culture of *malasakit* to bear in every San Miguel employee's day-to-day decision-making.

San Miguel's major subsidiaries drafted their vision and core purpose statements to align with the parent company's to further instill a sense of ownership in their companies. Since then, each subsidiary has conducted separate cascades reinforcing the precepts of a shared company purpose and ensuring SMC's vision and sustainability agenda are embedded in the subsidiary's existing culture.

On an employee level, we are coming up with more ways to help them get involved in sustainable practices, for example, by getting involved in our Better World Communities, learning more about sustainability and how each individual's behavior has a fundamental impact on the climate through workshops and seminars, and encouraging employees to come up with their own innovative, eco-friendly alternatives for everyday work life.

San Miguel Corporation's Blueprint



1.1 Our Sustainability Agenda

GRI 2-22

At San Miguel, we recognize our profound responsibility as one of the Philippines' largest and most diversified conglomerates. Our commitment to sustainability is deeply anchored in our core mandate of nation-building. We believe that businesses should serve as a force for good, creating a world that benefits not just a select few, but everyone. This vision drives our sustainability agenda, ensuring that our operations and initiatives contribute meaningfully to a sustainable future.

In 2023, a Pulse Asia survey revealed that 65% of Filipinos have observed a "big change" in their area's climate over the past three years. This sentiment was consistent across Luzon, Visayas, and Mindanao regions, emphasizing the widespread impact of climate change on the Philippine archipelago. In the same survey, 69% of Filipinos voiced concern over climate change, labeling it a significant threat to the nation. This sentiment was closely mirrored in their concerns for their family's safety, with 71% acknowledging the peril climate change poses to their loved ones. These findings are part of a growing, global recognition of the 'far-reaching impacts of the climate crisis on food security, human health, and social equity.

In 2023, the world convened at the United Nations Climate Change Conference (COP28) in Dubai, UAE, a gathering characterized by its ambitious agenda to tackle the pressing issues of climate change. COP28 stood out for its landmark decisions, including a unified pledge by nearly 200 countries to transition away from fossil fuels. This commitment, a first in COP's history, aimed at achieving "deep, rapid, and sustained reductions" in GHG emissions. The conference also underscored climate finance challenges, the imperative to triple renewable energy capacity, and the much-needed focus on climate adaptation and resilience.

A World of Good: San Miguel's Sustainability Agenda

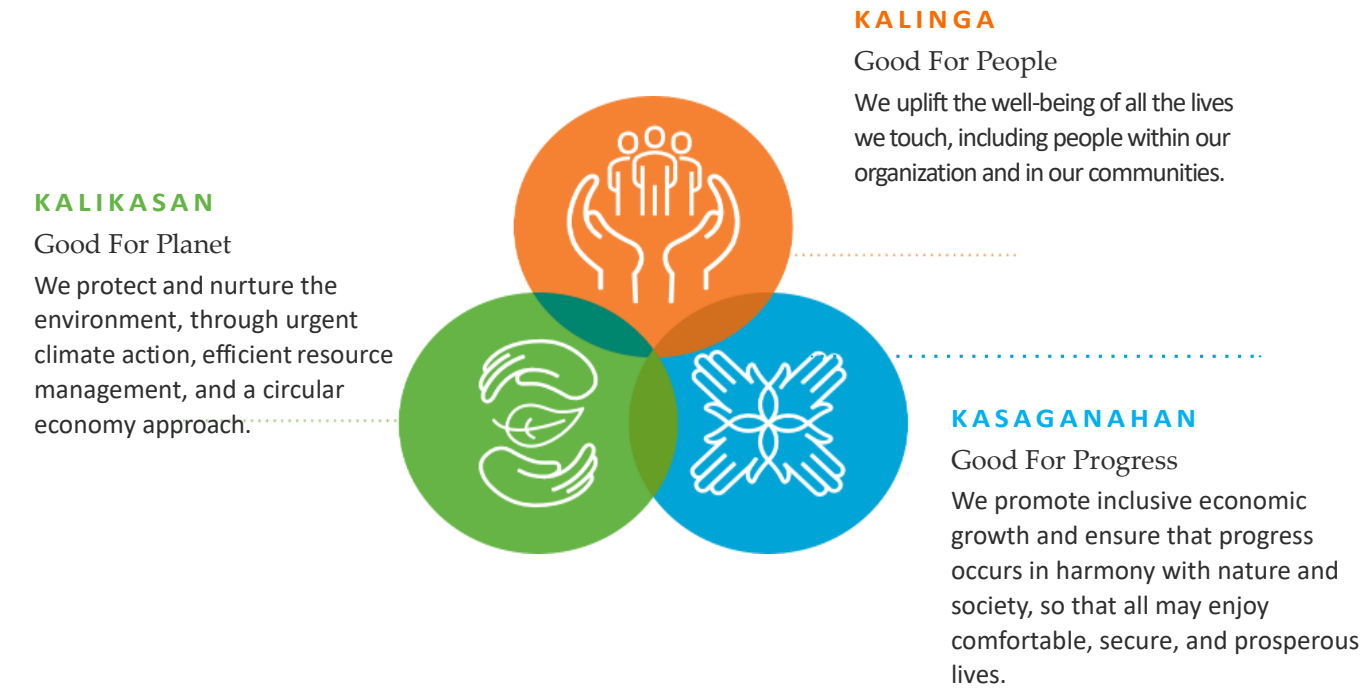
Against this backdrop, San Miguel reiterates its commitment to delivering impactful and lasting solutions that resonate with the needs of all Filipinos. Our sustainability agenda, encapsulated in our "A World of Good" firmly declares our intent to foster positive returns across all facets of our operations, stakeholders, and the broader society.

Our sustainable agenda is built on three foundational pillars: *Kalikasan* (Good for the Planet), emphasizing our dedication to environmental stewardship; *Kalinga* (Good for People), reflecting our commitment to social equity and community welfare; and *Kasaganahan* (Good for Progress); underscoring our role in driving economic growth and innovation.

Through "A World of Good," San Miguel aims to deliver nuanced, impactful solutions that address the urgent needs of our planet and people, reinforcing our commitment to sustainability and nation-building.

A WORLD OF GOOD

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



A WORLD OF GOOD

We envision a world of good, where our business fosters a sustainable future that is good for the planet, good for people, and good for progress, benefitting present and future generations of Filipinos.

KALIKASAN: Good for Planet

We protect and nurture the environment, through urgent climate action, efficient resource management, and a circular economy approach.

KALINGA: Good for People

We uplift the well-being of all the lives we touch, including people within our organization and in our communities.

KASAGANAHAN: Good for Progress

We promote inclusive economic growth and ensure that progress occurs in harmony with nature and society, so that all may enjoy comfortable, secure, and prosperous lives.

1.2 Our Sustainability Goals

GRI 2-22

In 2022, San Miguel embarked on redefining sustainability within our operations and across our value chain. With a clear sustainability agenda anchored in the United Nations Sustainable Development Goals, we established goals that resonate with our commitment to our planet, our people, and our shared prosperity. This vision is not just aspirational but operational, with our Board of Directors and top management playing a crucial role in charting a course towards a sustainable future.

Setting Our Sights on 2030, 2040, and 2050

Our sustainability strategy is framed within three strategic horizons—2030, 2040, and 2050—each marking critical milestones on our journey towards sustainability. These timelines reflect our comprehensive approach, addressing immediate challenges while laying the groundwork for long-term ambitions.

In 2023, we have built upon the solid foundation set the previous year, focusing on the development of actionable roadmaps for our sustainability goals. This process has been a collaborative endeavor, engaging every business unit within the SMC family. Together, we have mapped out initiatives that span short to long-term horizons, ensuring that each step taken is a step towards our overarching goals.

Our Commitment to Transparency and Impact

In the sections that follow, we detail the major milestones and metrics that will guide our progress across each of the four goals. These metrics are a reflection of our commitment to transparency, allowing us to measure and share our achievements and challenges alike. Through this rigorous approach, we aim to meet and exceed our sustainability ambitions, driving positive impact for our planet, people, and prosperity.



1

Establish a circular economy approach by 2040

contributing to the following SDGs



2

Net Zero by 2050

contributing to the following SDGs



3

At least 15 million uplifted people by 2030

contributing to the following SDGs



4

A fully sustainable and ethical supply chain by 2040

contributing to the following SDGs



A. Major Milestones for Our Sustainability Goals

GRI 2-22

Establish a circular economy approach by 2040

We are optimizing our resources by eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature.

		SHORT-TERM	MID-TERM	LONG-TERM	
MAJOR MILESTONES		2023 - 2025	2026 - 2030	2031 - 2040	METRICS
1	GLASS RECOVERY AND RECYCLING				
1.1	Expand Supplier Networks (GSMI): Work on expanding territorial bottle suppliers and install centralized bottle washing facilities in key areas				Percentage of reused glass bottles to total bottles used
1.2	Strengthen Retrieval Systems (SMB, SMYPC): Reinforce the “Balik Bote” program to ‘improve recovery of used glass containers and cullets through partnerships with LGUs, waste collectors, companies, schools and communities				Volume of waste glass retrieved and % recycled component in new glass bottles
1.3	Recovery and Recycling Improvements (SMB): Improve recovery processes for used glass containers to enhance the quality of empty bottles retrieved				% acceptance of bottles vs. total received
1.4	Scale Up Recycling Efforts (GSMI): Strive to increase the percentage of glass retrieved and recycled, with a target of reaching a 75% retrieval rate by 2026				
1.5	Packaging Facility: Explore and set up modern cullet processing plants for post-consumer glass containers				
1.6	Efficiency Improvements: Continue to optimize recovery and recycling processes				
2	PLASTIC REDUCTION AND RECYCLING				
2.1	Reduction of Single-Use Plastic (ALL): Bring our own water bottles, cups, food containers and utensils				Plastic footprint reduction
2.2	Sustainable Products (SMYPC): Introduce mono-material flexibles packaging				Reduction in single-use plastic items within the company vis-a-vis baseline
2.3	Reduction of Plastic in Packaging and Development of Sustainable Alternatives (SMFB, Petron): Aim for a reduction in the plastic footprint through design modifications and collaboration with suppliers				Volume of plastic waste diverted from landfill and oceans through recycling or other means
2.4	Recycling of Lube Containers (Petron): Implement a recovery program for lube containers through programs involving service stations, car care centers and customers				
2.5	Recycling of Plastic Sacks (SMF): Develop more partnerships to facilitate recycling of plastic sacks				
2.6	Packaging Facility (SMYPC): Set up a Sustainability Center in Laguna for recycling rigid plastics				
2.7	Plastic Use Reduction in Transportation (SMILSI): Implement strategies to reduce the use of plastic in transportation and logistics.				
2.8	Collaboration and Partnerships: Foster stronger relationships with LGUs, suppliers, communities, and other stakeholders to secure a consistent supply of recyclable materials.				
2.9	Use of Plastic Waste to Replace Coal (Cement): Establish the viability of different co-processing systems to convert plastic waste to energy				Volume of plastic waste used and % coal replaced

3	REPURPOSING OF MANUFACTURING BY- PRODUCTS				
3.1	Repurposing of spent grains and spent yeast (SMB): Rehabilitate or install new dryers to increase volume transferred to animal feeds				Volume and value of each type of by-product diverted from landfill and percentage to total materials used
3.2	Use of company by-products for animal feeds (SMF): Develop additional by-products as feed ingredients and maximize the use of spent grains, spent yeast, pollard, rendered poultry offal and feathers in feeds				Number of plants capable of recovering CO2
3.3	CO2 Recovery (SMB, GSMI): Recover CO2 generated by fermentation for sale to beverage companies				Volume of CO2 recovered and reused
3.4	Coal ash recycling (Cement): Maximize use of coal ash to replace clinker in cement				Volume and % of coal ash reused or recycled
3.5	Organic Fertilizer: Scale up the production of organic fertilizer from poultry manure coming from broiler complexes				Volume of fertilizer produced from poultry manure
4	WASTE MANAGEMENT AND SEGREGATION				
4.1	Waste Segregation (ALL): Reinforce company-wide waste segregation practices to minimize landfill use				Waste Segregation Compliance: Verify facility compliance with waste segregation policies
4.2	Eco-brick Project (Cement): Collaborate on the creation of eco-bricks as a sustainable waste solution				Eco-bricks Produced: Volume of eco-bricks produced, % inclusion of recycled material
5	HAZARDOUS AND NON-HAZARDOUS WASTE DISPOSAL				
5.1	Safe Disposal of Hazardous Waste (Multiple BUs): Ensure proper treatment and disposal of hazardous waste in compliance with regulations				Verify that all hazardous waste storage and disposal meets legal and regulatory standards
5.2	Hazardous waste storage facilities (Petron): Establish facilities for the safe storage of hazardous materials at service stations				
6	WATER CONSERVATION AND WASTEWATER RECYCLING				
6.1	Rainwater harvesting systems expansion (Multiple BUs): Deploy rainwater harvesting to reduce reliance on scarce water sources				% of scarce water used vs. projected demand based on baseline
6.2	Water treatment and recycling initiatives (Multiple BUs): further develop systems to treat and reuse water within company operations				Volume of rainwater used and percentage contribution to total water consumption
6.3	WWTF installation at service stations (Petron): Install wastewater treatment facilities to enhance environmental protection				Volume of water treated and reused and percentage contribution to total water consumption.
6.4	Groundwater recharging (SMB): Track progress of ongoing trials				
6.5	Desalination plant feasibility studies (Cement, Power, SMB): Assess the viability of desalination technology for water supply				Document feasibility studies and action steps
7	LEADERSHIP AND CONTINUOUS IMPROVEMENT				
7.1	Sustainability Leadership: Cement SMC's position as a leading company in circular economy practices, outperforming recycling and waste reduction targets				
7.2	Continuous Improvement: Persist in the innovation and enhancement of recycling and recovery processes, keeping pace with technological advancements and market trends				

Net zero by 2050

We are minimizing our GHG emissions by investing in clean energy technologies and carbon reduction programs toward Net Zero.

		SHORT-TERM	MID-TERM	LONG-TERM	
MAJOR MILESTONES		2023 - 2030	2031 - 2040	2041 - 2050	METRICS
1	ENERGY EFFICIENCY				
1.1	Replacement of Aging Equipment: Upgrade to more efficient motors and equipment				Reduction in energy consumption and energy intensity
1.2	Energy-saving Device Use: Install variable frequency drive controllers and other energy-saving devices				
1.3	Maintenance Program Improvement: Enhance maintenance for energy efficiency at all plants				Percentage of total energy use from renewable sources
1.4	Lighting and Air Conditioning Upgrade: Shift to LED lighting and use of inverter-type air-conditioning for energy conservation				Reduction in total GHG emissions and intensity
1.5	Solar Panel Installation: Fit solar panels in offices for renewable energy use				Decrease in GHG emissions from the electrification of the Company’s vehicle fleet
1.6	Fleet Electrification: Acquire hybrid and electric vehicles (EV) to reduce emissions				
1.7	Green Data Center: Implement energy-efficient technologies in data centers				
1.8	BESS: Complete a 1000 MWh system for optimal energy utilization				
2	TRANSITIONING FROM FOSSIL TO CLEANER FUELS				
2.1	Alternative Fuels: Use cleaner fuels and biomass alternatives for boilers and generators.				Amount of alternative fuel used to replace traditional fuels
2.2	Biodiesel: Complete the Petron Coco Methyl Ester (CME) plant to increase biodiesel supply				Volume of production and % inclusion in diesel fuel
3	RENEWABLE ENERGY INITIATIVES				
3.1	Waste to Energy Projects: Develop projects that convert waste to usable energy				Total installed capacity of renewable energy projects
3.2	Solar Energy Expansion: Solar energy projects in Bataan & Isabela with initial capacity of 800 MW				Total annual energy output from renewable sources
3.3	Hydroelectric Projects: Establish viable sites for new hydroelectric power plants				
3.4	Wind Energy Development: Establish viable sites for wind energy projects				
3.5	RE Expansion: Pursue expansion of renewable energy initiatives and explore other emerging technologies and innovations that may emerge				
4	OFFSETTING CARBON EMISSIONS				
4.1	Nature-Based Solutions: Engage in large-scale tree planting and mangrove restoration and quantify CO2 emissions captured				Number of trees planted and the estimated carbon sequestration
4.2	River Rehabilitation: Extend river clean-up efforts to identified rivers in Central and Southern Luzon to mitigate flooding				Volume of waste removed from rivers, kilometers cleaned
4.3	Coral Restoration and Fish Sanctuary: Implement coral restoration and fish sanctuary projects to protect marine biodiversity				Number of corals planted, fish biomass and no. of species vs. baseline
5	RESEARCH AND DEVELOPMENT				
5.1	Sustainable Aviation Fuel (SAF): Research on SAF technologies that may fit Philippine requirements and conditions				Monitor the adoption and impact of new sustainable technologies introduced
5.2	Carbon Capture, Utilization, and Storage (CCUS): Research and develop CCUS technologies to mitigate remaining emissions				Track the progress in developing and deploying CCUS technologies

At least 15 million people uplifted by 2030

We are creating equitable and transformative pathways to a sustainable future for our employees, our customers, our communities, our nation, and beyond.

		SHORT-TERM	MID-TERM	
MAJOR MILESTONES		2023 - 2025	2026 - 2030	METRICS
1	FAIR LABOR PRACTICES			
1.1	Improvement of Working Conditions: Ensure fair and safe working conditions for all employees			Ensure all business operations and partners adhere to fair labor practices
2	EMPLOYEE ENGAGEMENT AND DEVELOPMENT			
2.1	Employee Volunteerism and Training: Encourage employee participation in community projects and provide essential training			Number of volunteers and total hours of volunteer work completed by employees Qualitative feedback from participants
3	SAN MIGUEL FOUNDATION – BETTER WORLD PROGRAMS			
3.1	Feeding: Sustain food rescue and feeding programs for enrolled families			Number of beneficiaries of feeding programs
3.2	Capacity Building Initiatives: Implement various training and educational programs to empower individuals and communities			Number of participants in capacity building programs and their families
4	HEALTH AND WELLNESS			
4.1	Health Services Expansion: Provide community clinics, medical missions, and health education to underserved areas			Number of operational health clinics and successful medical missions; number of patients served
5	EDUCATION SUPPORT			
5.1	Scholarship Programs: Offer college scholarships and short-term courses to enhance educational opportunities			Number of scholarships awarded and course completions Number of scholars and course graduates who are gainfully employed or engaged in business
6	LIVELIHOOD AND SKILLS DEVELOPMENT			
6.1	Agricultural and Entrepreneurship Training: Provide training in agriculture and small business management to increase local livelihood opportunities			Number of individuals completing livelihood and skills training Number of individuals who are gainfully employed or engaged in business
7	GROWTH OF MSMEs			
7.1	Business Development: Direct engagement with farmers for the supply of corn and cassava; provision of generic glass containers for small businesses; community reseller program			Increase in revenue and sustainability of supported MSMEs
8	CUSTOMER WELFARE AND RESPONSIBILITY			
8.1	Product Improvement and Accessibility: Develop and market healthier and more affordable product options			Number of healthier product alternatives developed and volume sold

9 INFRASTRUCTURE DEVELOPMENT				
9.1	Bulacan Bulk Water Project: Provision of potable water to communities within the served area of the project			Economic and social benefits are measured per project; may include increase in physical mobility of people and products, reduction in the cost of goods delivered, enhanced productivity and others
9.2	Tollways and Mass Rail Transit: Building transportation infrastructure to increase access, enhance productivity and spur economic growth			
9.3	Tollways: Expand the benefits of transportation infrastructure to farther provinces north and south of Luzon			
9.4	Airports: Provide a long-term solution to air traffic congestion and promote tourism, business and investments in the country			
9.5	Ecozones: Develop selected areas in close proximity to Company operations into industrial parks or ecozones to attract investments and create new jobs			
10 EXPANSION OF INITIATIVES				
10.1	Continue to expand and scale the initiatives started in the short-term phase, with a focus on increasing reach and impact to reach the goal of uplifting 15 million people by 2030			

A fully sustainable and ethical supply chain by 2040

We are upholding sustainable best practices across our supply chain ecosystems that will benefit current and future generations.

		SHORT-TERM	MID-TERM	LONG-TERM	
MAJOR MILESTONES		2023 - 2025	2026 - 2030	2031 - 2040	METRICS
1	CORPORATE POLICY ADOPTION AND ENGAGEMENT				
1.1	Adoption and Implementation of Corporate Policies: Reinforce awareness of corporate policies, particularly in areas like business ethics, whistleblowing, and diversity. and institute programs to support implementation				Percentage of employees reached and frequency of refresher training Number of initiatives done to promote awareness of specific policies Number of reported policy violations and adequacy of resolution
2	SUPPLIER ENGAGEMENT AND SUSTAINABILITY TRAINING				
2.1	Supplier Categorization and Engagement: Categorize suppliers based on spend and criticality				Number and percentage of suppliers engaged; percentage of spend represented
2.2	Sustainability Training for Buyers and Suppliers: Develop and implement training modules				Completion and attendance rates of sustainability training programs
2.3	Sustainability Dialogues and Supplier Collaboration: Facilitate discussions to encourage collaboration on sustainability initiatives				Number of sustainability projects initiated with suppliers
3	SUPPLIER PERFORMANCE AUDITING AND INCENTIVES				

3.1	Audit Plans and Social Compliance: Establish and conduct supplier audits to ensure ESG compliance				Percentage of suppliers audited for ESG compliance and their performance ratings
3.2	ESG Maturity in Supplier Selection: Include ESG performance in the supplier selection process				Incorporation rate of ESG criteria in supplier selection processes
3.3	Incentive Program for Supplier Sustainability: Develop and monitor criteria for rewarding sustainable practices				Number of suppliers recognized under the sustainability incentive program
4	DIGITALIZATION FOR EFFICIENCY AND TRANSPARENCY				
4.1	Automation of Internal Processes: Streamline and automate internal processes to increase efficiency				Reduction in transaction processing time and increase in user satisfaction
4.2	Business Portal for Efficient Transactions: Develop a platform to streamline vendor and distributor transactions				Successful migration to S4/HANA with improved data management capabilities
4.3	ERP Migration to Advanced Systems: Upgrade ERP systems to S4/HANA for enhanced data management				
5	DIGITALIZATION TO DRIVE BUSINESS INTELLIGENCE				
5.1	Analytics and KPI Monitoring: Utilize analytics for performance monitoring				Number of data analytics projects implemented; benefits of each
5.2	B2B eCommerce Platform for Distribution: Implement online commerce solutions for distributors and community resellers				Adoption rate and transaction volume on the B2B eCommerce platform
6	SUPPLY CHAIN TRACEABILITY AND SAFETY				
6.1	Tighter Safety and Efficiency Monitoring: Implement robust automated systems for monitoring safety and efficiency across all operations				Reduction in safety incidents across operations Efficiency improvements realized through tighter safety and efficiency monitoring systems

2 Kalikasan: Good for Planet

2.1 Climate Change Action

GRI 305

Scientists have declared the year 2023 to be the hottest year on record, with the Earth experiencing an average land and ocean surface temperature 1.19°C higher than in the previous century. This phenomenon has induced extreme climate events such as destructive floods, heavy snows, severe storms, heat waves, and wildfires.

In the wake of such devastating events, the urgency of addressing climate change has never been more apparent. Developed countries, having reaped the benefits of industrialization powered by fossil fuels, now face the imperative to reduce their emissions drastically. However, the situation is far more complex when considering the needs of developing countries striving to drive economic growth and improve the lives of their citizens.

A balanced approach is essential amidst this complexity. While the world collectively seeks sustainable pathways to development, the immediate priority lies in building resilience to cope with the impacts of climate change. Nowhere is this urgency more palpable than in countries like the Philippines, which are particularly vulnerable to the ravages of climate change due to our geographical location, exposure to natural hazards, socio-economic conditions, and limited adaptive capacity.

In the Philippines, a phasedown of fossil fuels may require an extended period. In the short term, it is essential to provide a reliable source of energy to stimulate growth, improve economic equity and uplift the lives of many poverty-stricken Filipinos.

In this context, San Miguel is exerting efforts to ensure that fossil fuels are used as efficiently as possible and that emissions are minimized by adopting advanced technologies. Strategies are being implemented in sectors such as power generation, oil refining, cement production and consumer goods manufacturing, where energy utilization and emissions are being optimized in relation to the corresponding output.

In the immediate term, the Company has outlined a roadmap focused on energy efficiency, development of biofuels and the setup of waste-to-energy facilities. These initiatives aim to mitigate emissions, while simultaneously bolstering energy sources. Furthermore, there is a concerted effort to ramp up capacity for renewable energy generation, including hydro, solar and wind power, alongside the implementation of BESS to enhance grid stability.

Looking ahead to the midterm, San Miguel envisions a significant expansion of renewable energy capacities, gradually reducing reliance on coal and other fossil fuels. By investing in clean energy infrastructure and fostering innovation, the Company aims to transition towards a more sustainable energy mix that aligns with its long-term Net Zero goal.

Ultimately, the journey towards sustainability requires a multi-faceted approach, balancing the immediate needs of economic development and energy security with the imperative of addressing climate change. Through concerted efforts and strategic planning, San Miguel is charting a course towards a more resilient and sustainable future, where the phase-out of coal plants becomes not just a possibility but a reality.

A. Greenhouse Gas (GHG) Emissions

GRI 305-1 | GRI 305-2 | GRI 305-4 | GRI 305-5

Global energy related GHG emissions increased by 1.1% according to a 2023 Report by the International Energy Agency (IEA). This estimate is based on the IEA’s detailed, region-by-region and fuel-by-fuel analysis of the latest official national energy data, supplemented by data on economic and weather conditions. In the same report, emissions reached 37.4 Gigatons (Gt)¹, representing an increase of around

¹ This includes emissions from energy combustion, industrial processes, and flaring.

410 million tons, which continued the recent trend of GHG emissions growing more slowly compared to global economic activity.

San Miguel fully understands the need for stronger climate action. With this in mind, and in line with our sustainability goals, we have created a Net Zero Roadmap to 2050. This is our Company’s response to the global call to curb GHG emissions and play our part in achieving the 1.5°C global target.

SMC’s roadmap to Net Zero outlines our clear pathway to achieving Net Zero GHG emissions and represents our significant contribution towards helping our country meet its Nationally Determined Contribution (NDC) under Decision 1/CP.21 of the Conference of Parties of the United Nations Framework Convention on Climate Change. In 2021, the Philippines committed to reducing and avoiding 75% of GHG emissions, with 2.71% being unconditional, for the 2020-2030 period.

Our Net Zero initiatives are categorized as follows: 1) energy efficiency; 2) replacing coal with cleaner fuels; 3) renewable energy projects; 4) offsets; and 5) research & development. These categories will guide our business units in crafting their strategies to contribute to our concerted efforts towards the Net Zero target.

GHG EMISSION INTENSITY			
	2023	2022	Unit
Fuel & Oil (Integrated Refinery & Co-Generation Facility)	54.01	58.10	MT CO2e / Mn Barrels of Crude Processed
Power	0.82	0.92	MT CO2e / MWh
Cement	0.58	N/A*	MT CO2e / MT Volume
Other Businesses in Scope	2.27	2.40	MT CO2e / Mn PhP

* 2023 scope includes ECC and SCII, in addition to NCC.
** This includes Food and Beverage, Packaging, Infrastructure, Properties and others.

For 2023, we are reporting our GHG emission intensity by breaking out three energy-intensive businesses that account for 95% of total emissions and aligning their measurement to industry peers. The balance of 5% of our GHG emissions are reported based on intensity per million pesos of revenue.

Our Fuel and Oil business decreased its GHG emission intensity by 7% based on the volume of crude oil processed into different fuel products. The decrease comes from efficiency improvements owing to higher refinery utilization to serve increasing fuel demand in the country.

Following the drafting of our Net Zero Roadmap, we have initiated various energy efficiency programs as well as renewable energy projects to mitigate GHG emissions of our business units.

We have installed a flare gas recovery system (FGRS) at our Petron Bataan Refinery (PBR) since 2012. The FGRS recovers the by-product gases from the petroleum refining process and reuses them as feedstock in the refinery. This system minimizes the amount of flare gas that our refinery must burn and significantly reduces GHG emissions. PBR set a goal to reduce GHG emission intensity by 25% by 2025, using 2018 as a baseline. To date, they have already achieved a 31.8% reduction in GHG emissions, significantly ahead of target.

Petron’s storage and distribution terminals utilized 126 MWh of electricity from solar energy, contributing to the overall reduction of CO₂ emissions. We have also started the first phase of the 175 kWp solar panel installation in our New Lube Oil Blending Plant. The terminals are already using solar-powered lamps and will install an additional 503 kWp of solar panels at five locations this year.

For our Power business, the switch to more efficient and environmentally friendly technologies affirms our Net Zero commitment. Our Masinloc Thermal Coal-Fired Power Plant in Zambales demonstrates this. The power generated by this plant comes from three units with a combined designed capacity of 995 MW, but over time, two units deteriorated due to age, wear and tear, bringing power output down to 575 MW. Masinloc took this opportunity to improve the plant’s performance and simultaneously upgrade its fuel flexibility and emission reduction capabilities by switching to a modernized design and configuration of its steam turbines, replacing traditional static classifiers with the more advanced dynamic type rotary separator, leading to higher boiler efficiencies. This brought the plant’s power

capacity to more than 1,000 MW. In addition, it achieved a fuel efficiency improvement of more than 700kWh/BTU and an 11% GHG emission reduction, surpassing the 7.5% target. With the success of these initiatives, the plant is considering replicating these efforts in the remaining unit and the planned additional two expansion units.

From 2020, our Power business established an ESG Roadmap to ensure sustainability is integrated into every aspect of its operations. To advance the Net Zero agenda, SMGP's strategy is anchored on the Collaborative Action for a Resilience-focused Enterprise (CARE Pathways) framework. CARE Pathways clearly outline the economic, environmental, social, and governance objectives of our Power business. Foremost among the environmental goals is ensuring that emission reductions along its supply chain and operations adhere to and support the international agreements to which our country is committed. Our Power business unit, while still the biggest contributor to our GHG emissions, lowered GHG intensity by 11% compared to 2022, from 0.92 to 0.82 MT CO₂e/MWh.

Our Power business is transitioning to low-carbon and cleaner sources of energy. Cognizant of our country's plan to reduce GHG emissions, we also fully recognize the global energy 'Trilemma'—that is, the need for an energy system that is not only environmentally sensitive but also provides an affordable and stable energy supply for the benefit of all Filipinos. Balancing these three goals, our Power business has increased the use of LNG and has already installed 580 MWh across 16 sites as part of the 1000 MWh BESS project initiated by SMC. This project will support our country's ancillary service and grid stability and provide the necessary infrastructure for our expansion into additional renewable energy capacities. Power has also started the technical assessment and integration of other renewable energy sources, such as solar, into our current power portfolio, marking a significant step in our energy transition pathway.

GHG emission intensity for our Cement business remains within target despite including ECC and SCII in our reporting coverage for 2023.

Cement has implemented the following energy efficiency initiatives: i) use of variable frequency drives (VFDs); ii) use of capacitor banks; iii) metering of motor control centers; iv) optimization of compressed air utilization; and v) preparation for our cement-wide implementation of an Energy Management System based on ISO 50001. Implementing these initiatives resulted in a total reduction of 263,639 GJ of fuel and electricity. In addition, overall optimization of cement manufacturing operations is ongoing across all our cement plants. We continuously improve by operating only the efficient cement production lines and performing regular maintenance activities on less efficient facilities to reduce energy consumption and GHG emissions. Moreover, we use solar energy in our offices and roadways further supporting our transition to the long-term use of renewable energy.

The rest of our businesses combined brought down their emission intensity by 6% compared to last year. This was achieved through various energy efficiency programs coupled with an increase in their total sales revenue.

The Spirits division, through Ginebra San Miguel's distillery and bottling facilities, was able to reduce a total of 536.7 MWh of electricity utilization. The savings of GSMI were achieved through a combination of the following initiatives: i) switching to more energy-efficient equipment and technology such as VFD motors and LED lighting fixtures; and ii) using solar-powered lamps for illuminating streets, roadways, perimeters, emergency routes, warehouses, offices, and restrooms in all of their manufacturing facilities.

Similarly, the Food division reduced its energy utilization by 32,660 GJ in existing facilities, intensifying its energy conservation initiatives by strictly adhering to energy-saving measures in its offices and manufacturing areas. Increasing renewable energy use, such as biomass and solar, combined with using more energy-efficient and environment-friendly equipment for air conditioning, air compressors, and warehouse/storage activities, such as electric fork lifts, contributed to the overall energy savings achieved by these facilities.

B. Our Scope 3 GHG Emissions Boundaries

GRI 302-2 | GRI 305-3

SMC has begun the process of reviewing the indirect emissions resulting from our value chain activities in order to develop the Company’s full GHG footprint. We used the GHG Protocol Scope 3 Standards as guidance for this boundary-setting activity. The screening process was undertaken in collaboration with business leaders and a team of sustainability champions across the SMC group to determine which of the 15 categories would be included in our initial Scope 3 boundary. Each category was reviewed for its relevance to the business units’ operations, estimated size, and the accessibility of data.

Table of SMC’s Scope 3 Boundary

Category	Explanation
1 – Purchased goods and services-	This category covers the cradle-to-gate emissions from the materials and services procured by SMC. Many of our businesses rely on input raw materials for their manufacturing processes. Some examples include agricultural commodities used in Food and Beverage companies and raw materials such as limestone and crude oil used in the Cement and Fuel and Oil companies. Also included here are the third-party tolling services used by the Food group to process some of their products.
2 – Capital goods	This category covers the cradle-to-gate emissions from the capital goods acquired by SMC. This will be reported by capital-intensive businesses such as Packaging, Power and Properties, while the other business units consider how to develop reliable data for this category.
3 – Fuel and energy related activities	Category 3 covers emissions associated with the extraction and transportation of fuel and with the generation of energy purchased by SMC. Our Power and Cement businesses rely on coal or purchase large amounts of energy for their day-to-day operations.
4 – Upstream transportation and distribution	Category 4 are the emissions generated from third party transportation services paid for by SMC. This can include the emissions from the transportation of goods from suppliers to our plants and between our facilities. And from the use of third-party warehouses for raw materials.
9 – Downstream transportation and distribution	This category covers the emissions generated from third party transportation paid for by SMC to deliver goods to our customers or from the use of third-party warehouses to store finished goods, whether for an intermediate customer or the end consumer.
11 – Use of sold products	This category includes emissions from the use of goods sold by SMC such as the gasoline and diesel products sold by our Fuel and Oil company. During our initial scoping exercise, it was determined that category 11 emissions would contribute a very significant portion of our total Scope 3 emissions.
13 – Downstream leased assets	Emissions from assets owned by SMC but operated by third parties fall under this category. Part of our Properties business is leasing out office spaces to third party companies.

SMC intends to gather data on Scope 3 emissions based on the above categories within 2024 and start reporting on these in 2025. We will continue to develop our full GHG inventory to better understand our complete environmental impact. By looking at our upstream and downstream emissions, we can gain better insight on the full impact of our entire value chain, including the manufacturing, distribution, and disposal of our goods.

C. Non-GHG Emissions

GRI 305-6 | GRI 305-7

NON-GHG EMISSIONS			
	2023	2022	Unit
Nitrogen oxides (NOx)	12,653.96	14,806.23	MT
Sulfur oxides (SOx)	37,019.71	39,850.22	MT
Particulate matter (PM)	3,531.12	2,991.93	MT
Carbon monoxide (CO)	7,698.07	7,500.94	MT
Persistent organic pollutants (POPs)	Not being monitored		
Volatile organic compounds (VOCs)			
Hazardous air pollutants (HAPs)			

*2022 numbers were restated. Data submitted last year was found to be incomplete.

Mitigation of non-GHG emissions is also an important endeavor that San Miguel takes into consideration. We understand that these gases can have significant environmental and health impacts if not properly managed.

In 2023, our NOx and SOx emissions decreased by 14.5% and 7.1%, respectively. On the other hand, there was an 18% increase in particulate matter emitted. Two newly built facilities used rice husk as fuel for boilers, aligning with the mandate to shift to renewable energy utilization. Regular monitoring of emissions and the installation of air pollution control devices are ongoing in these facilities to ensure they meet the air quality standards set by government regulators.

Our Power and Fuel and Oil businesses, highly aware of the environmental and health hazards caused by these non-GHG emissions, continuously implement good air pollution control practices. In the refinery, we ensure adequate capacity at the back end to process acid gas. We also conduct our gas flaring activities in a manner consistent with international air pollution control practices to minimize emissions. Flaring is an engineering practice that allows process equipment to release gases to a device (a flare) where they can be quickly and safely incinerated. Flares prevent damage, fires, and explosions, and most importantly, injuries to our employees. Flaring also converts noxious and odorous gases released in emergencies into less hazardous and objectionable emissions by burning the gases. At Petron, flares are used optimally in process areas to prevent hydrocarbons and waste gases from being released directly into the atmosphere.

Our power plants are fitted with state-of-the-art air pollution control devices such as flue gas desulfurizers, electrostatic precipitators, limestone injectors, and catalytic reducers. We use supercritical boilers that operate at higher temperatures and pressures for more efficient power generation coupled with a CFB to ensure lower CO₂ emissions.

The supercritical boilers we installed allow our power plants to accommodate supercritical throttle pressures along with an increase in throttle temperatures, resulting in cost reductions in fuel usage and handling, flue gas treatment, and ash disposal. They are designed to take full advantage of variable pressure turbine operation.

CFB technology, on the other hand, provides a way for us to indirectly burn the fuel and heat the bed instead, which produces less emissions and pollutants in the combustion process. Moreover, our power plants are equipped with Continuous Emissions Monitoring Systems (CEMS) that provide us with instant monitoring and real-time adjustments to ensure that our emissions remain well below the limits set by government regulators and global benchmarks, such as the DENR and World Bank, respectively.

In 2023, our CO emissions increased by 2.6%, due to the increased utilization of non-renewable fuel across our business units. This increase was driven by our businesses’ eager response to regain the economic losses wrought by the pandemic and to contribute to our country’s economic recovery. San Miguel ensures that we more than adequately manage our businesses’ emissions by continuously investing in energy-efficient and environmentally sound technologies and adopting international best practices to reduce and/or avoid them as much as possible. This commitment is part of our Company’s effort to preserve air quality, as outlined in our sustainability framework.

2.2 Resource Management

GRI 302 | GRI 303

Our Sustainability Agenda is aligned with the United Nations Sustainable Development Goals (UN SDGs) and with our country’s Ambisyon Natin 2040.

The UN SDGs were adopted by the United Nations in 2015 as a worldwide call to end poverty, protect the planet, and ensure that by 2030, all people enjoy peace and prosperity. Ambisyon Natin 2040, on the other hand, represents the Philippines’ vision and aspiration for our country’s future, characterized by *Matatag* (stable), *Maginhawa* (comfortable) and *Panatag na Buhay* (secure life).

San Miguel’s A World of Good encompasses both sets of goals. Under this overarching framework, SMC has integrated efficient resource management into its business strategy, believing that responsible stewardship of natural resources goes hand in hand with business profit. We are implementing various programs on energy, water, and our natural ecosystem to mitigate the impacts across all of our business activities.

Our Company has been implementing the “Water for All” program since 2017. This program includes reduction of water consumption and the conservation and efficient use of our water resources. SMC’s businesses continuously find ways to integrate the recovery of wastewater, increase collection of rainwater, and utilize desalinated seawater in their operations. Moreover, we continue to find ways to address the impacts of our water conservation efforts to ensure responsible and equitable use of water that is both environmentally and socially sustainable.

For energy, our business units have formed their own energy conservation teams to closely monitor each unit’s energy utilization. We have invested in energy efficiency, from switching to higher-efficiency equipment and devices, to adopting the best available technologies for a smooth, cleaner energy transition. These efforts are foremost in our Net Zero agenda and demonstrate how our organization prioritizes energy efficiency as a decarbonization strategy.

For our natural ecosystem, SMC initiated the revival of major river systems in 2020. Three major rivers—Tullahan, Pasig, and San Juan—in the metropolis, were dredged and cleaned up, with the aim of deepening and widening them to mitigate decades of siltation and pollution that rendered them unable to direct flood waters away from our cities. A total of 2.6 million MT was removed from a 44 km span along these rivers. Moreover, the project is helping to transform the rivers back to vibrant and healthy ecosystems with less stagnant water, reduced foul odor and return of aquatic life.

Inspired by the positive outcome of these initiatives, SMC expanded the river clean-up activities to the province of Bulacan in 2023, targeting the Marilao, Guiguinto and Pamarawan Rivers. To date, 3.1 million MT of silt and waste have been removed from these rivers. And the efforts continue, with identified rivers in Pampanga and around Laguna Lake coming next.

A. Energy Management

GRI 302-1 | GRI 302-3 | GRI 302-4

ENERGY CONSUMPTION			
	2023	2022	Unit
Energy consumption (renewable sources)	622,457.50	587,338.84	GJ
Energy consumption (non-renewable)	212,596,958.69	187,956,160.89	GJ
Energy consumption (electricity, heating, cooling, steam)	5,685,624.80	3,733,719.05	GJ
Self-generated energy which are not consumed	1,761,108.56	1,266,516.69	GJ
Sold Energy (electricity, heating, cooling, steam)	49,285,854.15	43,575,701.56	GJ
Total Net Energy Consumption	171,380,295.39	149,968,033.90	GJ

* 2022 numbers were restated. Energy consumption was recalculated and reclassified for better accuracy.

In 2023, our Company consumed 171.4 million GJ of energy, which is a 14.3% increase compared to the previous year. The increase was brought about by the improving economic situation due to the waning

effects of the pandemic and the inclusion of ECC and SCII. Furthermore, there was a 13% increase in non-renewable energy usage, mostly from our Power, Cement, Fuel and Oil, and Food and Beverage businesses to meet the heightened energy requirements of economic recovery.

Our electricity consumption increased by 52%, while the use of renewable energy rose by almost 6% across our business operations. Electricity and renewable energy comprised 2.6% and 0.3%, respectively, of our Company’s energy consumption in 2023.

OPERATIONAL SPENDING ON ENERGY			
	2023	2022	Unit
% Operational spending on energy	32.95	38.26	%
Operational spending on energy	85,860.48	88,164.87	Mn PhP
Total Operational Spending	260,560.00	230,421.20	Mn PhP

Total operational spending on energy increased by 13%, brought about by the resumption of economic activities and the easing of mobility restrictions caused by the pandemic. However, we were still able to rein in our operational spending by almost 2.6% due to various energy reduction initiatives amounting to 2.6 million GJ. We accomplished this by optimizing operations and switching to more energy-efficient equipment across our business operations. Moreover, a 6% increase in our use of renewable energy, such as solar and biomass, contributed significantly to the reduction in our operational spending on energy.

ENERGY INTENSITY			
	2023	2022	Unit
Fuel & Oil (Integrated Refinery & Co-Generation Facility)	684	717	GJ / Mn Barrels Crude Processed
Power	6.85	7.47	GJ / MWh
Cement	2.46	N/A	GJ / MT Volume
Other Businesses in Scope	22.90	24.34	GJ / Mn PhP

** For 2023, ECC and SCII were included, in addition to NCC.*
*** This includes Food and Beverage, Packaging, Infrastructure, Properties and others.*

Our energy intensity for 2023 showed improvements compared to 2022. This is due in large measure to energy reduction initiatives implemented across different businesses.

For Petron, refining is a complex system of multiple operations, which depend on the properties of the crude oil to be processed and its array of products. Thus, Petron operates in its own unique way, ensuring that its refinery produces quality petroleum products while operating in the most energy-efficient and environmentally friendly manner possible.

In 2023, Petron used an additional 4 million GJ of energy to process more than 50 million barrels of crude oil needed to drive economic recovery in the country. The corresponding energy intensity of our refinery and co-generation facility amounted to 684 GJ per million barrels of crude processed, 4.6% lower than 2022.

Highly aware of the need to abate our emissions in line with San Miguel’s sustainability targets, Petron managed to reduce their energy consumption by saving 66,543 GJ in operating their terminals and distribution network throughout the country.

Petron moves its products via ships through 32 strategically located terminals. In 2023, these terminals managed to save 294.8 MWh of electricity through our various energy conservation initiatives, such as upgrading to LED lamps and installing air conditioning units equipped with inverter technology. Petron installed 472 kWp of solar panels in its lube oil and blending plant, marking the first phase of their renewable energy utilization. Plans are underway for the second phase of its RE project, which involves installing an additional 503 kWp of solar panels in five terminals in 2024, bringing our total RE capacity to 982 kWp.

The energy intensity ratio of our Power business decreased by 8.3% in 2023 to 6.85 GJ per MWh. Energy conservation initiatives in 2023, focusing on “no and low cost” (NOLO) measures that mostly require

changes in existing practices and involve very small investments, contributed to a substantial reduction in energy and fuel utilization.

No-cost initiatives implemented by South Premiere Power Corp. (SPPC) are operational, such as the adjustment in the frequency and duration of emergency generators and auxiliary boiler testing. This initiative saved about 112,790 liters of diesel fuel, while the adjustment of the air conditioning temperature setting in offices from 17°C to 23°C saved around 9 MWh of electricity.

A low-cost initiative, such as undergoing ISO 50001 Energy Management System standard certification, brought tremendous energy savings of about 1,955,400 GJ, with Malita Power Inc. leading the way. Our Power business is looking towards certification of each unit to reap the benefits of a standardized energy management system and, at the same time, comply with the Energy Efficiency and Conservation Act of 2019 (RA 11285).

In the near term, we will also explore and consider the costs, benefits, and trade-offs of hydrogen production among our Power business units through projects that are economically, socially, and environmentally sustainable for all our stakeholders. Being involved in the energy business, our Power business continues to find ways to manage their energy utilization in accordance with our Net Zero goals and remain committed to reducing their carbon footprint.

Cement is used in a variety of construction projects such as roads, bridges, homes, hospitals, walkways, and water structures. In the Philippines, the annual demand for cement is around 35-36 million tons per annum (MTPA). With the recent surge in government-led infrastructure projects in 2023, and the aggressive campaign by the Cement Manufacturers Association of the Philippines (CeMAP) to promote locally manufactured cement, demand is foreseen to exceed 36 MTPA in the coming years.

Our Cement business is one of the major manufacturers of cement in the country. In 2023, with the inclusion of ECC and SCII, energy consumption increased by 15 million GJ while energy intensity was at 2.46 GJ per MT of cement produced.

Under our Net Zero Roadmap, our Cement business has already began implementing energy reduction initiatives to bring down their energy intensity. Plans are underway to adopt the energy management system based on ISO 50001 Energy Management Standard. Initially, we have already saved a total of 263,639 GJ of fuel and electricity from the use of more energy-efficient equipment and facilities.

We are also considering the use of alternative materials, such as plastics and municipal solid wastes, to mitigate our fuel-related energy intensity and its corresponding CO₂ emissions. However, we are making considerable efforts to study and analyze whether these alternative fuels will not cause further environmental and social harm in areas where we operate. Our Company understands that energy and material efficiency, as well as low-emission fuels such as natural gas, are key measures in achieving our short-term goals of reducing our energy intensity and CO₂ emissions. Consistent with our Net Zero target, we will intensify our research and development activities as well as partnerships to further lower energy consumption and implement long-term solutions, such as innovative technologies like cement made from alternative raw materials.

The combined energy intensity of our other businesses decreased by 6% to 22.9 GJ per million Php, thanks to energy conservation initiatives implemented in 2023.

San Miguel's Beer and NAB Division reduced energy consumption by a total of 46,245 GJ. Optimizing energy systems, such as steam and compressed air, and switching to more advanced and energy-efficient equipment and machinery saved 4,140 MWh of electricity and 767,582 liters of fuel across their brewing and processing operations.

San Miguel Yamamura Packaging Corporation and its subsidiaries, have implemented an energy management system based on ISO 50001 Energy Management Standard since 2015. In 2023, the group was able to reduce their electricity usage by 5,597 MWh by applying the basic requirements of the energy management system, prioritizing their significant energy uses (SEU) to continuously improve the group's overall energy performance.

The combined energy saved by the other businesses such as the Food, Properties and Integrated Logistics amounted to 814,229 liters of oil and 3,903 MWh of electricity consumption. Our Company will continue to address and monitor our energy performance to ensure that our energy intensity remains manageable across our business units.

B. Water Management

GRI 303-1 | GRI 303-2 | GRI 303-3 | GRI 303-4 | GRI 303-5

San Miguel understands the need to reduce water consumption, which is why our Company has embraced a more comprehensive approach to water management. San Miguel’s water stewardship program, “Water for All,” is a Group-wide initiative that looks beyond water scarcity. It is a water stewardship program that considers environmental and financial risks for our Company’s main stakeholders—the communities where we operate our businesses, the consumers of the different products we produce, and the investors and shareholders who put their trust in our business operations.

WATER CONSUMPTION			
	2023	2022	Unit
Water withdrawal	3,471,354.21	3,064,480.19	Megaliters (ML)
Surface water	1,810.97	1,288.95	ML
Ground water	27,816.38	25,467.74	ML
Sea water	3,359,752.85	2,971,895.76	ML
Rainwater	409.86	474.57	ML
Produced water	254.86	206.30	ML
Third-party water	81,309.29	65,146.88	ML
Water discharged	3,453,834.58	3,047,591.85	ML
Stored water	6.25	(5.50)	ML
TOTAL WATER CONSUMPTION	17,525.88	16,882.83	ML
Water recycled and reused	1,955.23	1,457.40	ML
% Water recycled and reused	1.75	1.57	%

* 2022 numbers were restated. Data was reclassified to better reflect water consumption.

In 2023, San Miguel engaged Sustainalytics, a firm that provides high-quality analytical ESG research, ratings, and data to institutional investors and companies. Sustainalytics works with hundreds of companies worldwide and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects.

Under Resource Use, Sustainalytics rated our Company a perfect score of 100% for both Water Risk Management and Water Management Programs, substantiated by our close to 19% reduction in our total water consumption.

For Water Risk Management, Sustainalytics recognized that SMC has integrated water scarcity into its regular risks assessment and business strategy and reports on water metrics in detail. For Water Management Programs, they found that San Miguel has a policy and initiatives to reduce fresh water use, specific targets and deadlines, and regular measurement and reporting of results.

Utilization of desalinated water was, by far, the biggest contributor to reduction in scarce water use. This was implemented at Petron Bataan Refinery and Limay Power Plant where desalination plants remove mineral salts before the water is used for cooling processes in these plants. Interceptors remove contaminants then the water is cooled down before returning to the sea. A combined total of 3.4 million ML of ground water was saved through this initiative.

For NCC, the key to water conservation is its rain catchment pond which has a 315 ML capacity. NCC used 250 ML of rainwater, representing 64% of its total water consumption. The business is planning to expand the pond’s capacity with an additional 63 ML rainwater catchment facility to achieve their goal of zero fresh water usage.

San Fernando Beverage Packaging Plant installed a reverse osmosis ultrafiltration (RO-UF) water recovery system which saved the company about 36 ML in 2023. Previously, bleed water went directly to the drainage and was wasted. With the recovery system, the plant’s filtration waste is reused in the water treatment facility. In addition, the plant recovers the rinse water which, combined with the water from RO-UF, supplies the steam generation and cooling systems of the plant.

Ginebra San Miguel’s Mandaue Plant recovers spent rinse water during the soaking process of their products and saved more than 51 ML of water in 2023.

The Purefoods-Hormel Company (PHC) implemented the recycling of chilled water used in the water shower to cool down the product coming from the heat zone. The company invested in a recirculating water shower system and saved 15.6 ML of water in 2023.

Many other projects across various manufacturing facilities contributed to water conservation. Among these are: addressing water leaks, recovery of wastewater for utilities and ground maintenance, switching to more water efficient fixtures, and installation of water meters for better control. Other initiatives such as installation of rainwater and raw water harvesters and regular maintenance of water piping systems added significant savings as well.

All told, our water management program, “Water for All,” saved more than 7.5 billion liters of water in 2023.

Our Company’s continuous efforts to reduce our water consumption are deeply rooted in our commitment to responsible resource utilization. San Miguel’s sustainable water agenda, focusing on the conservation and efficient use of our water resources, will always be at the forefront and center of our Company’s sustainability goals.

2.3 Circular Economy

GRI 301 | GRI 306

SMC has set a key goal of embracing a circular economy approach by 2040 across its operations, acknowledging the paramount importance of sustainable resource utilization by optimizing resource efficiency and minimizing waste. The demand for resources is poised to escalate as our business expands into nation building. In response, we are committed to “closing the loop” to shrink our material footprint and prevent any adverse impacts on the environment.

We have adopted practices of reduction, recycling, and recovery, as well as developed policies and programs. These testify to our commitment to sustainability, as we strive to be more efficient with the materials we use and to reduce the amount of waste we generate, fostering better environmental stewardship.

A. Materials Management

GRI 301-1 | GRI 301-2

MATERIALS USED			
	2023	2022	Unit
Renewable materials used	5,853,712.38	5,383,035.14	MT
Non-renewable materials used	20,628,022.17	10,292,968.74	MT
Total materials used	26,481,734.55	15,676,003.87	MT
% Renewable materials used	22.10	34.34	%
Recycled materials used	1,027,683.61	442,526.92	MT
% Recycled materials used	3.88	2.82	%

A total of 26.5 million MT of materials was used in 2023 for our operations, marking a 69% increase year-on-year. The increase comes mainly from the inclusion of ECC and SCII, which contributed 9.2 million MT to the total amount. SMC’s expansion of our other businesses resulted in a 10% increase compared to

2022. Of the 26.5 million MT of material usage, 77.9% consisted of non-renewable materials, with the remaining 22.1% from renewable materials. Similar to last year’s data, most of the non-renewable material usage was attributed to our Fuel and Oil and Cement businesses, in the form of crude oil, limestone, and clinker. This accounted for 97% of the non-renewable materials used this year.

The percentage of our renewable material usage decreased compared to last year; however, the total weight of materials actually increased by 8.7% due to volume growth of our businesses. Most of our renewable materials originate from Food and Beverage, in the form of raw materials for their manufacturing processes. Together, they contributed 81% of all renewable materials used this year.

Consistent with our circular economy goal, we were able to recycle 1.03 million MT of materials in 2023, more than double the amount of recycled materials used last year. This significant increase can be attributed to ECC, which recorded a substantial amount of recycled fly ash and synthetic gypsum. Without ECC, the increase in recycled material would be only 7%. Other recycled items included glass bottles sourced from post-consumer stages for reuse by our Beverage businesses, or broken glass cullets recycled by our Packaging division.

B. Solid Waste Management

GRI 306-1 | GRI 306-2 | GRI 306-3 | GRI 306-4 | GRI 306-5

SOLID WASTE MANAGEMENT			
	2023	2022	Unit
Total solid waste generated	323,108.92	330,553.20	MT
Reused	3,919.20	1,487.57	MT
Recycled	264,700.28	273,076.70	MT
Other recovery operations	13,099.23	24,055.73	MT
Incineration (with energy recovery)	146.35	170.50	MT
Incineration (without energy recovery)	-	6.30	MT
Landfilling	23,312.91	21,194.31	MT
Other disposal operations	17,930.95	10,562.09	MT

Our Company’s initiatives under the ecological solid waste management law bore fruit by reducing our 2023 solid waste generation by 2.2%. We acknowledge the importance of proper waste management to our business operations and achieve this by finding ways to recirculate by-products and materials at their highest value.

The majority of our waste is comprised of spent grains and yeast, along with glass cullets and jars, which are 44% and 32% of the total waste generated. These materials were diverted back into our operations, where spent grains and yeast were repurposed into animal feeds, while recovered broken glass cullets and jars were mixed with virgin raw materials to produce recycled glass bottles. In 2023, the total amount of solid waste diverted from disposal reached almost 282 thousand MT, while our plastic waste decreased by 39% compared with 2022.

We recognize the significance of effective waste management in our business operations and currently have active initiatives to minimize the waste we produce. This is achieved through strategies focused on maximizing the recirculation of by-products and materials at their optimal value.

SMC is committed to full compliance with the EPR Act of 2022 (RA 11898). EPR is an environmental practice and policy approach which assigns brand owners and producers the responsibility for retrieving and recycling post-consumer wastes, driving the adoption of a circular economy. The law mandates that the Company recover a minimum of 20% of our plastic footprint by the end of 2023, with incremental increases leading up to 80% by 2028.

Among the business units of SMC, the obliged enterprises under the EPR law are SMFB and Petron, given the plastic packaging used for food products, plastic caps and seals for beverages, plastic containers for lubes and promotional materials used for marketing activities. In total, the estimated plastic footprint of these companies amounts to 18.2 million MT, thus requiring them to retrieve and recycle 3.6 million MT

in 2023. Third-party audits of the footprint and diversion are ongoing prior to submission of the EPR compliance report for 2023 to DENR.

To comply with the law, SMFB tapped the Philippine Alliance for Recycling and Materials Sustainability (PARMS) as their designated Producer Responsibility Organization (PRO) to facilitate compliance with reporting requirements and work in synergy with other obliged enterprises in developing the waste diversion industry in the country. For the initial year, SMFB and Petron purchased credits from Plastic Credit Exchange (PCX) to ensure 100% compliance. By doing so, SMFB effectively supports PCX’s waste diversion network which includes waste collectors, and contracted facilities for transport, segregation, shredding, and co-processing of flexible plastics as fuel in cement operations. Processing rigid plastics into flakes or pellets for use as recycled feedstock in new plastic products is also part of PCX’s network.

In addition, we are proactively developing other initiatives within the Group to reduce our plastic footprint and build the capacity to divert our own plastic wastes. These include redesigning cap-seals for beverage bottles, shifting food packaging from multi-layer to monolayer, reducing packaging weight, developing alternative materials for advertising tarpaulins and promotional items, and others. Standards for the labelling of packaging to facilitate classification for recycling are also being implemented. Our Packaging business is actively working on sustainable packaging materials and increasing recycled content, while Cement evaluates co-processing of plastic waste as an alternative to coal.

Coal Ash Management

COAL ASH MANAGEMENT			
	2023	2022	Unit
Total coal combustion residuals (CCR) generated	616,448.06	566,641.30	MT
Weight of CCR that was reused or reclaimed	744.94	29.68	MT
Weight of CCR recycled (through treatment or processing)	1,393.27	1,655.26	MT
Weight of CCR sent externally for further recycling	270,133.80	290,797.86	MT
% of CCR recycled	44.17	51.62	%

In 2023, the coal ash generated by our businesses increased by 9%. This was mainly generated from SMGP’s power plants and Petron Bataan Refinery’s co-generation facility.

The coal ash was successfully diverted to SMGP’s Limay Power Plant and Malita Power Plant, where it was used as a substitute for virgin inert materials in their CFBs, and to our Cement business as aggregate material for cement production. We balance the beneficial reuse of coal ash in our business processes with potential environmental impacts and make sure that our recycling practices are appropriate and done in an environmentally acceptable manner. We employ biomats made up of biodegradable natural fibers, such as straw, coir, and jute, to cover the ash, and prevent erosion and wind dispersal. This way, we ensure that minimum CCR goes to the surrounding environment while the excess is properly stored in compliance with DENR requirements.

Hazardous Waste Management

HAZARDOUS WASTE TRANSPORTED			
	2023	2022	Unit
Total hazardous waste generated	7,893.45	9,552.91	MT
Total hazardous waste transported	10,532.94	8,855.71	MT
Reused	45.90	113.89	MT
Recycled	4,203.57	2,548.14	MT
Other recovery operations	1,064.08	540.84	MT
Incineration (with energy recovery)	256.59	201.61	MT
Incineration (without energy recovery)	193.42	224.40	MT
Landfilling	18.88	60.75	MT
Other disposal operations	4,736.19	5,166.09	MT

In 2023, the Company generated a total of 7.9 thousand MT of hazardous waste, representing a notable

decrease of 17.3% compared to the previous year. Consistent with previous years, the predominant components of our hazardous waste were used oil and sludge derived from our vehicles and generators.

We transported a total of 10.5 thousand MT of hazardous waste. The difference between the quantity of waste generated and transported can be attributed to our practice of collecting and storing hazardous waste until it reaches a certain threshold before it is properly disposed of. This approach allows for more efficient and cost-effective transportation and disposal. By consolidating waste shipments, we optimize logistical operations, while maintaining our commitment to responsible hazardous waste management and environmental protection.

We successfully diverted 50% of the total hazardous waste transported this year through various strategies. The used sludge and oil were repurposed as quenching liquid in our refinery process, primarily through the delayed coker units. The organic waste generated by Food and Beverage was transported by a third-party hauler to a designated bioreactor facility. At this facility, the organic waste underwent a controlled biological process within the bioreactor, resulting in the production of high-quality fertilizer.

Hazardous waste is subject to stringent regulations enforced by environmental regulatory agencies. We are fully committed to adhering to all pertinent laws and regulations governing hazardous waste tracking, storage, usage, and disposal. We maintain rigorous compliance measures to ensure that our handling of hazardous materials aligns with regulatory requirements and industry best practices.

2.4 Biodiversity and Ecosystems

GRI 304 -1 | GRI 304-2 | GRI 304-3 | GRI 304-4

ECOSYSTEM AND BIODIVERSITY			
	2023	2022	Unit
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside of protected areas	11	9*	No.
Habitats protected or restored	1,861.8	112.74	Ha.
IUCN red list species and national conservation list species with habitats in areas affected by operations	29	14	No.

**2022 numbers were restated. Previously reported 6; the additional areas are in Malita, Davao Occidental; Ilijan, Batangas; and Mangkayan, Benguet.*

The sustainable use of natural resources and the preservation of nature are among the main pillars of our Company’s sustainable agenda. SMC strongly supports and commits to including the protection of nature in all our business activities. We are highly aware of nature-related risks and have taken steps to mitigate them in our business operations.

In December 2022, governments adopted the post-2020 Global Biodiversity Framework, which presented a plan of action to combat biodiversity loss and provided direction to all sectors of society on the urgency of the issue and the need for collective action. San Miguel supports this global goal of halting and reversing biodiversity loss by 2030 and the shared vision of living in harmony with nature by 2050.

Moreover, our Company enthusiastically responded to the national government’s call for a reforestation program to plant 1.5 billion trees under the National Greening Program (NGP) of the DENR. In 2019, our Power business launched Project 747, with the goal of planting seven million trees over four thousand hectares of deforested lands in seven vulnerable provinces in our country. Though it presents a daunting challenge for our Power business, we are committed to contributing to the NGP and supporting the international call for nature-based solutions. To date, we have planted more than 6.5 million trees, nearing our target well ahead of schedule, replanting 2,800 hectares of upland and 1,200 hectares of mangrove forests. This project prioritized native and diversified reforestation species for planting to ensure more carbon is stored and, at the same time, to increase the productivity and survival rates of reforested areas. SMC supports mixed reforestation species, as this approach increases resilience to perturbation, is more stable in response to climate extremes, and results in lower tree mortality rates. The significant increase in the hectarage of protected areas near or adjacent to our operational sites is attributed to the B-MEG feed mill plant in Impasug-ong, Bukidnon, which is two kilometers from the

Center for Ecological Development and Recreation (CEDAR) in Barangay Impalutao. Initially a reforestation site, CEDAR has evolved into an ecological park, covering approximately 1,703 hectares and hosting four major falls namely: Gantungan Falls, Natigbasan Falls, Dila Falls, and Makabayot Falls. Declared a protected area for its high indirect biodiversity value as an eco-tourism site, CEDAR is jointly managed by the LGU of Impasug-ong and the DENR.

The International Union for Conservation of Nature (IUCN) is an acknowledged authority on species extinction risk and serves as an authoritative compendium of information on the global conservation status of species. The IUCN Red List tracks and reports on the status and trends of wild species worldwide, encompassing all major species groups such as plants, fungi, invertebrates, reptiles, and fish. From 2017 to 2020, the IUCN Red List of Threatened Species expanded its coverage of the world’s biodiversity by 51% and currently includes 128,918 species, of which 35,765 (28%) are threatened with extinction.

In 2022, SMGP, through South Premiere Power Corporation (SPPC), resumed operations of the Ilijan power plant located in Batangas after its temporary shutdown. The plant is the largest natural gas facility in the Philippines, with a rated capacity of 1200 MW. It is the first power facility in the country to use the 500 kV switchyard system and a reverse osmosis (RO) desalination system. The RO system installed is the largest and most sophisticated of its kind in the country, ensuring that the seawater used for cooling the power plant does not alter the salinity and aquatic environment of Ilijan, which is a 16-hectare area declared a fish refuge and sanctuary by the Ilijan LGU.

In 2023, SPPC conducted coral reef monitoring activities in the waters of Ilijan to determine if the species hosted by the bay were included in the IUCN Red List. SPPC monitored a total of 210 species, 81% of which were fish species and the remaining 19% coral species. The monitoring activity also discovered two species of turtles, the Hawksbill Sea Turtle and the Green Sea Turtle, which are categorized under the IUCN Red List as Critically Endangered and Endangered, respectively, in Ilijan. In addition, one species of Tridacna (Giant Clam) is also recorded and is categorized as Vulnerable on the list.

ILIJAN CORAL REEF SURVEY							
Species	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concern	Data Deficient	Not Evaluated
Fish	-	-	-	1	127	6	36
Corals	1	1	10	6	17	2	-
Reptiles	1	1	-	-	-	-	-
Invertebrate	-	-	1	-	-	-	-
Total	2	2	11	7	144	8	36

According to the IUCN, species in the Vulnerable, Endangered and Critically Endangered categories are collectively described as ‘threatened.’ The IUCN Red List does not include Not Evaluated species; and although Least Concern species have a lower risk of extinction, they still play an important role in global biodiversity. The identification of 15 ‘threatened’ species has increased our previous total to 29 in our 2023 Report. San Miguel will continue to monitor and protect the identified threatened species and their habitats near or adjacent to our business operations. We also partner with the communities and other relevant stakeholders in the areas where we operate to safeguard our country’s biodiversity and ecosystem.

Other business units, such as Food and Beverage, Infrastructure, Cement, and Fuel and Oil, have their own reforestation initiatives for upland, lowland, and mangrove forests, as well as coral reef restoration projects. We have engaged academe-based third-party assurance to scientifically measure and quantify the carbon sequestration of our reforestation and mangrove restoration initiatives and to verify the actual amount of carbon stored by the various species of flora we have planted.

San Miguel believes that biodiversity loss and climate change are inextricably linked and mutually reinforcing, thus we committed to adopting nature-positive strategies and innovative solutions that will improve the quality of life, achieve sustainable prosperity, and ensure that our planet remains hospitable to human life.

2.5 Climate-related Risk Management

GRI 2-12 | GRI 201-2

In recent years, the Philippines has faced a relentless onslaught of climate-related disasters, with Typhoon Odette (Rai) in December 2021 being a stark reminder of the country's vulnerability to extreme weather events. As one of the countries most susceptible to the impacts of climate change, the Philippines ranks high on the list of countries at risk, with its geographical location making it a hotspot for typhoons, floods, and rising sea levels. These events wreak havoc on infrastructure, disrupt lives and livelihoods, and pose significant challenges to economic stability and growth. The reality of climate change in the Philippines underscores an urgent need for comprehensive climate risk management strategies that are not only focused on mitigation but also on adaptation to the changing climate.

In response to these escalating challenges and recognizing the substantial risk that climate change poses to our operations, communities, and the broader environment, SMC is implementing a comprehensive approach to tackle climate-related challenges. This approach involves governance, strategic planning, risk management, and the establishment of clear metrics and targets.

Governance

In line with the principles of sustainable development and responsible corporate governance, we are instituting a robust framework to meticulously oversee our risk management processes. The Audit and Risk Oversight Committee of the Board of Directors plays a crucial role in ensuring the effectiveness and integrity of our ERM system.

Each business within SMC is responsible for identifying and managing its risks, with the level of maturity varying based on inherent risks of the industry they are in. For example, Petron, our Fuel and Oil subsidiary, has a mature risk management process guided by its Petron Risk Management (PRiSMS) Policy Statement. They systematically identify, assess, measure, and monitor risks and opportunities with a focus on minimizing their carbon footprint and prioritizing health and safety through detailed environmental programs.

Several other businesses have formally integrated ERM into their management systems and are expanding coverage across the different areas of their operations.

Strategy

Recognizing the significant risks posed by climate change to our operations and facilities and our vulnerability to external factors, we integrate these considerations into our annual and long-range strategic planning and budgeting processes. Each business aligns with our sustainability goals, refining initiatives based on business nuances and quantifying targets using agreed metrics.

Risk Management

The Audit and Risk Oversight Committee, with the guidance of the Board, is exploring the integration of the TCFD guidelines into our ERM structure. Additionally, each business unit has dedicated teams evaluating environmental and social issues, leveraging expertise to understand risks and opportunities, propose viable and effective programs, and prepare scenarios.

SMC defines a "substantive financial or strategic impact on business" as effects that directly influence the Company's bottom line, long-term stability, and growth. We have identified inherent climate-related risks that could have such an impact:

Current and emerging regulations: SMC recognizes that global efforts to mitigate climate risk will influence government policies, consumer preferences and costs of doing business. In response, we are embedding sustainability into our strategies and operations, leveraging our strengths and resources towards economic prosperity for the country and investing in low-carbon technologies and renewable energy.

Acute physical climate risks: Like any company, SMC is vulnerable to extreme weather conditions, such as droughts, typhoons and floods, which can damage facilities, disrupt operations and supplies, and cause logistical challenges. We incorporate resilient design standards into our infrastructure projects, invest in river cleanup to mitigate flooding and maintain drainage systems for road operations.

Chronic physical climate risks: Risks such as water scarcity and changing weather patterns can impact our supply chain and operations. We undertake comprehensive water risk assessments and implement water saving measures. We have ample procurement and inventory strategies to adapt to changing conditions. In addition, we focus on energy efficiency measures to reduce operational costs and GHG emissions.

Metrics and Targets

San Miguel is unwavering in its commitment to transparency and accountability. We are advancing our environmental stewardship by developing, measuring, and monitoring a comprehensive set of climate-related metrics and targets.

Emissions Management: Our approach encompasses both GHG and non-GHG emissions. We track our Scope 1 and Scope 2 GHG emissions in absolute terms and intensity. Moreover, we monitor our non-GHG pollutants, including NOx, SOx, particulate matter, and various other hazardous emissions.

Resource Efficiency: Energy and water management are pillars of our resource efficiency strategy. By measuring our energy consumption and intensity, we are identifying opportunities to enhance efficiency and reduce costs. Similarly, our water stewardship focuses on consumption, withdrawal, and discharge metrics, aiming for sustainable utilization and minimal environmental impact.

Waste Management and Biodiversity: We track material use, waste generation, and diversion efforts. Moreover, we assess our impact on biodiversity, habitats, and species conservation. These measures not only mitigate our operational footprint but also contribute to broader ecological preservation.

For an in-depth discussion of our metrics, please refer to Section 7: Kalikasan of this Report. For the metrics we are establishing in pursuit of our four overarching sustainability goals, see Section 6.4.A: Major Milestones for our Goals.

3 Kalinga: Good for People

3.1 Our Employees

GRI 2-7 | GRI 401-1

Our employees are integral to the SMC Group success. They are the driving force behind the Company’s productivity and the source of innovative ideas that improve our various products and services. Our employees help us advance our ESG goals. They identify opportunities to conserve resources, reduce waste, and implement sustainability practices, all of which will benefit the environment and society.

NUMBER OF EMPLOYEES BY POSITION						
	2023			2022		
	Number	% to Total	% to Regular	Number	% to Total	% to Regular
Regular employees	47,208	88%	100%	44,027	88%	100%
Officer	262	0.5%	1%	265	0.5%	1%
Middle manager	1,644	3%	3%	1,367	3%	3%
Rank and file	45,302	85%	96%	42,395	85%	96%
Consultants	281	1%		182	0.4%	
Project-based employees	5,868	11%		5,799	12%	
TOTAL EMPLOYEES	53,357	100%		50,008	100%	

As of the end of 2023, the Group’s workforce reached 53,357 employees, excluding those working in our foreign operations and BankCom, which are not in scope of this Report. Regular employees account for 88%, while 12% are classified as project-based and consultants. Among regular employees, 96% are rank and file employees, the majority of whom are in sales, manufacturing, and logistics. Officers and middle managers together comprise only 4% of the total population, indicating a relatively light overhead cost.

Project-based employees are hired for the duration of specific assignments, such as construction projects, and are accorded compensation and benefits aligned to the position they occupy. Consultants are hired for their specific expertise or knowledge, and generally provide support to the management teams of the business units. They are likewise given compensation and benefits according to the value that they bring to the business.

SMC added 3,349 jobs in 2023, an increase of 7% in total employment. Most of these new jobs were created by Infrastructure and Power projects, and expansion facilities in SMFB.

NUMBER OF EMPLOYEES BY GENDER				
	2023		2022	
	Number	% to Total	Number	% to Total
Women	15,011	28%	13,582	27%
Men	38,346	72%	36,426	73%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

Alongside the increase in the SMC Group total employee population is an increased representation of women in the workforce. The number of women employees grew by 11%, compared to 5% for men. Male employees still account for most of the population at 38,346, or 72%, and female employees at 15,011, or 28%, resulting in a 2.6:1 male-to-female ratio from 2.7:1 in 2022. Among the management team, the male-to-female ratio is 1.9:1. The ratios notwithstanding, there is a significant number of women who occupy key leadership positions in every business unit.

NUMBER OF EMPLOYEES BY AGE				
	2023		2022	
	Number	% to Total	Number	% to Total
Under 30 years old	20,356	38%	18,559	37%
Between 30 and 50 years old	28,992	54%	27,504	55%

Over 50 years old	4,009	8%	3,945	8%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

The composition of our workforce reflects a notable trend toward an increasing number of younger employees. While individuals aged 30-50 years old dominate with a 54% share, there is a significant representation of those under 30 years old, comprising 38% of the total workforce. This trend suggests a growing influx of young talents into our organization, bringing fresh perspectives, innovative ideas, and a drive for continuous improvement.

In the upcoming sections, we elaborate on how San Miguel Corporation nurtures and promotes the holistic well-being of our employees.

A. Human Rights and Labor Practices

GRI 2-16 | GRI 2-23 | GRI 2-24 | GRI 2-30 | GRI 408-1

COLLECTIVE BARGAINING AGREEMENTS (CBAs)		
	2023	2022
Active CBAs	34	34
Total members	5,046	5,059

**2022 numbers were restated*

We uphold the rights of our workers to freely associate and engage in collective bargaining. Aligned with our principles, we continuously foster a cooperative atmosphere between labor and management. As of the conclusion of 2023, the SMC Group has existing bargaining agreements with 34 active labor unions, with around 9.5% of our employees being covered by CBAs.

Within SMC, every subsidiary has its own Labor Relations team, closely collaborating with the Corporate Human Resources - Labor Relations (CHR-LR) department. In 2023, the following key programs were undertaken to preserve and further enhance labor and management relations, as well as to ensure compliance with labor laws and regulations:

- Enhanced assessments of the General Labor Standards (GLS) and Occupational Safety and Health (OSH), including for 3rd party contractors. Tabletop assessments for GLS covered 472 facilities and 550 facilities for OSH.
- Launched the 2023 SMC GLS and OSH Compliance Awards, an initiative to incentivize compliance through recognition rather than policing, by SMG units and contractors. A total of 101 plaques of recognition were handed out in 5 GLS award categories, while 467 awards were recognized for the Safety Milestone award.
- Enhanced safety preparedness though the conduct of the 2023 Fire Brigade Skills Exhibition. Instead of a competition format, the skills exhibition is an approach designed to enhance and maximize participation across the Group. A total of 149 teams, each with 10 members, participated in the exhibition, bringing the total active participation to 1,490 employees.

In a proactive effort to empower our workforce with essential knowledge regarding their rights, our Corporate HR organized Labor Education Seminars in collaboration with the DOLE. These seminars served as a vital platform for 5,028 employees to gain insights into fundamental labor rights, including security of tenure and freedom of association, directly from the authoritative source, DOLE. By participating in these educational sessions, employees were equipped with the necessary understanding to navigate the complexities of the labor landscape, fostering a workplace environment grounded in awareness, empowerment, and mutual respect.

In strict compliance with the Constitution and pertinent laws, we have established clear policies that emphasize the importance of human rights and expressly denounce child labor. Throughout the year, we have conducted learning workshops to guarantee that all employees share our commitment to adhering to laws that safeguard human rights and related regulations.

B. Employee Health and Safety

GRI 403-1 | GRI 403-2 | GRI 403-3 | GRI 403-4 | GRI 403-5 | GRI 403-6 | GRI 403-7 | GRI 403-8

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM				
	2023		2022	
	Number	%	Number	%
Total number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization	44,063		45,797	
i. the number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	44,063	100%	45,797	100%
ii. the number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited	39,880	91%	19,468	43%
iii. the number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system- that has been audited or certified by an external party	33,478	76%	16,816	37%

San Miguel boasts one of the most comprehensive medical benefits schemes for its employees, offering coverage for both major and minor health issues through Health Maintenance Organization (HMO) plans. These plans include a maximum coverage limit that varies by business unit. Employees can access medical consultations, medications, and necessary medical devices at clinics within each major facility, ensuring comprehensive health support.

Despite the relaxation of some Covid-19 restrictions in 2023, our commitment to maintaining stringent safety measures and protocols to safeguard our workforce remains unwavering. Our proactive steps include:

- Offering free rapid antigen testing for employees and third-party service providers at San Miguel facilities and offices, which continued until the fourth quarter of 2023.
- Establishing sanitation stations and disinfection services, including handwashing stations and alcohol dispensers, across all SMC offices, manufacturing sites, and other premises.

Our OSH programs extend to all employees in the Philippines, encompassing regular staff, project-based teams, and consultants. Our commitment is to uphold superior safety and health standards, continuously fostering a safety-centric culture within our work environment. A key component of this commitment involves providing comprehensive safety and health training to all employees. In strict adherence to RA 11058, which mandates compliance with occupational safety and health standards, we ensure every employee participates in a DOLE-mandated eight-hour OSH seminar as part of their onboarding process.

We are dedicated to surpassing the minimum OSH requirements set by the government and the DOLE, covering areas such as general safety and health, maintaining a drug-free workplace, mental health support, and the prevention of communicable diseases. To this end, we maintain up-to-date Manuals on Worker Safety Procedures in every facility. Furthermore, our Safety Councils and Health and Safety Committees across various business units play a crucial role in promptly addressing facility-specific issues and concerns raised by employees.

In testament to our unwavering dedication to workplace safety and health, 37 of our facilities across Petron, Power, Infrastructure, and Cement sectors proudly hold ISO 45001:2018 accreditation for their Occupational Health and Safety Management Systems. This underscores our continuous effort to not just meet, but exceed, global standards in protecting the well-being of our workforce.

In addition, we regularly organize disaster and emergency preparedness drills in collaboration with local fire departments, police departments, and the Philippine Red Cross. These exercises are designed to

equip our employees with the necessary skills and knowledge to respond effectively to emergency situations, ensuring their safety and preparedness.

Our facilities are also subject to comprehensive annual audits conducted by our Corporate Technical Audit team. Part of the responsibility of this independent group is to verify the health and safety status of our Company facilities in coordination with the Safety and Health Committee of the facility. The review covers the compliance with reportorial requirements of DOLE, work accidents and injuries, availability of health facilities and medical personnel, training conducted and emergency preparedness protocol, fire protection and control and a review of workplace hazards and permits. The audit team then recommends the necessary action steps to improve workplace conditions and ensure the health and safety of all employees and contractors working in the facility.

Nurturing The Heart, Mind, Body, And Spirit

Engaged employees are committed and enthusiastic about their work and actively involved in achieving their company's business goals and interests. Having this in mind, San Miguel's Employee Engagement Programs are crafted to encourage active participation as well as create enthusiasm among San Miguel employees in their work and workplace. These programs aim to promote a positive attitude towards the organization and its values and provide opportunities to foster employee connections with their colleagues to improve work relationships.

As we emerged from pandemic restrictions and re-established in-person activities alongside virtual events, we were able to restore the programs that supported our employees' journey to self-care. The focus was on providing wellness programs and activities aligned with nurturing the aspects of well-being: Mind, Body, Heart, and Spirit, which make up the framework for our San Miguel Group employee program offerings.

MIND

Guided by this framework, our Employee Relations (ER) programs and activities are designed to support employees' physical, mental, and spiritual well-being. One such initiative is CHR's mental wellness program, Arugâ, which translates as "to nurture and provide tender care." This program encompasses webinars, town halls, and information campaigns aimed at fostering positivity and providing essential care for our minds and bodies. These sessions also serve as a vital step towards equipping our employees with the necessary tools to navigate life's various challenges, fostering mindfulness, focus, and resilience.

To ensure the well-being of everyone, CHR initiated Arugâ Check-in Sessions in collaboration with mental wellness experts. These monthly sessions focused on various topics related to holistic well-being, catering to the diverse members of the San Miguel Group Community, especially those facing unique challenges. Topics ranged from "Caring for the Carers: Tools and Strategies for Care Providers" to "Bayanihan: A Stress Management Workshop through Laughter Practices." Conducted by mental health professionals via Zoom, these two-hour virtual sessions reached San Miguel plants and facilities nationwide, fostering a supportive environment for wellness and personal growth.

BODY

Building on the successes of the Nutrition Month activations in July 2022, a series of Nutrition Month activities were organized in 2023 across the SMC Head Office Complex and other SMC plants and facilities. The objective remained to emphasize the importance of making informed food choices and cultivating healthy eating habits alongside regular physical activity. Key initiatives include the following:

- **HEALTH TALKS** – Hybrid sessions (in-person and online) featured nutritionists and medical experts who shared their knowledge on these topics: Obesity and Pre-diabetes in the Workplace and the Principles of Mindful Eating; Polycystic Ovary Syndrome (PCOS); Head and Neck Cancers; FAQs on Hypertension and Heart Attack; Focus on Women's Health; and Men's Health Focus. Our employees interacted with the nutritionists and medical specialists, who answered questions from both in-person participants and those who joined via Zoom. Initially intended as a Nutrition Month activity, due to the warm reception from employees, it has now become a monthly and sometimes bi-monthly program.

- **NUTRITION COUNSELLING PROGRAM** – SMC provided one-on-one consultation services with a registered dietitian/nutritionist to design nutrition programs for employees to protect health, prevent allergic reactions, and alleviate the symptoms of many types of disease. Additional menu offerings of healthy food choices (grilled seafood, meat and poultry, vegetable salads, among others) were made available and are now daily offerings at the canteen.
- **SELF-DEFENSE CLASSES** – These sessions aimed to enrich the life skills of our employees, with a particular focus on mastering self-defense techniques for both men and women. Tailored to accommodate diverse levels of proficiency, these programs were designed to suit all participants. Our instructors, selected from the prestigious Black Panther Yoshinkan Aikido Club, bring expertise honed through training law enforcement and military personnel in effective self-defense techniques.
- **SPORTS TOURNAMENTS & RE-OPENING OF THE HOC GYM** – Year after year, the sports tournaments stand out as one of the most anticipated employee programs. Encouraging active participation in these sports-related activities not only boosts employee well-being but also fosters a sense of unity, camaraderie, and enthusiasm within the Company. In 2023, we successfully revived the San Miguel Groupwide Tournaments, featuring beloved games like Chess, Darts, Table Tennis, Badminton, and Bowling. Additionally, our gym classes, including Zumba, Dance, and access to gym facilities, were reinstated, reinforcing our commitment to promoting a healthy work-life balance and an active lifestyle among employees.

HEART

HR experts emphasize that employees who cultivate strong, positive relationships with their co-workers tend to be more engaged in their workplaces, with interpersonal connections being a significant contributing factor. To encourage such connections, we created opportunities for our employees to work together and get to know one another better through the following programs.

- **THEMED EMPLOYEE GET-TOGETHERS** – These activities provided new employees fun bonding experiences at a safe venue where they could relax and unwind while strengthening camaraderie and teamwork. Well-received themed get-togethers included a Trivia Game Night in celebration of the National Language Month (*Buwan ng Wikang Pambansa*), a Halloween trivia night, and a Halloween Costume Contest.
- **SMC'S 133rd ANNIVERSARY CELEBRATION** – We commemorated our 133rd anniversary with a fun celebration showcasing our flagship brands alongside exciting new offerings to the San Miguel community. Designed to promote a deep sense of pride and belonging among employees by reinforcing their connection not only to their specific business units but to the broader San Miguel family, this shared pride underscores the collective identity and unity within San Miguel, enhancing employee morale and loyalty.

SPIRIT

Nurturing the spirit in the workplace is a key component in promoting the holistic well-being of employees, transcending the basic needs of professional development and compensation.

- **CELEBRATING MILESTONES** – In 2023, we celebrated various professional and personal milestones of our employees, such as birthdays and work anniversaries with the Company, through personalized birthday cards and gifts; Valentine's Day, Mother's Day, and Father's Day through thoughtful tokens; to a major event to honor their years of dedicated service with the Company at the much-anticipated annual Employee Service Awards Ceremonies. This event highlighted the dedication and commitment of long-tenured employees, recognizing those with 15, 20, 25, 30, 35, and up to 40 years of service. In both small and significant ways, we are able to show our employees how much they are valued.
- **EMPLOYEE VOLUNTEERISM** – Over the last few years, we observed an increase in employees,

especially millennials, actively seeking employers who contribute positively to the community. At San Miguel, numerous opportunities enable employees to feel they are part of something meaningful. Our Company’s dedication to “giving-back” goes a long way in promoting employee engagement. In 2023, this was vividly demonstrated through the following initiatives.

- Participation in Team Malasakit activities for the environment such as the Coastal Clean-up Drive and The Good Deed Day Activity at Better World Smokey Mountain, where employees distributed Noche Buena items for underprivileged families. Additionally, volunteers from various facilities across the country also gave up precious weekends volunteering at Better as individuals or in groups
- As part of San Miguel’s Employee Volunteerism Program, CHR and the San Miguel Foundation conducted blood donation drives in partnership with the National Red Cross and the Veterans’ Memorial Medical Centre. This campaign offers our San Miguel Group employees the chance to fulfill their civic duty and ensures reliable source of blood products for employees and their dependents.

C. Employee Engagement, Training, and Development

GRI 2-17 | GRI 404-1 | GRI 404-2 | GRI 404-3

TRAINING HOURS BY JOB CATEGORY				
	2023		2022	
	Total Hours	Ave. Hours / Head	Total Hours	Ave. Hours / Head
Officer	3,937	16	4,979	19
Middle manager	54,551	35	35,105	26
Rank and file	1,264,778	28	553,279	13
TOTAL	1,323,266	28	593,363	14

TRAINING HOURS BY GENDER				
	2023		2022	
	Total Hours	Ave. Hours / Head	Total Hours	Ave. Hours / Head
Women	353,661	24	163,381	13
Men	969,605	25	429,982	14
TOTAL	1,323,266	25	593,363	14

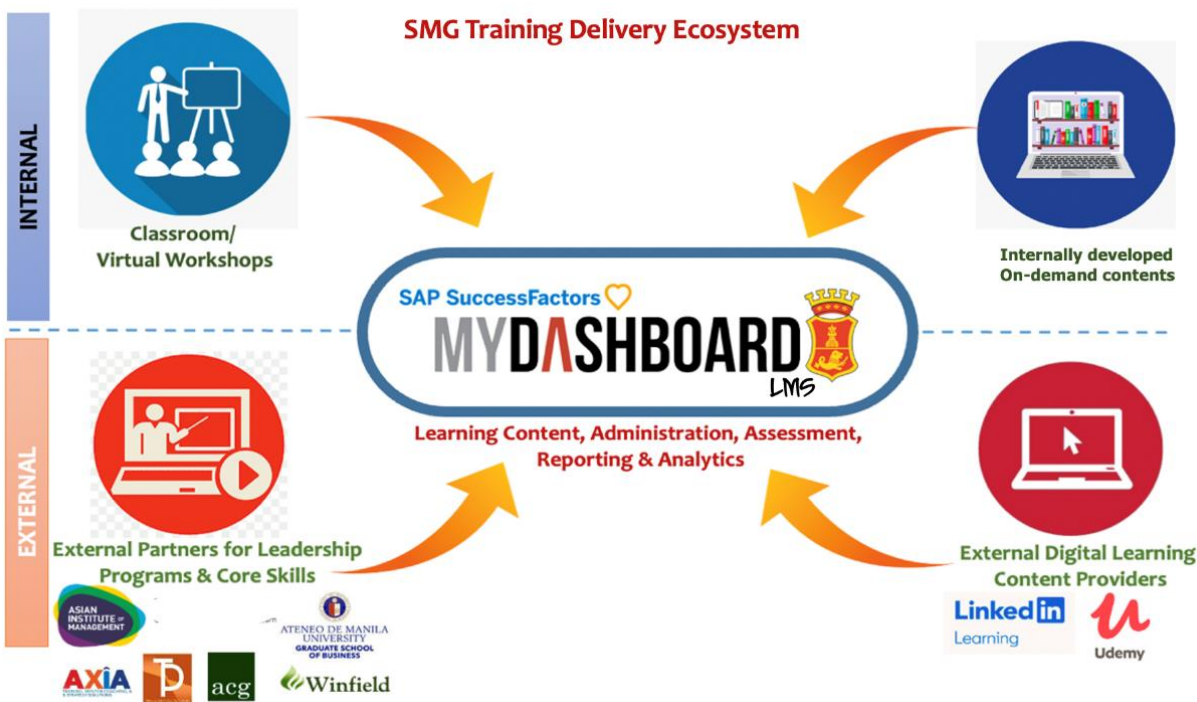
We fully recognize the critical role that engagement, learning, and development play in unleashing the full potential of our employees. At San Miguel, we are dedicated to equipping our team members with the essential competencies and skills necessary for success in their roles. By prioritizing their growth, we aim to boost productivity and cultivate a robust talent pipeline for future leadership positions.

Our commitment to employee development is evident through the significant increase in training hours from 2022 to 2023. The overall training hours more than doubled to 1.3 million in 2023 from 593 thousand in 2022, with the average hours per employee increasing from 14 to 28. Officers experienced a slight decrease in total training hours, suggesting a more targeted training approach. Middle managers saw a remarkable increase in training hours, with the average hours per head rising from 26 to 35. Rank and file employees received a significant boost in training, with total hours increasing to 1.2 million, reflecting a comprehensive initiative to enhance the skills of the broader workforce.

Women received a substantial increase in total training hours, with the average hours per employee rising from 13 to 24, demonstrating a commitment to supporting women’s professional growth. Men also saw a significant increase in training hours, with the average hours per head increasing from 14 to 25, indicating a balanced enhancement in training opportunities for men within the Company.

The realities and demands of the post-pandemic world have reshaped the landscape of employee training and engagement. The shift towards hybrid classrooms, digital and on-demand learning content, and changing behaviors of our employees and leaders towards capability building have underscored the

importance of adaptability and agility in the way we deliver learning interventions.



In response to the evolving learning needs and preferences of our employees, we have transitioned to a hybrid model for instructor-led training and workshops. This approach combines face-to-face sessions with virtual training setups, offering the best of both worlds. On-the-job training, shadowing, and real work immersions were reintroduced in 2023, allowing our employees to gain more learning opportunities compared to the previous year when face-to-face interactions were still limited. In 2023, our employees logged a total of 1.3 million learning hours, up by 123% compared to the previous year. The number of subscriptions for online learning also increased by 50% in 2023.

Learning administrators in each business unit were trained to curate content and develop learning pathways on the LinkedIn Learning and UdeMy platforms. These learning pathways were assigned to identified employees for completion, resulting in more than 238 thousand content completions on the platform. Learning in groups also increased as sessions on the platform were conducted in larger forums to create a sense of community among employees in our plants and sales facilities. Onboarding and learning conversations were available using online collaboration tools such as Microsoft Teams and Zoom.

In addition to our existing programs aimed at fostering the growth of high-potential and high-performing employees and leaders, 2023 marked a significant milestone with the introduction of our Corporate Sustainability Capability Academy. Launched in June 2023, the academy’s flagship program, Sustainability Management Certificate Course, was designed in collaboration with the Ateneo Institute of Sustainability. A total of 46 executives, managers, and key staff have so far participated in the program, which culminated in 10 capstone projects with themes focused on the Company’s sustainability commitments. The academy’s programs also included the following sustainability awareness campaigns:

- SDG 2030 workshops – an interactive workshop aimed at promoting an integrated understanding of the 17 SDG goals. The workshop utilizes a card game technique developed in Japan that is now being used all over the world. So far, 143 employees have participated in this workshop.
- Sustainability Executive Session – a half-day hybrid workshop facilitated by the Ateneo Institute of Sustainability, participated in by 23 Directors from San Miguel Corporation and Bank of Commerce, and 35 Executives of the Company.

We also updated the curricula of our established executive leadership programs, in collaboration with the Asian Institute of Management and the Ateneo Graduate School of Business, to include comprehensive sustainability modules. These updates ensure that the content is in sync with the

Company's sustainability commitments. Moreover, we have aligned the capstone projects within these programs to directly contribute to our sustainability objectives, thereby integrating leadership training with our strategic environmental and social goals. This initiative underscores our dedication to integrating sustainability into the core of our leadership development.

The enthusiastic uptake of our employee learning programs, particularly in sustainability, represents a significant stride in our journey toward corporate growth and responsible stewardship. The impressive increase in our training hours for 2023 is a testament to our collective commitment to excellence and sustainability. As we move forward, these learning initiatives will continue to be a cornerstone in developing a workforce that is not only skilled and knowledgeable but also aligned with our vision for a sustainable future.

Performance And Development Reviews

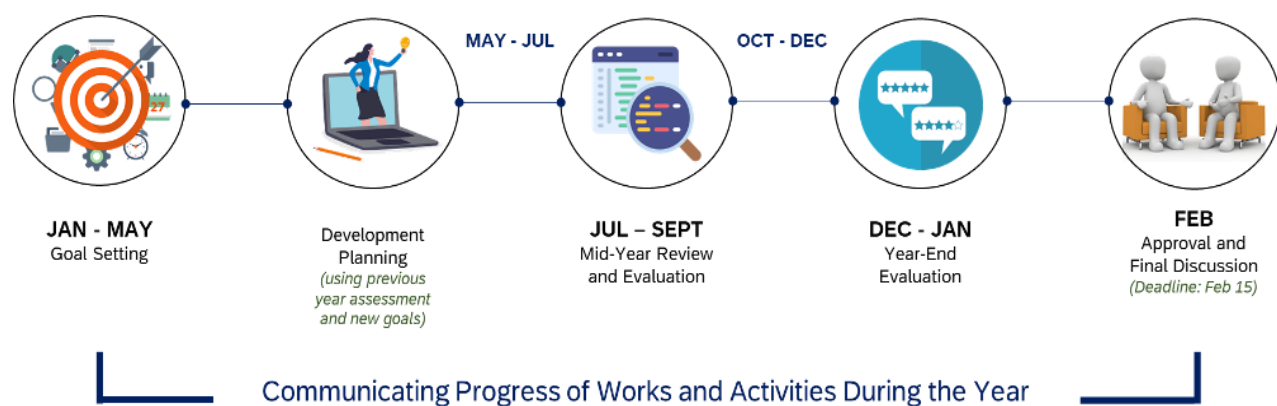
PERFORMANCE REVIEW BY JOB CATEGORY						
	2023			2022		
	No. of Reg. Employees	Received Reviews	% to Total	No. of Reg. Employees	Received Reviews	% to Total
Officer	262	239	91%	265	219	83%
Middle manager	1,644	1,414	86%	1,367	1,165	85%
Rank and file	45,302	34,617	76%	42,395	20,805	49%
TOTAL	47,208	36,260	77%	44,027	22,189	50%

PERFORMANCE REVIEW BY GENDER						
	2023			2022		
	No. of Reg. Employees	Received Reviews	% to Total	No. of Reg. Employees	Received Reviews	% to Total
Women	13,207	10,498	79%	11,890	7,252	61%
Men	34,001	25,772	76%	32,137	14,937	46%
TOTAL	47,208	36,270	77%	44,027	22,189	50%

In 2023, the total percentage of regular employees receiving performance reviews climbed to 77% from 50% in 2022, mirroring the comprehensive improvements observed across job categories and genders. Officers saw a noticeable increase, with 91% in 2023 compared to 83% in the previous year. Middle managers also experienced an uptick in review completion, from 85% in 2022 to 86% in 2023, indicating enhanced managerial feedback mechanism. The Rank-and-file category witnessed a significant improvement, with 76% receiving reviews in 2023 from the 49% in the year prior.

On gender-specific data, women saw their review rates improved from 61% to 79%, slightly exceeding that for men at 76%, which also increased significantly from 46%.

Performance reviews serve as a crucial tool for advancing the attainment of business objectives and strategic initiatives. At the beginning of each year, goals are set in collaboration with the employee, and their performance is objectively evaluated at year's end based on the accomplishment of these objectives. In 2023, we resumed to migrate our manual performance management process to a cloud-based platform powered by SAP SuccessFactors. This will ensure more streamlined and transparent goal setting and appraisal processes.



Throughout the performance management process, we prioritize open communication and constructive feedback between employees and managers to cultivate an environment of accountability and ongoing enhancement. This approach is designed as a continuous conversation, dedicated to bolstering the success of our employees. It is a collaborative effort that not only evaluates performance but also actively supports personal and professional growth, ensuring that both individual and company objectives are met.

D. Diversity, Equity, and Inclusion

GRI 2-23 | GRI 2-24 | GRI 405-1 | GRI 406-1

NUMBER OF EMPLOYEES BY WORK LOCATION				
	2023		2022	
	Number	% to Total	Number	% to Total
NCR	15,769	29%	14,989	30%
North Luzon	7,997	16%	7,892	16%
South Luzon	19,317	37%	18,299	37%
Visayas	4,740	9%	3,982	8%
Mindanao	5,534	9%	4,846	10%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

At San Miguel Corporation, we are steadfast in our commitment to fostering an inclusive and diverse workplace, as outlined in Section 9 of the SMC Human Resources Manual regarding Recruitment and Hiring. It clearly states that all candidates are considered for employment without bias towards gender, civil status, religion, or physical capabilities, ensuring they meet the job's educational and competency requirements.

We pride ourselves on being an employer of choice, valuing the unique skills, knowledge, and abilities of each applicant. Our recruitment process is guided by core principles embedded in our Recruitment Policy, Company Rules and Regulations, and Employee Handbook, emphasizing:

- **Respect for Individuals:** We cherish and aim to enhance the individual capabilities of our team members.
- **Integrity in Actions:** We maintain ethical, fair, and unquestionable conduct in all business dealings.
- **Merit-based Selection:** Our workforce selection and placement policies are founded on individual merits and abilities.
- **Commitment to Diversity and Equality:** We actively promote diversity and gender equality in the workplace by:
 - Enforcing laws like Republic Act No. 6725 to prevent discrimination against women and ensuring equal employment terms and conditions.
 - Adhering to the Anti-Discrimination Act of 2017 to safeguard employees from workplace discrimination.
 - Eliminating considerations of age, gender, religious, and ethnic affiliations in hiring decisions.
 - Strongly opposing child labor, forced, or compulsory labor in any form.

Our dedication to gender diversity is a testament to our belief in its substantial benefits to our employees and the organization's overall success. We understand that a diverse workforce introduces a wealth of perspectives, enhancing innovation, creativity, and problem-solving capabilities. To this end, we have instituted policies ensuring gender equality, equal career advancement opportunities, equitable compensation, and a workplace environment devoid of discrimination or harassment. Our adherence to the Safe Spaces Act (RA 11313) underlines our zero-tolerance policy towards sexual harassment, ensuring a respectful, valued, and secure workplace for all employees.

During the last reporting period, there were no incidents of discrimination across the SMC Group, reinforcing our commitment to a merit-based recruitment philosophy. We aim to empower individuals from all walks of life, particularly those from fence-line communities, to thrive in our organization without regard to their social background.

In line with this, initiatives like Petron's Bataan Refinery demonstrate our efforts to integrate members of the Aeta communities through apprenticeships, with many securing employment post-training. This not only motivates further participation from the indigenous communities but also reflects our commitment to local hiring across the Philippines.

Our operational presence in various regions ensures a deep understanding of market dynamics, fosters local supplier relationships, and significantly contributes to regional employment, aligning with our mission to develop a workforce that is both skilled and reflective of the diverse communities we serve. Our 2023 workforce data underscores our strategic emphasis on geographical diversity and regional development. NCR experienced a modest increase in employee numbers, accounting for 29% of the total workforce, indicating a stable yet growing presence in the country's economic hub. North Luzon saw a steady rise in its workforce, maintaining a consistent 16% share of the total. South Luzon demonstrated significant growth, holding a 37% share of the total workforce and marking it as a critical operational center for the Company. Visayas recorded an increase in employees and an increase in the proportion of total workforce, underscoring SMC's focused expansion and development initiatives in the region. Mindanao also experienced growth, with its workforce expanding to 5,534 from 4,846, indicating a balanced approach to regional expansion. Overall, these improvements highlight a strategic focus on fostering regional strengths and capabilities across the Philippines, ensuring a robust and geographically diverse operational footprint.

3.2 Our Customers

A. Customer Welfare and Responsibility

GRI 416-1 | GRI 417-1

Ensuring the safety and quality of our products and services is paramount to SMC's commitment to excellence and customer satisfaction. In this section, we discuss the comprehensive approach to product and service safety of some of our key businesses, highlighting our dedication to meeting and exceeding industry standards, regulatory requirements, and customer expectations. From stringent quality control measures to proactive risk assessment strategies, we prioritize the well-being and confidence of our customers in every aspect of our offerings.

Given the diversity of the businesses that SMC is engaged in, product and service safety approaches vary. What is common to all is that each group has articulated their commitment to quality and safety in their respective policies and are guided by documented systems and procedures.

For Food and Beverage, our facilities comply with regulations and standards set by government agencies such as the Department of Agriculture – Bureau of Animal Industry (DA-BAI) for feed mills, the National Meat Inspection Commission (DA-NMIS) for poultry processing plants, and the Department of Health - Food and Drug Administration (DOH-FDA) for the other plants. Compliance involves submitting required documentation, undergoing periodic audits and staying updated on regulatory changes.

To ensure compliance with regulations and internationally recognized food safety and quality standards, our facilities adhere to Good Manufacturing Practices (GMP) and utilize the Hazard Analysis and Critical Control Points (HACCP) approach to identify, evaluate and control any biological, chemical or physical hazards in the production process and mitigate risks associated with these. In addition, a good number of facilities are also accredited to ISO 9001, ISO 22001 and/or FSSC 22000, so that they are equipped with comprehensive procedures for hazard analysis, risk management, and continuous improvement. Of our 52 food and beverage plants, 32 are externally accredited for GMP, 30 for HACCP, 24 for ISO 9001 and 16 for ISO 22001 or FSSC 22000. Other facilities are compliant or are in a state of certifiability with ISO 9001:2015 as assessed by a pool of technical assessors and have documented GMP protocols, and food safety and quality procedures.

The approach to food safety and quality starts with stringent raw material acceptance procedures. Critical raw materials are subjected to sampling to detect whether contaminants are present, and the materials conform to agreed specifications. For other materials, certificates of analysis are required to be submitted, while suppliers of materials such as soybeans also submit verification statements of non-deforestation and compliance with other environmental and social standards.

In-process controls are crucial to ensuring food safety and product quality. Continuous monitoring of critical process parameters, such as temperature, pressure, pH, flow rates and mixing time helps ensure consistency and efficiency in production. Regular sanitation checks are conducted on personnel and equipment, through periodic washing, visual inspection, swab testing for microbial contamination, and verification of sanitation procedures. Packaging materials and processes are also monitored to ensure sealing integrity, weight and labelling accuracy and aesthetic value. In certain critical areas, metal detection, X-ray and camera-type inspection machines are positioned to catch any contaminants or packaging defects that may have been missed in the visual inspection process.

Finished goods are then subjected to final inspection and testing prior to release. This may involve sensory tests, microbiological analysis or chemical assays. Product samples for each batch of production are maintained for possible future reference.

An aspect of quality and safety that has seen advancement in recent years is traceability, which is now supported by automated Warehouse Management Systems, for both raw materials and finished goods. Not only have these systems improved inventory management and service levels, but these have allowed a shorter window and a tighter result for the trace back of finished products to their production batch and all the way to the source of raw materials.

Underpinning the Company's commitment to product quality and safety is the proper training of personnel in the concepts of quality, health and safety hazards assessment, basic microbiology, measurement and documentation, and other related aspects of quality assurance.

For our Packaging business, which serves beverage, food, pharmaceutical, industrial, personal & household care industries, adherence to food safety and quality management is also key. Because of this, eight packaging plants are certified to FSSC 22000. One glass plant, which serves the pharmaceutical industry, is externally certified to ISO 9001 and ISO 15378, while other facilities are covered by an internal assessment for ISO 9001. One plant producing corrugated carton packaging has a Chain of Custody Certification under the Forest Stewardship Council.

For Petron, a Corporate Safety Group oversees the company's safety program, working closely with the Safety Council. Its safety program covers the refinery and terminal operations and its entire retail network. Training in proper handling of fuel and other products and the conduct of service operations extends beyond employees to its customers. Petron provides material safety data sheets for its products on its website. The importance of quality and safety in our fuel and oil operations is underscored by 85 certifications for ISO 9001, ISO 14001 and ISO 45001. Moreover, Petron terminals have ISPS Code certification for the security of vessels and port operations.

Ensuring motorists’ safety and security along the tollways that SMC operates is another high priority concern. To this end, the tollways undergo periodic inspections by government regulators who check road conditions, presence and placement of signages, any hazardous materials and other safety conditions. Daily, tollway personnel are trained to deal with critical situations such as vehicular accidents, abandoned vehicles, vehicles that catch fire and incidents of hijacking, carnapping, robbery, stoning and other hostile acts. They are also trained to react to and manage grassfires, flooding and other emergency situations that may hamper road use. Following specific procedures to handle each type of incident, responding patrollers must quickly assess the situation, inform the Traffic Control Center, secure any persons and property involved, call for emergency response or police assistance and remain on site until the situation is resolved.

The following table summarizes the international standards related to product quality and food safety that our various business are certified to.

STANDARD	DESCRIPTION	BUSINESS UNITS COVERED	NO. OF CERTIFICATIONS
ISO 9001:2015	Quality Management Systems	SMFB, Packaging, Petron, Power, Infrastructure, Cement, SMCSL, SMITS	62
ISO 14001:2015	Environmental Management Systems	SMFB, Petron, Power, Infrastructure, Cement, SMCSL	41
ISO 15378:2017	Manufacture of Glass Containers for Pharmaceutical Industry	Packaging	1
ISO 17025:2017	Requirements for the Competence of Testing and Calibration Laboratories	SMFB	1
ISO 22000:2018	Food Safety Management Systems	SMFB	1
FSSC 22000	Food Safety System Certification	SMFB, Packaging	23
HACCP	Hazard Analysis Critical Control Points	SMFB	30
GMP	Standards for Good Manufacturing Practices	SMFB	32
HALAL	Halal Certification	SMFB, Packaging	6
FSC-STD-40-004 V3-0	Forest Stewardship Council-Chain of Custody Certification	Packaging	1
ISO 9001:2015	Quality Management Systems - State of Certifiability	SMFB, Packaging	18
ISO 14001:2015	Environmental Management Systems - State of Certifiability	SMFB	7

TOTAL NO. OF OPERATING FACILITIES COVERED	Production		Tollways	Ports, Terminals & Others
	Food & Bev Related	Others		
Food, Beverage and Packaging	62	15*		1
Power, Fuel & Cement		18		44
Infrastructure		1	7	
Data Center				1
TOTAL	149			

*Others for Food, Beverage and Packaging include feed mills, carton and mold plants.

Collecting and managing customer feedback is integral to safeguarding customer well-being. SMC operates a Customer Care Hotline at +632 8632-2000, managed by SMITS subsidiary, Prosync. Supplementing this are various hotlines of the different business units and subsidiaries, providing various touchpoints and making it more convenient for customers to reach out to us. Some of these hotlines, particularly for Petron, San Miguel Beer and San Miguel Foods, are supported by Customer Relations Management (CRM) software to capture feedback, assign each case to the appropriate individual in the organization, monitor resolution and upon closure, follow up with a call or email to determine if the customer was satisfied with the response. Other units, such as Packaging, Cement, tollways, airport, properties and BMW, send out Customer Satisfaction Surveys to gather information on their customers' overall experience with their products or services. All this information is funneled back to the operations to trigger potential improvements.

San Miguel Corporation and our various brands also maintain active Facebook pages, and contact information is indicated on our company websites. Complementing these are social media monitoring tools that enable the Company to track any positive or negative feedback involving the Company or its products and services.

SMC appreciates the effort that its customers exert to provide feedback and welcomes these opportunities to address their concerns, improve our operations and possibly regain the trust of any dissatisfied customer.

3.3 Our Communities

A. Community Engagement

GRI 203-1 | GRI 203-2 | GRI 413-1 | GRI 413-2

LOCAL COMMUNITY ENGAGEMENTS				
Program	Project	As of December 31, 2023	As of December 31, 2022	Unit
Education	Scholarships	2,541	2,844	Students
	Short-term courses	1,162	25	Students
	Brigada Eskwela	1,446	1,850	Classrooms
		263	120	Schools
Health	Community clinics	2,102	1,284	Patients
		13,700	10,316	Consultations
		8	8	Clinics
	Feeding	69,849	76,962	Meals
	1,000 Days project	508	340	Patients
	Medical missions	6,451	9,000	Patients
		10	9	Areas
		0	200	Hygiene Kits / Person
Enterprise	Livelihood assistance	323	126	Persons
		17	5	Areas
		12	3	People's Organizations
Housing	Housing and water provision	No new houses constructed	280,359	Houses
Infrastructure	Road access	22,769,822	19,644,794	Vehicles / Motorists
Environmental	Restoration & conservation	27	58	Sites

	Coral rescue program	220	100	Square Meters
		55	25	Species
		29	25	Kilo Biomass
	Backyard Bukid	4	1	Sites
		71	25	Members
		81,210	-	Revenues
Better World Tondo	Membership services	2,220	1,800	Persons
		444	365	Families
		162	192	Students
Better World Smokey Mountain (started in September 2023)	Membership services	1,916	N/A	Persons
		1,287	N/A	Families
		760	N/A	Students
Better World Cubao	Membership services	556	665	Women
Better World Diliman	Farmer's produce program	<i>Temporarily Closed</i>	4,500	Farmers

With over 100 manufacturing facilities and sales offices throughout the Philippines, we recognize we have a responsibility to serve our communities the best way we can. Being a positive, proactive contributor to our communities is part of our core values. In our host barangays, we often fund farm-to-market roads and other small infrastructure projects like footbridges and streetlights and provide community clinics. We have a clear picture of the opportunities we help create and, critically, how we play an active role on the ground, either through philanthropy or the jobs we create.

At the plant level, our employees are encouraged to be good neighbors, and build solid relationships with LGUs, schools, civic organizations, and small businesses. As a result, engagement often goes well beyond CSR programs or funding and, in some cases, firmly into the heart of business strategies. A good example in many of our communities is local hiring and improving the job prospects of young people, livelihood creation, and seeding small businesses that support our own.

Apart from widening access to economic opportunities and delivering social value to communities through our business operations, we have also taken a direct hand in community development in cities and towns where we do not necessarily have a big footprint or a vested interest. As a Company, we have moved beyond ad-hoc and project-based activities, which tend to have a short-term impact, and now pursue long-term impacts by engaging in inclusive and collaborative activities with communities.

In communities affected by San Miguel’s businesses or projects, we provide multiple avenues for consultation, encouraging diverse voices to be heard on issues that matter to the community and allowing those affected to share their knowledge, insight, and experience to advance the implementation of our projects—whether it’s the construction of a new road, power plant or food facility.

Our Better World Communities initiative is our Company’s incubator for social change. It uses idle and vacant properties and repurposes them for community and civic use.

Better World Tondo, San Miguel’s first community center and flagship, focuses on food rescue, hunger, and improving learning outcomes. Over 400 member families are provided free meals and monthly groceries, remediation and after-school learning tutorials for children, and livelihood classes for mothers.

Better World Cubao is a women’s center providing services for overall health and well-being, empowering women to advocate for themselves and one another. Health consultations are readily available and “*Abante Babae*” workshops are held covering diverse topics such as violence against women and children, parenting challenges, and gender equality. In 2023, we enrolled close to 600 members, ran 48 classes on health education and empowerment.

San Miguel’s newest and biggest center, Better World Smokey Mountain, opened in September 2023. It is an upskilling training center that serves multi-generational families. We provide learning interventions for young and old, offering remedial and alternative learning system classes like sewing, shoemaking,

embroidery, and repair workshops.

Another project is Backyard Bukid, a community garden and urban farming program. Like many of San Miguel's Better World projects, Backyard Bukid took off during the lockdown. Janitors, utility, and other support staff were given a 750-square-meter allotment, tools, seeds, and technical assistance to grow vegetables. Backyard Bukid-inspired community gardens have since been set up in SMC's facilities in Manila, Cavite, and Pampanga.

Through these four community projects, we go beyond providing basic needs for the marginalized and vulnerable across all age groups. We work to address the issues that hold them back: lack of access to basic needs like nutritious food or water and good education or health services. We try to create opportunities for people to develop, be confident in the future, and empower individuals to reach their goals and fulfill their potential.

Currently, we serve close to 2,500 families in our Better World centers, but guided by our vision to uplift lives, we seek to increase our impact and reach an estimated one million families by 2030, helping to create and sustain resilient, thriving communities and better lives for all.

4 Kasaganahan: Good for Progress

4.1 Sustainable Supply Chain

GRI 203-2 | GRI 204-1 | GRI 408-1

NUMBER OF SUPPLIERS BY LOCATION		
	2023	2022
Local suppliers	5,375	5,852
Foreign suppliers	508	595
TOTAL SUPPLIERS	5,883	6,447

PROCUREMENT SPEND			
	2023	2022	Unit
Procurement spend on local suppliers	181,414.14	200,498.63	Mn PhP
Procurement spend on foreign suppliers	107,099.86	176,372.23	Mn PhP
Total procurement spend	288,513.99	376,870.86	Mn PhP

At San Miguel, we are acutely aware of the profound impact that a sustainable and ethical supply chain can have on safeguarding our planet and enriching our communities. Thus, our long-term ambition is to engage with suppliers whose values resonate with our dedication to stringent environmental and social standards. We have set our overarching sustainability goals not only to chart our path but also to influence our suppliers to adopt similar sustainability targets, thereby enhancing our collective impact.

Our Corporate Procurement Group, in collaboration with San Miguel’s various business units, is tasked with embedding our sustainability principles within our supplier network, ensuring that every action we take is a step towards San Miguel and our suppliers shared environmental and social goals.

Supporting Local Economies with Sustainable Practices

We are deeply committed to fostering the growth of local economies and reducing our environmental footprint through sustainable sourcing practices. With over 100 major facilities spread across the Philippines and the Asia Pacific, our operations rely on a robust supply of raw materials and services. In 2023, we channeled 63% of our total procurement budget towards local businesses, injecting PhP 181.4 billion into the local economy. This strategic decision not only stimulates economic growth within our host communities but also aligns with our mission to nurture grassroots partnerships and promote environmental stewardship. By prioritizing local suppliers, we significantly reduce emissions and energy consumption, eliminating the need for long-distance shipping and extensive storage, contributing to a healthier planet.

Advancing Towards an Ethical and Sustainable Supply Chain

We have implemented stringent governance practices within our procurement operations. Our Procurement Policy Manual promotes good governance principles and ethical business conduct among our suppliers.

In 2022, we refined our Supplier Code of Conduct to integrate ESG principles more deeply into our supply chain. This initiative not only reinforces our commitment to ethical, legal, and responsible business practices but also sets a high bar for environmental conservation, occupational health and safety, and fair labor practices among our suppliers.

We employ a thorough vetting process in our supplier accreditation. Through our suppliers’ mandatory adherence to the Code of Conduct, we aim to mitigate significant risks, such as child labor and unsafe working conditions. In 2024, we aim to deepen this engagement by expanding the coverage of the Supplier Sustainability Questionnaire to an additional 500 suppliers representing 10% of the Group’s supplier base. Our goals for this endeavor are to baseline our suppliers’ ESG performance, identify and mitigate any ESG risks before they escalate, help our suppliers enhance their sustainability practices over time, and foster a culture of transparency and accountability for their ESG performance.

Furthermore, in 2024, we will conduct Supplier Awareness Training on sustainability and prepare periodic assessment reports on the sustainability compliance of all our suppliers. Suppliers will be assessed yearly to monitor their progress.

Additionally, we will be engaging a third-party consultant to help us obtain and validate the ESG credentials of our suppliers. We have engaged in discussions with a handful of vendors in 2023, each offering unique capabilities to automate and enhance our supply chain data and analytics. This engagement is also crucial for us to have a more accurate and complete understanding of our Scope 3 GHG emissions.

Through these engagements, we aim to set new benchmarks for sustainability in our industry, creating a ripple effect that encourages our suppliers to join us in this critical journey. For more insights into our Supplier Code of Conduct, we invite you to visit San Miguel's company website at <https://www.sanmiguel.com.ph>.

4.2 Business Ethics and Compliance

GRI 2-15 | GRI 2-16 | GRI 2-23 | GRI 2-24 | GRI 2-25 | GRI 2-26 | GRI 205-1 | GRI 205-2 | GRI 205-3

San Miguel Corporation remains steadfast in upholding the utmost standards of integrity, fairness and honesty, and believes that these principles are the anchor of the Company's success in all its undertakings.

We are firm believers that to establish a truly enduring enterprise, a commitment to exemplary governance must be ingrained at every echelon of the organization. This cannot be overemphasized in the light of the risk exposure inherent in the businesses that SMC is in.

Aligned to its vision of creating a resilient and globally competitive Philippines, SMC is engaged in industries that form the backbone of the country's economy, such as power, fuel and oil, infrastructure, transportation, and manufacturing. The need to deal with various national and local government agencies on these projects through bidding, negotiation and compliances to regulation, potentially exposes the company to ethical breaches. To mitigate the risk of irregularities and wrongdoing, SMC has strengthened its policies and systems.

The policies that safeguard our business ethics include the following, which can be found in full at <https://www.sanmiguel.com.ph/page/company-policy>.

- Code of Conduct and Ethical Business Policy
- Whistleblowing Policy
- Anti-Corruption and Sanctions Compliance Policy
- Conflict of Interest Policy

Our Code of Conduct and Ethical Business Policy cites SMC's core values of integrity, honesty, impartiality and professionalism as the basis of how directors, officers and employees should conduct themselves. It emphasizes respect for human rights, data privacy and fair competition, and provides the framework for other policies that deal with the quality of products and services, health, safety and the environment, and business integrity. Among other provisions, it requires directors, officers and employees to fully disclose potential conflicts of interest in relation to their scope of work and responsibilities, and to avoid soliciting or receiving gifts or favors from any third-party provider. The Code also explicitly defines the boundaries of political activities to exclude making payments or contributions to political parties, while allowing company representatives to express SMC's position on matters affecting it and respecting the right of individuals to participate in the political process on a clearly personal basis.

Our Whistleblowing Policy covers illegal or non-compliant conduct and actual or suspected misconduct, which may be harmful to the Company on the part of directors, officers, employees or business partners. It assures confidentiality to the extent permitted by law and protection of the whistleblower against any form of retaliation or harassment. The policy is supported by standard procedures for handling allegations made and for arriving at a final disposition of each. A Whistleblower Relations Officer is tasked to receive and perform an initial evaluation of supporting evidence and if warranted, endorse the report

to the Whistleblowing Committee (WBC) composed of the Chief Compliance Officer, Chief Finance Officer and the head of Corporate Human Resources for further investigation. The WBC then reviews the results and recommends appropriate action for those involved to the Chief Executive Officer.

For 2023, nine actionable whistleblowing reports were received. The nature of the reports covered alleged fraud, abusive or discriminatory behavior and falsification or tampering of records. Two of the reports have been closed, three are still in the initial fact-finding stage while four are under investigation. Additional complaint emails received were outside the scope of the policy (e.g., product complaints) and were referred to appropriate units for proper handling.

The Anti-Corruption and Sanctions Compliance Policy sets forth SMC's stance of zero tolerance for bribery, corruption, money laundering and violation of sanctions, defining each of these violations clearly. It also imposes disciplinary action on any company personnel proven to have violated the terms of the policy, including and up to termination of employment. Should any third party be involved in such violation, their contract may be reevaluated or terminated, consistent with applicable laws and the terms of the contract.

The Conflict-of-Interest Policy is based on the principle that officers and employees have a duty to act in the best interest of the Company. In the event that their personal financial or business interests may conflict with the interests of the Company, proper disclosure should be made and a review by higher management should be undertaken to resolve the conflict. A Full Business Interest Disclosure form must be filled out by each officer and employee, and amended as necessary should subsequent conflicts arise. Efforts must be exerted by the officer or employee and their superior to eliminate or minimize such conflicts but failing to do so, the duties of the officer or employee may be modified or cut short.

The above-mentioned policies were last reviewed in 2022 after which all officers and employees were required to attend a briefing and sign an acknowledgement form to indicate that said policies had been cascaded to them. These policies are now part of the onboarding process for new employees and refresher sessions will be conducted annually for all.

4.3 Risk Management

GRI 205-1

In an ever-evolving business landscape, the importance of a robust ERM framework cannot be overstated. Section 2.2.1.3.2 of San Miguel's Manual on Corporate Governance, adopted on May 10, 2017, lays down our policy on ERM. The section mandates the Board of Directors to ensure that an effective ERM framework is in place to identify, assess, and manage key business risks.

Moreover in 2017, our Board of Directors reorganized the Audit Committee into the Audit and Risk Oversight Committee to include the additional function of overseeing San Miguel's ERM. The Committee's functions encompass defining a risk management strategy; identifying and analyzing key risks exposure relating to economic and ESG factors; categorizing risks based on levels of severity; establishing a risk register; developing a risk mitigation plan for the most important risks; and communicating and reporting significant risk exposures to the Board.

The Chief Risk Officer (CRO), also integral to our ERM architecture, has the ultimate stewardship of ERM. The CRO's duties span overseeing the ERM process, strategizing implementation, and fostering continuous improvement, alongside reporting risk management insights and status updates to the Audit and Risk Oversight Committee.

The Audit and Risk Oversight Committee and the CRO are supported in their roles by San Miguel Group Audit (SMGA), which oversees the internal audit functions of our business units. The respective Internal Audit groups of our subsidiaries undertake both regular and ad hoc reviews of their internal controls and procedures and report their findings to SMGA.

Given the geographical spread of San Miguel's facilities, a unit lodged under SMGA is tasked to conduct multi-functional audits of operating facilities nationwide. Corporate Technical Audit implements these audits covering utilities, mechanical and electrical operations and maintenance, environmental

management and safety management, and include verification of compliance to regulatory standards, availability of operations and safety manuals, required staffing and adherence to corporate policies and standard practices. A comprehensive report is submitted to management after each audit listing the significant findings and recommendations of the audit team. Over the last three years, Corporate Technical Audit has conducted a total of 120 audits nationwide.

In the area of climate-related risk management, addressing the challenge of climate change is imperative to sustaining our operations and ensuring the resilience of our supply chain. The unpredictable nature of climate-related events—such as typhoons, droughts, and floods—has the potential to significantly disrupt our operations and affect the timely delivery of our products and services. Hence, we are actively developing and refining initiatives aimed at both mitigating the impacts of climate change and adapting to its evolving challenges. Our current endeavors include assessing the integration of the TCFD guidelines into our ERM framework.

In the procurement realm, we have established the Procurement Governance Group (PGG), a dedicated body that ensures our procurement activities are conducted with the utmost integrity and efficiency. PGG's mandate includes a thorough review and improvement of existing procurement policies, guidelines, and procedures in partnership with all relevant functions and business units, ensuring our practices are aligned with sustainable and ethical standards. Additionally, PGG conducts comprehensive compliance and operational audits on procurement transactions and spearheads training programs to elevate the skills and knowledge of our personnel in procurement-related functions. Furthermore, to foster a culture of continuous learning and risk management, we periodically rotate procurement staff across different business units. This initiative not only serves as a proactive measure to enhance operational integrity but also enriches our employees' professional development.

Through a commitment to maintaining a robust ERM framework, we not only ensure the continuity of our operations but also strengthen the trust of our stakeholders in our brand. By staying vigilant to current and emerging risks and opportunities, we position ourselves to navigate the complexities of the business environment effectively, ensuring sustainability and long-term success.

4.4 Digital Transformation

GRI 2-23 | GRI 2-24 | GRI 203-1 | GRI 203-2

For San Miguel, digital transformation is not just a pathway to progress but also an opportunity to mold a future where technology and sustainability successfully converge. At the heart of our digital transformation efforts is our commitment to advance our cybersecurity program and harness the power of our data analytics.

Fortifying Our Cybersecurity Program

San Miguel's cybersecurity management system is aligned with global standards and certifications. We have continually advanced our Information Security Management Systems (ISMS) since updating our Information Security Policies in 2020, under the guidance of an external consulting group. These policies and guidelines, customized to align with ISO 27001 best practices and National Institute of Standards and Technology (NIST) standards, have been implemented across our organization.

Our cybersecurity measures adhere to an Implementation Roadmap, grounded in ISO 27001 principles and our ISMS Policies and Guidelines. We regularly evaluate our cybersecurity controls against the SMC Cybersecurity Framework, based on NIST CSF, to identify and rectify any deficiencies. Notable efforts, including the launch of our Security Operations Center (SOC), have been instrumental in bridging these gaps. At SMC, we are committed to aligning our security measures with international best practices, leveraging standards such as the Center for Internet Security (CIS) Benchmarks and NIST, supplemented by insights from external consultants and white papers.

The Information Security Steering Committee, consisting of executive department heads, governs our cybersecurity efforts. This committee is backed by the Information Security Technical Working Group (TWG), which includes representatives from various departments, ensuring a multidisciplinary approach

to information security governance. This structure facilitates comprehensive oversight, allowing us to holistically address concerns.

Operational oversight of cybersecurity falls to the Corporate IT Group, led by a head who reports directly to the President of SMC. Furthermore, the IT Security Council—comprising the SMC IT Security Manager and Information Security Officers from various San Miguel business units—convenes monthly to align information security initiatives across the organization.

We have established protocols to monitor and respond to data breaches and cyberattacks promptly. In collaboration with SMITS, a subsidiary specializing in IT and security operations, our 24/7 SOC proactively identifies and mitigates potential security incidents, thereby safeguarding the organization from potential adverse impacts.

Endpoint Security and detection controls are pivotal in our strategy, enabling swift identification and resolution of threats like malware and ransomware through regular updates and Threat Intelligence sources. Our Endpoint Management Platform centralizes the oversight of endpoint devices, while encryption methods protect the confidentiality of our information.

Adopting a Defense-in-Depth strategy, we fortify our networks, internet, and application systems against cybersecurity threats with a multi-layered security approach. The SOC plays a critical role in preempting network attacks through best practice solutions, while Secure Network Zoning and Network Segmentation ensure that only registered and authenticated PCs can access our network.

To secure on-premise and cloud-based application systems, we implement Centralized Authentication, enhancing user access security with Multi-factor Authentication and stringent password policies. Regular reviews of access rights ensure the integrity of our application systems and infrastructure.

Ensuring the availability and resilience of our IT systems is paramount. Our adherence to industry-leading Backup and Recovery, Business Continuity Management (BCM), and IT Service Continuity practices is integral to our organization-wide BCM and crisis management initiatives. Our Disaster Recovery protocols support our primary and backup Data Centers, with our Wide-Area Network designed for high availability through redundant, multi-vendor connections.

We conduct internal security audits, vulnerability assessments, and penetration testing to mitigate risks. Regular Vulnerability Assessments (VA) and Penetration Testing (VAPT) safeguard our assets against potential exploits by malicious attackers. Collaboration with SMGA and Internal Audit groups at business level has facilitated reviews of our SOC and critical network infrastructure, ensuring robust security measures.

As part of our ISMS and Cybersecurity Framework, we have implemented necessary tools, technologies, and processes to protect against cybersecurity threats, conducting regular evaluations to identify security gaps. Monthly information security training sessions and advisories reinforce the significance of cybersecurity among our employees, effectively raising awareness and promoting vigilance against phishing attempts.

Looking ahead, we plan to further strengthen our cybersecurity posture with targeted audits, refresher training sessions, an expanded cybersecurity organization, and enhanced security controls, preparing us to confront emerging threats head-on.

Transforming Data Analytics into Action

For over five decades, Operations Research (OR) has been instrumental in driving our Company's achievements. Through detailed analysis and optimization, we have made strategic decisions that have significantly advanced our position in the industry.

In 2021, we embarked on an exciting journey to transform and expand the OR group into the Data and Analytics Group (DAG), positioned directly under the Office of the President. Charged with harnessing the transformative potential of our Company's data, DAG crafted a comprehensive data strategy

roadmap. This plan outlines our approach to managing and leveraging corporate data to produce actionable insights.

The strategy's core elements include the creation of a Data Management framework, emphasizing data collection, cleansing, organization, storage, and the implementation of robust access and protection rules. This framework is designed to guarantee data quality, security, and compliance with pertinent regulations. Equally important is the development of a state-of-the-art Data Platform Infrastructure, integrating the necessary hardware, software, networking, and storage solutions to facilitate data handling from collection to analysis. Enriching Operations Research with Advanced Analytics is key to extracting data value, discerning trends, and converting insights into decisions backed by evidence.

Additionally, promoting a data-centric culture through Data Literacy initiatives is vital. These initiatives aim to enhance employees' ability to ethically use data via workshops, leadership discussions, and ongoing education. Aligning with SMC businesses to fuse strategic goals with analytics-driven innovation supports sustainable growth and enduring success.

Over the past two years, DAG has spearheaded pilot projects in partnership with various businesses and corporate functions. Noteworthy projects include automating routine data tasks to save time and streamline data processing, utilizing visualization tools to transform static spreadsheets into dynamic dashboards, and leveraging analytics to identify customer engagement opportunities. These efforts have facilitated cross-business synergy, unlocking new revenue streams and product engagement. DAG's dedication to fostering a learning environment is evident from the 15 Thought Leadership and brownbag sessions conducted since 2022, amounting to over 21 hours of learning, highlighting our commitment to continual growth and innovation within the San Miguel Group.

Because of these efforts, we see heightened collaboration across departments, with an increasing number of discussions centered on data utilization and insights. Moving forward, we aim to broaden our impact across more San Miguel entities, developing an infrastructure that empowers users to access and interact with data securely and effectively.

4.5 Data Privacy and Security

GRI 2-23 | GRI 2-24 | GRI 418-1

COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY		
	2023	2022
Complaints received from outside parties and substantiated by the organization	0	0
Complaints from regulatory bodies	0	0

LEAKS, THEFTS, OR LOSSES OF CUSTOMER DATA		
	2023	2022
Identified leaks, thefts, or losses of customer data	0	0

SMC has been one of the pioneers in data privacy implementation since 2016 when the Implementing Rules and Regulations (IRR) of the Data Privacy Act of 2012 (DPA) was opened for public consultation.

In 2017 SMC released the Board-approved SMC Personal Data Privacy Policy, created an independent corporate service unit called the Data Privacy and Security Office (DPSO), and appointed a dedicated SMC Data Protection Officer (DPO), with the mandate of ensuring SMC’s compliance and overseeing the same compliance across the entire SMC group.

The DPSO organized the SMC DPO Council, composed of DPOs from approximately one hundred SMC entities, which successfully completed the mandatory registration of SMC and SMC businesses with the National Privacy Commission (NPC). Created alongside the DPO Council was the SMC COP (Compliance Officer for Privacy) Council composed of Data Privacy champions from thirteen CSUs, who function as the Data Privacy frontliners in their respective CSUs. These two Councils are empowered to ensure sustainability of data privacy compliance of the Group. They meet regularly to share knowledge, learn

from resource experts, set directions, align strategies and discuss other relevant matters.

The journey to DPA compliance began with the NPC's Five Pillars of Compliance and 32-Point Checklist. Mandatory data privacy programs were implemented, including the integration of Privacy Statements and Notices in personal data collection platforms, both printed and online, for all categories of SMC data subjects. These categories include customers, suppliers, visitors, stockholders, directors, applicants for employment, employees, and other data subjects. Consents, as applicable, are obtained accordingly.

The SMC Privacy Manual was formulated as the framework for implementing the DPA in SMC. Privacy Impact Assessment (PIAs) were conducted to identify processes that handle personal data, to determine the flow of data as well the threats, vulnerabilities, and gaps that may lead to security incidents or data breaches, along with recommended mitigation measures. This PIA program has been institutionalized for ready updating or adoption by new entities.

The data privacy ecosystem at SMC is sustained through continuous DPA Awareness Trainings (DPAAT) for new employees, and continuing awareness campaigns for all employees, through both in-person and virtual platforms. Training the Trainers programs are also conducted by SMC and its subsidiaries to ensure the continuity of the program. Also, the Data Privacy practitioners of the SMC group participate in summits, conferences, and NPC sectoral engagement activities.

SMC has in place a Breach Management System, managed by a Committee that conducts breach drills to prepare the data privacy teams to manage incidents and breaches, and to avoid any breach panic. Data Subjects Care is also in place, accessible via the DPOs' registered email and landline, to manage any complaint or accept suggestions from internal and external sources.

To ensure the sustainability of SMC Group's compliance, the SMC Data Privacy Compliance Monitoring System (DPCMS) was developed in 2018 and has been the anchor of the SMC Privacy Excellence Awards which recognizes the efforts and accomplishments of DPOs, COPs, and other data practitioners through four categories of awards.

SMC has adopted NPC's Compliance Check approach to validate its compliance. Regular privacy sweeps of publicly available online platforms, including websites, social media sites, and other communication channels, including NPC-registered email, landline, and mobile numbers, are conducted. Documents to substantiate compliance are evaluated, along with onsite visits for the evaluation of the Company's Privacy Management Compliance and DPS.

For 2023, the goals for Data Privacy include (1) the automation of DPCMS; (2) expanding the platform of DPAAT; and (3) institutionalizing the Privacy Audit, which is an external audit mechanism.

SMC DPSO and its Councils embrace SMC's core value of *malasakit* by promoting Data Privacy to our third-party service providers either through a standard data privacy provision in their contract, or a separate Data Sharing Agreement. They also actively support the NPC's DP Council as executive officers and sectoral officers conducting awareness campaigns and sharing their expertise with the community.

In recognition of such efforts, NPC awarded SMC as the Personal Information Controller of the Year and our Data Privacy head as the DPO of the Year in 2021. These recognitions have inspired SMC Group to continuously improve and sustain its data privacy compliance activities.

5 Moving Forward Message

Periodically, external forces reshape the business world in a massively transformative way. In the 90s and early 2000s, these forces were globalization and the information technology revolution. But the climate crisis potential impact on the way we do business may rival them both.

For San Miguel, there is no sitting on the sidelines. As the world faces the challenges of climate change, sustainable practices, and innovative solutions offer new avenues for growth and a new way forward. For many years now, we have devised strategies to reduce our risk—our Water for All advocacy to halve our water use by 2024 is one concrete example—adopted more circular economy practices, retrofitted existing infrastructure, and contributed emissions reduction efforts, creating a competitive advantage for our business and our country.

We understand and accept that San Miguel’s businesses broadly impact investment and our country’s progress and development. The multiplier effects of our operations—over 100 facilities and an estimated 50,000 directly employed employees—can be enormous, changing the outcomes for communities all over the Philippines. As such, we have taken a hard-nosed look to find opportunities to create environmental and social good nationally; the dredging of the Pasig River, our regional infrastructure projects, and the expansion of our poultry farms are just three examples.

Over the last year, we have made every effort to assess and understand our impact. This inside-out step, studying our value chain from both inbound and outbound logistics to marketing and after-sales service, has been necessary and instructive. We continue to improve resource efficiency across our operations, including energy, materials, water, and waste management. We are working toward adopting low-emission energy sources such as solar and hydropower and are increasing investments in energy storage capabilities.

Moving forward, our business models and strategies include initiatives to mitigate climate-related costs and risks in our value chain as a matter of operational effectiveness and social responsibility. By acting proactively, we understand that we can take advantage of new business opportunities and—more importantly—contribute to the greater good.

In the coming year, we will strive to understand the emissions our business partners produce and develop actionable plans to reduce our carbon exposure.

A growing number of our employees belong to Gen Y or Gen Z—young people who care deeply about issues and do their share for the environment and communities.

Sustainability reporting has proven an effective stimulus for dialogue across our multigenerational workforce. As climate change risks become more evident, so do our collective efforts to mitigate its effects. Across our business, we invest time, attention, and resources to embed environmental and social responsibility into our organizational culture.

In truth, the reporting process has been no easy feat, yet we have grown as an organization because of the rigor it demands. The discipline and considerable thought that has gone into sorting out areas of materiality and the data necessary to determine whether we are making progress, among others, has forced us to think about strategy and our approach to managing climate change risk and to be open to new opportunities. Indeed, sustainability issues moving into mainstream and everyday discourse can only be good. By aligning our efforts with the urgency of the climate crisis, San Miguel is doing its share to pave the way for a more sustainable and prosperous future.

6 Appendices

6.1 Scope and Coverage of the Report

GRI 2-2

- Food and Beverage:
 - San Miguel Food and Beverage, Inc. (SMFB)
 - San Miguel Brewery, Inc. (SMB)
 - Ginebra San Miguel Inc. (GSMI)
 - San Miguel Foods, Inc. (SMFI)
 - The Purefoods-Hormel Company, Inc. (PHC)
 - Magnolia Inc. (MI)
 - San Miguel Mills, Inc. (SMMI)
 - San Miguel Super Coffeemix Company, Inc. (SMSCCI)
 - Golden Bay Grain Terminal Corporation (GBGTC)
- Packaging:
 - San Miguel Yamamura Packaging Corporation (SMYPC)
 - Mindanao Corrugated Fibreboard Inc. (MINCORR)
- Fuel and Oil:
 - Petron Corporation (PETRON)
- Energy:
 - San Miguel Global Power Holdings Corporation (SMGP)
- Infrastructure:
 - San Miguel Holdings Corporation (SMHC)
- Cement:
 - Northern Cement Corporation (NCC)
 - Eagle Cement Corporation (ECC)

Southern Concrete Industries, Inc. (SCII)

- Others:
 - San Miguel Properties Inc. (SMPI)
 - SMC Shipping and Lighterage Inc. (SMCSL)
 - SMC Asia Car Distributors Corporation (SMCACDC)
 - San Miguel Information Technology Services, Inc. (SMITS)
 - Process Synergy Inc. (PROSYNC)
 - San Miguel Integrated Logistics Services, Inc. (SMILSI) and related companies

Notes:

* A number of entities and operations covered by SMC’s 2023 Annual Report are not within the scope of this Report, namely: (a) SMC’s international operations, (b) SMHC’s Aerocity project, and (c) Bank of Commerce (BankCom).

** SMHC’s Aerocity project is not in scope, as the project is still in the early stages of development. Nonetheless, the project’s ESG impacts are being monitored and governed by the International Finance Corporation according to internationally recognized standards.

** BankCom’s ESG data has not yet been included in this Report, as it is an affiliate of SMC whose performance is not consolidated with the Group.

6.2 ESG Performance Indices

A. Economic

ECONOMIC PERFORMANCE			
	2023	2022	Unit
Direct economic value generated (revenues)	1,460,838	1,515,784	Mn PhP
Economic value distributed	1,418,049	1,482,050	Mn PhP
Operating costs (including payment to suppliers)	1,002,659	1,158,041	Mn PhP
Payments to government (taxes)	227,222	175,388	Mn PhP
Payments to providers of capital (investors and shareholders)	136,140	103,033	Mn PhP
Community investments (expenses for CSR projects)	539	498	Mn PhP
ECONOMIC VALUE RETAINED	42,789	33,734	Mn PhP

B. Environment

GHG EMISSIONS			
	2023	2022	Unit
Scope 1 GHG emissions	21,294,878.70	17,580,434.18	MT CO ₂ e
Scope 2 GHG emissions	1,130,855.60	734,868.31	MT CO ₂ e
Total Scope 1 and 2 GHG emission	22,425,734.29	18,315,302.49	MT CO ₂ e
Emissions of ozone-depleting substances	Not yet being monitored		

GHG EMISSION INTENSITY			
	2023	2022	Unit
Fuel & Oil (Integrated Refinery & Co-Generation Facility)	54.01	58.10	MT CO ₂ e / Mn Barrel of Crude Processed
Power	0.82	0.92	MT CO ₂ e / MWh
Cement	0.58	N/A*	MT CO ₂ e / MT Volume
Other Businesses in Scope	2.27	2.40	MT CO ₂ e / Mn PhP

* 2023 scope includes ECC and SCII, in addition to NCC.

** This includes Food and Beverage, Packaging, Infrastructure, Properties and others.

BIOGENIC CO2 EMISSIONS			
	2023	2022	Unit
Biogenic CO2 emission (Scope 1)	95,447.11	84,957.13	MT CO ₂ e
Biologically sequestered CO2 emission	Not yet being monitored		

GHG REDUCTION			
	2023	2022	Unit
Fuel reduction	207,369.45	3,861.21	MT CO ₂ e
Electricity reduction	61,301.15	5,730.52	MT CO ₂ e
Total GHG Reduction	268,670.60	9,591.73	MT CO ₂ e

NON-GHG EMISSIONS			
	2023	2022	Unit
Nitrogen oxides (NOx)	12,653.96	14,806.23	MT
Sulfur oxides (SOx)	37,019.71	39,850.22	MT
Particulate matter (PM)	3,531.12	2,991.93	MT
Carbon monoxide (CO)	7,698.07	7,500.94	MT
Persistent organic pollutants (POPs)	Not being monitored		

Volatile organic compounds (VOCs)	
Hazardous air pollutants (HAPs)	

ENERGY CONSUMPTION			
	2023	2022	Unit
Energy consumption (renewable sources)	622,457.50	587,338.84	GJ
Energy consumption (non-renewable)	212,596,958.69	187,956,160.89	GJ
Energy consumption (electricity, heating, cooling, steam)	5,685,624.80	3,733,719.05	GJ
Self-generated energy which are not consumed	1,761,108.56	1,266,516.69	GJ
Sold Energy (electricity, heating, cooling, steam)	49,285,854.15	43,575,701.56	GJ
TOTAL NET ENERGY CONSUMPTION	171,380,295.39	149,968,033.90	GJ

ENERGY INTENSITY			
	2023	2022	Unit
Fuel & Oil (Integrated Refinery & Co-Generation Facility)	684	717	GJ / Mn Barrels Crude Processed
Power	6.85	7.47	GJ / MWh
Cement	2.46	N/A	GJ / MT Volume
Other Businesses in Scope	22.90	24.34	GJ / Mn PhP

OPERATIONAL SPENDING ON ENERGY			
	2023	2022	Unit
% Operational spending on energy	32.95	38.26	%
Operational spending on energy	85,860.48	88,164.87	Mn PhP
TOTAL OPERATIONAL SPENDING	260,560.00	230,421.20	Mn PhP

GRID ELECTRICITY			
	2023	2022	Unit
% Grid electricity	3.32	2.49	%
Purchased grid electricity consumption	5,685,624.80	3,733,719.05	GJ
TOTAL ENERGY CONSUMPTION	171,380,295.39	149,968,033.90	GJ

REDUCTION IN ENERGY CONSUMPTION			
	2023	2022	Unit
Fuel reduction	2,318,634.39	67,538.26	GJ
Electricity reduction	309,929.20	35,789.72	GJ
TOTAL ENERGY REDUCTION	2,628,563.58	103,327.98	GJ

WATER CONSUMPTION			
	2023	2022	Unit
Water withdrawal	3,471,354.21	3,064,480.19	ML
Surface water *	1,810.97	1,288.95	ML
Ground water	27,816.38	25,467.74	ML
Sea water	3,359,752.85	2,971,895.76	ML
Rainwater	409.86	474.57	ML
Produced water	254.86	206.30	ML
Third-party water	81,309.29	65,146.88	ML
Water discharged	3,453,834.58	3,047,591.85	ML
Stored water	6.25	(5.50)	ML
TOTAL WATER CONSUMPTION	17,525.88	16,882.83	ML
Water recycled and reused	1,955.23	1,457.40	ML
% Water recycled and reused	1.75	1.57	%

**Excludes fresh water passing through Angat Hydro Power Plant which is not under SMC’s control and does not undergo any processing. The power plant converts the potential energy of water into electrical energy and discharges this as domestic water to Metropolitan Waterworks and Sewerage System (MWSS) and irrigation water to the National Irrigation Administration.*

WATER WITHDRAWAL FROM AREAS WITH WATER STRESS			
	2023	2022	Unit
TOTAL WATER WITHDRAWAL	3,164,534.15	3,061,312.05	ML
Surface water	1,151.85	985.94	ML
Ground water	26,676.37	22,447.55	ML
Sea water	3,054,907.78	2,972,163.30	ML
Rainwater	405.45	469.88	ML
Produced water	254.86	206.29	ML
Third-party water	81,137.84	65,039.08	ML

WATER DISCHARGE BY DESTINATION			
	2023	2022	Unit
TOTAL WATER DISCHARGE	3,453,834.58	3,047,591.85	ML
Surface water	8,631.98	7,706.27	ML
Ground water	423.88	694.45	ML
Sea water	3,365,048.67	2,976,302.03	ML
Third-party water	79,730.05	62,889.10	ML
Total water discharge to areas with water stress	4,283,586.84	2,716,591.85	ML

NON-COMPLIANCE WITH WATER-RELATED LAWS AND REGULATIONS			
	2023	2022	Unit
Total monetary fines for non-compliance	130,738.44	384,000.00	PhP
Incidents for non-compliance (monetary & non-monetary)	5	13	No.

MATERIALS USED			
	2023	2022	Unit
Renewable materials used	5,853,712.38	5,383,035.14	MT
Non-renewable materials used	20,628,022.17	10,292,968.74	MT
TOTAL MATERIALS USED	26,481,734.55	15,676,003.87	MT
% Renewable materials used	22.10	34.34	%
Recycled materials used	1,027,683.61	442,526.92	MT
% Recycled materials used	3.88	2.82	%

COAL ASH MANAGEMENT			
	2023	2022	Unit
TOTAL COAL COMBUSTION RESIDUALS (CCR) GENERATED	616,448.06	566,641.30	MT
Weight of CCR that was reused or reclaimed	744.94	29.68	MT
Weight of CCR recycled (through treatment or processing)	1,393.27	1,655.26	MT
Weight of CCR sent externally for further recycling	270,133.80	290,797.86	MT
% of CCR recycled	44.17%	51.62	%

SOLID WASTE MANAGEMENT (EXCLUDING COAL ASH)			
	2023	2022	Unit
TOTAL SOLID WASTE GENERATED	323,108.92	330,553.20	MT
Reused	3,919.20	1,487.57	MT
Recycled	264,700.28	273,076.70	MT
Other recovery operations	13,099.23	24,055.73	MT
Incineration (with energy recovery)	146.35	170.50	MT
Incineration (without energy recovery)	0.00	6.30	MT
Landfilling	23,312.91	21,194.31	MT
Other disposal operations	17,930.95	10,562.09	MT

SOLID WASTE GENERATED (EXCLUDING COAL ASH)			
	2023	2022	Unit
TOTAL SOLID WASTE GENERATED	323,116.66	330,553.20	MT
Residual, mixed	14,231.74	10,228.68	MT
Biodegradable, mixed	9,177.66	5,999.42	MT
Ferrous metal	5,777.83	6,476.74	MT
Aluminum	1,120.85	1,243.73	MT
Plastic	2,998.78	4,896.81	MT
Wood	1,514.67	1,715.42	MT
Paper and cartons	7,977.01	7,574.06	MT
Glass, cullets, jars	103,284.77	89,983.89	MT
Tires	280.57	176.96	MT
Sacks	2,348.16	2,228.03	MT
Mortalities	321.02	260.58	MT
Feathers, blood, offals	7,660.13	4,650.23	MT
Spent grains, spent yeast	140,745.29	165,220.74	MT
Inorganic sediment, eggshell, filter aid	6,122.64	11,696.26	MT
Organic sludge, scum	19,465.33	18,201.65	MT
Concrete debris	90.20	0.00	MT

SOLID WASTE DIVERTED FROM DISPOSAL			
	2023	2022	Unit
TOTAL SOLID WASTE DIVERTED FROM DISPOSAL	281,711.58	298,620.00	MT
Residual, mixed	25.67	265.32	MT
Biodegradable, mixed	3,940.70	1,319.76	MT
Ferrous metal	5,078.03	5,912.86	MT
Aluminum	1,113.08	1,239.72	MT
Plastic	2,751.89	4,745.14	MT
Wood	1,469.37	1,626.70	MT
Paper and cartons	7,772.63	7,142.65	MT
Glass, cullets, jars	103,283.58	89,983.34	MT
Tires	105.82	148.96	MT
Sacks	2,333.89	2,202.21	MT
Mortalities	311.62	205.60	MT
Feathers, blood, offals	6,464.62	4,623.29	MT
Spent grains, spent yeast	140,745.29	165,216.64	MT
Inorganic sediment, eggshell, filter aid	1,427.88	886.78	MT
Organic sludge, scum	4,884.75	13,101.02	MT
Concrete debris	2.76	0.00	MT

SOLID WASTE DISPOSED			
	2023	2022	Unit
TOTAL SOLID WASTE DISPOSED	41,397.35	31,933.20	MT
Residual, mixed	14,204.26	9,963.36	MT
Biodegradable, mixed	5,236.92	4,679.66	MT
Ferrous metal	699.80	563.88	MT
Aluminum	7.77	4.01	MT
Plastic	246.89	151.68	MT
Wood	45.30	88.72	MT
Paper and cartons	203.94	431.42	MT
Glass, cullets, jars	1.18	0.55	MT
Tires	169.34	28.01	MT
Sacks	14.27	25.82	MT

Mortalities	9.40	54.98	MT
Feathers, blood, offals	1,195.51	26.93	MT
Spent grains, spent yeast	0.00	4.10	MT
Inorganic sediment, eggshell, filter aid	4,694.76	10,809.48	MT
Organic sludge, scum	14,580.58	5,100.63	MT
Concrete debris	87.44	0.00	MT

HAZARDOUS WASTE MANAGEMENT			
	2023	2022	Unit
Total hazardous waste generated	7,893.45	9,552.91	MT
Total hazardous waste transported	10,532.94	8,855.71	MT

HAZARDOUS WASTE GENERATED			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE GENERATED	7,893.45	9,552.91	MT
A-Cyanide waste	1.14	1.45	MT
B-Acid waste	13.64	29.11	MT
C-Alkali waste	32.12	26.48	MT
D405-Chromium waste	1.32	3.02	MT
D406-Lead compounds	86.55	94.09	MT
D407-Mercury and compounds	26.74	16.07	MT
D-Other inorganic chemicals	12.69	10.41	MT
E-Reactive chemical waste	76.29	2,745.98	MT
F-Inks/Dyes/Resins/Organic sludge	221.69	288.79	MT
G-Waste organic solvents	164.20	227.94	MT
H-Organic waste	940.21	127.13	MT
I-Used oil and sludge	5,926.30	5,585.53	MT
J-Containers	321.11	282.45	MT
K-Stabilized wastes	-	-	MT
L-Organic chemicals	1.30	0.03	MT
M501-Infectious waste	4.87	2.99	MT
M502-Asbestos waste	0.24	0.00	MT
M503-Pharma and drugs	6.74	0.11	MT
M504-Pesticide	-	-	MT
M505-POPS	-	-	MT
M506-WEEE	56.31	111.34	MT

HAZARDOUS WASTE TRANSPORTED			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE TRANSPORTED	10,532.94	8,855.71	MT
Reused	45.90	113.89	MT
Recycled	4,203.57	2,548.14	MT
Other recovery operations	1,064.08	540.84	MT
Incineration (with energy recovery)	256.59	201.61	MT
Incineration (without energy recovery)	193.42	224.40	MT
Landfilling	18.88	60.75	MT
Other disposal operations	4,748.19	5,166.09	MT

HAZARDOUS WASTE DIVERTED FROM DISPOSAL			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE DIVERTED FROM DISPOSAL	5,324.42	3,202.86	MT
A-Cyanide waste	-	-	MT
B-Acid waste	-	-	MT

C-Alkali waste	-	-	MT
D405-Chromium waste	-	0.33	MT
D406-Lead compound	27.63	20.53	MT
D407-Mercury and compound	12.48	1.24	MT
D-Other inorganic chemicals	0.83	6.16	MT
E-Reactive chemical waste	-	0.15	MT
F-Inks/Dyes/Resins/Organic sludge	162.37	62.14	MT
G-Waste organic solvents	114.01	145.14	MT
H-Organic waste	775.15	1.54	MT
I-Used oil and sludge	4,032.04	2,731.37	MT
J-Containers	153.61	221.17	MT
K-Stabilized waste	-	-	MT
L-Organic chemicals	-	-	MT
M501-Infectious waste	0.10	-	MT
M502-Asbestos waste	-	-	MT
M503-Pharma and drugs	-	-	MT
M504-Pesticide	-	-	MT
M505-POPS	-	-	MT
M506-WEEE	46.20	13.10	MT

HAZARDOUS WASTE DISPOSED			
	2023	2022	Unit
TOTAL HAZARDOUS WASTE DISPOSED	5,220.13	5,652.86	MT
A-Cyanide waste	1.00	1.34	MT
B-Acid waste	12.11	15.01	MT
C-Alkali waste	48.04	16.31	MT
D405-Chromium waste	0.23	0.78	MT
D406-Lead compounds	78.53	60.48	MT
D407-Mercury and compounds	7.94	8.49	MT
D-Other inorganic chemicals	6.65	0.42	MT
E-Reactive chemical wastes	889.65	668.02	MT
F-Inks/Dyes/Resins/Organic sludge	32.49	80.66	MT
G-Waste organic solvents	2.28	8.80	MT
H-Organic waste	93.60	78.82	MT
I-Used oil and sludge	3,996.49	4,691.00	MT
J-Containers	24.75	4.31	MT
K-Stabilized waste	-	-	MT
L-Organic chemicals	-	-	MT
M501-Infectious waste	1.31	2.00	MT
M502-Asbestos waste	0.24	-	MT
M503-Pharma and drugs	5.32	0.01	MT
M504-Pesticide	-	-	MT
M505-POPS	-	-	MT
M506-WEEE	19.51	16.40	MT

ECOSYSTEM AND BIODIVERSITY			
	2023	2022	Unit
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside of protected areas	11	9	No.
Habitats protected or restored	1,861.80	112.74	Ha.
IUCN red list species and national conservation list species with habitats in areas affected by operations	29	14	No.

NON-COMPLIANCE WITH OTHER ENVIRONMENTAL-RELATED LAWS AND REGULATIONS			
	2023	2022	Unit
Total monetary fines for non-compliance	337,991.83	Not yet being monitored	PhP
Incidents for non-compliance (monetary & non-monetary)	6		No.

C. Social

All employee-related data exclude those on SMC personnel working in foreign operations and in subsidiaries not within the scope of this Report.

NUMBER OF EMPLOYEES BY POSITION						
	2023			2022		
	Number	% to Total	% to Regular	Number	% to Total	% to Regular
Regular employees	47,208	88%	100%	44,027	88%	100%
Officer	262	0.5%	1%	265	0.5%	1%
Middle manager	1,644	3%	3%	1,367	3%	3%
Rank and file	45,302	85%	96%	42,395	85%	96%
Consultants	281	1%		182	0.4%	
Project-based employees	5,868	11%		5,799	12%	
TOTAL EMPLOYEES	53,357	100%		50,008	100%	

NUMBER OF EMPLOYEES BY AGE				
	2023		2022	
	Number	% to Total	Number	% to Total
Under 30 years old	20,356	38%	18,559	37%
Between 30 and 50 years old	28,992	54%	27,504	55%
Over 50 years old	4,009	8%	3,945	8%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

NUMBER OF EMPLOYEES BY GENDER				
	2023		2022	
	Number	% to Total	Number	% to Total
Women	15,011	28%	13,582	27%
Men	38,346	72%	36,426	73%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

NUMBER OF EMPLOYEES BY WORK LOCATION				
	2023		2022	
	Number	% to Total	Number	% to Total
NCR	15,769	29%	14,989	30%
North Luzon	7,997	16%	7,892	16%
South Luzon	19,317	37%	18,299	37%
Visayas	4,740	9%	3,982	8%
Mindanao	5,534	9%	4,846	10%
TOTAL EMPLOYEES	53,357	100%	50,008	100%

TRAINING HOURS BY POSITION				
	2023		2022	
	Total Hours	Ave. Hours / Head	Total Hours	Ave. Hours / Head
Officer	3,937	16	4,979	19
Middle manager	54,551	35	35,105	26
Rank and file	1,264,778	28	553,279	13
TOTAL	1,323,266	28	593,363	14

TRAINING HOURS BY GENDER				
	2023		2022	
	Total Hours	Ave. Hours / Head	Total Hours	Ave. Hours / Head
Women	353,661	24	163,381	13
Men	969,605	25	429,982	14
TOTAL	1,323,266	25	593,363	14

PERFORMANCE REVIEW BY POSITION						
	2023			2022		
	No. of Reg. Employees	Received Reviews	% to Total	No. of Reg. Employees	Received Reviews	% to Total
Officer	262	239	91%	265	219	83%
Middle manager	1,644	1,414	86%	1,367	1,165	85%
Rank and file	45,302	34,617	76%	42,395	20,805	49%
TOTAL	47,208	36,260	77%	44,027	22,189	50%

PERFORMANCE REVIEW BY GENDER						
	2023			2022		
	No. of Reg. Employees	Received Reviews	% to Total	No. of Reg. Employees	Received Reviews	% to Total
Women	13,207	10,498	79%	11,890	7,252	61%
Men	34,001	25,772	76%	32,137	14,937	46%
TOTAL	47,208	36,270	77%	44,027	22,189	50%

CAREER DEVELOPMENT REVIEW BY POSITION			
2023			
	Total No. of Employees	Received Reviews	% to Total
Officer	262	212	81%
Middle manager	1,644	913	56%
Rank and file	45,302	28,736	63%
TOTAL	47,208	29,861	63%

CAREER DEVELOPMENT REVIEW BY GENDER			
2023			
	Total No. of Employees	Received Reviews	% to Total
Women	13,207	8,321	63%
Men	34,001	21,540	63%
TOTAL	47,208	29,861	63%

SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES AND PROCEDURES*		
	2022	2023
Total number of security personnel	3,154	3,224
Security personnel trained in human rights	1,889	2,341
% Security personnel trained	60%	73%

*All security personnel are third-party contracted.

COLLECTIVE BARGAINING AGREEMENTS (CBAs)		
	2023	2022
Active CBAs	34	34
Total members	5,046	5,059

EMPLOYEES COVERED BY OCCUPATIONAL SAFETY AND HEALTH (OSH) MANAGEMENT SYSTEM		
	2023	2022
Employees covered by an OSH management system	44,063	45,797
Employees covered by an OSH management system that have been internally audited	39,880	19,468
Employees covered by an OSH management system that have been externally audited	33,478	16,816

WORK-RELATED INJURIES		
	2023	2022
Fatalities as a result of work-related injuries	1	2
Rate of fatalities as a result of work-related injuries	0.01	0.02
High-consequence work-related injuries	58	44
Rate of high-consequence work-related injuries	0.49	0.44
Recordable work-related injuries	451	593
Total employee hours worked	117,559,024	99,908,405

WORK-RELATED ILL HEALTH		
	2023	2022
Fatalities as a result of work-related ill-health	1	-
Rate of fatalities as a result of work-related ill-health	0.01	0.00
Recordable work-related ill-health	1,307	1,454
Rate of recordable work-related ill-health	11.12	14.55

AVAILMENT OF EMPLOYEE BENEFITS				
Parental Leave				
	2023		2022	
	Count	%	Count	%
Women	541	4%	954	7%
Men	1,737	5%	2,917	9%

AVAILMENT OF EMPLOYEE BENEFITS		
2023		
	Count	%
SSS		
Women	4,499	34%
Men	12,599	37%
PhilHealth		
Women	2,104	16%
Men	6,472	19%
Pag-ibig		
Women	4,194	32%
Men	10,767	32%
Vacation Leave		
Women	8,331	63%
Men	20,348	60%
Sick Leave		
Women	6,294	48%
Men	14,264	42%
Medical Benefits (aside from PhilHealth)		
Women	7,348	56%
Men	17,873	53%

PRODUCT AND SERVICE INFORMATION AND LABELLING		
	2023	2022
% Significant product or service categories covered by and assessed for compliance with requirements for product and service information and labelling	100%	100%
Total incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling	0	5
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations resulting in a warning	0	5
Incidents of non-compliance with voluntary codes	0	0

MARKETING COMMUNICATIONS		
	2023	2022
Incidents of non-compliance with regulations concerning marketing communications resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations concerning marketing communications resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	0

PRODUCT SAFETY-RELATED RECALLS		
	2023	2022
Total product safety-related recalls, including:	0	0
Voluntary recalls	0	0
Involuntary recalls	0	0

EMERGING MATERIALS AND CHEMICALS OF CONCERNS		
2023	2022	
Each business closely monitors emerging materials and chemicals of concern along with industry peers and the concerned government agency, such as the FDA. We reach out to international associations, such as the ASEAN Food and Beverage Association, to gather more information and learn from other countries.	Ethylene Oxide (EtO)	

FOOD SAFETY		
	2023	2022
Total notices of violation received that substantiate a violation of advisory and administrative code(s), statute(s), or other requirement(s) related to food safety	0	0
% Notices of violations received related to food safety that was corrected.	0%	0%
Notices of violations corrected	0	0
Total notices of violation received	0	0

LOCAL COMMUNITY ENGAGEMENTS				
Program	Project	As of December 31, 2023	As of December 31, 2022	Unit
Education	Scholarships	2,541	2,844	Students
	Short-term courses	1,162	25	Students
	Brigada Eskwela	1,446	1,850	Classrooms
		263	120	Schools

Health	Community clinics	2,102	1,284	Patients
		13,700	10,316	Consultations
		8	8	Clinics
	Feeding	69,849	76,962	Meals
	1,000 Days project	508	340	Patients
	Medical missions	6,451	9,000	Patients
		10	9	Areas
		0	200	Hygiene Kits / Person
Enterprise	Livelihood assistance	323	126	Persons
		17	5	Areas
		12	3	People's Organizations
Housing	Housing and water provision	No new houses constructed	280,359	Houses
Infrastructure	Road access	22,769,822	19,644,794	Vehicles / Motorists
Environmental	Restoration & conservation	27	58	Sites
	Coral rescue program	220	100	Square Meters
		55	25	Species
		29	25	Kilo Biomass
	Backyard Bukid	4	1	Sites
		71	25	Members
		81,210	-	Revenues
Better World Tondo	Membership services	2,220	1,800	Persons
		444	365	Families
		162	192	Students
Better World Smokey Mountain (started in September 2023)	Membership services	1,916	N/A	Persons
		1,287	N/A	Families
		760	N/A	Students
Better World Cubao	Membership services	556	665	Women
Better World Diliman	Farmer's produce program	Temporarily Closed	4,500	Farmers

D. Governance

PROCUREMENT SPEND			
	2023	2022	Unit
Procurement spend on local suppliers*	181,414.14	200,498.63	Mn PhP
Procurement spend on foreign suppliers	107,099.86	176,372.23	Mn PhP
TOTAL PROCUREMENT SPEND	288,514.00	376,870.86	Mn PhP

*A local supplier is a business whose address is in the Philippines.

NUMBER OF SUPPLIERS BY LOCATION		
	2023	2022
Local suppliers	5,375	5,852
Foreign suppliers	508	595
TOTAL SUPPLIERS	5,883	6,447

NUMBER OF SUPPLIERS BY CLASSIFICATION		
	2023	2022
Tier 1 suppliers	40	263
Non-Tier 1 suppliers	5,843	6,184
TOTAL SUPPLIERS	5,883	6,447

COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES		
	2023	2022
% Directors to whom the organization’s anti-corruption policies and procedures have been cascaded	100%	100%
% Officers to whom the organization’s anti-corruption policies and procedures have been cascaded	100%	100%

COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY		
	2023	2022
Complaints received from outside parties and substantiated by the organization	0	0
Complaints from regulatory bodies	0	0

LEAKS, THEFTS, OR LOSSES OF CUSTOMER DATA		
	2023	2022
Identified leaks, thefts, or losses of customer data	0	0

6.3 Our Material Topics

GRI 3-2

Top 8 High Priority ESG material issues		
Ranking	Material Issue	Definition
1	Climate Change Action ¹	Taking proactive action to build resilience to climate change impacts across the business by incorporating climate change risks and opportunities into decision making
2	Resource Management ²	Efficiently and sustainably managing the company's resources (i.e., energy, water, waste) and other materials that are required to produce their products and services
3	Sustainable Supply Chain	Managing ESG risks within a company's supply chain and ensuring sustainable and responsible procurement practices
4	Customer Welfare and Responsibility	Managing societal expectations, ensuring a smooth customer experience, and listening and responding to customer feedback. This also includes treating customers fairly in the conduct of our business, as well as providing them with accurate, adequate, and easily understood information on the services they receive
5	Employee Engagement, Training and Development	Employee training and development refers to the continued efforts of an organization to boost the performance of its employees. Companies aim to train and develop employees by using an array of educational methods and programs
6	Circular Economy	Reducing waste generation and optimizing the use of valuable materials. Focusing on developing a circular economy by transforming used materials into new materials and products
7	Community Engagement	Supporting community development to improve the quality of life and reduce social inequality
8	Business Ethics and Compliance	The ethical conduct of a business includes risks associated with corruption, fraud, and conflicts of interest as well as compliance with all regulations and laws. It also extends to ensuring the organization's values, principles, standards, and norms of behavior (e.g., code of conduct and code of ethics) are developed and implemented
Moderate Priority ESG material issues		
Ranking	Material Issue	Definition
9	Biodiversity and Ecosystems	The impact that the business has on biodiversity and natural ecosystems (both land and ocean) and any initiatives taken to mitigate or restore the natural state
10	Employee Health and Safety	Employee health and safety is defined as SMC's ability to create and maintain a safe and healthy workplace environment that is free of injuries, accidents, fatalities, and illnesses
11	Human Rights and Labor Practices	Upholding human rights and labor standards in the workplace and across your supply chain, including compliance with labor laws and internationally accepted norms and standards such as the UN Guiding Principles on Business and Human Rights and the International Labor Organization (ILO)

12	Risk Management	Encompasses the processes of identifying, assessing, and controlling threats to SMC's capital and earnings. These risks stem from a variety of sources including financial uncertainties, legal liabilities, technology issues, strategic management errors, accidents, and natural disasters
13	Innovation and Product Quality	Innovate, produce, and improve the quality of products and services that meet customers' expectations. This also includes the incorporation of ESG considerations in the characteristics of products and services (e.g., health and safety, and management of the life cycle impacts of products and services)
14	Digital Transformation	Using technology, such as AI and robotics, and the evolving digital landscape to understand customer preferences and trends to drive efficiency and value creation
15	Diversity, Equity, and Inclusion	Diversity refers to a mixed and balanced representation of workers in the organization, regarding race, gender, ethnicity, religion, and other group identities; Inclusion refers to a workplace where there are equal opportunities for contribution and influence
16	Data Privacy and Security	The management of customer data confidentiality, mitigation of data breach risks and protection of personal data from unauthorized access or attacks. This includes policies with regards to collecting data, obtaining consent, and managing user expectations regarding how data is used

Legend: E-Environmental, S-Social, G-Governance

¹ Merged GHG Emissions and Climate Change Resiliency

² Merged Water Security and Energy Management

Note: Economic performance is not included in the list, as this will be thoroughly discussed in our 2022 Annual Report

6.4 Contributions to the UN SDGs

At San Miguel, there are many ways our sustainability programs and initiatives align with the global goals. The following shows how our sustainability agenda and material ESG topics correspond and contribute to the UN SDGs.

Sustainability Pillars	Material Topics	Contributing to the Following UN SDGs
Kalikasan (Good for Planet)	Climate Change Action	7 RENEWABLE AND CLEAN ENERGY 13 CLIMATE ACTION
	Resource Management	6 CLEAN WATER AND SANITATION 7 RENEWABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	Circular Economy	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	Biodiversity and Ecosystems	13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND
Kalinga (Good for People)	Human Rights and Labor Practices	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
	Employee Health and Safety	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
	Employee Engagement, Training, and Development	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
	Diversity and Inclusion	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
	Customer Welfare and Responsibility	3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Community Engagement	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Kasaganahan (Good for Progress)	Sustainable Supply Chain	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
	Business Ethics and Compliance	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Risk Management	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
	Digital Transformation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
	Data Privacy and Security	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

6.5 List of Membership Associations

GRI 2-28

MEMBERSHIPS IN ASSOCIATIONS
Airports Council International (ACI)
Association of Foundations (AF)
Association of Petrochemical Manufacturers of the Philippines (APMP)
Beverage Industry Assoc of the Phils. (BIAP)
Business for Sustainable Development (BSD)
European Chamber of Commerce of the Philippines (ECCP)
Federation of Philippine Industries (FPI)
Glass Manufacturers Association of the Philippines (GMAPI)
Go Negosyo
Integrated Mining Information and Education Region 1 (I-MINE)
League of Corporate Foundations (LCF)
LPG Industry Association (LPGIA)
Makati Business Club (MBC)
Philippine Alliance for Resource and Materials Sustainability (PARMS)
Philippine Association of Feed Millers Inc. (PAFMI)
Philippine Business for Social Progress (PBSP)
Philippine Chamber of Commerce and Industry (PCCI)
Philippine Chamber of Food Manufacturers Inc. (PCFMI)
Philippine Coalition on Volunteerism Inc. (PhilCV)
Philippine Council for NGO Certification (PCNC)
Philippine Disaster and Resilience Foundation Inc. (PDRF)
Philippine Electricity Market Board (PEMB)
Philippine Electricity Market Corporation (PEMC)
Philippine Independent Power Producers Association (PIPPA)
Philippine Institute of Petroleum (PIP)
Pollution Control Association of the Philippines (PCAP)
Retail Electricity Suppliers Association (RESA)
Safety Organization of the Philippines, Inc. (SOFI)
United Nations Global Compact (UNGC) Global Compact Network Philippines (GCNP)

6.6 List of Accreditations and Certifications

GRI 403-1 | GRI 403-2 | GRI 416-1

LIST OF ACCREDITATIONS AND CERTIFICATIONS-		
CERTIFICATIONS	BUSINESS UNIT	FACILITY/LOCATION
ISO 9001:2015 Quality Management Systems	GSMI	Distileria Bago, Inc.
		East Pacific Star Bottlers Phils. Inc. - Cauayan Plant
		East Pacific Star Bottlers Phils. Inc. -Ligao Plant
		GSMI Cabuyao Plant
		GSMI Mandaue Plant
		GSMI Sta. Barbara Plant
	Food	B-Meg Plant - Bataan 1 & 2
		B-Meg Plant - Bukidnon
		B-Meg Plant - Bulacan

		B-Meg Plant - Cebu
		B-Meg Plant - Davao del Sur
		B-Meg Plant - Iloilo 2
		B-Meg Plant - Isabela 1 & 2
		B-Meg Plant - Leyte
		B-Meg Plant - Misamis Oriental 2
		B-Meg Plant - Pangasinan
		B-Meg Plant - Tarlac
		Magnolia Poultry Products Plant - Leyte
		Purefoods-Hormel Cavite Plant 1 & 2
		Ready-to-Eat Plant - Sta. Rosa, Laguna
		Poultry Bataan (tolled)
		PureBev International Corp. (tolled)
	Packaging	Manila Glass Plant
	Petron	Petron Bataan Refinery
		Amlan Terminal
		Bacolod Terminal
		Batangas Terminal
		Bawing Terminal
		Davao Terminal
		Iligan Terminal
		Isabel Terminal
		Jimenez Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legazpi Terminal
		Limay Terminal
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Navotas Terminal
		Nasipit Terminal
		Navotas Terminal
		New Lube Oil Blending Plant
		Ormoc Terminal
		Palawan Terminal
		Pasacao Terminal
		Pasig Terminal
		Poro Terminal
		Rosario Terminal
		Roxas Terminal
		San Fernando Terminal
		Subic Blending Plant
		Tacloban Terminal
		Tagoloan Terminal
		Zamboanga Terminal
	SMGP	Limay Power Plant
		Malita Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	Cement	Eagle Bulacan Plant
		NCC Pangasinan Plant
	SMITS	SMC Data Center
	SMCSL	Harbor Center

ISO 14001:2015 Environmental Management Systems	GSMI	East Pacific Star Bottlers Phils. Inc. - Ligao Plant
		GSMI Mandaue Plant
		GSMI Sta. Barbara Plant
	Food	Purefoods-Hormel Cavite Plant 1 & 2
	Petron	Petron Bataan Refinery
		Amlan Terminal
		Bacolod Terminal
		Batangas Terminal
		Bawing Terminal
		Davao Terminal
		Iligan Terminal
		Isabel Terminal
		Jimenez Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legazpi Terminal
		Limay Terminal
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Nasipit Terminal
		Navotas Terminal
		Ormoc Terminal
		Palawan Terminal
		Pasacao Terminal
		Pasig Terminal
		Poro Terminal
		Rosario Terminal
		Roxas City Terminal
		San Fernando Terminal
		Subic Blending Plant
		Tacloban Terminal
		Tagoloan Terminal
		Zamboanga Terminal
	SMGP	Limay Power Plant
		Masinloc Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	Cement	Eagle Bulacan Plant
		NCC Pangasinan Plant
	SMCSL	Harbor Center
ISO 15378:2017 Manufacture of Glass Containers for Pharmaceutical Industry	Packaging	Manila Glass Plant
ISO 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories	SMB	Polo Brewery - Central Analytical Laboratory
ISO 22000:2018 Food Safety Management Systems	GSMI	East Pacific Star Bottlers Phils. - Cauayan Plant
FSSC 22000 Food Safety Management System	SMB	Polo Brewery
	GSMI	Distileria Bago, Inc.
	Food	Magnolia Plant - Cavite

		Magnolia Poultry Products Plant – Davao del Sur
		Magnolia Poultry Products Plant – Leyte
		Purefoods-Hormel Cavite Plant 1 & 2
		Ready-to-Eat Plant - Sta. Rosa, Laguna
		San Miguel Mills, Inc. - Mabini Plant
		San Miguel Mills, Inc. - Tabangao Plant
		Poultry Bataan (tolled)
		Poultry Isabela (tolled)
		Poultry La Union (tolled)
		Poultry Lucena (tolled)
		PureBev International Corp. (tolled)
	Packaging	Can Asia, Inc.
		Cebu Glass Plant
		Manila Glass Plant
		Metal Closure & Lithography Plant Cebu
		Metal Closure & Lithography Plant San Fernando
		Rightpak Plant
		San Fernando Beverage Packaging Plant
		San Miguel Yamamura Glass Plant
ISO 22301:2019 Business Continuity Management Systems	SMGP	Malita Power Plant
ISO 45001:2018 Occupational Health & Safety Management System	GSMI	GSMI Mandaue Plant
	Petron	Petron Bataan Refinery
		Amlan Terminal
		Bacolod Terminal
		Batangas Terminal
		Bawing Terminal
		Davao Terminal
		Iligan Terminal
		Iloilo Terminal
		Isabel Terminal
		Jimenez Terminal
		Joint Oil Companies Aviation Fuel Storage Plant
		Legazpi Terminal
		Limay Refinery
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Nasipit Terminal
		Navotas Terminal
		Ormoc Terminal
		Palawan Terminal
		Pasacao Terminal
		Pasig Terminal
		Poro Terminal
		Rosario Terminal
		Roxas City Terminal
		San Fernando Terminal
		Subic Blending Plant
		Tacloban Terminal
		Tagoloan Terminal
		Zamboanga Terminal

	SMGP	Malita Power Plant
		Masinloc Power Plant
	SMHC	Manila Toll Expressway Systems, Inc.
		Skyway Operations & Maintenance Corp.
	Cement	Eagle Bulacan Plant
		NCC Pangasinan Plant
	SMCSL	Harbor Center
ISO 55001:2014 Asset Management System	SMGP	Malita Power Plant
ISPS CODE International Ship & Port Facility Security Code	Petron	Bacolod Terminal
		Batangas Terminal
		Bawing Terminal
		Davao Terminal
		Iligan Terminal
		Mactan Aviation Fuel Storage
		Mandaue Terminal
		Ormoc Terminal
		Palawan Terminal
		Rosario Terminal
		Roxas City Terminal
		Tagoloan Terminal
		Zamboanga Terminal
FSC-STD-40-004 V3-0 Forest Stewardship Council Chain of Custody Certification	Packaging	Mindanao Corrugated Fibreboard, Inc.
HACCP Hazard Analysis Critical Control Points	SMB	Bacolod Brewery
		Davao Brewery
		Mandaue Brewery
		Polo Brewery
		San Fernando Brewery
		Sta. Rosa Brewery
		Tagoloan Brewery
	GSMI	Distileria Bago, Inc.
	Food	Magnolia Plant Cavite
		Magnolia Ice Cream Plant
		Magnolia Poultry Products Plant – Leyte
		Purefoods-Hormel Cavite Plant 1 & 2
		Ready-to-Eat Plant - Sta. Rosa, Laguna
		San Miguel Mills, Inc. - Mabini Plant
		San Miguel Mills, Inc. - Tabangao Plant
		Icy Point Cold Storage & Processing Corp. (tolled)
		PureBev International Corp. (tolled)
		Poultry Bataan (tolled)
		Poultry La Union (tolled)
		Poultry Lucena (tolled)
		Poultry Nueva Ecija (tolled)
		Poultry Pampanga (tolled)
		Poultry Rizal (tolled)
		Poultry Tarlac (tolled)
		Poultry Bacolod (tolled)
		Poultry Butuan (tolled)
		Poultry El Salvador (tolled)

		Poultry Iloilo (tolled)
		Poultry Tagoloan (tolled)
GMP Standards for Good Manufacturing Practices	SMB	Bacolod Brewery
		Davao Brewery
		Mandaue Brewery
		Polo Brewery
		San Fernando Brewery
		Sta. Rosa Brewery
		Tagoloan Brewery
	GSMI	Distileria Bago, Inc.
	Food	Magnolia Plant Cavite
		Magnolia Ice Cream Plant
		Magnolia Poultry Products Plant - Camarines Sur
		Magnolia Poultry Products Plant - Cebu
		Magnolia Poultry Products Plant - Davao del Sur
		Magnolia Poultry Products Plant - Leyte
		Purefoods-Hormel Cavite Plant 1 & 2
		Purefoods-Hormel Cavite Plant 3
		Ready-to-Eat Plant Sta. Rosa, Laguna
		San Miguel Mills, Inc. Mabini Plant
		San Miguel Mills, Inc. Tabangao Plant
		Icy Point Cold Storage and Processing Corp. (tolled)
		PureBev International Corp. (tolled)
		Poultry La Union (tolled)
		Poultry Tarlac (tolled)
		Poultry Bacolod (tolled)
		Poultry Butuan (tolled)
		Poultry Dumaguete (tolled)
		Poultry Iloilo (tolled)
		Poultry Lucena (tolled)
		Poultry Palawan (tolled)
		Poultry Rizal (tolled)
		Poultry Tagoloan (tolled)
HALAL	GSMI	Distileria Bago, Inc.
	Food	Magnolia Ice Cream Plant
		Icy Point Cold Storage and Processing Corp. (tolled)
	Packaging	Metal Closure & Lithography Plant – San Fernando
		Mindanao Corrugated Fibreboard, Inc.
		Rightpak Plant

6.7 List of Abbreviations

Abbreviation	Meaning
ACGS	ASEAN Corporate Governance Scorecard
ASEAN	Association of Southeast Asian Nations
BAI	Bureau of Animal Industry
BankCom	Bank of Commerce
BCM	Business Continuity Management
BESS	Battery Energy Storage Systems
BPO	Business Process Outsourcing
BU	Business Unit
CBA	Collective Bargaining Agreement
CBEX	Cavite-Batangas Expressway
CCR	Coal Combustion Residuals
CEDAR	Center for Ecological Development and Recreation
CeMAP	Cement Manufacturers Association of the Philippines
CEMS	Continuous Emissions Monitoring System
CEO	Chief Executive Officer
CFB	Circulating Fluidized Bed
CHR	Corporate Human Resources
CIS	Center for Internet Security
CO2	Carbon Dioxide
COP	Compliance Officer for Privacy
COP28	28th UN Conference of the Parties
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
CSU	Corporate Service Unit
CTSG	Corporate Technical Services Group
DA	Department of Agriculture
DENR	Department of Natural Resources
DOH	Department of Health
DOLE	Department of Labor and Employment
DPA	Data Privacy Act
DPAAT	Data Privacy Act Awareness Training
DPO	Data Protection Officer
DPS	Data Processing System
DPSO	Data Privacy and Security Office
ECC	Eagle Cement Corporation
EPR	Extended Producer Responsibility
ERC	Energy Regulatory Commission
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
FDA	Food and Drug Administration
FGRS	Flare Gas Recovery System
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
GSM	Ginebra San Miguel
GSMI	Ginebra San Miguel Inc.
HELE	High Efficiency, Low Emissions
IEA	International Energy Agency
ILO	International Labor Organization
IMS	Integrated Management Systems

IP	Indigenous Peoples
ISMS	Information Security Management System
ISO	International Organization for Standardization
IT	Information Technology
IUCN	International Union for Conservation of Nature
LED	Light Emitting Diode
LGU	Local Government Unit
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MTPA	Million tons per annum
MWSS	Metropolitan Waterworks and Sewerage System
NAB	Non-Alcoholic Beverages
NAIAx	NAIA Expressway
NALEX	Northern Access Link Expressway
NBEX	Nasugbu-Bauan Expressway
NCC	Northern Cement Corporation
NDC	Nationally Determined Contribution
NGP	National Greening Program
NIST	National Institute of Standards and Technology
NMIA	Manila International Airport
NMIS	National Meat Inspection Commission
NOLO	No and Low
NOx	Nitrogen Oxide
NPC	National Privacy Commission
OSH	Occupational Safety and Health
PAGASA	Philippine Atmospheric, Geophysical, and Astronomical Services Administration
PARMS	Philippine Alliance for Resource and Materials Sustainability
PBR	Petron Bataan Refinery
PCX	Plastic Credit Exchange
PDEX	Philippine Dealing & Exchange Corp.
PET	Polyethylene terephthalate
PGG	Procurement Governance Group
PHC	The Purefoods-Hormel Corporation, Inc.
PIA	Privacy Impact Assessment
PPP	Public-Private Partnership
PRO	Producer Responsibility Organization
PSE	Philippine Stock Exchange
RE	Renewable Energy
RO-UF	Reverse Osmosis Ultrafiltration
SALEX	Southern Access Link Expressway
SASB	Sustainability Accounting Standards Board
SCII	Southern Concrete Industries, Inc.
SEC	Securities and Exchange Commission
SLEX	South Luzon Expressway
SMB	San Miguel Brewery, Inc.
SMC	San Miguel Corporation
SMCSL	SMC Shipping and Lighterage Inc.
SMEII	San Miguel Equity Investment Inc.
SMF	San Miguel Foods
SMFB	San Miguel Food and Beverage Inc
SMFI	San Miguel Foods, Inc.
SMGA	San Miguel Group Audit
SMGP	San Miguel Global Power Holdings Corp.

SMHC	San Miguel Holdings Corporation
SMILSI	San Miguel Integrated Logistics Services, Inc.
SMITS	San Miguel Information Technology Services, Inc.
SMMI	San Miguel Mills, Inc.
SMPI	San Miguel Properties Inc.
SMYGP	San Miguel Yamamura Glass Plant
SMYPC	San Miguel Yamamura Packaging Corporation
SOC	Security Operations Center
SOx	Sulfur Oxides
SPPC	South Premiere Power Corporation
STAR	Southern Tagalog Arterial Road
TCFD	Task Force for Carbon Related Disclosure
TESDA	Technical Education and Skills Development Authority
TPLEX	Tarlac-Pangasinan-La Union Expressway
TWG	Technical Working Group
UN	United Nations
UN SDGs	United Nations Sustainable Development Goals
VAPT	Vulnerability Assessment and Penetration Testing
VFD	Variable Frequency Drive
WBC	Whistleblowing Committee
WWTF	Waste Water Treatment Facility

6.8 List of Measurements

Measurement	Meaning
%	Percent
B	Billion
BTU	British Thermal Unit
GJ	Gigajoule
GT	Gigaton
HA	Hectares
KG	Kilograms
kWh	Kilowatt-Hour
kWp	Kilowatt Peak
M2	Square Meters
M3	Cubic Meter
ML	Million Liters
Mn	Million
MT	Metric Ton
MTPA	Million Ton Per Annum
MTPY	Metric Ton Per Year
MT CO ₂ e	Metric Ton of Carbon Dioxide Equivalent
MW	Megawatt
MWh	Megawatt-Hour
No.	Number
PhP	Philippine Peso

6.9 List of Filipino Word Translations

Filipino Word	English Translation
<i>Ambisyon Natin 2040</i>	Ambisyon Natin 2040, translated in English as "Our Ambition 2040", represents the collective vision and aspirations of the Philippines, targeting a significant transformation by the year 2040 to establish a prosperous, inclusive society where poverty is eradicated, and all citizens enjoy high-quality, healthy, and fulfilling lives. It articulates the country's strategic direction towards sustainable development, emphasizing innovation, environmental stewardship, and social cohesion to ensure a resilient and equitable future for all Filipinos.
<i>Barangay</i>	The smallest administrative division in the Philippines, which is a common unit of engagement for community initiatives and programs.
<i>Bayanihan</i>	Bayanihan is a traditional Filipino concept that exemplifies the spirit of communal unity, cooperation, and support to achieve a common goal. It highlights the cultural value of helping one another, often manifested through collective efforts such as moving a neighbor's house or coming together for community projects, underscoring the deep-rooted sense of community and solidarity among Filipinos.
<i>Brigada Eskwela</i>	The term "Brigada Eskwela," translated in English as "School Brigade," is a nationwide initiative in the Philippines promoting volunteerism and collective community action to prepare public elementary and high schools for the upcoming school year. It is a collaborative effort where teachers, parents, students, and various community members clean, repair, and beautify schools, including tasks like painting, fixing furniture, and landscaping. Additionally, the initiative emphasizes the importance of readiness for emergencies by assembling emergency kits and conducting safety drills, showcasing the Filipino community's dedication to providing a secure and nurturing learning environment for children.
<i>Kalikasan</i>	The Filipino word "kalikasan" refers to nature or Mother Earth. It is a term that is deeply ingrained in Filipino culture, as our country is known for its diverse and rich natural resources, including its forests, mountains, and bodies of water. It highlights the importance of preserving and protecting the natural world for future generations. It is a word that evokes a sense of awe and appreciation for the beauty and complexity of the natural world, as well as a sense of responsibility to protect it.
<i>Kalinga</i>	The Filipino word "kalinga" is a word that connotes care or compassion for people, particularly for those who are vulnerable or in need. The concept of kalinga embodies the Filipino value of "bayanihan" or collective effort, which is the Filipino tradition of community and mutual support, especially in times of challenges. Kalinga also means protecting or guarding, especially keeping someone safe from harm or danger.
<i>Kasaganahan</i>	The Filipino word "kasaganahan" refers to abundance, prosperity, or plenty. It is a word that conveys a sense of great prosperity, whether in terms of resources or opportunities. Kasaganahan is a word that is often used to describe the potential for growth and development in the Philippines. The word further embodies the Filipino value of optimism and resilience, as it suggests a belief in the abundance of opportunities and resources available to those who work hard and persevere in life. Overall, kasaganahan celebrates the abundance and richness of life and encourages people to be generous and giving towards others.
<i>Maginhawa</i>	Maginhawa is a Filipino word that describes a state of ease or prosperity, referring to a comfortable and contented way of life. It embodies the aspiration for a life free from hardship, where one's needs and desires are fulfilled, contributing to an overall sense of well-being and satisfaction.

<i>Malasakit</i>	Malasakit is a Filipino term that embodies the concepts of empathy, compassion, and genuine concern for others. It reflects a deep sense of caring and a commitment to go above and beyond in helping and understanding the needs of the community, colleagues, and individuals, driving actions aimed at their welfare and well-being.
<i>Matatag</i>	Matatag conveys the qualities of strength, stability, and resilience. It embodies the ability to endure challenges with courage and remain steadfast and unyielding in the face of adversity.
<i>Panatag na Buhay</i>	"Panatag na Buhay" is "a peaceful and secure life" in English, where one has a state of tranquility, stability, and security. It reflects the aspiration of individuals to feel safe, content, and confident about their future and well-being.

6.10 Materiality Indices

A. GRI Content Index

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2-9	Governance structure and composition	22 – 23; The composition of the highest governance body is disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr
2-10	Nomination and selection of the highest governance body	22 – 23; The nomination and selection of the highest governance body are disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr
2-11	Chair of the highest governance body	22 – 23; The chair of the highest governance body is disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr

		h/disclosures/annual-corporate-governance-report-acgr
2-12	Role of the highest governance body in overseeing the management of impacts	15 – 19, 22 – 23, 25, 50
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2-17	Collective knowledge of the highest governance body	24, 58; The profiles of the Directors are disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr
2-18	Evaluation of the performance of the highest governance body	Evaluation of the performance of the highest governance body is disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr
2-19	Remuneration policies	Remuneration policies for the highest governance body and officers are disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr
2-20	Process to determine remuneration	Process to determine remuneration is disclosed in the SMC Integrated Annual Corporate Governance Report, which can be found on the Company website at https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr
2-21	Annual total compensation ratio	SMC regards the salaries of individual employees as highly confidential data. Thus, SMC cannot disclose this information or any related details in the Sustainability Report
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2-24	Embedding policy commitments	53, 60 – 61, 68 – 69, 70 – 73, 83, 87; SMC's policy commitments are publicly available and can be accessed on the Company's website at https://www.sanmiguel.com.ph/page/company-policy
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201-3	Defined benefit plan obligations and other retirement plans	This information is disclosed in the SMC FY 2023 17-A, which can be found on the Company's website at https://www.sanmiguel.com.ph/disclosures/17-a
201-4	Financial assistance received from government	This information is disclosed in the SMC FY 2023 17-A, which can be found on the Company's website at https://www.sanmiguel.com.ph/disclosures/17-a
GRI 203: Indirect Economic Impacts 2016		
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GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	67 – 68, 86 – 87
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	68 – 70
205-2	Communication and training about anti-corruption policies and procedures	68 – 69, 87
205-3	Confirmed incidents of corruption and action taken	68 – 69
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal proceedings on anti-competitive behavior or breaches of anti-trust and monopoly law were brought against SMC in the reporting

		year
GRI 207: Tax 2019		
207-1	Approach to tax	This information is disclosed in the SMC FY 2023 17-A, which can be found on the Company's website at https://www.sanmiguel.com.ph/disclosures/17-a
207-2	Tax governance, control, and risk management	This information is disclosed in the SMC FY 2023 17-A, which can be found on the Company's website at https://www.sanmiguel.com.ph/disclosures/17-a
207-3	Stakeholder engagement and management of concerns related to tax	This information is disclosed in the SMC FY 2023 17-A, which can be found on the Company's website at https://www.sanmiguel.com.ph/disclosures/17-a
207-4	Country-by-country reporting	This information is disclosed in the SMC FY 2023 17-A, which can be found on the Company's website at https://www.sanmiguel.com.ph/disclosures/17-a
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303-3	Water withdrawal	44 – 45, 78
303-4	Water discharge	44 – 45, 78
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GRI 305: Emissions 2016		
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305-4	GHG emission intensity	36 – 38, 76
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403-6	Promotion of worker health	55 – 57
403-7	Worker training on occupational health and safety	54 – 55
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FB-PF-270a.3	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	85
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April 15, 2024

Philippine Dealing & Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Suzy Claire R. Selleza
Head – Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Gentlemen:

We submit herewith the attached Annual Report (SEC FORM 17-A) for the period ended December 31, 2023 with the Audited Separate/Parent Financial Statements of the Company.

Very truly yours,


MARY ROSE S. TAN
Assistant Corporate Secretary



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



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Company Type: Stock Corporation

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Period Covered: December 31, 2023

Submission Type: Parent

Remarks: None

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.



SAN MIGUEL CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR SEPARATE FINANCIAL STATEMENTS

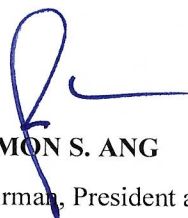
The management of San Miguel Corporation (the "Company") is responsible for the preparation and fair presentation of the separate financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements, including the schedules attached therein, and submits the same to the stockholders.

R. G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


RAMON S. ANG
Vice Chairman, President and
Chief Executive Officer


FERDINAND K. CONSTANTINO
Senior Vice President and
Chief Finance Officer/Treasurer

Signed this 11th day of March 2024

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S

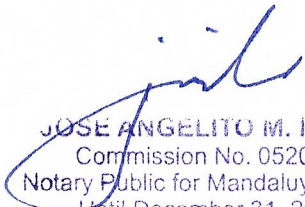
BEFORE ME, a Notary Public for and in Mandaluyong City, this 11th day of March 2024, personally appeared the following:

Name	Passport No.	Date of issue	Place of Issue
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila
Ferdinand K. Constantino	P6892447B	June 2, 2021	DFA Manila

known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed and that of the corporation they represent.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal on the date and place first above written.

Doc. No.: 392;
Page No.: 80;
Book No.: IV;
Series of 2024.


JOSE ANGELITO M. ILANO
Commission No. 0520-23
Notary Public for Mandaluyong City
Until December 31, 2024
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 62172
PTR No. 5427158; 01/02/2024; Mandaluyong City
IBP Lifetime Member No. 018308; 12/14/17; Quezon City
MCLE Compliance No. VII-0016522; 04/28/22; Pasig City



SAN MIGUEL CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2023 and 2022

With Independent Auditors' Report



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

Opinion

We have audited the separate financial statements of San Miguel Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of income, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2023 and 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 10075206

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

SAN MIGUEL CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(In Millions)

	<i>Note</i>	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4, 5, 29, 30	P56,582	P137,258
Receivables - net	4, 6, 23, 25, 29, 30	100,666	121,883
Prepaid expenses and other current assets	23, 29, 30	6,001	5,995
Total Current Assets		163,249	265,136
Noncurrent Assets			
Investments and advances - net	4, 7, 29, 30	1,012,522	843,975
Property, plant and equipment - net	4, 8	1,648	1,461
Right-of-use assets - net	4, 9	322	403
Investment property - net	4, 10	737	762
Noncurrent receivables - net	4, 11, 23, 29, 30	6,220	11,199
Deferred tax assets - net	4, 16	3,652	6,071
Other noncurrent assets	4, 12, 29, 30	1,543	2,319
Total Noncurrent Assets		1,026,644	866,190
		P1,189,893	P1,131,326
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	13, 21, 28, 29, 30	P21,300	P55,625
Accounts payable and accrued expenses	14, 23, 24, 28, 29, 30	17,117	18,683
Income and other taxes payable	16	1,467	1,685
Subscriptions payable	7, 23, 29, 30	1,890	1,850
Dividends and distributions payable	23, 26, 28, 29, 30	3,068	2,986
Current maturities of long-term debt - net of debt issue costs	15, 28, 29, 30	127,783	80,073
Total Current Liabilities		172,625	160,902
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	15, 28, 29, 30	454,610	425,173
Other noncurrent liabilities	23, 24, 25, 28, 29, 30	1,077	1,784
Total Noncurrent Liabilities		455,687	426,957
		628,312	587,859
Equity			
	17		
Capital stock - common		16,443	16,443
Capital stock - preferred		10,187	10,187
Additional paid-in capital		177,468	177,719
Capital securities		29,071	33,031
Equity reserves	7, 25, 30	(576)	(2,298)
Retained earnings	26	438,651	465,048
Treasury stock		(109,663)	(156,663)
Total Equity		561,581	543,467
		P1,189,893	P1,131,326

See Notes to the Separate Financial Statements.

SAN MIGUEL CORPORATION
SEPARATE STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Millions, Except Per Share Data)

	<i>Note</i>	2023	2022
REVENUES			
Dividend and distribution income	7	P15,788	P14,681
Sale of services		10,840	4,823
Interest income	22, 25	5,539	3,781
Gain (loss) on foreign exchange - net	7, 29	2,041	(5,640)
Rent income	4, 10, 24	353	270
Gain on sale of intangible assets, investment property and others	8, 10, 12	70	64
		34,631	17,979
EXPENSES			
Costs and expenses	18, 19, 20, 24	10,797	4,169
Interest expense and other financing charges	13, 15, 21, 24, 25	37,811	19,628
Loss on derivatives - net	30	392	1,976
		49,000	25,773
LOSS BEFORE INCOME TAX		(14,369)	(7,794)
INCOME TAX EXPENSE (BENEFIT)	16	2,592	(2,579)
NET LOSS		(P16,961)	(P5,215)
Basic and Diluted Loss Per Common Share			
	27	(P9.83)	(P4.97)

See Notes to the Separate Financial Statements.

SAN MIGUEL CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Millions)

	<i>Note</i>	2023	2022
NET LOSS		(P16,961)	(P5,215)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss			
Equity reserve for retirement plan	25	557	(5,683)
Income tax benefit (expense)	16	(139)	1,421
		418	(4,262)
Net gain on financial assets at fair value through other comprehensive income	7	1,443	52
Income tax expense	16	(14)	(14)
		1,429	38
Item that may be reclassified to profit or loss			
Net gain (loss) on cash flow hedges	30	(167)	350
Income tax benefit (expense)	16	42	(87)
		(125)	263
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		1,722	(3,961)
TOTAL COMPREHENSIVE LOSS - Net of tax		(P15,239)	(P9,176)

See Notes to the Separate Financial Statements.

SAN MIGUEL CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Millions)

		Capital Securities					Equity Reserve							
		Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Retained Earnings	Treasury Stock		Total Equity	
	Note	Common	Preferred								Common	Preferred		
As at January 1, 2023		P16,443	P10,187	P177,719	P24,211	P8,820	(P2,453)	(P277)	P432	P465,048	(P67,093)	(P89,570)	P543,467	
Equity reserve for retirement plan	25	-	-	-	-	-	418	-	-	-	-	-	418	
Net loss on cash flow hedges	30	-	-	-	-	-	-	(125)	-	-	-	-	(125)	
Net gain on financial assets at fair value through other comprehensive income	7	-	-	-	-	-	-	-	1,429	-	-	-	1,429	
Other comprehensive income (loss)		-	-	-	-	-	418	(125)	1,429	-	-	-	1,722	
Net loss		-	-	-	-	-	-	-	-	(16,961)	-	-	(16,961)	
Total comprehensive income (loss)		-	-	-	-	-	418	(125)	1,429	(16,961)	-	-	(15,239)	
Re-issuance of treasury shares - preferred	17	-	-	(251)	-	-	-	-	-	-	-	47,000	46,749	
Redemption of capital securities	17	-	-	-	-	(3,960)	-	-	-	(40)	-	-	(4,000)	
Cash dividends and distributions:	26													
Common		-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	
Preferred		-	-	-	-	-	-	-	-	(3,788)	-	-	(3,788)	
Senior perpetual capital securities		-	-	-	-	-	-	-	-	(2,007)	-	-	(2,007)	
Redeemable perpetual securities		-	-	-	-	-	-	-	-	(264)	-	-	(264)	
As at December 31, 2023		P16,443	P10,187	P177,468	P24,211	P4,860	(P2,035)	(P402)	P1,861	P438,651	(P67,093)	(P42,570)	P561,581	
As at January 1, 2022		P16,443	P10,187	P177,719	P24,211	P8,820	P1,809	(P540)	P394	P480,281	(P67,093)	(P77,270)	P574,961	
Equity reserve for retirement plan	25	-	-	-	-	-	(4,262)	-	-	-	-	-	(4,262)	
Net gain on financial assets at fair value through other comprehensive income	7	-	-	-	-	-	-	-	38	-	-	-	38	
Net gain on cash flow hedges	30	-	-	-	-	-	-	263	-	-	-	-	263	
Other comprehensive income (loss)		-	-	-	-	-	(4,262)	263	38	-	-	-	(3,961)	
Net loss		-	-	-	-	-	-	-	-	(5,215)	-	-	(5,215)	
Total comprehensive income (loss)		-	-	-	-	-	(4,262)	263	38	(5,215)	-	-	(9,176)	
Redemption of Subseries "2-H" preferred shares	17	-	-	-	-	-	-	-	-	-	-	(12,300)	(12,300)	
Cash dividends and distributions:	26													
Common		-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	
Preferred		-	-	-	-	-	-	-	-	(4,293)	-	-	(4,293)	
Senior perpetual capital securities		-	-	-	-	-	-	-	-	(1,957)	-	-	(1,957)	
Redeemable perpetual securities		-	-	-	-	-	-	-	-	(431)	-	-	(431)	
As at December 31, 2022		P16,443	P10,187	P177,719	P24,211	P8,820	(P2,453)	(P277)	P432	P465,048	(P67,093)	(P89,570)	P543,467	

See Notes to the Separate Financial Statements.

SAN MIGUEL CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Millions)

	<i>Note</i>	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(P14,369)	(P7,794)
Adjustments for:			
Interest expense and other financing charges	13, 15, 21, 24, 25	37,811	19,628
Depreciation, amortization and others - net	19, 25	98	223
Dividend and distribution income		(15,788)	(14,681)
Interest income	22, 25	(5,539)	(3,781)
Loss (gain) on foreign exchange - net		(2,711)	8,013
Gain on sale of intangible assets, investment property and others	8, 10, 12	(69)	(65)
Operating income (loss) before working capital changes		(567)	1,543
Changes in noncash current assets, certain current liabilities and others	28	(9,600)	6,458
Cash generated from (used in) operations		(10,167)	8,001
Dividends and distributions received	7	15,743	14,790
Income taxes paid	16	(284)	(167)
Net cash flows provided by operating activities		5,292	22,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investments and advances	7	(189,611)	(164,039)
Property and equipment	8	(259)	(306)
Collection (issuance) of shareholder advances to subsidiaries		35,227	(32,988)
Proceeds from redemption of investment in preferred shares and capital securities	7	21,408	53,013
Interest received		5,099	2,890
Decrease (increase) in other noncurrent assets	12, 23	698	(679)
Proceeds from sale of intangible assets, investment property and others	8, 10, 12	137	184
Net cash flows used in investing activities		(127,301)	(141,925)

Forward

	Note	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term borrowings	28	P352,100	P445,680
Long-term borrowings	28	162,331	205,366
Payments of:			
Short-term borrowings	28	(385,927)	(441,840)
Long-term borrowings	28	(85,055)	(16,843)
Lease liabilities	28	(82)	(30)
Net proceeds from re-issuance of treasury shares		46,749	-
Interest expense and other financing charges paid	21	(35,346)	(17,585)
Cash dividends and distributions paid	26, 28	(9,314)	(9,911)
Redemption of preferred shares and capital securities	17	(4,000)	(12,300)
Net cash flows provided by financing activities		41,456	152,537
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		(123)	7,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		(80,676)	40,749
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	5	137,258	96,509
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	5	P56,582	P137,258

See Notes to the Separate Financial Statements.

SAN MIGUEL CORPORATION

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(Amounts in Millions, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Corporation (SMC or the Company), a subsidiary of Top Frontier Investment Holdings, Inc. (Top Frontier or the Parent Company), was incorporated on August 21, 1913. On March 16, 2012, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation and By - Laws of the Company to extend the corporate term for another fifty (50) years from August 21, 2013, as approved on the March 14, 2011 and June 7, 2011 meetings of the Company's Board of Directors (BOD) and stockholders, respectively.

The Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines, the Company shall have a perpetual corporate life.

The Company is a public company under Section 17.2 of the Securities Regulation Code. Its common and preferred shares are listed at The Philippine Stock Exchange, Inc. (PSE).

The Company, through its subsidiaries, is engaged in various businesses, including food and beverage, packaging, energy, fuel and oil, infrastructure, cement and real estate property management and development.

The registered office address of the Company is No. 40 San Miguel Avenue, Mandaluyong City, Philippines.

2. Basis of Preparation

Statement of Compliance

The accompanying separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The Company also prepares and issues consolidated financial statements for the same period in which it consolidates its investment in shares of stock of subsidiaries and recognizes its equity in net earnings of its associates and joint ventures. Such consolidated financial statements provide information about the economic activities of the Company and its subsidiaries (collectively referred to as the "Group") of which SMC is the parent company and its interests in associates and joint ventures.

The separate financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 11, 2024.

Basis of Measurement

The separate financial statements of the Company have been prepared on a historical cost basis except for the following items which are measured on an alternative basis at each reporting date:

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the functional currency of the Company. All financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards effective January 1, 2023 and accordingly, changed its accounting policies in the following areas:

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

- Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures. The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in certain instances in line with the amendments.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations, that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2023 and have not been applied in preparing the separate financial statements. None of these are expected to have a significant effect on the separate financial statements.

The Company will adopt the following amendments to standards on the respective effective dates:

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;
 - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*). The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the separate statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at fair value through profit or loss (FVPL), includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Company classifies its financial assets at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Company for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the separate statements of income when the financial asset is derecognized, modified or impaired.

The Company's cash and cash equivalents and receivables are included under this category (Notes 5, 6, 11, 23, 29 and 30).

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. At initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Dividend and distribution earned on holding an investment in equity instrument are recognized as dividend and distribution income in the separate statements of income when the right to receive payment has been established, unless the dividend and distribution clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the separate statements of changes in equity are never reclassified to the separate statements of income.

The Company's investments in equity instruments at FVOCI are classified under this category (Notes 7, 29 and 30).

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Company may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Company carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the separate statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the separate statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the separate statements of changes in equity. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the separate statements of income. Any dividend and distribution income from investment in equity instrument is recognized in the separate statements of income when the right to receive payment has been established, unless the dividend and distribution clearly represents a recovery of the part of the cost of the investment.

The Company's derivative assets that are not designated as cash flow hedge are classified under this category (Notes 29 and 30).

Financial Liabilities

The Company determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Company carries financial liabilities at FVPL using their fair values and reports fair value changes in the separate statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the separate statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the separate statements of income.

The Company's derivative liabilities that are not designated as cash flow hedge are classified under this category (Notes 14, 23, 29 and 30).

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the separate statements of income. Gains and losses are recognized in the separate statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the separate statements of income.

The Company's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, subscriptions payable, dividends and distributions payable, long-term debt and lease liabilities are included under this category (Notes 7, 13, 14, 15, 23, 24, 26, 29 and 30).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the separate statements of income.

Impairment of Financial Assets

The Company recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company recognizes lifetime ECLs for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the separate statements of income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Derivative Financial Instruments and Hedge Accounting

The Company uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the separate statements of income.

Freestanding Derivatives

The Company designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Cash Flow Hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the "Hedging reserve" account in the separate statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the separate statements of income.

The Company designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the separate statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the separate statements of income if the hedge is transaction related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the separate statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the separate statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the separate statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the separate statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the separate statements of income.

The Company has outstanding derivatives accounted for as a cash flow hedge as at December 31, 2023 and 2022 (Note 30).

Investments in Shares of Stock of Subsidiaries

The Company's investments in shares of stock of subsidiaries are accounted for under the cost method. The investments are carried in the separate statements of financial position at cost less any impairment in value.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Construction in progress (CIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land improvements	5 - 50
Buildings and improvements	2 - 50
Equipment, furniture and fixtures	2 - 40
Leasehold improvements	5 - 50 or term of the lease, whichever is shorter

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the separate statements of income in the period of retirement and disposal.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether, throughout the period of use:

- the Company has the right to obtain substantially all the economic benefits from use of the identified asset; and
- the Company has the right to direct the use of the identified asset.

Company as a Lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Buildings and improvements are depreciated over 10 years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Company recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Company as a Lessor

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies PFRS 15, *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Investment Property

Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land and land improvements	5 - 50 or term of the lease, whichever is shorter
Buildings and improvements	2 - 50
Machinery and equipment	3 - 40

The useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the separate statements of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is an actual change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Impairment of Non-financial Assets

The carrying amounts of investments and advances (excluding financial assets at FVOCI), property, plant and equipment, right-of-use of assets and investment property are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the separate statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statements of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the separate statements of income as accrued.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Capital Securities

Redeemable Perpetual Securities (RPS) and Senior Perpetual Capital Securities (SPCS) are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or financial liabilities with another person or entity that is potentially unfavorable to the issuer.

Incremental costs directly attributable to the issuance of RPS and SPCS are recognized as a deduction from equity, net of tax.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend and distribution and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend and distribution declaration.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue

The Company recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Services

Revenue from sale of services is recognized over time as the related services are rendered. Invoices are issued on a monthly basis and are usually payable within a 30-day period.

Revenue from Other Sources

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend and Distribution Income. Dividend and distribution income is recognized when the Company's right to receive the payment is established.

Rent Income. Rent income is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Gain or Loss on Sale of Investments in Shares of Stock. Gain or loss is recognized when the Company disposes of its investment in shares of stock of a subsidiary. Gain or loss is computed as the difference between the proceeds of the disposed investment and its carrying amount.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset; and
- Remeasurements of defined benefit retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the separate statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the separate statements of income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to separate statements of income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the separate statements of income. The Company recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Foreign Currency Translations

Transactions in foreign currencies are initially recorded in the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the separate statements of income, except for differences arising on the translation of financial assets at FVOCI or qualifying cash flow hedges, which are recognized in other comprehensive income.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the separate statements of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” or “Income and other taxes payable” accounts in the separate statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period, net of dividends on preferred shares and distributions to holders of RPS and SPCS, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Contingencies

Contingent liabilities are not recognized in the separate financial statements. They are disclosed in the notes to the separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to the separate financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the separate financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Company has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the separate financial statements:

Determining whether a Contract Contains a Lease. The Company uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Company makes an assessment whether it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

Operating Lease Commitments - Company as Lessor. The Company has entered into various lease agreements as a lessor. The Company had determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized in the separate statements of income amounted to P353 and P270 in 2023 and 2022, respectively (Notes 10 and 24).

Determining the Lease Term of Contracts with Renewal Options - Company as Lessee. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Company has several lease contracts that include extension options. At lease commencement date, the Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Adequacy of Tax Liabilities. The Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classification of Financial Instruments. The Company exercises judgments in classifying financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statements of financial position.

The Company uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 30.

Contingencies. The Company is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Company. The Company's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Company currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings (Note 32).

Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the separate financial statements. Actual results could differ from such estimates.

Assessment of ECL on Receivables. The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for receivables at least two years. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Company has assessed that the forward-looking default rate component of its ECL is not material because substantial amounts of receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Company from its receivables.

No receivables were written off as at December 31, 2023 and 2022 (Note 6). The allowance for impairment losses on receivables amounted to P7,427 and P7,269 as at December 31, 2023 and 2022, respectively. The carrying amount of receivables amounted to P100,666 and P121,883 as at December 31, 2023 and 2022, respectively (Note 6).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2023 and 2022. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2023	2022
Other Financial Assets at Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	5, 29, 30	P56,578	P137,254
Noncurrent receivables - net (excluding lease receivable)	11, 29, 30	6,114	11,114

The allowance for impairment losses on noncurrent receivables (included under “Noncurrent receivables - net” account in the separate statements of financial position) amounted to P253 as at December 31, 2023 and 2022 (Note 11).

Fair Value Measurements. A number of the Company’s accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 7, 10, 25 and 30.

Estimated Useful Lives of Property, Plant and Equipment, Right-of-use Assets and Investment Property. The Company estimates the useful lives of property, plant and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets and investment property are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use assets and investment property is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use assets and investment property would increase the recorded costs and expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation amounted to P1,648 and P1,461 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of property, plant and equipment amounted to P1,853 and P1,781 as at December 31, 2023 and 2022, respectively (Note 8).

Right-of-use assets, net of accumulated depreciation amounted to P322 and P403 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of right-of-use assets amounted to P386 and P305 as at December 31, 2023 and 2022, respectively (Note 9).

Investment property, net of accumulated depreciation amounted to P737 and P762 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of investment property amounted to P189 and P181 as at December 31, 2023 and 2022, respectively (Note 10).

Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P3,652 and P6,071 as at December 31, 2023 and 2022, respectively (Note 16).

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed on investments and advances, property, plant and equipment, right-of-use assets, investment property and intangible assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the separate financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Company assessed that its property, plant and equipment, right-of-use assets and investment property are not impaired. Accumulated impairment losses on investments and advances (excluding financial assets at FVOCI) amounted to P2,476 and P2,633 as at December 31, 2023 and 2022, respectively (Note 7).

The combined carrying amounts of investments and advances (excluding financial assets at FVOCI), property, plant and equipment, right-of-use assets and investment property amounted to P783,945 and P778,990 as at December 31, 2023 and 2022, respectively (Notes 7, 8, 9, 10 and 12).

Estimating the Incremental Borrowing Rate. The Company cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Company would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Company's lease liabilities amounted to P425 and P507 as at December 31, 2023 and 2022, respectively (Notes 14, 24, 28, 29 and 30).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 25 to the separate financial statements and include discount rate and salary increase rate.

The Company determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Company are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefit retirement obligation of the Company.

The present value of defined benefit retirement obligation amounted to P2,422 and P1,991 as at December 31, 2023 and 2022, respectively (Note 25).

5. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	2023	2022
Cash in banks and on hand		P2,210	P25,838
Short-term investments		54,372	111,420
	4, 29, 30	P56,582	P137,258

Cash in banks earn interest at bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Company and earn interest at short-term investment rates (Note 22).

6. Receivables

Receivables consist of:

	Note	2023	2022
Amounts owed by related parties	23, 25	P80,169	P103,935
Non-trade receivables		27,924	25,217
		108,093	129,152
Less allowance for impairment losses	4	7,427	7,269
	4, 29, 30	P100,666	P121,883

Non-trade receivables include interest receivable and security deposits.

Receivables are generally collectible on demand.

The movements in the allowance for impairment losses are as follows:

	Note	2023	2022
Balance at beginning of year		P7,269	P7,269
Provision for allowance for impairment losses - net	4, 18	158	-
Balance at end of year		P7,427	P7,269

7. Investments and Advances

Investments and advances consist of:

	Note	2023	2022
Investments in shares of stock of subsidiaries	4	P773,913	P756,152
Financial assets at FVOCI	29, 30	231,536	67,832
Advances for investment	4	9,549	22,624
		1,014,998	846,608
Less allowance for impairment losses	4	2,476	2,633
		P1,012,522	P843,975

Investments in Shares of Stock of Subsidiaries

The carrying amounts of investments in shares of stock of subsidiaries are as follows:

	Country of Incorporation	2023		2022	
		Percentage of Ownership	Amount	Percentage of Ownership	Amount
Food and Beverage Business					
San Miguel Food and Beverage, Inc. (SMFB)	Philippines	88.76	P342,104	88.76	P342,104
Infrastructure Business					
San Miguel Holdings Corp. doing business under the name and style of SMC Infrastructure (SMHC)	Philippines	100.00	152,500	100.00	144,250
San Miguel Aerocity Inc. doing business under the name and style of Manila International Airport (SMAI) ^(a)	Philippines	-	-	66.46	43,200
Cement Business					
San Miguel Equity Investments Inc. (SMEII)	Philippines	100.00	112,736	100.00	110,733
Real Estate Business					
San Miguel Properties, Inc. (SMPI) ^(b)	Philippines	99.87	31,711	99.86	29,122
Davana Heights Development Corporation (DHDC)	Philippines	100.00	4,146	100.00	4,011
Silvertides Holdings Corporation (SHC)	Philippines	100.00	3,901	100.00	3,901
Fonterra Verde Holdings Inc. (FVHI)	Philippines	100.00	3,495	100.00	3,495
Deity Holdings Corporation (DHC) ^(c)	Philippines	98.91	2,986	98.89	2,932
World Summit Holdings Corporation (WHC) ^(c)	Philippines	100.00	1,595	100.00	1,348
One Verdana Holdings, Inc. (OVHI)	Philippines	100.00	664	100.00	613
Fuel and Oil Business					
Petron Corporation (Petron) ^(d)	Philippines	18.16	15,260	18.16	15,260
SEA Refinery Corporation (SRC) ^(d)	Philippines	100.00	1,921	100.00	1,921
Packaging Business					
San Miguel Yamamura Packaging Corporation (SMYPC)	Philippines	65.00	12,095	65.00	12,095
Mindanao Corrugated Fibreboard, Inc.	Philippines	100.00	636	100.00	636
Energy Business					
San Miguel Global Power Holdings Corp. (San Miguel Global Power) ^(e)	Philippines	100.00	51,778	100.00	4,570
Others					
SMC Equivest Corporation (SMCEC)	Philippines	100.00	7,008	100.00	7,008
San Miguel International Limited (SMIL) and San Miguel Holdings Limited (SMHL) ^(f)	British Virgin Islands (BVI)	100.00	5,670	100.00	5,670
San Miguel Integrated Logistics Services, Inc. (SMILSI)	Philippines	100.00	4,127	100.00	4,127
SMC Shipping and Lighterage Corporation	Philippines	70.00	3,870	70.00	3,870
San Miguel Insurance Company Limited (SMICL) ^(g)	BVI	100.00	3,170	100.00	3,170
Petrogen Insurance Corporation (Petrogen)	Philippines	74.94	3,000	74.94	3,000
Challenger Aero Air Corp.	Philippines	100.00	949	100.00	949
SMC Asia Car Distributors Corp. (SMCACDC)	Philippines	65.00	325	65.00	325
Archen Technologies, Inc.	Philippines	100.00	300	100.00	300
Others - net	Philippines		7,966		7,542
			773,913		756,152
Less allowance for impairment losses on investment in shares of stock of subsidiaries			2,476		2,633
			P771,437		P753,519

(a) As at December 31, 2023, SMAI is 100% indirectly owned by SMC through SMHC. As at December 31, 2022, SMAI is 66.46% directly owned by SMC and 33.54% indirectly owned through SMHC (Note 7).

(b) SMPI is 99.87% and 99.86% directly owned by the Company as at December 31, 2023 and 2022, respectively, and 0.11% and 0.14% indirectly owned by the Company through Philippine Breweries Corporation as at December 31, 2023 and 2022, respectively.

(c) DHC is 98.91% and 98.89% directly owned by the Company as at December 31, 2023 and 2022, respectively, and 1.09% and 1.11% indirectly owned by the Company through WHC as at December 31, 2023 and 2022, respectively.

(d) Petron is 18.16% directly owned and 50.10% indirectly owned by the Company through SRC.

(e) Formerly SMC Global Power Holdings Corp. The change in the corporate name was approved by the SEC on March 22, 2023.

(f) The investment includes 10,958,015 common shares with par value of US\$1.00 per share of SMIL (P5,670) as at December 31, 2023 and 2022 and 30,300,000 preferred shares with par value of US\$10.00 per share of SMHL (P14,658) as at December 31, 2021. The investment in preferred shares of stock of SMHL was redeemed on December 19, 2022.

(g) The investment consists of 6,600,000 preferred shares with par value of US\$10.00 per preferred share of SMICL (P3,170) as at December 31, 2023 and 2022.

The following are the major developments relating to the Company's investments in shares of stock of subsidiaries:

Infrastructure

- SMHC

On December 17, 2021, the BOD and stockholders of SMHC approved the additional increase in its authorized capital stock from P91,500 divided into 91,500,000 common shares to P106,500 divided into 106,500,000 common shares, both with a par value of P1,000.00 per common share. On the same date, SMHC and the Company executed a Subscription Agreement to subscribe to an additional 5,000,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P7,500 or P1,500.00 per common share.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMHC was filed with the SEC on March 9, 2022, and was approved on April 26, 2022. Consequently, the P3,823 deposit for future stock subscription paid by the Company in 2021 was reclassified from "Advances for investment" to "Investments in shares of stock of subsidiaries" both under "Investments and advances" account in the separate statement of financial position as at December 31, 2022. In 2022, the Company paid additional P3,239, while the balance of the subscription price amounting to P438, presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2022, was fully paid in 2023.

On April 20 and May 11, 2023, SMHC and the Company executed Subscription Agreements to subscribe to a total of 5,500,000 common shares for a total subscription price of P8,250 or P1,500.00 per common share. In 2023, the Company paid a total amount of P7,227, while the balance amounting to P1,023 is presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2023.

- SMAI

On December 27, 2021, SMAI and the Company executed a Subscription Agreement to subscribe to 3,792,881,031 common shares of SMAI for a total subscription price of P7,586 or P2.00 per common share, which was fully paid in 2021.

On January 21, 2022, the BOD and stockholders of SMAI approved the additional increase in its authorized capital stock from P15,000 divided into 15,000,000,000 common shares to P45,000 divided into 45,000,000,000 common shares, both with a par value of P1.00 per common share. On the same date, SMAI and the Company executed a Subscription Agreement to subscribe to an additional 7,500,000,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P15,000 or P2.00 per common share, which was fully paid in 2022.

On February 23, 2022, SMAI and the Company executed a Subscription Agreement to subscribe to 307,118,969 common shares of SMAI, to be issued out of the available unissued shares, for a total subscription price of P614 or P2.00 per common share, which was fully paid in 2022.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMAI was filed with and was approved by the SEC on June 17, 2022.

On August 22, 2022, SMAI and the Company executed a Subscription Agreement to subscribe to 10,000,000,000 common shares of SMAI for a total subscription price of P20,000 or P2.00 per common share, which was fully paid in 2022.

On May 12, 2023, the BOD and stockholders of SMAI approved that out of its 45,000,000,000 authorized capital stock, 34,100,000,000 common shares (i) 21,600,000,000 common shares will be converted to Series 1 preferred shares on a 1:1 basis and (ii) 12,500,000,000 common shares will be reclassified to Series 2 preferred shares.

In the same meeting, the BOD and the stockholders of SMAI approved the increase in its authorized capital stock from P45,000 divided into 45,000,000,000 common shares with a par value of P1.00 per common share to P57,850 divided into: (i) 10,900,000,000 common shares with a par value of P1.00 per common share, (ii) 21,600,000,000 Series 1 preferred shares with a par value of P1.00 per preferred share and (iii) 25,350,000,000 Series 2 preferred shares with a par value of P1.00 per preferred share.

SMAI approved to offer to all its stockholders the option to convert its common shares to Series 1 preferred shares on a 1:1 basis, effective upon the approval by the SEC of the increase in the authorized capital stock of SMAI, the creation of the preferred shares and the corresponding approval of the amendment of the Articles of Incorporation of SMAI reflecting such amendments. Of the two holders of common shares of SMAI at that time, which are the Company and SMHC, only the Company exercised the option to convert its common shares in SMAI into Series 1 preferred shares, which SMAI accepted.

On May 12, 2023, SMAI and the Company executed the following: (i) a Subscription Agreement to subscribe to 4,266,672,620 Series 2 preferred shares out of the proposed increase in authorized capital stock for a total subscription price of P12,800 or P3.00 per preferred share, and (ii) a Deed of Assignment that the deposit for future stock subscription of P12,800 paid in 2022 be applied as payment by the Company of its subscription to the Series 2 preferred shares.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMAI and the creation of the preferred shares was filed with the SEC on June 30, 2023, and was approved on September 7, 2023.

Upon the approval of the increase in the authorized capital stock of SMAI and the creation of the preferred shares, all common shares which were issued to the Company on various dates in 2021 to 2022 were converted to Series 1 preferred shares. Consequently, the P43,200 investment in common shares of stock of SMAI as of December 31, 2022 and the P12,800 deposit for future stock subscription paid by the Company in 2022 were reclassified from "Investments in shares of stock of subsidiaries" and "Advances for investment" accounts, respectively, to "Financial assets at FVOCI" account. These are presented under "Investments and advances" account in the separate statement of financial position as at December 31, 2023.

On December 29, 2023, the Company and SMAI entered into a Subscription Agreement wherein the Company subscribed to 8,569,655,398 Series 2 preferred shares of SMAI for a total subscription price of P42,848 or P5.00 per preferred share, which was fully paid in 2023.

As at December 31, 2023, as a result of the foregoing conversion by the Company of its investment in common shares of SMAI to Series 1 preferred shares and subsequent subscription to Series 2 preferred shares, the Company has 100% indirect ownership in SMAI through SMHC. As at December 31, 2022, the Company has 66.46% direct ownership and voting interest in SMAI, in addition to the 33.54% indirect ownership and voting interest through SMHC.

Cement

- SMEII

On December 7, 2022, the BOD and stockholders of SMEII approved the additional increase in its authorized capital stock from P21,425 divided into 21,425,000,000 common shares to P88,371 divided into 88,370,900,000 common shares, both with a par value of P1.00 per common share.

On December 13, 2022, SMEII and the Company executed a Subscription Agreement whereby the Company subscribed to 2,157,400,000 common shares out of the entire available unissued shares of SMEII for a total subscription price of P3,236 or P1.50 per common share, which was fully paid in 2022.

On December 13, 2022, pursuant to the Subscription Agreement between SMEII and the Company, the latter subscribed to 44,630,600,000 common shares out of the aforementioned proposed increase in the authorized capital stock of SMEII for a total subscription price of P66,946 or P1.50 per common share, which was fully paid in 2022.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMEII was filed with the SEC on December 19, 2022, and was approved on December 29, 2022.

On December 21, 2022, SMEII and the Company executed another Subscription Agreement whereby the Company subscribed to an additional 7,602,900,000 common shares out of the proposed increase in the authorized capital stock of SMEII for a total subscription price of P11,404 or P1.50 per common share, which was fully paid in 2022.

On April 26, 2023, SMEII and the Company executed a Subscription Agreement to subscribe to an additional 1,335,273,000 common shares of SMEII at a subscription price of P2,003 or P1.50 per common share, which was fully paid in 2023.

Real Estate

- SMPI

On various dates in 2021, SMPI and the Company executed Subscription Agreements to subscribe to a total of 168,783,058 common shares of SMPI for a total subscription price of P3,375 or P20.00 per common share. The Company paid P3,018 in 2021, while the balance amounting to P357, presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2022, was fully paid in 2023.

On various dates in 2022, SMPI and the Company executed Subscription Agreements to subscribe to a total of 240,381,050 common shares of SMPI for a total subscription price of P4,808 or P20.00 per common share, which was fully paid in 2022.

On various dates in 2023, SMPI and the Company executed Subscription Agreements to subscribe to a total of 129,446,202 common shares of SMPI for a total subscription price of P2,589 or P20.00 per common share, which was fully paid in 2023.

- DHDC

On various dates in 2022, DHDC and the Company executed Subscription Agreements to subscribe to a total of 32,250,000 common shares of DHDC for a total subscription price of P65 or P2.00 per common share, which was fully paid in 2022.

On November 24, 2023, DHDC and the Company executed a Subscription Agreement to subscribe to an additional 67,500,000 common shares of DHDC at a subscription price of P135 or P2.00 per common share. In 2023, the Company paid P103, while the balance amounting to P32 is presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2023.

- SHC

On various dates in 2020, SHC and the Company executed Subscription Agreements to subscribe to a total of 170,000,000 common shares of SHC for a total subscription price of P680 or P4.00 per common share. The Company paid a total of P570 and P562 as at December 31, 2023 and 2022, respectively.

The balance amounting to P110 and P118 is presented as part of "Subscriptions payable" account in the separate statements of financial position as at December 31, 2023 and 2022, respectively.

- DHC

On various dates in 2020, DHC and the Company executed Subscription Agreements to subscribe to a total of 400,500,000 common shares of DHC for a total subscription price of P801 or P2.00 per common share. The Company paid a total of P801 and P758 as at December 31, 2022 and 2021, respectively.

On November 23, 2022, DHC and the Company executed a Subscription Agreement to subscribe to an additional 61,000,000 common shares of DHC at a subscription price of P122 or P2.00 per common share. In 2022, the Company paid a total of P87 while the balance amounting to P35, presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2022, was fully paid in 2023.

On December 7, 2023, DHC and the Company executed a Subscription Agreement to subscribe to an additional 27,000,000 common shares of DHC at a subscription price of P54 or P2.00 per common share. In 2023, the Company paid P33, while the balance amounting to P21 is presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2023.

- WHC

On December 15 and 27, 2021, WHC and the Company executed Subscription Agreements to subscribe to 96,500,000 common shares of WHC at a subscription price of P193 or P2.00 per common share. In 2021, the Company paid P142, while the balance amounting to P51, presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2021, was fully paid in 2022.

On January 21 and February 14, 2022, WHC and the Company executed Subscription Agreements to subscribe to an additional 152,500,000 common shares of WHC at a subscription price of P305 or P2.00 per common share. In 2022, the Company paid P117, while the balance amounting to P188, presented as part of "Subscription payable" account in the separate statement of financial position as at December 31, 2022, was fully paid in 2023.

On December 4, 2023, WHC and the Company executed a Subscription Agreement to subscribe to an additional 123,500,000 common shares of WHC at a subscription price of P247 or P2.00 per common share. In 2023, the Company paid P224, while the balance amounting to P23 is presented as part of "Subscription payable" account in the separate statement of financial position as at December 31, 2023.

- OVHI

On August 11, 2022, OVHI and the Company executed a Subscription Agreement to subscribe to 500,000 common shares of OVHI for a subscription price of P100 or P200.00 per common share. In 2022, the Company paid P62, while the balance amounting to P38, presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2022, was fully paid in 2023.

On December 14, 2023, OVHI and the Company executed a Subscription Agreement to subscribe to an additional 255,000 common shares of OVHI for a subscription price of P51 or P200.00 per common share. In 2023, the Company paid P49, while the balance amounting to P2 is presented as part of "Subscriptions payable" account in the separate statement of financial position as at December 31, 2023.

Energy

- San Miguel Global Power

On July 25, 2023, San Miguel Global Power and the Company executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares of San Miguel Global Power for a subscription price of P12,300 or P30.00 per share, which was fully paid in 2023.

On July 25, 2023, the BOD of San Miguel Global Power approved the additional increase in its authorized capital stock from P2,000 divided into 2,000,000,000 common shares to P3,774 divided into 3,774,400,000 common shares, both with a par value of P1.00 per common share, as well as the amendment of the Amended Articles of Incorporation of San Miguel Global Power to reflect the said increase. On August 1, 2023, the Company entered into a Subscription Agreement with San Miguel Global Power, whereby the Company subscribed to 443,600,000 common shares of San Miguel Global Power out of the proposed increase in authorized capital stock for a total subscription price of P13,308 or P30.00 per common share. The subscription price was fully paid in 2023. The stockholders of San Miguel Global Power approved the aforementioned increase in authorized capital stock and amendment of the Amended Articles of Incorporation during its Special Stockholders' Meeting held on September 7, 2023.

The application for the increase in the authorized capital stock of San Miguel Global Power and the Amendment of its Amended Articles of Incorporation to reflect the aforementioned increase in authorized capital stock was filed with the SEC on October 20, 2023, and was approved by the SEC on October 24, 2023.

On November 13, 2023, San Miguel Global Power and the Company executed a Subscription Agreement wherein the Company subscribe to an additional 720,000,000 common shares of San Miguel Global Power for a subscription price of P21,600 or P30.00 per common share, which was fully paid in 2023.

Others

- SMHL

On December 12, 2022, the BOD of SMHL approved the redemption of the 30,300,000 preferred shares held by the Company. On December 19, 2022, SMHL paid the redemption price of US\$303 (P16,789) or US\$10.00 per preferred share, corresponding to the par value of such preferred shares. The Company recognized a gain on foreign exchange of P2,131 on the redemption, presented as part of "Loss on foreign exchange - net" account in the separate statement of income in 2022.

The holders of the preferred shares have the right to receive, in priority to any payments to the holders of common shares, out of the funds of SMHL available for distribution, a non-cumulative preference dividend at the rate of 4% per annum on the par value of the preferred shares. SMHL has the right to convert the preferred shares into common shares at a rate of one common share for each preferred share, or to redeem any or all of the preferred shares for a redemption price equal to the par value of the preferred shares. The holders of the preferred shares are entitled to vote in same manner as the holders of common shares.

Financial Assets at FVOCI

Financial assets at FVOCI, amounting to P231,536 and P67,832 as at December 31, 2023 and 2022, respectively, pertain to various investments in shares of stock and capital securities carried at fair value (Note 4).

Financial assets at FVOCI mainly includes investments in the following:

- *Investment in Shares of Stock*

- a. Top Frontier

Investment in the shares of stock of Top Frontier consists of 2,561,031 common shares amounting to P246 and P243 as at December 31, 2023 and 2022, respectively.

On December 20, 2022, the BOD of Top Frontier approved the redemption of the remaining 1,904,540 preferred shares held by the Company. On December 21, 2022, Top Frontier redeemed the preferred shares at the redemption price of P35,424, corresponding to the original issue price, plus any unpaid cash dividends.

The preferred shares issued by Top Frontier are entitled to preferential dividends at a fixed rate per annum of 3% of the issue price which shall be payable quarterly in arrears and in cash. The dividends on the preferred shares shall be cumulative from and after the issue date of the preferred shares. The preferred shares do not carry the right to vote except in the cases expressly provided by law. These are redeemable in whole or in part, at the sole option of the Company, equal to its issue price plus any accrued and unpaid preferential dividends, upon notice to the holders. The preferred shares are entitled to participate and share in the retained earnings remaining after payment of the preferential dividends at the same rate as the common shares.

Total dividend income from the investment in preferred shares of stock of Top Frontier amounted to P1,328 in 2022, presented as part of "Dividend and distribution income" account in the separate statement of income.

- b. SMCACDC

The investment in SMCACDC consists of 1,270,000 redeemable preferred shares of stock amounting to P1,270 and 1,970,000 redeemable preferred shares of stock amounting to P1,970 as at December 31, 2023 and 2022, respectively.

On March 3, 2022, the BOD of SMCACDC approved the redemption of the 800,000 preferred shares held by the Company, which were issued in 2019. On July 15, 2022, SMCACDC paid the redemption price of P800 or P1,000.00 per preferred share corresponding to the par value of such preferred shares.

On July 7, 2023, the BOD of SMCACDC approved the redemption of the 700,000 preferred shares held by the Company, which were issued in 2019. On September 29 and December 29, 2023, SMCACDC paid the total redemption price of P700 or P1,000.00 per preferred share corresponding to the par value of such preferred shares.

The preferred shares issued by SMCACDC are non-voting, non-convertible, and redeemable at the sole option of SMCACDC at a price and at such time that the BOD of SMCACDC shall determine. The preferred shares are entitled to dividends as declared by the BOD of SMCACDC. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of SMCACDC, the holders of preferred stocks that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue or disposition of any stocks of any class of SMCACDC.

c. SMAI

The investment in SMAI consists of 21,600,000,000 Series 1 preferred shares of stock amounting P43,200 and 12,836,328,018 Series 2 preferred shares of stock amounting to P55,648 as at December 31, 2023.

The preferred shares issued by SMAI are non-voting, may be convertible into common shares as determined by the BOD of SMAI, may be redeemable at the sole option of SMAI at a price and at such time that the BOD of SMAI shall determine. The preferred shares are entitled to dividends as declared by the BOD of SMAI. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of SMAI, the holders of preferred shares that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue or disposition of any stocks of any class of SMAI.

d. Argonbay Construction Company, Inc. (ACCI)

The investment in ACCI consists of 147,487,226 Series 1 preferred shares of stock amounting to P14,749 as at December 31, 2023.

The preferred shares issued by ACCI are non-voting, may be convertible into common shares as determined by the BOD of ACCI, may be redeemable at the sole option of ACCI at a price and at such time that the BOD of ACCI shall determine. The preferred shares are entitled to dividends as declared by the BOD of ACCI. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of ACCI, the holders of preferred shares that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue or disposition of any stocks of any class of ACCI.

▪ *Investment in Capital Securities*

a. San Miguel Global Power

The RPS issued by San Miguel Global Power amounting to P104,116 and P38,747 as at December 31, 2023 and 2022, respectively, are entitled to distributions as follows:

- US\$650 (P33,794) subscribed on March 16, 2018

The Company will have the right to receive distribution at 6.25% per annum, payable quarterly in arrears every March 16, June 16, September 16 and December 16 of each year commencing on June 16, 2018.

- US\$85 (P4,953) subscribed on November 8, 2022

The Company will have the right to receive distribution at 6.25% per annum, payable quarterly in arrears every February 8, May 8, August 8 and November 8 of each year commencing on February 8, 2023.

- US\$500 (P27,585) subscribed on March 10, 2023

The Company will have the right to receive distribution at 8.00% per annum, payable quarterly in arrears every March 10, June 10, September 10 and December 10 of each year commencing on June 10, 2023.

- US\$145 (P8,024) subscribed on May 2, 2023

The Company will have the right to receive distribution at 8.00% per annum, payable quarterly in arrears every February 2, May 2, August 2 and November 2 of each year commencing on August 2, 2023.

- P6,000 subscribed on May 30, 2023

The Company will have the right to receive distribution at 7.50% per annum, payable quarterly in arrears every February 28, May 30, August 30 and November 30 of each year commencing on August 30, 2023.

- P7,000 subscribed on June 1, 2023

The Company will have the right to receive distribution at 7.50% per annum, payable quarterly in arrears every March 1, June 1, September 1 and December 1 of each year commencing on September 1, 2023.

- P5,000 subscribed on June 5, 2023

The Company will have the right to receive distribution at 7.50% per annum, payable quarterly in arrears every March 5, June 5, September 5 and December 5 of each year commencing on September 5, 2023.

- P6,760 subscribed on June 13, 2023

The Company will have the right to receive distribution at 7.50% per annum, payable quarterly in arrears every March 13, June 13, September 13 and December 13 of each year commencing on September 13, 2023.

- P5,000 subscribed on July 10, 2023

The Company will have the right to receive distribution at 7.50% per annum, payable quarterly in arrears every January 10, April 10, July 10 and October 10 of each year commencing on October 10, 2023.

Distributions from the investment in RPS of San Miguel Global Power amounted to P1,617 in 2022, presented as part of "Dividend and distribution income" account in the separate statement of income. No distributions have been declared by San Miguel Global Power in 2023.

- b. SMGP BESS Power Inc. (SMGP BESS; Formerly Universal Power Solutions, Inc.)

The RPS issued by SMGP BESS amounting to P14,374 as at December 31, 2022, are entitled to distributions as follows:

- US\$88 (P5,101) subscribed on October 28, 2022

The Company will have the right to receive distribution at 6.25% per annum, payable quarterly in arrears every January 28, April 28, July 28 and October 28 of each year commencing on January 28, 2023.

- P5,000 subscribed on November 23, 2022

The Company will have the right to receive distribution at 7.5% per annum, payable quarterly in arrears every February 23, May 23, August 23 and November 23 of each year commencing on February 23, 2023.

- US\$76 (P4,273) subscribed on December 1, 2022

The Company will have the right to receive distribution at 6.25% per annum, payable quarterly in arrears every March 1, June 1, September 1 and December 1 of each year commencing on March 1, 2023.

- US\$59 (P3,199) subscribed on April 5, 2023

The Company will have the right to receive distribution at 8% per annum, payable quarterly in arrears every January 5, April 5, July 5 and October 5 of each year commencing on July 5, 2023.

- P1,500 subscribed on April 20, 2023

The Company will have the right to receive distribution at 7.5% per annum, payable quarterly in arrears every January 20, April 20, July 20 and October 20 of each year commencing on July 20, 2023.

- P1,300 subscribed on April 24, 2023

The Company will have the right to receive distribution at 7.5% per annum, payable quarterly in arrears every January 24, April 24, July 24 and October 24 of each year commencing on July 24, 2023.

On October 27, 2023, the BOD of SMGP BESS approved the purchase of US\$223 (P12,573) and P7,800 RPS or an aggregate face value amount of P20,373, issued to the Company. On the same date, SMGP BESS paid the total purchase price of P21,669. The Company recognized a gain of P1,296 on the purchase, presented as part of "Net gain on financial assets at fair value through other comprehensive income" in the separate statement of comprehensive income in 2023.

c. Petron

The RPS issued by Petron amounting to US\$230 (P11,410) and US\$236 (P11,714) as at December 31, 2023 and 2022, respectively, are entitled to distributions as follows:

- US\$6 (P305) subscribed on November 27, 2019

The Company will have the right to receive distribution at 4% per annum, payable quarterly in arrears every November 27, February 27, May 27 and August 27 of each year commencing on February 27, 2020.

On May 26, 2023, the investment in RPS of Petron were fully redeemed at US\$6 (P335). The Company recognized a gain of P30 on the redemption, presented as part of "Net gain on financial assets at fair value through other comprehensive income" in the separate statement of comprehensive income in 2023.

- US\$130 (P6,508) subscribed on July 22, 2020

The Company will have the right to receive distribution at 3.625% per annum, payable quarterly in arrears every March 20, June 22, September 22 and December 22 of each year commencing on September 22, 2020.

- US\$100 (P4,901) subscribed on August 10, 2020

The Company will have the right to receive distribution at 3.625% per annum, payable quarterly in arrears every February 20, May 10, August 10 and November 10 of each year commencing on November 10, 2020.

Distributions from the investment in RPS of Petron amounted to P470 in 2023 and 2022, presented as part of "Dividend and distribution income" account in the separate statements of income.

The RPS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. The issuers of the RPS have the right to defer the distribution under certain conditions.

The Company has irrevocably elected to classify these investments as financial assets at FVOCI as it intends to hold these investments for strategic purposes.

The carrying amount of the investments approximate their fair value (Note 30).

The methods and assumptions used to measure the fair value of financial assets at FVOCI are disclosed in Notes 3, 4 and 30.

Advances for Investment

Advances for investment pertain to deposits made to certain companies which will be applied against future stock subscription.

The following are the major developments relating to the Company's advances for investment:

- SMAI

Upon approval by the SEC of the application for the increase in the authorized capital stock and the creation of preferred shares of SMAI on September 7, 2023, the P12,800 deposit for future stock subscription as at December 31, 2022 was reclassified to "Financial assets at FVOCI" account from "Advances for investment" account, both are under the "Investments and advances" account in the separate statements of financial position.

- ACCI

In 2022, the Company paid P3,634 as deposit for future stock subscription to 142,600,000 Series 1 preferred shares of stock to be issued by ACCI to the Company. On June 14, 2023, upon the approval by the SEC of the application for the increase in its authorized capital stock and the issuance of the Series 1 preferred shares, the P3,634 deposit for future stock subscription presented as part of "Advances for investment" account in the separate statement of financial position as at December 31, 2022 was reclassified to "Financial assets at FVOCI" account, both under the "Investments and advances" account in the separate statement of financial position as at December 31, 2023.

- FVHI

The Company paid P2,430 and P495 as deposit for future stock subscription to the proposed increase in authorized capital stock of FVHI, presented as part of "Advances for investment" under "Investments and advances" account in the separate statements of financial position as at December 31, 2023 and 2022, respectively.

- SMPI

The Company paid P748 as deposit for future stock subscription to the proposed increase in authorized capital stock of SMPI, presented as part of "Advances for investment" under "Investments and advances" account in the separate statement of financial position as at December 31, 2023.

8. Property, Plant and Equipment

Property, plant and equipment consist of:

	Land and Land Improvements	Buildings and Improvements	Equipment, Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost						
January 1, 2022	P995	P246	P905	P625	P234	P3,005
Additions	-	4	46	125	131	306
Disposals and reclassifications	-	-	-	107	(176)	(69)
December 31, 2022	995	250	951	857	189	3,242
Additions	-	-	25	29	205	259
Disposals and reclassifications	-	-	24	9	(33)	-
December 31, 2023	995	250	1,000	895	361	3,501
Accumulated Depreciation						
January 1, 2022	272	141	807	535	-	1,755
Depreciation	1	4	22	14	-	41
Disposals and reclassifications	-	-	(14)	(1)	-	(15)
December 31, 2022	273	145	815	548	-	1,781
Depreciation	1	4	31	36	-	72
December 31, 2023	274	149	846	584	-	1,853
Carrying Amount						
December 31, 2022	P722	P105	P136	P309	P189	P1,461
December 31, 2023	P721	P101	P154	P311	P361	P1,648

“Equipment, furniture and fixtures” includes machinery, transportation equipment, office equipment, tools and small equipment.

Certain fully depreciated property, plant and equipment with aggregate costs of P1,524 and P1,574 as at December 31, 2023 and 2022, respectively, are still being used in the Company’s operations.

Depreciation expense, included as part of “Costs and expenses” account in the separate statements of income, amounted to P72 and P41 in 2023 and 2022, respectively (Notes 18 and 19).

9. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	<i>Note</i>	2023	2022
Cost			
Balance at beginning of year		P708	P668
Remeasurement		-	40
Balance at end of year		708	708
Accumulated Depreciation			
Balance at beginning of year		305	224
Depreciation	<i>18, 19</i>	81	81
Balance at end of year		386	305
Carrying Amount		P322	P403

The Company recognized right-of-use assets for lease of building and improvements. The lease runs for a period of 10 years. The lease contains an option to renew the lease at the end of the lease term and is being subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Company.

Depreciation expense, included as part of "Costs and expenses" account in the separate statements of income, amounted to P81 in 2023 and 2022 (Notes 18 and 19).

10. Investment Property

The movements in investment property are as follows:

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Total
Cost				
January 1, 2022	P588	P412	P420	P1,420
Disposals and reclassifications	(35)	(22)	(420)	(477)
December 31, 2022	553	390	-	943
Disposals and reclassifications	(17)	-	-	(17)
December 31, 2023	536	390	-	926
Accumulated Depreciation				
January 1, 2022	30	192	419	641
Depreciation	-	8	-	8
Disposals and reclassifications	(27)	(22)	(419)	(468)
December 31, 2022	3	178	-	181
Depreciation	-	8	-	8
December 31, 2023	3	186	-	189
Carrying Amount				
December 31, 2022	P550	P212	P -	P762
December 31, 2023	P533	P204	P -	P737

Depreciation expense, included as part of "Costs and expenses" account in the separate statements of income, amounted to P8 in 2023 and 2022 (Notes 18 and 19).

Rent income earned from investment property amounted to P353 and P270 in 2023 and 2022, respectively (Notes 4 and 24). The direct costs and expenses arising from the investment property that generated income amounted to P14 and P17 in 2023 and 2022, respectively.

The fair value of investment property amounting to P6,804 and P5,423 as at December 31, 2023 and 2022, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

The fair value of investment property was determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Company's investment property on a regular basis.

Valuation Technique and Significant Unobservable Inputs

The valuation of investment property applied the following approaches:

Cost Approach. This approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The methodology of this approach is a set of procedures that estimate the current reproduction cost of the improvements, deducts accrued depreciation from all sources, and adds the value of investment property.

Sales Comparison Approach. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the market value of the property is determined first, and then proper capitalization rate is applied to arrive at its rental value. The rental value of the property is determined on the basis of what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment. A study of current market conditions indicates that the return on capital for similar real estate investment range from 4.00% to 4.09%.

11. Noncurrent Receivables

Noncurrent receivables consist of:

	Note	2023	2022
Amounts owed by related parties	23	P6,216	P11,198
Others		257	254
		6,473	11,452
Less allowance for impairment losses	4	253	253
	4, 23, 29, 30	P6,220	P11,199

Amounts owed by related parties consist of interest-bearing receivables, deposit and lease receivable (Note 23).

No impairment loss was recognized on noncurrent receivables in 2023 and 2022.

12. Other Noncurrent Assets

Other noncurrent assets consist of:

	<i>Note</i>	2023	2022
Option deposit		P975	P975
Noncurrent derivatives assets	29, 30	301	1,101
Intangible assets	4	252	221
Others		15	22
		P1,543	P2,319

On February 17, 2017, the Company entered into an option agreement (the Agreement) with the non-controlling stockholder of SMCACDC for the grant to the Company of the option to acquire 35% ownership interest in SMCACDC. The option is exercisable within a period of two years from the execution of the Agreement or such other date as may be agreed upon by the parties in writing. The option deposit shall be applied as partial payment of the option exercise price upon exercise of the option. As at December 31, 2023, the Agreement was extended under the same terms and conditions.

No impairment loss was recognized on other noncurrent assets in 2023 and 2022.

The movements in intangible assets are as follows:

	Computer Software	Licenses	Project Development Cost	Total
Cost				
January 1, 2022	P365	P88	P150	P603
Additions	3	-	117	120
Disposals and reclassifications	-	(52)	(60)	(112)
December 31, 2022	368	36	207	611
Additions	8	-	80	88
Disposals and reclassifications	-	32	(51)	(19)
December 31, 2023	376	68	236	680
Accumulated Amortization				
January 1, 2022	351	87	-	438
Amortization	4	-	-	4
Disposals and reclassifications	-	(52)	-	(52)
December 31, 2022	355	35	-	390
Amortization	5	-	-	5
Disposals and reclassifications	-	33	-	33
December 31, 2023	360	68	-	428
Carrying Amount				
December 31, 2022	P13	P1	P207	P221
December 31, 2023	P16	P -	P236	P252

Amortization expense, included as part of "Costs and expenses" account in the separate statements of income, amounted to P5 and P4 in 2023 and 2022, respectively (Notes 18 and 19).

13. Loans Payable

Loans payable consist of:

	<i>Note</i>	2023	2022
Peso-denominated		P21,300	P22,457
Foreign currency-denominated		-	33,168
	<i>28, 29, 30</i>	P21,300	P55,625

Loans payable represent unsecured peso and foreign currency-denominated loans obtained from local and foreign banks. Interest rates per annum for Peso-denominated loans range from 6.35% to 6.99% and 4.70% to 6.06% in 2023 and 2022, respectively. Interest rate per annum for foreign currency-denominated loans is 5.25% in 2022.

Interest expense on loans payable recognized in the separate statements of income amounted to P3,199 and P1,701 in 2023 and 2022, respectively (Note 21).

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	<i>Note</i>	2023	2022
Accrued expenses		P10,735	P10,531
Amounts owed to related parties	<i>4, 23</i>	6,135	6,084
Derivative liabilities	<i>23, 29, 30</i>	227	2,048
Deposits		20	20
	<i>29, 30</i>	P17,117	P18,683

15. Long-term Debt

Long-term debt consists of:

	2023	2022
Peso-denominated Bonds:		
Series B Bonds, fixed interest rate of 5.284% maturing in 2024	P7,292	P7,278
Series C Bonds, fixed interest rate of 5.7613% maturing in 2027	5,996	5,989
Series E Bonds, fixed interest rate of 6.25%	-	13,138
Series F Bonds, fixed interest rate of 6.625% maturing in 2025	2,432	2,427
Series G Bonds, fixed interest rate of 7.125% maturing in 2028	4,388	4,382
Series H Bonds, fixed interest rate of 5.55% maturing in 2024	9,979	9,953
P60,000 fixed rate bonds (a)	30,087	43,167

Forward

	2023	2022
Series I Bonds, fixed interest rate of 3.3832% maturing in 2027 (b)	P29,762	P29,700
Series J Bonds, fixed interest rate of 5.2704% maturing in 2027	17,274	17,237
Series K Bonds, fixed interest rate of 5.8434% maturing in 2029	12,425	12,407
P30,000 fixed rate bonds (c)	29,699	29,644
Series L Bonds, fixed interest rate of 7.4458% maturing in 2028	26,788	26,728
Series M Bonds, fixed interest rate of 7.8467% maturing in 2029	9,594	9,571
Series N Bonds, fixed interest rate of 8.4890% maturing in 2032	22,917	22,866
P60,000 fixed rate bonds (d)	59,299	59,165
Peso-denominated bonds	148,847	161,676
Peso-denominated Term Notes:		
Fixed interest rate of 6.9375% with maturities up to 2026 (e)	15,231	15,373
Fixed interest rate of 7.1968% with maturities up to 2029 (f)	5,148	-
Foreign currency-denominated Term Notes:		
Fixed interest rate of 6.55%, maturing in 2028 (g)	8,247	-
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2024 (h)	110,301	110,492
Floating interest rate based on SOFR plus margin, maturing in 2035 (i)	81,332	47,534
Floating interest rate based on SOFR plus margin, maturing in 2028 (j)	71,892	-
Floating interest rate based on SOFR plus margin, maturing in 2026 (k)	49,074	49,172
Floating interest rate based on SOFR plus margin, maturing in 2027 (l)	38,099	38,201
Floating interest rate based on SOFR plus margin, maturing in 2028 (m)	16,244	-
Floating interest rate based on SOFR plus margin, maturing in 2028 (n)	16,166	-
Floating interest rate of based on SOFR plus margin, maturing in 2028 (o)	10,837	-
Floating interest rate based on SOFR plus margin, maturing in 2026 (p)	5,488	5,510
Floating interest rate based on SOFR plus margin, maturing in 2027 (q)	5,487	5,512
Floating interest rate based on London Interbank Offered Rate (LIBOR) plus margin (r)	-	22,282
Floating interest rate based on LIBOR plus margin (s)	-	16,697
Floating interest rate based on LIBOR plus margin (t)	-	16,682
Floating interest rate based on LIBOR plus margin (u)	-	11,116
Floating interest rate based on LIBOR plus margin (v)	-	4,999
	582,393	505,246
Less current maturities	127,783	80,073
	P454,610	P425,173

a. The amount represents the first, second, third and fourth tranche of the P60,000 shelf registered fixed rate bonds issued by the Company amounting to P20,000, P10,000, P20,000 and P10,000, respectively. The Bonds were listed at the Philippine Dealing & Exchange Corp. (PDEX).

- The first tranche of the fixed rate bonds listed on March 1, 2017 amounting to P20,000 consists of: (i) five-year Series A Bonds, due in 2022 with an interest rate of 4.8243% per annum; (ii) seven-year Series B Bonds, due in 2024 with an interest rate of 5.284% per annum (Note 31); and (iii) ten-year Series C Bonds, due in 2027 with an interest rate of 5.7613% per annum. Interest is payable every 1st of March, June, September and December of each year.
- The second tranche of the fixed rate bonds listed on April 7, 2017 amounting to P10,000 comprises five-year Series D Bonds, due in 2022 with an interest rate of 5.1923% per annum. Interest is payable every 7th of January, April, July and October of each year.
- The third tranche of the fixed rate bonds listed on March 19, 2018 amounting to P20,000 consists of: (i) five-year Series E Bonds, due in 2023 with an interest rate of 6.25% per annum; (ii) seven-year Series F Bonds, due in 2025 with an interest rate of 6.625% per annum; and (iii) ten-year Series G Bonds, due in 2028 with an interest rate of 7.125% per annum. Interest is payable every 19th of March, June, September and December of each year.
- The fourth tranche of the fixed rate bonds listed on October 4, 2019 amounting to P10,000 comprises five-year Series H Bonds, due in 2024 with an interest rate of 5.55% per annum. Interest is payable every 4th of January, April, July and October of each year.

Proceeds from the issuance of the bonds were used to partially refinance various loans.

The Company paid the P6,683 Series A Bonds, P10,000 Series D Bonds and P13,146 Series E Bonds on March 1, 2022, April 7, 2022 and March 20, 2023, respectively.

Unamortized debt issue costs amounted to P84 and P150 as at December 31, 2023 and 2022, respectively.

b. The amount represents the first tranche of the P50,000 shelf registered fixed rate bonds issued by the Company amounting to P30,000. The Bonds were listed at the PDEX.

The first tranche of the fixed rate bonds listed on July 8, 2021, comprises six-year Series I Bonds, due in 2027 with an interest rate of 3.3832% per annum and with a put option on the part of the bondholder on the third anniversary of its issue date. Interest is payable every 8th of January, April, July and October of each year.

Proceeds from the issuance of the bonds were used to repay existing obligations.

Unamortized debt issue costs amounted to P238 and P300 as at December 31, 2023 and 2022, respectively.

- c. The amount represents the first tranche of the P60,000 shelf registered fixed rate bonds issued by the Company amounting to P30,000. The Bonds were listed at the PDEx.

The first tranche of the fixed rate bonds listed on March 4, 2022, consists of: (i) five-year Series J Bonds, due in 2027 with an interest rate of 5.2704% per annum; and (ii) seven-year Series K Bonds, due in 2029 with an interest rate of 5.8434% per annum. Interest is payable every 4th of March, June, September and December of each year.

Proceeds from the issuance of the bonds were used for refinancing the Company's short-term loan facilities and other general corporate purposes.

Unamortized debt issue costs amounted to P301 and P356 as at December 31, 2023 and 2022, respectively.

- d. The amount represents the P60,000 fixed rate bonds issued by the Company consisting of: (i) five-year and three months Series L Bonds, due in 2028 with an interest rate of 7.4458% per annum; (ii) seven-year Series M Bonds, due in 2029 with an interest rate of 7.8467% per annum; and (iii) ten-year Series N Bonds, due in 2032 with an interest rate of 8.4890% per annum. The Bonds were listed at the PDEx. Interest is payable every 14th of March, June, September and December of each year.

Proceeds from the issuance of the bonds were used for: (i) the optional redemption of the Company's Series "2" Preferred Shares - Subseries "2-H"; (ii) the repayment of the Peso-denominated short-term loan facilities that were used to pay the Series A and Series D Bonds; (iii) the payment of Series E Bonds; and (iv) the refinancing of certain US dollar-denominated obligations.

Unamortized debt issue costs amounted to P701 and P835 as at December 31, 2023 and 2022, respectively.

- e. The amount represents the drawdown by the Company on June 24, 2019 from its term loan facility amounting to P16,000. The loan is amortized over seven years and is subject to a fixed interest rate of 6.9375% per annum payable quarterly. The proceeds were used for general corporate purposes.

The Company paid the scheduled amortizations amounting to P720 and P560 as at December 31, 2023 and 2022, respectively.

Unamortized debt issue costs amounted to P49 and P67 as at December 31, 2023 and 2022, respectively.

- f. The amount represents the drawdown by the Company on June 30, 2023 from its term loan facility amounting to P5,200. The loan is amortized over six years and is subject to a fixed interest rate of 7.1968% per annum payable semi-annually and with a put option on the part of the lender on the third anniversary of the first drawdown date. The proceeds were used for the refinancing of Corona Virus Disease 2019 response activities during the period 2020 to 2022.

Unamortized debt issue costs amounted to P52 as at December 31, 2023.

- g. The amount represents the drawdown by the Company on July 31, 2023 from its term loan facility amounting to US\$150. The term of the loan is for five years and is subject to a fixed interest rate, payable quarterly. The proceeds of the loans were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P59 as at December 31, 2023.

- h. The amount represents the drawdown by the Company of US\$50 and US\$1,950 on December 27, 2019 and March 19, 2020, respectively, from its term loan facility amounting to US\$2,000. The term of the loan is for five years and is subject to a floating interest rate based on SOFR plus margin. Effective June 30, 2023 the benchmark rate of US dollar-denominated loans was changed from LIBOR to SOFR. The proceeds of the loans were used for general corporate purposes.

Unamortized debt issue costs amounted to P439 and P1,018 as at December 31, 2023 and 2022, respectively.

- i. The amount represents the drawdown by the Company of US\$1,493 on various dates in 2023 and 2022 from its US\$2,165 term loan facility. The term of the loan is for 13 years and is subject to a floating interest rate. The proceeds were used to fund the land development works of the Manila International Airport Project in Bulacan.

Unamortized debt issue costs amounted to P1,348 and P1,043 as at December 31, 2023 and 2022, respectively.

- j. The amount represents the drawdown by the Company of US\$1,330 on various dates in 2023 from its term loan facility. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P1,750 as at December 31, 2023.

- k. The amount represents the drawdown by the Company on various dates in 2022 and 2021 from its term loan facility amounting to US\$900. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used for general corporate purposes.

Unamortized debt issue costs amounted to P759 and P1,008 as at December 31, 2023 and 2022, respectively.

- l. The amount represents the drawdown by the Company on various dates in 2022 from its term loan facility amounting to US\$700. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used for general corporate purposes.

Unamortized debt issue costs amounted to P660 and P828 as at December 31, 2023 and 2022, respectively.

- m. The amount represents the drawdown by the Company on September 20, 2023 from its term loan facility amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used to refinance a total of US\$300 term loans availed in 2018.

Unamortized debt issue costs amounted to P367 as at December 31, 2023.

- n. The amount represents the drawdown by the Company of US\$200 and US\$100 on November 15 and 24, 2023, respectively, from its term loan facility amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P445 as at December 31, 2023.

- o. The amount represents the drawdown by the Company on July 10, 2023 from its term loan facility amounting to US\$200. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loans were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P237 as at December 31, 2023.

- p. The amount represents the drawdown by the Company on December 23, 2021 from its term loan facility amounting to US\$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P49 and P65 as at December 31, 2023 and 2022, respectively.

- q. The amount represents the drawdown by the Company on August 2, 2022 from its term loan facility amounting to US\$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used for general corporate purposes.

Unamortized debt issue costs amounted to P50 and P63 as at December 31, 2023 and 2022, respectively.

- r. The amount represents the drawdown by the Company on March 16, 2018 from its term loan facility amounting to US\$400. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used to fund the subscription of RPS in San Miguel Global Power to partially finance the acquisition of Masinloc Group of Companies.

The loan was fully paid on February 24, 2023.

Unamortized debt issue costs amounted to P20 as at December 31, 2022.

- s. The amount represents the drawdown by the Company on June 26, 2018 from its term loan facility amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used to fund general corporate requirements and/or additional investments to its subsidiaries.

The loan was fully paid on April 28, 2023.

Unamortized debt issue costs amounted to P29 as at December 31, 2022.

- t. The amount represents the drawdown by the Company of US\$120 and US\$180 on September 25, 2018 and October 25, 2018, respectively, from its term loan facility amounting to US\$300. The term of the loans is for five years and is subject to a floating interest rate. The proceeds were used to refinance existing US dollar-denominated obligations and/or for general corporate purposes.

The loan was fully paid on September 20, 2023.

Unamortized debt issue costs amounted to P45 as at December 31, 2022.

- u. The amount represents the drawdown by the Company on November 21, 2018 from its term loan facility amounting to US\$200. The term of the loan is for five years and is subject to a floating interest rate. The proceeds were used to repay existing US dollar-denominated obligations.

The loan was fully paid on November 16, 2023.

Unamortized debt issue costs amounted to P35 as at December 31, 2022.

- v. The amount represents the drawdown by the Company on October 24, 2017 from its term loan facilities amounting to US\$300 entered into with various banks. The loans have various maturities and is subject to floating interest rate. The proceeds were used to fund general corporate requirements and/or partially repay existing loans.

Payments made amounted to US\$300 and US\$210 as at December 31, 2023 and 2022, respectively.

The loan was fully paid on November 28, 2023.

Unamortized debt issue costs amounted to P19 as at December 31, 2022.

The debt agreements contain, among others, covenants relating to merger and consolidation, negative pledge, maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, significant changes in the ownership or control of subsidiaries.

The Company is required to comply with the following financial ratios:

Financial Ratios	Threshold
Consolidated earnings before interest, taxes, depreciation and amortization to consolidated total interest expense	Not less than 2.00:1.00
Consolidated net debt to consolidated total equity	Does not exceed 2.10:1.00

The Company is in compliance with the covenants of the debt agreements as at December 31, 2023 and 2022.

Interest expense on long-term debt recognized in the separate statements of income amounted to P32,336 and P16,066 in 2023 and 2022, respectively (Note 21).

The movements in debt issue costs are as follows:

	Note	2023	2022
Balance at beginning of year		P5,881	P3,836
Additions		3,604	3,452
Amortization	21	(1,897)	(1,407)
Balance at end of year		P7,588	P5,881

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2024	P128,246	P463	P127,783
2025	2,650	8	2,642
2026	70,382	858	69,524
2027	97,811	1,142	96,669
2028 and thereafter	290,892	5,117	285,775
Total	P589,981	P7,588	P582,393

Contractual terms of the Company's interest-bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 29.

16. Income Taxes

The components of income tax expense (benefit) are shown below:

	2023	2022
Current	P284	P167
Deferred	2,308	(2,746)
	P2,592	(P2,579)

Deferred tax assets and liabilities arise from the following:

	2023	2022
Items Recognized in Profit or Loss		
Allowance for impairment losses	P2,207	P2,183
Unrealized foreign exchange loss	300	1,757
Retirement benefits	(216)	(238)
MCIT	-	78
Others	632	1,451
	2,923	5,231
Items Recognized Directly in Other Comprehensive Income		
Net gain on financial assets at FVOCI	(85)	(71)
Equity reserve for retirement plan	679	818
Net loss on cash flow hedges	135	93
	729	840
	P3,652	P6,071

The movements in deferred tax assets are as follows:

2023	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Allowance for impairment losses	P2,183	P24	P -	P2,207
Unrealized foreign exchange loss (gain)	1,757	(1,457)	-	300
MCIT	78	(78)	-	-
Retirement costs (benefits)	(238)	22	-	(216)
Net gain on financial assets at FVOCI	(71)	-	(14)	(85)
Equity reserve for retirement plan	818	-	(139)	679
Net loss on cash flow hedges	93	-	42	135
Others	1,451	(819)	-	632
	P6,071	(P2,308)	(P111)	P3,652

2022	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Allowance for impairment losses	P2,183	P -	P -	P2,183
Unrealized foreign exchange loss (gain)	(424)	2,181	-	1,757
MCIT	157	(79)	-	78
Retirement benefits	(212)	(26)	-	(238)
Net gain on financial assets at FVOCI	(57)	-	(14)	(71)
Equity reserve for retirement plan	(603)	-	1,421	818
Net loss (gain) on cash flow hedges	180	-	(87)	93
Others	781	670	-	1,451
	P2,005	P2,746	P1,320	P6,071

As at December 31, 2023, the NOLCO of the Company that can be claimed as deduction from future taxable income are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	Balance
2020	December 31, 2025	P3,715
2021	December 31, 2026	7,087
2022	December 31, 2025	1,833
2023	December 31, 2026	1,880
		P14,515

As at December 31, 2023, the MCIT of the Company that can be claimed as deduction from corporate income tax due are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	Balance
2021	December 31, 2026	P42
2022	December 31, 2025	65
2023	December 31, 2026	97
		P204

As at December 31, 2023, deferred tax assets in respect of NOLCO and MCIT amounting to P3,629 and P204, respectively, have not been recognized because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

For taxable years 2023 and 2022, the expiration period of NOLCO reverted to three years.

The reconciliation between the statutory income tax rate on loss before income tax and the Company's effective income tax rate is as follows:

	2023	2022
Statutory income tax rate	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:		
Nontaxable income	27.44%	46.39%
Income subject to final tax	0.48%	0.43%
Others, mainly nondeductible expenses	(70.96%)	(38.73%)
Effective income tax rate	(18.04%)	33.09%

**Percentages are computed based on amounts in nearest peso.*

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed into law on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Company are: (i) reduction of Regular Corporate Income Tax (RCIT) rate from 30% to 25% for domestic and resident foreign corporations effective July 1, 2020; (ii) reduction of MCIT rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. The rate of MCIT reverted to 2% based on gross income starting July 1, 2023. Accordingly, current and deferred taxes as at and for the year ended December 31, 2023 and 2022 were computed and measured using the applicable income tax rates. MCIT was computed using 1.5% and 1% tax rates in 2023 and 2022, respectively.

17. Equity

a. Amendments to the Articles of Incorporation

On July 23, 2009, during the annual stockholders' meeting of the Company, the stockholders approved the amendments to the Articles of Incorporation for the declassification of the common shares of the Company. The authorized capital stock of the Company amounting to P22,500 was divided into 2,034,000,000 Class "A" common shares, 1,356,000,000 Class "B" common shares with a par value of P5.00 per share and 1,110,000,000 Series "1" preferred shares with a par value of P5.00 per share, and defined the terms and features of the Series "1" preferred shares. The SEC approved the amendments to the Amended Articles of Incorporation of the Company on August 20, 2009.

During the April 18, 2012 and June 14, 2012 meetings of the BOD and stockholders of the Company, respectively, the BOD and stockholders approved the amendments to the Articles of Incorporation of the Company, to increase the authorized capital stock of the Company from P22,500 to P30,000 as follows: (a) the increase in the number of the common shares from 3,390,000,000 common shares to 3,790,000,000, or an increase of 400,000,000 common shares; and (b) the creation and issuance of 1,100,000,000 Series "2" preferred shares with a par value of P5.00 per share.

On September 21, 2012, the SEC approved the amendment to the Articles of Incorporation of the Company to increase the authorized capital stock, and consequently creating the Series "2" preferred shares.

On June 9, 2015, during the annual stockholders meeting of the Company, the stockholders approved the amendment to Article VII of the Amended Articles of Incorporation of the Company to reclassify 810,000,000 Series "1" preferred shares to Series "2" preferred shares, consisting of 691,099,686 Series "1" preferred treasury shares to Series "2" preferred treasury shares and 118,900,314 Series "1" preferred unissued shares to Series "2" preferred unissued shares. With the approved reclassification, the resulting distribution of the preferred shares of the Company was 300,000,000 for Series "1" preferred shares and 1,910,000,000 for Series "2" preferred shares. The stockholders also approved the issuance of the Series "2" preferred shares subject to the passage of Enabling Resolutions containing the details of the terms and conditions of the issuance.

The amendment to Article VII of the Amended Articles of Incorporation of the Company to reclassify 810,000,000 Series "1" preferred shares to Series "2" preferred shares was approved by the SEC on July 14, 2015.

b. Capital Stock

Common Shares

On July 27, 2010, the BOD of the Company approved the offer to issue approximately 1,000,000,000 common shares (from the unissued capital stock and treasury shares) at a price of not less than P75.00 per share.

Effective August 26, 2010, all Class "A" common shares and Class "B" common shares of the Company were declassified and are considered as common shares without distinction, as approved by the SEC. Both are available to foreign investors, subject to the foreign ownership limit.

The Company has a total of 33,379 and 33,653 common shareholders as at December 31, 2023 and 2022, respectively.

The number of issued and outstanding shares of common stock are as follows:

	2023	2022
Issued shares	3,288,649,125	3,288,649,125
Less treasury shares	904,752,537	904,752,537
Issued and outstanding shares	2,383,896,588	2,383,896,588

Preferred Shares

i. Series “1” Preferred Shares

Series “1” preferred shares have a par value of P5.00 per share and are entitled to receive cash dividends upon declaration by and at the sole option of the BOD of the Company at a fixed rate of 8% per annum calculated in respect of each Series “1” preferred share by reference to the Issue Price thereof in respect of each dividend period.

Series “1” preferred shares are non-voting except as provided for under the Corporation Code. The Series “1” preferred shares are redeemable in whole or in part, at the sole option of the Company, at the end of three years from the issue date at P75.00 plus any accumulated and unpaid cash dividends.

All shares rank equally with regard to the residual assets of the Company, except that holders of preferred shares participate only to the extent of the issue price of the shares plus any accumulated and unpaid cash dividends.

On July 23, 2009, the stockholders of the Company approved the Offer by the Company to exchange existing common shares of up to approximately 35% of the issued and outstanding capital stock of the Company with Series “1” preferred shares. The exchange ratio was one common share for one Series “1” preferred share and the qualified shareholders of record as at July 2, 2009, were vested with the right to participate on the exchange.

On October 5, 2009, the Company completed the exchange of 476,296,752 Class “A” common shares and 396,876,601 Class “B” common shares for Series “1” preferred shares.

On October 15, 2009, the BOD of the Company approved the issuance, through private placement, of up to 226,800,000 Series “1” preferred shares.

On December 22, 2009, the Company issued 97,333,000 Series “1” preferred shares to qualified buyers and by way of private placement to not more than 19 non-qualified buyers at the issue price of P75.00 per Series “1” preferred share.

On December 8, 2010 and October 3, 2011, the Company listed 873,173,353 and 97,333,000 Series “1” preferred shares worth P65,488 and P7,300, respectively.

On August 13, 2012, the BOD of the Company approved the redemption of Series “1” preferred shares at a redemption price of P75.00 per share.

On October 5, 2012, 970,506,353 Series “1” preferred shares were reverted to treasury.

On April 14, 2015, the Company reissued 279,406,667 Series “1” preferred shares held in treasury in the name of certain subscribers at P75.00 per share. The Series “1” preferred shares became tradable at the PSE beginning June 10, 2015.

On March 12, 2020, the BOD of the Company approved the redemption of Series “1” preferred shares at a redemption price of P75.00 per share.

On April 14, 2020, 279,406,667 Series “1” preferred shares were reverted to treasury.

The Company has 279,406,667 Series “1” preferred shares held in treasury as at December 31, 2023 and 2022.

The Company has no outstanding Series “1” preferred shares as at December 31, 2023 and 2022.

ii. Series “2” Preferred Shares

Subseries 2-A, Subseries 2-B and Subseries 2-C

In September 2012, the Company issued 1,067,000,000 Series “2” preferred shares at the issue price of P75.00 per share. The said Series “2” preferred shares worth P80,025 were listed at the PSE on September 28, 2012. The SEC approved the registration and issued a permit to sell on August 10, 2012.

The Series “2” preferred shares were issued in three subseries (Subseries “2-A”, Subseries “2-B” and Subseries “2-C”) and are peso-denominated, perpetual, cumulative, non-participating and non-voting.

The Company has the redemption option starting on the third, fifth and seventh year and every dividend payment thereafter, with a “step-up” rate effective on the 5th, 7th and 10th year, respectively, if the shares are not redeemed. Dividend rates are 7.500%, 7.625%, and 8.000% per annum for Subseries “2-A”, Subseries “2-B” and Subseries “2-C” preferred shares, respectively.

On September 21, 2015, the Company redeemed its 721,012,400 Series “2” preferred shares - Subseries “2-A” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Company paid P54,076 to the holders of Subseries “2-A” preferred shares. The redemption was approved by the BOD of the Company on August 20, 2015.

On September 23, 2019, the Company redeemed its 90,428,200 Series “2” preferred shares - Subseries “2-B” at a redemption price of P75.00 per share. The Company paid P6,782 to the holders of Subseries “2-B” preferred shares. The redemption was approved by the BOD of the Company on September 12, 2019.

On September 21, 2021, the Company redeemed its outstanding 255,559,400 Series “2” preferred shares - Subseries “2-C” at a redemption price of P75.00 per share. The Company paid P19,167 to the holders of Subseries “2-C” preferred shares. The redemption was approved by the BOD of the Company on August 5, 2021.

As at December 31, 2023, there are no more outstanding Series “2” preferred shares out of the 1,067,000,000 Series “2” preferred shares subject of the SEC’s permit to sell on August 10, 2012 and listed at the PSE on September 28, 2012.

Subseries 2-D, Subseries 2-E and Subseries 2-F

On September 21, 2015, the Company issued and listed at the PSE 446,667,000 Series “2” preferred shares held in treasury in three subseries (Subseries “2-D”, Subseries “2-E” and Subseries “2-F”) and are Peso-denominated, perpetual, cumulative, non-participating and non-voting. Dividend rates are 5.9431%, 6.3255% and 6.8072% per annum for Subseries “2-D”, Subseries “2-E” and Subseries “2-F” preferred shares, respectively. The SEC approved the registration and issued a permit to sell on August 6, 2015.

On September 21, 2020, the Company redeemed its 89,333,400 Series “2” preferred shares - Subseries “2-D” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Company paid P6,700 to the holders of Subseries “2-D” preferred shares. The redemption was approved by the BOD of the Company on August 6, 2020.

On September 21, 2021, the Company redeemed its 134,000,100 Series “2” preferred shares - Subseries “2-E” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Company paid P10,050 to the holders of Subseries “2-E” preferred shares. The redemption was approved by the BOD of the Company on August 5, 2021.

As at December 31, 2023, only the Subseries “2-F” preferred shares remain outstanding out of the 446,667,000 Series “2” preferred shares subject of the SEC’s permit to sell on August 6, 2015 and listed at the PSE on September 21, 2015.

Subseries 2-G, Subseries 2-H and Subseries 2-I

On February 24, 2016, the BOD of the PSE approved the listing application of the Company of up to 975,571,800 shares of Series “2” preferred shares under shelf registration (the Shelf Registered Shares) and the offering of up to 400,000,000 shares of Series “2” preferred shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved the Shelf Registered Shares and issued a permit to sell on March 8, 2016.

The Company offered the “First Tranche” of up to: (i) 280,000,000 shares of Series “2” preferred shares consisting of Subseries “2-G”, Subseries “2-H” and Subseries “2-I” and (ii) 120,000,000 shares of Series “2” preferred shares to cover the oversubscription option. The First Tranche was re-issued and offered from the Series “2” Preferred Shares Subseries held in treasury. The First Tranche was issued on March 30, 2016 which was also the listing date of the Shelf Registered Shares.

Dividend rates are 6.5793%, 6.3222% and 6.3355% per annum for Subseries “2-G”, Subseries “2-H” and Subseries “2-I” preferred shares, respectively.

Following the completion of the Company's follow-on offering of 280,000,000 Series "2" preferred shares, with an oversubscription option of 120,000,000 Series "2" preferred shares, the Company re-issued the Series "2" preferred shares held in treasury, as follows: (i) 244,432,686 Series "2" preferred shares; and (ii) 155,567,314 Subseries "2-A" preferred shares (collectively, the "Offer Shares"). The Series "2" preferred shares were Series "1" preferred shares held in treasury that were reclassified to Series "2" preferred shares on June 9, 2015.

The remaining 575,571,800 Shelf Registered Shares were no longer be issued due to the expiration of the shelf registration, which is a period of three years from the date of approval.

On March 30, 2021, the Company redeemed its 66,666,600 Series "2" preferred shares - Subseries "2-G" at a redemption price of P75.00 per share plus any unpaid cash dividends. The Company paid P5,000 to the holders of Subseries "2-G" preferred shares. The redemption was approved by the BOD of the Company on March 11, 2021.

On December 21, 2022, the Company redeemed its 164,000,000 Series "2" preferred shares - Subseries "2-H" at a redemption price of P75.00 per share, plus any unpaid cash dividends. The Company paid P12,300 to the holders of Subseries "2-H" preferred shares. The redemption was approved by the BOD of the Company on September 22, 2022.

As at December 31, 2023, only the Subseries "2-I" preferred shares remain outstanding out of the 400,000,000 shelf-registered Series "2" preferred shares subject of the SEC's permit to sell on March 8, 2016 and listed at the PSE on March 30, 2016.

Subseries 2-J and Subseries 2-K

On September 30, 2020, the BOD of the PSE approved the listing application of the Company of up to 533,333,334 Series "2" preferred shares under shelf registration (the Shelf Registered Shares) and the offering of up to 266,666,667 Series "2" preferred shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on October 9, 2020 and issued a permit to sell the First Tranche on the same date.

The Company offered the First Tranche consisting of: (i) 133,333,400 Subseries "2-J" preferred shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-J" preferred shares at an offer price of P75.00 per share. The First Tranche consisting of 266,666,667 Subseries "2-J" Preferred Shares was issued on October 29, 2020, which was also the date when the First Tranche was listed at the PSE.

The Company offered a Second Tranche of the Shelf Registered Shares, consisting of: (i) 133,333,400 Subseries "2-K" preferred shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-K" preferred shares at an offer price of P75.00 per share. The Second Tranche consisting of 183,904,900 Subseries "2-K" was issued and listed at the PSE on December 10, 2020.

The First and Second Tranche were re-issued and offered from the Subseries "2-A" preferred shares held in treasury.

Dividend rates are 4.75% and 4.50% per annum for Subseries “2-J” and Subseries “2-K” preferred shares, respectively.

Subseries 2-M

On August 23, 2023, the Company issued via private placement 173,333,325 Subseries “2-M” preferred shares at an offer price of P75.00 per share, with a fixed dividend rate of 8.375% per annum. Subseries “2-M” preferred shares were listed at the PSE on August 29, 2023. The Subseries “2-M” preferred shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of the Company.

Subseries 2-L, Subseries 2-N and Subseries 2-O

On October 17, 2023, the BOD of PSE approved the shelf registration application of the Company of up to 866,666,700 Series “2” cumulative, non-voting, non-participating, non-convertible, redeemable and re-issuable (the Shelf Registered Shares) and with an offer Supplement for the First Tranche of 400,000,000 Series “2-L”, Series “2-N” and Series “2-O” preferred shares (the “Base Offer Shares”) and an Over-subscription Option of up to 266,666,700 Series “2-L”, Series “2-N” and Series “2-O” preferred shares, with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on November 9, 2023 and issued a permit to sell the First Tranche on the same date.

On December 1, 2023, the First Tranche consisting of 165,358,600 Subseries “2-L” preferred shares, 100,115,100 Subseries “2-N” preferred shares, and 187,859,700 Subseries “2-O” preferred shares was issued and listed at the PSE.

Dividend rates are 7.9145%, 8.3466% and 8.5936% per annum for Subseries “2-L”, Subseries “2-N” and Subseries “2-O” preferred shares, respectively.

The Company has 288,194,494 and 914,861,219 Series “2” preferred shares held in treasury as at December 31, 2023 and 2022, respectively.

The Company has 1,469,905,192 and 843,238,467 outstanding Series “2” preferred shares as at December 31, 2023 and 2022, respectively.

The Company has a total of 277 and 251 preferred shareholders as at December 31, 2023 and 2022, respectively.

c. *Treasury Shares*

Treasury shares consist of:

	2023	2022
Common	P67,093	P67,093
Preferred	42,570	89,570
	P109,663	P156,663

Common Shares

The Company has 904,752,537 common shares held in treasury as at December 31, 2023 and 2022.

1. In the Entry of Judgment received on January 27, 2015, the Supreme Court entered in the Book of Entries of Judgments the Resolution of September 4, 2012 in G.R. Nos. 177857-58 and 178193 wherein the Supreme Court clarified that the 753,848,312 SMC Series “1” preferred shares of the Coconut Industry Investment Fund (CIIF) companies converted from the CIIF block of SMC shares, with all the dividend earnings as well as all increments arising therefrom shall now be the subject matter of the January 29, 2012 Decision and declared owned by the Government and used only for the benefit of all coconut farmers and for the development of the coconut industry. Thus, the fallo of the Decision dated January 24, 2012 was accordingly modified.

On October 5, 2016, the Supreme Court of the Philippines in G.R. Nos. 177857-58 and 178193 issued a Judgment denying the “Manifestation and Omnibus Motion” filed by the Presidential Commission on Good Government to amend the Resolution Promulgated on September 4, 2012 to Include the “Treasury Shares” Which are Part and Parcel of the 33,133,266 CIIF Block of SMC Shares of 1983 Decreed by the Sandiganbayan, and Sustained by the Honorable Court, as Owned by the Government. The denial of the motion is without prejudice to the right of the Republic of the Philippines (ROP) to file the appropriate action or proceeding to determine the legal right of the Company to the 25,450,000 treasury shares of the Company. On November 29, 2016, the Supreme Court denied with finality the motion for reconsideration of the ROP. To date, no such further action or proceeding has been filed by the ROP relating to the 25,450,000 Treasury Shares of the Company.

2. In 2009, 873,173,353 common shares reverted to treasury were acquired through the exchange of common shares to preferred shares, on a one-for-one basis, at P75.00 per share amounting to P65,488.
3. On May 5, 2011, the Company completed the secondary offering of its common shares. The offer consists of 110,320,000 shares of stock of the Company consisting of 27,580,000 common shares from the treasury shares of the Company and 82,740,000 SMC common shares held by Top Frontier, priced at P110.00 per share.
4. Also on May 5, 2011, US\$600 worth of exchangeable bonds of the Company sold to overseas investors were simultaneously listed at the Singapore Exchange Securities Trading Limited (SGX-ST). The exchangeable bonds have a maturity of three years, a coupon of 2% per annum and a conversion premium of 25% of the offer price. The exchangeable bonds are exchangeable for common shares to be re-issued from the treasury shares of the Company. The initial exchange price for the exchange of the exchangeable bonds into common shares is P137.50 per share.

On December 5, 2011, 765,451 common shares were delivered to the bondholders of the Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at an exchange price of P113.24 per share. Subsequently on December 8, 2011 and February 10 and 16, 2012, the delivered common shares of stock of the Company were transacted and crossed at the PSE via a special block sale in relation to the issuance of common shares pursuant to the US\$600 exchangeable bonds of the Company.

In 2014, 2013 and 2012, additional 1,077,573, 6,540,959 and 1,410,604 common shares, respectively, were delivered to the bondholders of the Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at exchange prices ranging from P80.44 to P113.24 per share. The additional common shares of stock of the Company were transacted and crossed at the PSE on various dates via special block sales.

A total of 9,794,587 common shares were issued to the bondholders of the Company's exchangeable bonds as at December 31, 2014.

5. In 2014 and 2013, 68,150 common shares and 3,410,250 common shares, respectively, under the Company's Employee Stock Purchase Plan (ESPP) were cancelled and held in treasury shares.

In 2016, the Company discontinued the ESPP.

d. Capital Securities

SPCS

On December 5, 2019, the BOD approved the establishment of a medium term note programme amounting to US\$3,000 (the "Programme"), and the issuance of US\$500 perpetual securities out of the Programme. The Programme and the initial issuance of perpetual securities were both registered at the SGX-ST.

The Programme will be available for a medium term and will allow the Company to tap the financial market for funding through the issuance of securities, including but not limited to corporate notes, bonds, and perpetual securities and other similar instruments at different currencies (other than Philippine peso). The establishment of the Programme will give the Company ready access to funding and will give the Company the flexibility to fund its contemplated investments and projects such as the Metro Rail Transit 7 construction, the Manila International Airport, as well as the refinancing of its existing obligations and for other general corporate purposes. All instruments and securities that will be issued out of the Programme shall be exempt securities and shall not be required to be registered with the PSE.

On July 29, 2020, the Company issued US\$500 (P24,595) SPCS at an issue price of 100%, with a rate of distribution of 5.5% per annum payable every January 29 and July 29 of each year. The securities were issued under the Programme. The net proceeds were used to finance investments and various projects, to refinance existing obligations and for general corporate purposes.

RPS

On July 1, 2020, the Company issued P4,000 RPS to a related party, with a rate of distribution of 5% per annum, payable every January 1, April 1, July 1 and October 1 of each year. The RPS was purchased at an amount equivalent to its face value on May 25, 2023.

On August 4, 2020, the Company issued US\$100 (P4,909) RPS to a related party at an issue price of 100%, with a rate of distribution of 2.5% per annum, payable every February 5, May 5, August 5 and November 5 of each year.

The RPS are capital securities with no fixed redemption date. The security holders have the right to receive distribution payable quarterly in arrears. The Company has the right to defer this distribution under certain conditions.

The net proceeds of RPS were used by the Company for general corporate purposes.

e. *Unappropriated Retained Earnings*

The unappropriated retained earnings of the Company is restricted in the amount of P67,093 in 2023 and 2022 representing the cost of common shares held in treasury.

18. Costs and Expenses

Costs and expenses consist of:

	Note	2023	2022
Contracted services		P7,539	P909
Personnel	20	1,248	1,112
Travel, entertainment and representation		748	771
Professional fees		689	812
Rent, repairs and maintenance, supplies and utilities	24	244	225
Depreciation and amortization	19	166	134
Taxes and licenses		64	137
Others		99	69
		P10,797	P4,169

Contracted services include cost incurred for services rendered in relation to the financing activities for the ongoing projects of subsidiaries.

19. Depreciation and Amortization

Depreciation and amortization arise from the following accounts:

	Note	2023	2022
Right-of-use assets	9	P81	P81
Property, plant and equipment	8	72	41
Investment property	10	8	8
Intangible assets	12	5	4
	18	P166	P134

20. Personnel Expenses

Personnel expenses consist of:

	<i>Note</i>	2023	2022
Salaries and wages		P967	P857
Retirement costs	25	89	87
Other employee benefits		192	168
	18	P1,248	P1,112

21. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	<i>Note</i>	2023	2022
Interest expense		P35,573	P17,812
Other financing charges	15, 25	2,238	1,816
		P37,811	P19,628

Amortization of debt issue costs, included as part of "Other financing charges", amounted to P1,897 and P1,407 in 2023 and 2022, respectively (Note 15).

Interest expense on loans payable, long-term debt and lease liabilities is as follows:

	<i>Note</i>	2023	2022
Long-term debt	15	P32,336	P16,066
Loans payable	13	3,199	1,701
Lease liabilities	24	38	45
		P35,573	P17,812

In 2023, the Company paid interest expense and other financing charges amounting to P35,346, presented as part of financing activities in the separate statement of cash flows. Interest expense and other financing charges paid in 2022 amounting to P17,585 was reclassified from cash flows from operating activities to cash flows from financing activities in the separate statements of cash flows. The reclassification aligns with the current period presentation and the inherent nature of the cash flow.

22. Interest Income

Interest income consists of:

	<i>Note</i>	2023	2022
Interest from short-term investments, cash in banks and others		P4,095	P2,865
Interest on amounts owed by related parties	23, 25	1,444	725
Interest on actuarial	25	-	191
		P5,539	P3,781

23. Related Party Disclosures

The Company, certain subsidiaries and their shareholders and associates purchase products and services from one another in the normal course of business. The Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the Company's total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Parent Company	11	2023	P -	P -	P3,037	P -	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest bearing	Unsecured; no impairment
		2022	-	-	3,037	-		
	26	2023	-	-	-	516	Settled on dividend payment date	Unsecured
		2022	-	-	-	516		
Entities under Common Control		2023	-	-	27	-	On demand; non-interest bearing	Unsecured; no impairment
Subsidiaries	6, 7, 11, 14	2022	54	-	57	-		
		2023	11,197	545	66,648	8,329	On demand; non-interest bearing	Unsecured; no impairment
		2022	5,092	565	59,905	8,423		
		2023	1,255	-	7,060	-	On demand and 90 days; interest bearing	Unsecured; no impairment
		2022	537	-	37,336	-		
		2023	-	-	3,067	-	5 years and 20 years; interest bearing	Unsecured; no impairment
		2022	-	-	8,067	-		
Associates of Subsidiaries	6, 11	2023	32	59	27	16	On demand; interest bearing and non-interest bearing	Unsecured; no impairment
		2022	25	96	20	16		
Retirement Plan	6, 22, 25	2023	29	-	3,289	-	On demand; non-interest bearing	Unsecured; no impairment
		2022	23	-	3,480	-		
		2023	188	-	3,233	-	On demand; interest bearing	Unsecured; no impairment
		2022	188	-	3,233	-		
		2023	P12,701	P604	P86,388	P8,861		
		2022	P5,919	P661	P115,135	P8,955		

- Purchases consist of purchase of power, products and services from related parties.
- Amounts owed by related parties consist of receivables arising from management fees, share in expenses, royalty, rental and interest; and non-interest bearing non-trade receivables.
 - Amounts owed by related parties also include prepaid rent amounting to P3 and P2 as at December 31, 2023 and 2022, respectively, presented as part of "Prepaid expenses and other current assets" account in the separate statements of financial position.

- b) Amounts owed by related parties include interest bearing receivable from the Parent Company related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Company amounting to P725.
- (i) *Amounts owed by the Parent Company amounting to P2,312:* On September 27, 2019, the parties agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% interest rate per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing. The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte undertaken by Pacific Nickel Philippines, Inc., an indirect subsidiary of Clariden. As at December 31, 2023 and 2022, the Nonoc Project has not yet started commercial operations. These amounts are included as part of amounts owed by related parties under "Noncurrent receivables - net" account in the separate statements of financial position as at December 31, 2023 and 2022 (Note 11).
- (ii) *Amounts owed by the Parent Company amounting to P725:* These amounts are subject to 5.75% interest rate per annum and will accrue upon commencement of commercial operations of the Nonoc Project. As at December 31, 2023 and 2022, the NONOC Project has not yet started commercial operations. These amounts are included as part of amounts owed by related parties under "Noncurrent receivables - net" account in the separate statements of financial position as at December 31, 2023 and 2022 (Note 11).
- c) Amounts owed by related parties include non-interest bearing receivable from the Parent Company, used for working capital purposes. In 2022, the Company collected its non-interest bearing receivable from the Parent Company amounting to US\$72.
- d) Amounts owed by related parties include interest bearing advances.

Current Shareholder Advances:

- *Amounts owed by SMEII:* The Company provided interest bearing advances to SMEII amounting to P30,227 in 2022. These amounts are subject to interest rate of 5.75% per annum, payable upon maturity on March 21, 2023.

The amounts owed by SMEII was fully paid in 2023.

- *Amounts owed by Atlantic Aurum Investments B.V. (AAIBV):* The Company provided interest bearing advances to AAIBV amounting to US\$128 in 2013. These amounts are subject to interest rate of 3.00% per annum, payable upon maturity on May 28, 2018, or until the note is fully paid.

These amounts are included as part of amounts owed by related parties under "Receivable - net" account in the separate statements of financial position as at December 31, 2023 and 2022 (Note 6).

Noncurrent Shareholder Advances:

- *Amounts owed by SMC Metro Manila Rail Transit 7 Inc. (MRT7):* The Company provided interest bearing shareholder advances to MRT7 amounting to P2,761 and P2,239 in 2022 and 2021, respectively. These amounts are subject to interest rate of 3.00% per annum on the 1st 90 days. The interest rate is subject to quarterly review by the Company and MRT7, based on the prevailing market rates. These amounts are payable upon maturity on October 19, 2026.

The amounts owed by MRT7 was fully paid on May 11, 2023.

- *Amounts owed by SMILSI:* The Company provided interest bearing shareholder advances to SMILSI amounting to P2,250 in 2021. These amounts are subject to interest rate of 3.00% per annum on the 1st 90 days. The interest rate is subject to quarterly review by the Company and SMILSI based on the prevailing market rates. These amounts are payable upon maturity on various dates in 2026.
- *Amounts owed by SMAI:* The Company provided interest bearing shareholder advances to SMAI amounting to P817 in 2020. These amounts are subject to interest rate of 5.00% per annum for the initial interest period and interest rate based on 10-year PHP BVAL (on interest resetting date) plus 3.00% per annum (or such other applicable premium to be agreed upon between the Company and SMAI) for the second initial and final interest period. These amounts are payable upon maturity on various dates in 2040.

These amounts are included as part of “Noncurrent receivables - net” account in the separate statements of financial position as at December 31, 2023 and 2022 (Note 11).

Interest income earned from the advances amounted to P1,444 and P725 in 2023 and 2022, respectively (Note 22).

3. Amounts owed to related parties consist of payables, subscription of shares, insurance, advance rental, security deposits, lease liabilities, dividends and distributions payable and commodity hedges. The current portion of lease liabilities amounted to P93 and P82 as at December 31, 2023 and 2022, respectively, presented as part of “Accounts payable and accrued expenses” in the separate statements of financial position. Derivative liability amounted to P44 as at December 31, 2022, presented as part of “Accounts payable and accrued expenses” in the separate statements of financial position. Subscriptions payable amounted to P1,890 and P1,850 as at December 31, 2023 and 2022, respectively. Dividends and distributions payable amounted to P516 and P566 as at December 31, 2023 and 2022, respectively. The noncurrent portion of lease liabilities amounted to P320 and P411 as at December 31, 2023 and 2022, respectively, presented as part of “Other noncurrent liabilities” in the separate statements of financial position.
4. The compensation of key management personnel of the Company, by benefit type, follows:

	Note	2023	2022
Short-term employee benefits		P276	P370
Retirement benefits	25	10	(5)
		P286	P365

24. Leasing Agreements

Company as Lessor

The Company has entered into various property leases. These non-cancellable leases will expire up to year 2042. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease receipts under non-cancellable operating leases are as follows:

	2023	2022
Within one year	P184	P179
One to two years	189	183
Two to three years	195	188
Three to four years	201	193
Four to five years	209	201
More than five years	662	868
	P1,640	P1,812

Rent income recognized in the separate statements of income amounted to P353 and P270 in 2023 and 2022, respectively (Notes 4 and 10).

Company as Lessee

The Company leases building and improvements and a parcel of land. These leases typically run for a period of 10 to 25 years. The Company has the option to renew the lease after the expiration of the lease term.

The minimum annual rental commitments under these non-cancellable leases, which are payable within one year from reporting date, amounted to P128 and P124 as at December 31, 2023 and 2022, respectively.

The Company recognized interest expense related to these leases amounting to P38 and P45 in 2023 and 2022, respectively (Note 21).

The Company also leases office facilities. The leases typically run for a period of one year. Some leases provide an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals. The expenses relating to these short-term leases are recognized as rent expense in 2023 and 2022.

Rent expense, included as part of "Costs and expenses" account in the separate statements of income, amounted to P20 and P21 in 2023 and 2022, respectively (Note 18).

The Company's total cash outflows for the lease amounted to P140 and P95 in 2023 and 2022, respectively.

25. Retirement Plan

The Company has funded, noncontributory, defined benefit retirement plan (Retirement Plan) covering all of its permanent employees. The Retirement Plan of the Company pays out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plan. Annual cost is determined using the projected unit credit method. The latest actuarial valuation date is December 31, 2023. Valuations are obtained on a periodic basis.

The Retirement Plan is registered with the BIR as a tax-qualified plan under Republic Act No. 4917, as amended. The control and administration of the Retirement Plan is vested in the Board of Trustees. The Board of Trustees of the Retirement Plan who exercises voting rights over the shares and approves material transactions are employees and/or officers of the Company. The Retirement Plan's accounting and administrative functions are undertaken by the Retirement Funds Office of the Company.

The following table shows a reconciliation of the net defined benefit retirement asset and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Retirement Obligation		Effect of Asset Ceiling		Net Defined Benefit Retirement Asset (Liability)	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at beginning of year	P832	P6,927	(P1,991)	(P1,898)	P -	(P1,744)	(P1,159)	P3,285
Recognized in Profit or Loss								
Service costs	-	-	(89)	(87)	-	-	(89)	(87)
Interest expense	-	-	(143)	(95)	-	-	(143)	(95)
Interest income	68	374	-	-	-	-	68	374
Interest on the effect of asset ceiling	-	-	-	-	-	(88)	-	(88)
	68	374	(232)	(182)	-	(88)	(164)	104
Recognized in Other Comprehensive Income								
Remeasurements								
Actuarial gains (losses) arising from:								
Experience adjustments	-	-	(261)	(105)	-	-	(261)	(105)
Changes in financial assumptions	-	-	(102)	101	-	-	(102)	101
Changes in demographic assumptions	-	-	8	16	-	-	8	16
Return on plan assets excluding interest income	912	(7,527)	-	-	-	-	912	(7,527)
Changes in the effect of asset ceiling	-	-	-	-	-	1,832	-	1,832
	912	(7,527)	(355)	12	-	1,832	557	(5,683)
Others								
Contributions	376	1,135	-	-	-	-	376	1,135
Benefits paid	(158)	(74)	158	74	-	-	-	-
Transfers from other plans	2	3	(2)	(3)	-	-	-	-
Transfers to other plans	-	(6)	-	6	-	-	-	-
	220	1,058	156	77	-	-	376	1,135
Balance at end of year	P2,032	P832	(P2,422)	(P1,991)	P -	P -	(P390)	(P1,159)

The Company's annual contribution to the Retirement Plan consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement costs recognized as part of "Personnel expenses" under "Cost and expenses" account in the separate statements of income amounted to P89 and P87 in 2023 and 2022, respectively (Note 20).

The net interest on the defined benefit retirement liability recognized as part of "Interest expense and other financing charges" account in the separate statement of income amounted to P75 in 2023 (Note 21).

The net interest on the defined benefit retirement liability recognized as part of "Interest income" account in the separate statement of income amounted to P191 in 2022 (Note 22).

The defined benefit retirement liability included as part of "Other noncurrent liabilities" account amounted to P390 and P1,159 as at December 31, 2023 and 2022, respectively.

The carrying amounts of the Company's retirement fund approximate fair values as at December 31, 2023 and 2022.

The Company's plan assets consist of the following:

	In Percentages	
	2023	2022
Investments in marketable securities	84.49	83.43
Investments in pooled funds:		
Fixed income portfolio	0.50	1.08
Stock trading portfolio	0.57	0.58
Investments in real estate	8.14	9.07
Others	6.30	5.84

Investments in Marketable Securities

As at December 31, 2023, the plan assets include:

- 2,392,597 common shares of the Company with fair market value per share of P102.10;
- 1,917,608 common shares of Top Frontier with fair market value per share of P101.90;
- 5,817,380 common shares of SMFB with fair market value per share of P51.00;
- 5,085,800 common shares of San Miguel Brewery Inc. (SMB) with fair market value per share of P20.00;
- 11,200,601 common shares of Ginebra San Miguel Inc. (GSMI) with fair market value per share of P168.70;
- 273,580,000 common shares of Petron with fair market value per share of P3.55;
- 300 common shares of SMPI with fair market value per share of P134.12;
- 432,626,860 common shares of Bank of Commerce (BankCom) with fair market value per share of P7.27; and

- investment in shares of stock of the PSE and other equity securities which amounted to P1,349.

As at December 31, 2022, the plan assets include:

- 2,392,597 common shares of the Company with fair market value per share of P92.95;
- 1,917,608 common shares of Top Frontier with fair market value per share of P95.00;
- 5,817,380 common shares of SMFB with fair market value per share of P38.70;
- 5,085,800 common shares of SMB with fair market value per share of P20.00;
- 11,200,601 common shares of GSML with fair market value per share of P105.00;
- 273,580,000 common shares of Petron with fair market value per share of P2.40;
- 300 common shares of SMPL with fair market value per share of P134.12;
- 432,626,860 common shares of BankCom with fair market value per share of P7.89; and
- investment in shares of stock of the PSE and other equity securities which amounted to P1,259.

The fair market value per share of the above marketable securities is determined based on quoted market prices in active markets as at the reporting date (Note 3).

The Company's Retirement Plan recognized a gain (loss) on the investment in marketable securities of the Company, its subsidiaries and Top Frontier amounting to P864 and (P7,271) in 2023 and 2022, respectively.

Dividend income from the investment in shares of stock of the Company and its subsidiaries amounted to P165 and P82 in 2023 and 2022, respectively.

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of the Company and its domestic subsidiaries to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The Board of Trustees approved the percentage of asset to be allocated to fixed income instruments and equities. The Retirement Plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Investment income and expenses are allocated to the plan based on its pro-rata share in net assets of the pooled funds. The Retirement Plan's interests in the net assets of the pooled funds were 3.36% and 4.55% of fixed income portfolio as at December 31, 2023 and 2022, respectively and 21.14% and 14.95% of stock trading portfolio as at December 31, 2023 and 2022, respectively.

Approximately 2.16% and 2.79% of the Retirement Plan's investment in fixed income portfolio represents investment in shares of stock of the Company and its subsidiaries as at December 31, 2023 and 2022, respectively.

Approximately 18.09% and 12.56% of the Retirement Plan's investment in stock trading portfolio represents investment in shares of stock of the Company and its subsidiaries as at December 31, 2023 and 2022, respectively.

Investments in Real Estate

The Retirement Plan has investments in real estate properties as at December 31, 2023 and 2022. The fair value of investment property amounted to P808 as at December 31, 2023 and 2022.

Others

Others include the Retirement Plan's investment in trust account, cash and cash equivalents and receivables which earn interest. Investment in trust account represents funds entrusted to a financial institution for the purpose of maximizing the yield on investible funds.

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the defined benefit retirement obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

The Company is expected to contribute P394 to its defined benefit retirement plan in 2024.

The Retirement Plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plan. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Company to manage the Retirement Plan efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2023	2022
Discount rate	6.13	7.19
Salary increase rate	5.00	5.00

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation is 4.8 years and 4.7 years as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below:

	Defined Benefit Retirement Obligation			
	2023		2022	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P93)	P101	(P77)	P86
Salary increase rate	108	(91)	87	(79)

The Company has advances to and receivables from the Retirement Plan amounting to P6,522 and P6,713 as at December 31, 2023 and 2022, respectively, included as part of "Amounts owed by related parties" under "Receivables" account in the separate statements of financial position (Notes 6 and 23). Portion of the advances are subject to 5.75% interest rate per annum in 2023 and 2022. Interest income earned from the advances amounted to P188 in 2023 and 2022 (Note 22).

Transactions with the Retirement Plan are made at normal market prices and terms. Outstanding balances as at December 31, 2023 and 2022 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivables. The Company has not made any provision for impairment losses relating to the receivables from the Retirement Plan in 2023 and 2022.

26. Dividends and Distributions

Dividends

The BOD of the Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common	March 9, 2023	March 31, 2023	April 28, 2023	P0.35
	June 13, 2023	June 30, 2023	July 26, 2023	0.35
	September 7, 2023	October 6, 2023	October 27, 2023	0.35
	December 7, 2023	January 5, 2024	January 26, 2024	0.35
Preferred SMC2F	January 26, 2023	March 21, 2023	April 4, 2023	1.27635
	May 11, 2023	June 21, 2023	July 5, 2023	1.27635
	August 3, 2023	September 21, 2023	October 5, 2023	1.27635
	November 9, 2023	December 21, 2023	January 4, 2024	1.27635
SMC2I	January 26, 2023	March 21, 2023	April 4, 2023	1.18790625
	May 11, 2023	June 21, 2023	July 5, 2023	1.18790625
	August 3, 2023	September 21, 2023	October 5, 2023	1.18790625
	November 9, 2023	December 21, 2023	January 4, 2024	1.18790625
SMC2J	January 26, 2023	March 21, 2023	April 4, 2023	0.890625
	May 11, 2023	June 21, 2023	July 5, 2023	0.890625
	August 3, 2023	September 21, 2023	October 5, 2023	0.890625
	November 9, 2023	December 21, 2023	January 4, 2024	0.890625
SMC2K	January 26, 2023	March 21, 2023	April 4, 2023	0.84375
	May 11, 2023	June 21, 2023	July 5, 2023	0.84375
	August 3, 2023	September 21, 2023	October 5, 2023	0.84375
	November 9, 2023	December 21, 2023	January 4, 2024	0.84375
SMC2M	November 9, 2023	December 21, 2023	January 4, 2024	1.5703125

2022

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common	March 10, 2022	April 1, 2022	April 29, 2022	P0.35
	June 14, 2022	July 1, 2022	July 27, 2022	0.35
	September 22, 2022	October 7, 2022	October 28, 2022	0.35
	December 7, 2022	January 6, 2023	January 27, 2023	0.35
Preferred SMC2F	February 10, 2022	March 21, 2022	April 1, 2022	1.27635
	May 5, 2022	June 21, 2022	July 4, 2022	1.27635
	August 4, 2022	September 21, 2022	October 4, 2022	1.27635
	November 14, 2022	December 21, 2022	January 3, 2023	1.27635
SMC2H	February 10, 2022	March 21, 2022	April 1, 2022	1.1854125
	May 5, 2022	June 21, 2022	July 4, 2022	1.1854125
	August 4, 2022	September 21, 2022	October 4, 2022	1.1854125
	November 14, 2022	December 21, 2022	January 3, 2023	1.1854125
SMC2I	February 10, 2022	March 21, 2022	April 1, 2022	1.18790625
	May 5, 2022	June 21, 2022	July 4, 2022	1.18790625
	August 4, 2022	September 21, 2022	October 4, 2022	1.18790625
	November 14, 2022	December 21, 2022	January 3, 2023	1.18790625
SMC2J	February 10, 2022	March 21, 2022	April 1, 2022	0.890625
	May 5, 2022	June 21, 2022	July 4, 2022	0.890625
	August 4, 2022	September 21, 2022	October 4, 2022	0.890625
	November 14, 2022	December 21, 2022	January 3, 2023	0.890625
SMC2K	February 10, 2022	March 21, 2022	April 1, 2022	0.84375
	May 5, 2022	June 21, 2022	July 4, 2022	0.84375
	August 4, 2022	September 21, 2022	October 4, 2022	0.84375
	November 14, 2022	December 21, 2022	January 3, 2023	0.84375

On January 18, 2024, the BOD of the Company declared cash dividends to all preferred shareholders of record as at March 21, 2024 on the following shares to be paid on April 4, 2024, as follows:

Class of Shares	Dividends Per Share
SMC2F	P1.27635
SMC2I	1.18790625
SMC2J	0.890625
SMC2K	0.84375
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.611300

On March 11, 2024, the BOD of the Company declared cash dividends at P0.35 per share to all common shareholders of record as at March 27, 2024 to be paid on April 26, 2024.

Distributions

The Company paid P264 and P2,007 to the holders of RPS and SPCS, respectively, in 2023 and P381 and P1,957 to the holders of RPS and SPCS, respectively, in 2022, as distributions in accordance with the terms and conditions of their respective separate subscription agreements with the Company. As at December 31, 2022, the Company has outstanding distribution payable amounting to P50 to the holders of RPS, presented as part of "Dividends and distributions payable" account in the statement of financial position (Note 23).

27. Basic and Diluted Earnings Per Common Share

Basic and diluted EPS is computed as follows:

	2023	2022
Net loss	(P16,961)	(P5,215)
Dividends on preferred shares	(4,192)	(4,293)
Distributions to capital securities	(2,271)	(2,338)
Net loss attributable to common shareholders (a)	(P23,424)	(P11,846)
Weighted average number of common shares outstanding (in millions) - basic (b)	2,384	2,384
Basic and diluted loss per common share (a/b)	(P9.83)	(P4.97)

28. Supplemental Cash Flow Information

Supplemental information with respect to the separate statements of cash flows is presented below:

- a. Changes in noncash current assets, certain current liabilities and others are as follows (amounts reflect actual cash flows rather than increases or decreases of the accounts in the separate statements of financial position):

	2023	2022
Receivables	(P8,588)	P1,022
Prepaid expenses and other current assets	(5)	(340)
Accounts payable and accrued expenses	(789)	5,514
Income and other taxes payable and others	(218)	262
	(P9,600)	P6,458

- b. Changes in liabilities arising from financing activities:

	Loans Payable	Long-term Debt	Dividends and Distributions Payable	Lease Liabilities
Balance at January 1, 2023	P55,625	P505,246	P2,986	P507
Changes from Financing Cash Flows				
Proceeds from borrowings	352,100	162,331	-	-
Payments of borrowings	(385,927)	(85,055)	-	-
Dividends and distributions paid	-	-	(9,314)	-
Payments of lease liabilities	-	-	-	(82)
Total change from financing cash flows	(33,827)	77,276	(9,314)	(82)
Effect of changes in foreign exchange rates	(783)	(2,009)	-	-
Dividends and distributions declared	-	-	9,396	-
Other changes	285	1,880	-	-
	(498)	(129)	9,396	-
Balance at December 31, 2023	P21,300	P582,393	P3,068	P425

	Loans Payable	Long-term Debt	Dividends and Distributions Payable	Lease Liabilities
Balance at January 1, 2022	P51,450	P297,600	P2,879	P537
Changes from Financing Cash Flows				
Proceeds from borrowings	445,680	205,366	-	-
Payments of borrowings	(441,840)	(16,843)	-	-
Dividends and distributions paid	-	-	(9,911)	-
Payments of lease liabilities	-	-	-	(30)
Total change from financing cash flows	3,840	188,523	(9,911)	(30)
Effect of changes in foreign exchange rates	283	18,192	-	-
Dividends and distributions declared	-	-	10,018	-
Other changes	52	931	-	-
	335	19,123	10,018	-
Balance at December 31, 2022	P55,625	P505,246	P2,986	P507

29. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Company include cash and cash equivalents, financial assets at FVOCI, short-term and long-term loans, dividends and distributions payable, and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Company such as receivables, accounts payable and accrued expenses and lease liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Company such as currency options, currency swaps and interest rate swap are intended mainly for risk management purposes. The Company uses derivatives to manage its exposures to foreign currency and interest rate risks arising from operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to the separate financial statements.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Company's corporate governance process relating to the: a) quality and integrity of the separate financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the separate financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Company and other corporate disclosures as may be required by the SEC and/or the PSE.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Company and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Company. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relates primarily to long-term borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Company is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Company invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Company's financial instruments to various standard and non-standard interest rate scenarios.

The Company uses interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Company applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities, and notional amounts. The Company assesses whether the derivative designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Company's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

December 31, 2023	<1 Year	1-2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	>5 Years	Total
Fixed Rate							
Philippine peso-denominated	P17,506	P2,650	P15,012	P53,515	P31,569	P50,399	P170,651
Interest rate	5.284% - 7.1968%	6.625% - 7.1968%	6.9375% - 7.1968%	3.3832% - 7.1968%	7.125% - 7.4458%	5.8434% - 8.4890%	
Foreign currency-denominated (expressed in Philippine peso)	-	-	-	-	8,306	-	8,306
Interest rate	-	-	-	-	6.55%	-	-
Floating Rate							
Foreign currency-denominated (expressed in Philippine peso)	110,740	-	55,370	44,296	117,938	82,680	411,024
Interest rate	SOFR + margin	-	SOFR + margin	SOFR + margin	SOFR + margin	SOFR + margin	
	P128,246	P2,650	P70,382	P97,811	P157,813	P133,079	P589,981
December 31, 2022	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	>5 Years	Total
Fixed Rate							
Philippine peso-denominated	P13,306	P17,454	P2,598	P14,960	P53,463	P76,976	P178,757
Interest rate	6.25% - 6.9375%	5.284% - 6.9375%	6.625% - 6.9375%	6.9375%	3.3832% - 5.7613%	5.8434% - 8.4890%	
Floating Rate							
Foreign currency-denominated (expressed in Philippine peso)	66,906	116,528	-	55,755	44,604	48,577	332,370
Interest rate	LIBOR + margin	LIBOR + margin	-	LIBOR + margin	SOFR + margin	SOFR + margin	
	P80,212	P133,982	P2,598	P70,715	P98,067	P125,553	P511,127

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Company's profit before tax (through the impact on floating rate borrowings) by P4,193 and P3,324 in 2023 and 2022, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Company's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Company's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Company. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Company enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards, options or swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (deliverable and non-deliverable) and options are entered into to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to long-term foreign currency-denominated borrowings.

Certain derivative contracts are designated as cash flow hedges. The Company applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Company assesses whether the derivatives designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Company's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in foreign exchange rates; and
- changes in the timing of the hedged transactions.

Information on the Company's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents is as follows:

	December 31, 2023		December 31, 2022	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$837	P46,346	US\$2,028	P113,081
Receivables	176	9,752	173	9,636
	1,013	56,098	2,201	122,717
Liabilities				
Loans payable	-	-	(600)	(33,453)
Accounts payable and accrued expenses	(109)	(6,037)	(104)	(5,817)
Long-term debt	(7,573)	(419,330)	(5,961)	(332,370)
	(7,682)	(425,367)	(6,665)	(371,640)
Net Foreign Currency-denominated Monetary Liabilities	(US\$6,669)	(P369,269)	(US\$4,464)	(P248,923)

The Company reported net gain (loss) on foreign exchange amounting to P2,041 and (P5,640) in 2023 and 2022, respectively, with the translation of its foreign currency-denominated assets and liabilities. These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2023	55.370
December 31, 2022	55.755

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Company's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company's other comprehensive income.

	December 31, 2023		December 31, 2022	
	Effect on Income before Income Tax		Effect on Income before Income Tax	
	P1 Decrease in the US Dollar Exchange Rate	P1 Increase in the US Dollar Exchange Rate	P1 Decrease in the US Dollar Exchange Rate	P1 Increase in the US Dollar Exchange Rate
Cash and cash equivalents	(P837)	P837	(P2,028)	P2,028
Receivables	(176)	176	(173)	173
	(1,013)	1,013	(2,201)	2,201
Loans payable	-	-	600	(600)
Accounts payable and accrued expenses	109	(109)	104	(104)
Long-term debt	7,573	(7,573)	5,961	(5,961)
	7,682	(7,682)	6,665	(6,665)
	P6,669	(P6,669)	P4,464	(P4,464)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Company enters into commodity derivative transactions on behalf of certain subsidiaries to reduce cost by optimizing purchasing synergies within the subsidiaries and managing inventory levels of common materials.

Commodity Swaps and Options. Commodity swaps and options are used to manage the exposures of certain subsidiaries to volatility in prices of certain commodities such as aluminum, fuel oil and coal.

Liquidity Risk

Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Company's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Company constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Company also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years
Financial Assets					
Cash and cash equivalents	P56,582	P56,582	P56,582	P -	P -
Receivables - net	100,666	100,666	100,666	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	1,129	1,129	828	-	301
Financial assets at FVOCI (included under "Investments and advances - net" account)	231,536	231,536	-	-	231,536
Noncurrent receivables - net (excluding lease receivable)	6,114	8,248	183	186	7,879
Financial Liabilities					
Loans payable	21,300	21,369	21,369	-	-
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent and lease liabilities)	16,891	16,891	16,891	-	-
Subscriptions payable	1,890	1,890	1,890	-	-
Dividends and distributions payable	3,068	3,068	3,068	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	321	321	52	-	269
Long-term debt - net of debt issue costs (including current maturities)	582,393	759,065	163,223	32,762	563,080
Lease liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	425	504	124	128	252
Other noncurrent liabilities (excluding noncurrent retirement liabilities and lease liabilities)	86	86	-	-	86
December 31, 2022	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years
Financial Assets					
Cash and cash equivalents	P137,258	P137,258	P137,258	P -	P -
Receivables - net	121,883	121,883	121,883	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	1,798	1,798	697	806	295
Financial assets at FVOCI (included under "Investments and advances - net" account)	67,832	67,832	-	-	67,832
Noncurrent receivables - net (excluding lease receivable)	11,114	15,352	454	457	14,441
Financial Liabilities					
Loans payable	55,625	56,434	56,434	-	-
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent and lease liabilities)	16,679	16,679	16,679	-	-
Subscriptions payable	1,850	1,850	1,850	-	-
Dividends and distributions payable	2,986	2,986	2,986	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	1,845	1,845	1,845	-	-
Long-term debt - net of debt issue costs (including current maturities)	505,246	633,082	107,061	156,716	369,305
Lease liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	507	625	121	124	380
Other noncurrent liabilities (excluding noncurrent retirement liabilities and lease liabilities)	201	201	-	-	201

Credit Risk

Credit risk is the risk of financial loss to the Company when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Company has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company ensures that sales on account are made to customers with appropriate credit history. The Company has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Company has no significant concentration of credit risk since the Company deals with a large number of homogenous counterparties. The Company does not execute any credit guarantee in favor of any counterparty.

The table below presents the Company's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	December 31, 2023					
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired			
Cash and cash equivalents (excluding cash on hand)	P56,578	P -	P -	P -	P -	P56,578
Receivables	-	100,666	7,427	-	-	108,093
Derivative assets	-	-	-	35	1,094	1,129
Noncurrent receivables (excluding lease receivable)	-	6,114	253	-	-	6,367
	P56,578	P106,780	P7,680	P35	P1,094	P172,167

December 31, 2022						
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired			
Cash and cash equivalents (excluding cash on hand)	P137,254	P -	P -	P -	P -	P137,254
Receivables	-	121,883	7,269	-	-	129,152
Derivative assets	-	-	-	91	1,707	1,798
Noncurrent receivables (excluding lease receivable)	-	11,114	253	-	-	11,367
	P137,254	P132,997	P7,522	P91	P1,707	P279,571

The aging of receivables is as follows:

	December 31, 2023			December 31, 2022		
	Amounts Owed by Related Parties	Non-trade Receivables	Total	Amounts Owed by Related Parties	Non-trade Receivables	Total
Current	P77,552	P23,114	P100,666	P101,160	P20,723	P121,883
Over 90 days past due	2,617	4,810	7,427	2,775	4,494	7,269
	P80,169	P27,924	P108,093	P103,935	P25,217	P129,152

Majority of the receivables pertain to related party accounts that are not impaired, and are collectible. The Company computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period (Note 4). There are no significant changes in the credit quality of the counterparties during the year.

Credit Quality

In monitoring and controlling credit extended to counterparty, the Company adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Company.

The credit quality of financial assets is being managed by the Company using internal credit ratings. Credit quality of the financial assets was determined as follows:

High grade includes deposits or placements with reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets, collectively amounting to P57,707 and P139,052 as at December 31, 2023 and 2022, respectively.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Company's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include current and noncurrent receivables, collectively amounting to P114,460 and P140,519 as at December 31, 2023 and 2022, respectively.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Other Market Price Risk

The Company's market price risk arises from its investments carried at fair value (financial assets at FVOCI). The Company manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the separate statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation and industry.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirement.

30. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Company's financial instruments:

	December 31, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P56,582	P56,582	P137,258	P137,258
Receivables - net	100,666	100,666	121,883	121,883
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	1,129	1,129	1,798	1,798
Financial assets at FVOCI (included under "Investments and advances - net" account)	231,536	231,536	67,832	67,832
Noncurrent receivables - net (excluding lease receivable)	6,114	6,114	11,114	11,114
Financial Liabilities				
Loans payable	21,300	21,300	55,625	55,625
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent, and lease liabilities)	16,891	16,891	16,679	16,679
Subscriptions payable	1,890	1,890	1,850	1,850
Dividends and distributions payable	3,068	3,068	2,986	2,986
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	321	321	1,845	1,845
Long-term debt - net of debt issue costs (including current maturities)	582,393	588,473	505,246	506,270
Lease liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	425	425	507	507
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, lease liabilities and deferred rent)	86	86	201	201

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Current and Noncurrent Receivables. The carrying amount of cash and cash equivalents and current receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of noncurrent receivables, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of derivative instruments are based on quotes obtained from the counterparties.

Financial Assets at FVOCI. The fair values of publicly traded equity instruments are based on quoted market prices in an active market. For equity instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted using the applicable discount rates of comparable instruments quoted in active markets.

Loans Payable, Accounts Payable and Accrued Expenses, Subscriptions Payable and Dividends and Distributions Payable. The carrying amount of loans payable, accounts payable and accrued expenses, subscriptions payable and dividends and distributions payable approximates fair value due to the relatively short-term maturities of these financial instruments.

Long-term Debt and Lease Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine peso-denominated loans range from 5.1% to 6.0% and 3.8% to 7.0% as at December 31, 2023 and 2022, respectively. The discount rates used for foreign currency-denominated loan ranges from 3.9% to 5.3% as at December 31, 2023. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments

The Company's derivative financial instruments according to the type of financial risk being managed and the details of freestanding derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Company enters into various foreign currency, interest rate and commodity derivative contracts to manage its exposure on foreign currency, interest rate and commodity price risks. The portfolio is a mixture of instruments including forwards, swaps and options.

Derivative Financial Instruments Accounted for as Cash Flow Hedges

The Company designated the following derivative financial instruments as cash flow hedges:

December 31, 2023	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Call spread swap:				
Notional amount	US\$190	US\$ -	US\$80	US\$270
Average strike rate	P48.00 to P53.70	-	P51.35 to P59.00	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	US\$30	US\$ -	US\$ -	US\$30
Average strike rate	P50.64	-	-	
Fixed interest rate	3.60% to 4.01%	-	-	
Interest rate risk:				
Interest rate collar:				
Notional amount	US\$ -	US\$ -	US\$525	US\$525
Interest rate	-	-	0.39% to 6.35%	

December 31, 2022	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Call spread swap:				
Notional amount	US\$ -	US\$190	US\$40	US\$230
Average strike rate	-	P48.00 to P53.70	P51.35 to P55.40	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	US\$220	US\$30	US\$ -	US\$250
Average strike rate	P51.26 to P54.31	P50.64	-	
Fixed interest rate	4.50% to 5.80%	3.60% to 4.01%	-	
Interest rate risk:				
Interest rate collar:				
Notional amount	US\$ -	US\$ -	US\$225	US\$225
Interest rate	-	-	0.50% to 3.00%	

The following are the amounts relating to hedged items:

December 31, 2023	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US dollar-denominated borrowings	(P28)	P -	(P290)
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	(169)	(23)	20
Interest rate risk:			
US dollar-denominated borrowings	(4)	148	(258)

December 31, 2022	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US dollar-denominated borrowings	(P384)	P -	(P423)
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	(1,942)	68	(35)
Interest rate risk:			
US dollar-denominated borrowings	(276)	203	(90)

There are no amounts remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

The following are the amounts related to the designated hedging instruments:

December 31, 2023	Notional Amount	Carrying Amount		Line Item in the Separate Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Separate Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Separate Statement of Income	Line Item in the Separate Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk: Call spread swaps	US\$270	P832	P -	Prepaid expenses and other current assts, and Other noncurrent assets	P28	(P13)	(P28)	P191	Interest expense and other financing charges, and gain (loss) on foreign exchange - net
Foreign currency and interest rate risks: Cross currency swap	30	137	-	Prepaid expenses and other current assets	169	73	(291)	-	Interest expense and other financing charges, and gain (loss) on foreign exchange - net
Interest rate risk: Interest rate collar	525	125	269	Other noncurrent assets, and Other noncurrent liabilities	4	(223)	(77)	-	Interest expense and other financing charges
December 31, 2022	Notional Amount	Carrying Amount		Line Item in the Separate Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Separate Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Separate Statement of Income	Line Item in the Separate Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk: Call spread swaps	US\$230	P743	P -	Other noncurrent assets	P384	(P310)	(P384)	P170	Interest expense and other financing charges, and gain (loss) on foreign exchange - net
Foreign currency and interest rate risks: Cross currency swap	250	813	-	Prepaid expenses and other current assets, and Other noncurrent assets	1,942	(725)	(877)	-	Interest expense and other financing charges, and gain (loss) on foreign exchange - net
Interest rate risk: Interest rate collar	225	151	-	Other noncurrent assets	276	(119)	(5)	-	Interest expense and other financing charges

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized in 2023 and 2022 in the separate statements of income.

The table below provides a reconciliation, by risk category, of the components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

	2023		2022	
	Hedging Reserve	Cost of Hedging Reserve	Hedging Reserve	Cost of Hedging Reserve
Balance at beginning of year	P271	(P548)	(P730)	P190
Changes in fair value				
Foreign currency risk	28	(13)	384	(310)
Foreign currency risk and interest rate risks	169	73	1,942	(725)
Interest rate risk	4	(223)	276	(119)
Amount reclassified to profit or loss	(396)	190	(1,267)	170
Tax effect	49	(7)	(334)	246
Balance at end of year	P125	(P528)	P271	(P548)

Derivative Financial Instruments Not Designated as Hedges

The Company enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding derivatives which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the separate statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Company.

Interest Rate Swap

The Company has outstanding interest rate swap with notional amount of US\$75 and US\$365 as at December 31, 2023 and 2022, respectively. Under the agreement, the Company receives floating interest rate based on LIBOR/SOFR and pays fixed interest rate up to 2026. The net positive fair value of the swap amounted to P35 and P45 as at December 31, 2023 and 2022, respectively.

Currency Options

The Company has outstanding currency options with an aggregate notional amount of US\$190 and US\$1,689 as at December 31, 2023 and 2022, respectively, and with various maturities in 2023 and 2024. The negative fair value of these currency options amounted to P52 and P1,800 as at December 31, 2023 and 2022, respectively.

Commodity Swaps

The Company has outstanding swap agreements covering the coal requirements of subsidiaries, with various maturities in 2023. Under the agreement, payment is made either by the Company or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of coal was 27,000 metric tons as at December 31, 2022. The positive fair value of these swaps on coal amounted to P44 as at December 31, 2022.

The Company has no outstanding commodity swaps on the purchase of coal as at December 31, 2023.

The Company recognized marked-to-market losses from freestanding derivatives amounting to P392 and P1,976 in 2023 and 2022, respectively.

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2023	2022
Balance at beginning of year	(P47)	(P136)
Net change in fair value of derivatives:		
Designated as accounting hedges	112	1,543
Not designated as accounting hedges	(392)	(1,976)
	(327)	(569)
Less fair value of settled instruments	(1,135)	(522)
Balance at end of year	P808	(P47)

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the separate statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The table below analyzes financial instruments carried at fair value by valuation method:

	December 31, 2023			December 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P -	P1,129	P1,129	P -	P1,798	P1,798
Financial assets at FVOCI	1,143	230,393	231,536	1,027	66,805	67,832
Financial Liabilities						
Derivative liabilities	-	321	321	-	1,845	1,845

The Company has no financial instruments valued based on Level 3 as at December 31, 2023 and 2022. In 2023 and 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

31. Event After the Reporting Date

On March 1, 2024, the Company paid the P7,294 Series B fixed rate Peso-denominated bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 shelf registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued by the Company in 2017.

32. Other Matters

a. Contingencies

The Company is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the separate financial statements of the Company.

Excess Excise Tax Payments

In 2004, the Company was assessed excise taxes by the BIR on “San Mig Light” which at that time was one of its products. These assessments were contested by the Company but nonetheless made the corresponding payments. Consequently, the Company filed three (3) claims for refund for overpayments of excise taxes with the BIR.

The first and second claims for refund were then elevated to the Court of Tax Appeals (CTA) and went all the way to the Supreme Court which was resolved in favor of the Company. On September 8, 2020, the BIR issued Tax Credit Certificates (TCC) No. 121-20-00012 and 121-20-00013 amounting to P782 and P926, respectively in favor of SMC. P773 out of P782 and P274 out of P926 TCC were partially applied to the Company’s tax obligations as at December 31, 2023.

The third claim for refund was consolidated with a claim for refund which was filed by SMB, a company to which, effective October 1, 2007, the Company had spun off its domestic beer business. The claim was also favorably resolved in favor of the Company and SMB. On August 10, 2020, the BIR issued TCC No. 121-20-00010 amounting to P105 in favor of SMC which was applied in full to the Company’s tax obligations as at December 31, 2021.

b. Tax-free Asset-for-share Agreements

The following are the tax-free asset-for-share agreements as confirmed by BIR:

- SMFB

On April 5, 2018, the Company and SMFB signed the Deed of Exchange of Shares pursuant to which the Company will transfer to SMFB, its 7,859,319,270 common shares of the capital stock of SMB and 216,972,000 common shares of the capital stock of GSML. As consideration for the acquisition by SMFB of the Exchange Shares, SMFB issued in favor of the Company 4,242,549,130 new common shares of the capital stock of SMFB on June 29, 2018, upon approval by the SEC of the increase in authorized capital stock of SMFB.

As the issuance of the New Shares resulted in SMFB’s public ownership level falling below the minimum ten percent (10%) requirement under the PSE Amended Rule on Minimum Public Ownership (“MPO Rule”), the PSE suspended the trading of SMFB’s common and preferred shares (collectively, the “SMFB Shares”) commencing July 6, 2019 and until SMFB is able to secure a favorable ruling/opinion from the BIR on the appropriate taxes to be imposed on the trades of SMFB Shares through the PSE for a period not exceeding six months (the “MPO Exemption Period”).

On July 20, 2019, SMFB received BIR Ruling No. 1092-2019, granting temporary exemption from the MPO Rule and states that the Share Swap and the follow-on offer of common shares and all trades of SMFB Shares through the PSE during the period not exceeding six months are not subject to capital gains tax of 15% under RR No. 16-2012 as amended by RR No. 11-2019 (TRAIN Law), and that the stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) shall be imposed on all trades through the PSE of SMFB Shares during the same period. The temporary exemption is effective until December 31, 2019.

On July 23, 2019, the PSE lifted the trading suspension of SMFB Shares.

The tax-free exchange between SMFB and the Company was confirmed by the BIR in its Certification No. SN: 010-2019 dated October 12, 2019. On October 31, 2019, the BIR issued the Electronic Certificate Authorizing Registration (eCAR) covering this transaction. The Exchange Shares were issued and registered in the name of SMFB on November 5, 2019.

- SMFB [formerly San Miguel Pure Foods Company Inc. (SMPFC)]

In September 2007, the applications for the approval of the transfer and SMPFC's increase in its authorized capital stock and confirmation of valuation of shares of the Company in San Miguel Foods, Inc., Magnolia Inc. and Monterey Foods Corporation given by way of payment for the shares of SMPFC was approved by the SEC. Following SEC's approval, SMPFC issued 70,865,078 shares to the Company in November 2007 out of its unissued shares and increase in authorized capital stock. This resulted to an increase in the Company's ownership from 99.83% to 99.92%.

The tax-free exchange between SMPFC and the Company was confirmed by the BIR in its Certification No. SN: 029-2008 dated February 1, 2008.

- SMB

On September 27, 2007, the SEC approved the transfer of the domestic beer business net assets to SMB and the increase in the authorized capital stock from P100 to P25,000.

Shares totaling 15,308,416,960, were issued by SMB to the Company under a tax-free asset-for-share agreement, as confirmed by the BIR in its Certification No. SN: 300-2007 dated October 9, 2007.

- Iconic Beverages, Inc. (IBI)

On February 27, 2009, the SEC approved the transfer of the Company's IP rights to IBI and the increase in the authorized capital stock of IBI. Shares totaling 100,000,000 were issued by IBI to the Company under a tax-free asset-for-share agreement, as confirmed by the BIR in its Certification No. SN: 405-2008 dated December 24, 2008. On April 29, 2009, the Company sold its 100% interest in IBI to SMB for a total purchase price of P32,000. Following such sale, IBI became a wholly-owned subsidiary of SMB.

- Brewery Properties Inc. (BPI)

On September 10, 2009, the SEC approved the increase in the par value of BPI's common shares and the increase in its authorized capital stock. With such approval, the transfer of: (i) the certain parcels of land (used in the domestic beer business of SMB) of the Company to BPI in exchange for additional common shares from the existing unissued authorized capital stock of BPI and increase in authorized capital stock; and (ii) the common shares of San Miguel Brewery Inc. Retirement Plan (SMBRP) in Brewery Landholdings, Inc. to BPI as payment for SMBRP's subscription to BPI preferred shares were also approved by the SEC. The transfer was under a tax-free asset-for-share agreement, as confirmed by the BIR in its Certification No. SN: 121-2009.

- San Miguel Brewing International Limited (SMBIL)

On August 17, 2009, the Company assigned its international trademarks, trade dress, know-how, copyrights, patents and other intellectual property rights ("International IP Rights") used in connection with the international beer business of the Company and its international subsidiaries valued at US\$31.5 to SMIL. Common shares totaling 2,863,636 were issued to the Company under a tax-free asset-for-share agreement, as confirmed by the BIR in its Certification No. SN: 233-2009.

On December 18, 2009, the BOD of SMB approved the purchase of the international beer and malt-based beverages business of the Company through the purchase of the shares of SMHL in SMBIL, comprising 100% of the issued and outstanding capital stock of SMBIL (SMBIL Shares), with an enterprise value of US\$300. The BOD of the Company likewise approved the sale of its international beer and malt-based beverage business to SMB, through the sale by SMHL, its wholly-owned subsidiary, of the SMBIL Shares to SMB, on the same day. On the same date, the Company, SMB and SMHL entered into a Share Purchase Agreement for the SMBIL Shares.

On December 21, 2009, the BOD of SMIL and SMHL approved the assignment of International IP Rights to SMHL in exchange for 286,363 SMHL common shares.

Also on the same date, the BOD of SMHL and SMBIL approved the assignment of International IP Rights to SMBIL in exchange for 2,863,636 SMBIL shares.

On January 29, 2010, SMB completed the acquisition of SMBIL shares from SMHL.

- Packaging Businesses

- a) Consolidation of Packaging Business through SMYPC

In December 2005, the Company started the consolidation of its packaging business through SMYPC [formerly San Miguel Packaging Specialists, Inc. (SMPSI)]. The Company assigned to SMPSI the property, plant and equipment of its Packaging Division, under a tax-free asset-for-share arrangement, as confirmed by the BIR in its Certification No. SN: 051-2006 dated March 14, 2006, with fair value totaling P1,633 and its shares of stock in Premium Packaging International, Inc., Rightpak International Corporation and San Miguel Yamamura Ball Corporation, in a tax-free equity-for-share basis, totaling P1,250. Advances of the Company to SMPSI amounting to P2,250 were converted to equity in October 2005.

- b) Merger of San Miguel Yamamura Asia Corporation (SMYAC) with SMYPC

On February 24, 2020, the SEC approved the merger of SMYAC with SMYPC whereby the entire assets and liabilities of SMYAC was transferred to and absorbed by SMYPC.

On March 1, 2020, the effective date of the merger of SMYAC with SMYPC, SMYPC issued 3,901,011 common shares to the Company as consideration for the share of the Company in the net assets of SMYAC pursuant to the terms of the Plan of Merger. With the completion of the merger, SMC retained its ownership in SMYPC of 65%.

The investment in 3,901,011 common shares of stock in SMYPC resulting from the exchange of investment in SMYAC were acquired for a total cost of P1,320 and a total fair market value amounting to P4,173 as at the date of exchange, pursuant to the merger between SMYAC and SMYPC.

On November 15, 2021, the BIR issued BIR Ruling No. S40M-426-2021 which confirmed the tax-free exchange of investment relative to the merger of SMYPC and SMYAC.

c. Commitments

The outstanding purchase commitments of the Company amounted to P150 as at December 31, 2023.

d. Foreign Exchange Rates

The foreign exchange rates used in translating the US dollar monetary assets and liabilities to Philippine peso were closing rates of P55.370 and P55.755 as at December 31, 2023 and 2022, respectively, for separate statements of financial position accounts.

- e. Certain amounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance for any period.

33. Supplementary Information Required under RR No. 15-2010

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the separate financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

