SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

   Dec 31, 2022

2. SEC Identification Number

   CS200803939

3. BIR Tax Identification No.

   000-990-128

4. Exact name of issuer as specified in its charter

   TOP FRONTIER INVESTMENT HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization

   Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   5th Floor, ENZO Building, No. 399 Sen. Gil Puyat Ave., Makati City
   Postal Code
   1200

8. Issuer's telephone number, including area code

   (02) 8632-3481

9. Former name or former address, and former fiscal year, if changed since last report

   N.A.

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	332,886,167
Conso. Total Liab.(as of 12.31.22 in Millions Php)	1,815,316

11. Are any or all of registrant's 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 Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 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. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

P3,771,773,695.00 as of March 31, 2023

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

None.

(b) Any information statement filed pursuant to SRC Rule 20

None.

(c) Any prospectus filed pursuant to SRC Rule 8.1

None.

Top Frontier Investment Holdings, Inc.
TFHI

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2022
Currency	Php (in Millions)

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Current Assets	887,472	712,416
Total Assets	2,543,623	2,163,430
Current Liabilities	733,982	547,126
Total Liabilities	1,815,316	1,452,355
Retained Earnings/(Deficit)	69,919	85,426
Stockholders' Equity	728,307	711,075
Stockholders' Equity - Parent	195,075	161,336
Book Value Per Share	325.43	383.13

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2022
Gross Revenue	1,506,522	941,173
Gross Expense	1,373,622	820,775
Non-Operating Income	9,087	4,816
Non-Operating Expense	104,905	63,265
Income/(Loss) Before Tax	37,082	61,949
Income Tax Expense	13,218	17,886
Net Income/(Loss) After Tax	23,864	44,063

Net Income/(Loss) Attributable to Parent Equity Holder	-14,679	166
Earnings/(Loss) Per Share (Basic)	-49.62	-4.39
Earnings/(Loss) Per Share (Diluted)	-49.62	-4.39

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2022	Dec 31, 2021
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.21	1.3
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.76	0.84
; ; Solvency Ratio	**Total Assets / Total Liabilities**	1.4	1.49
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.53	0.47
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	1.87	1.43
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	1.6	2.27
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	3.49	3.04
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	14.43	21.13
; ; Net Profit Margin	**Net Profit / Sales**	8.82	12.79
; ; Return on Assets	**Net Income / Total Assets**	1.01	2.1
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	3.28	6.2
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-1.91	-29.09

Other Relevant Information

Please see attached Annual Report (SEC Form 17-A) of Top Frontier Investment Holdings, Inc. (the "Corporation") for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commision ("SEC") through electronic mail. Hereto attached also is the Parent Audited Financial Statement of the Corporation for the fiscal year ended December 31, 2022 which we filed with the SEC via e-FAST on 17 April 2023.

Filed on behalf by:

Name	Irene Cipriano
Designation	Assistant Corporate Secretary

COVER SHEET

C	S	2	0	0	8	0	3	9	3	9

S. E. C. Registration Number

TOP FRONTIER INVESTMENT HOLDINGS INC.

(Company's Full Name)

5th Floor, ENZO Bldg. 399 Sen. Gil Puyat Ave., Makati City

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

Irene M. Cipriano	(02) 8632-3481 / 0917-1010-354
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 17-A (Annual Report for 2022)	0 7	0 9
Month	Day	FORM TYPE	Month	Day
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.
Number/Section

Amended Articles

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

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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, 2022**

2. SEC Identification Number **CS200803939** 3. BIR Tax Identification No.**006-990-128**

4. **TOP FRONTIER INVESTMENT HOLDINGS, INC.**
Exact name of issuer as specified in its charter

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code:

7. **5th Floor ENZO Building, Sen. Gil. Puyat Ave., Makati City** **1200**
Address of principal office Postal Code

8. **(02) 8632-3481**
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 Stock Outstanding and approximate Debt Outstanding (as of December 31, 2022)
Common Shares	**332,886,167***

Net of the 157,310,033 common shares held in Treasury

Total Liabilities	**P1,815,316 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 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 voting stock held by non-affiliates of the Parent Company as of March 31, 2023 is P3,771,773,695.00.

DOCUMENTS INCORPORATED BY REFERENCE

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

None.

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Top Frontier Investment Holdings, Inc. ("Top Frontier" or the "Parent Company") is a Philippine corporation organized on March 11, 2008 as a holding company. As of December 31, 2022, Top Frontier is the largest shareholder of San Miguel Corporation ("SMC") in which it holds 1,472,668,340 common shares, or 61.78% of SMC's total outstanding common stock. On August 30, 2013, Top Frontier acquired 100% of the outstanding common stock of Clariden Holdings, Inc. ("Clariden"), a holding company with interests in exploration, mining and development. Other than its ownership in SMC and Clariden, the Parent Company has no other operations as of December 31, 2022.

Major developments in Top Frontier and its subsidiaries (collectively referred to as the "Group") are discussed in the Management's Discussion and Analyses of Financial Position and Financial Performance, attached hereto as **Annex "A"**, and in Notes 5, Investments in Subsidiaries and Note 11, Investments and Advances of the Audited Consolidated Financial Statements, attached hereto as **Annex "B"**.

SAN MIGUEL CORPORATION ("SMC")

SMC, together with its subsidiaries (collectively referred to as the "SMC Group"), is one of the largest and most diversified conglomerates in the Philippines by revenues and total assets, with sales equivalent to approximately 7.6% of the Philippine gross domestic product in 2022.

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

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, is the market leader in its businesses with 50,496 regular employees and more than 100 production facilities in the Asia-Pacific region as of December 31, 2022. SMC 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, 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 SMC 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 Foods International Corporation ("Hormel") for processed meats, Nihon Yamamura Glass Company, Ltd. ("NYG") and Fuso Machine & Mold Mfg. Co. Ltd. ("Fuso") for packaging products, and Korea Water Resources Corporation ("K-Water") for its power business.

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, *Magnolia* for chicken, ice cream and dairy products, *Monterey* for fresh and marinated meats, *Purefoods Tender Juicy* for hotdogs, *Purefoods* for other refrigerated prepared and processed meats and canned meats, *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. The Beer and NAB Division and the Spirits Division comprise the beverage business (the "Beverage business"). 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 managed through a number of other subsidiaries, including San Miguel Foods, Inc. ("SMFI"), Magnolia Inc., ("Magnolia") and The Purefoods-Hormel Company, Inc. ("Purefoods-Hormel"). SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to almost 70 countries and territories across the globe.

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*. The Beer and NAB Division also produces NAB such as ready-to-drink tea, ready-to-drink juice, water 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, San Mig Free* and *Gold Eagle*. SMB also exclusively distributes *Kirin Ichiban* in the Philippines.

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

In 2022, SMB entered the flavored alcoholic beverages (FAB) market with the launch of San Mig Hard Seltzer, an easy-to-drink alcoholic beverage made from sparkling water with alcohol in citrus mix flavor.

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 and Taiwan, with planned limited release in other key markets in 2023.

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, which was recently launched in Saudi Arabia.

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 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* and *Vino Kulafu*, the leading brands in the gin and Chinese wine categories, accounted for 93% of GSMI’s total revenues. The other products that complete the liquor business of GSMI comprise about 7% 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, Macau and the United States as well as in Korea and India. It also produces certain brands that are for export only, which includes *Ginebra San Miguel Premium Gin Black* and *Tondeña Manila Rum*. In addition, distilled spirits are produced and sold in Thailand through GSMI’s joint venture with Thai Life Group of Companies via Thai Ginebra Trading Company Limited.

With the onset of the Corona Virus Disease 2019 (COVID-19) pandemic in early March 2020, GSMI pivoted its production facilities to produce 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 supply 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 and dairy products, *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 major operating subsidiaries for the Prepared and Packaged Food segment are Purefoods-Hormel, Magnolia and San Miguel Super Coffeemix Co., Inc. (“SMSCCI”) producing value-added refrigerated and canned meats, dairy, spreads and coffee. Purefoods-Hormel is a 60:40 joint venture with Hormel Netherlands, B.V., which was entered into in 1998 that 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-heat meal, seafood lines and meat free products, which are sold under the brand names *Purefoods, Purefoods Tender Juicy, Star, Higante, Purefoods Beefies, Vida, Purefoods Nuggets 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 brands. Dairy products include ready-to-drink milk, ice cream and all-purpose cream under the *Magnolia* brand. Flour mixes and salad aids like mayonnaise 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 also marketed jelly-based snacks under the JellYace brand, until said trademark and other trademarks used in the jelly-based snacks business were divested in May 2021. Moreover, Magnolia manufactured and sold biscuits under the La Pacita brand until it ceased operations in October 2021. In 2022, the BOD of Magnolia approved the plan to take steps to liquidate the properties related to the operation of La Pacita biscuit. On February 2, 2023, the BOD of SMFB approved the sale of La Pacita trademarks, together with its product formulations and process specifications. A deed of assignment of Intellectual Property Rights was entered into in the first quarter of 2023 for the sale of La Pacita trademarks.

   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 breeding broilers 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 *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 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, franchising 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 terminal, warehousing services, and grain handling services (e.g. unloading, storage, bagging, and outloading) to clients, and Golden Avenue Corp., which holds investment in real property.

   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 manufacturers.

   The international operations of the Food Division are located in Vietnam and Indonesia. San Miguel Foods Investment (BVI) Limited, which operates San Miguel Pure Foods (Vn) Co., Ltd. ("SMPFVN") in Vietnam, 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. It was likewise engaged in the production and sale of processed meats, which it 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, fresh meats, poultry, dairy, oil, flour and coffee businesses. In turn, GFS receives a development fee from these businesses for selling their products to foodservice institutional clients.

   The Food Division previously ventured into the franchising business to serve as contact points with consumers, a trial venue for new product ideas and a channel to introduce product applications for its products. The franchising business, also a group under SMFI, followed a convenience store model under the *Treats* brand, most of which are located in Petron service stations. *Chick'n Juicy* is the newest addition to the Food Division's franchising roster. Launched in February 2019, *Chick'n Juicy* gives its own take on the popular roast chicken, fried chicken, fried *isaw*, and hard-boiled eggs, with top quality meats using the *Magnolia* brand. In March 2021, the assets and intellectual property rights used in SMFI's convenience store business operating under the *Treats* trademark were sold to

Petron Corporation. In June 2021, the assets used in *Chick'n Juicy* outlets were assigned to operators of such outlets enabling them to operate their stores more efficiently.

Below is a list of the major food and beverage subsidiaries as of December 31, 2021:

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 Djakarta 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 subsidiary, 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, and 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 currently undergoing 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 between SMC and NYG, one of the largest glass and plastic packaging corporations in Japan, SMC Yamamura Fuso Molds Corp. ("SYFMC"), the manufacturer of glass and plastics molds in the country, Can Asia, Inc. ("CAI"), a pioneer in the production of two-piece aluminum cans, Mindanao Corrugated Fireboard, Inc. ("Mincorr"), a paper corrugated carton manufacturer, and Wine Brothers Philippines Corp., involved in the sale and distribution of wine products.

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 offers 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. The Packaging Group is the major source of packaging requirements of the other business units of SMC. It also supplies its products to customers across the Asia-Pacific region, the United States, and Australasia, as well as to major multinational corporations in the Philippines, including Coca-Cola Beverages Philippines, Inc., Nestle Philippines, Inc., and Pepsi Cola Products Philippines, Inc.

The Packaging Group operates 18 international packaging companies, particularly, located in China (glass, plastic, and 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, plastic manufacturing, wine closures, and wine filling services, retail/online packaging, cargo protection and materials handling) and New Zealand (plastic manufacturing and trading).

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.

SMYPC has ownership of all of the domestic plants of the Packaging Group, except the corrugated carton plant of Mincorr which is 100% owned by SMC. Mincorr is being managed by SMYPC. SMYPIL's subsidiaries are the Packaging Group's international facilities.

a) ***Glass*** - The glass business is the Packaging Group's largest business segment. It has three glass manufacturing facilities, and one glass and PET mold plant in the Philippines serving the requirements of the beverage, food, pharmaceutical, chemical, personal care, and health care industries. The bulk of the glass bottle requirements served by this segment are for the beverage, pharmaceuticals and food industries. The Securities and Exchange Commission ("SEC") approved the application of the merger of San Miguel Yamamura Asia Corporation ("SMYAC"), a joint venture company of SMC and NYG, and SMYPC (the surviving entity), effective as of March 1, 2020 in accordance with Clause 5.5 of the Plan of Merger. Accordingly, by operation of law, SMYAC ceased to exist and the facility is now known as SMY Glass Plant, the country's most technologically advanced glass manufacturing facility and the largest glass manufacturing facility in the Philippines.

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. CAI is the pioneering two-piece aluminum can plant in the Philippines for the beverage market. In 2012, SMYPC formed CAI, a joint venture with CANPACK S.A. ("CANPACK"), for the modernization of the two-piece aluminum can manufacturing business. 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. With its aim to introduce various aluminum can-packaging formats to the growing market in the Philippines and the Asia Pacific region, the business has expanded its product line to offer 180 ml aluminum cans in 2018. To date, CAI is capable of producing six can sizes.

   On September 30, 2022, SMYPC and CANPACK executed a Deed of Sale of Shares for the purchase by SMYPC from CANPACK of the 3,500,000 common shares of CAI, resulting in a 100% shareholding of SMYPC in CAI.

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 also expanded its capability to include 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 a varied range of industries including construction, semiconductor, and electronics.

On February 27, 2015, SMYPIL through its Australian subsidiary, SMYV Pty Ltd, completed the acquisition of the assets and business of Vinocor Worldwide Direct Pty. Ltd. ("Vinocor"). Vinocor is a market leader in the supply of corks and closures for wine bottles in Australia, with facilities and operations based in Adelaide, South Australia.

On September 1, 2016, San Miguel Yamamura Australasia Pty. Ltd. (SMYA) through its new New Zealand subsidiary, SMYE Limited, acquired the assets and business of Endeavour Glass Packaging Limited (In Receivership), a trading company based in Auckland, New Zealand. Thereafter, in 2017, SMYE Limited was amalgamated (or merged) with Cospak Limited, the New Zealand subsidiary of SMYA, with the latter continuing as the amalgamated (or surviving) company.

In 2017, SMYA acquired all of the issued share capital of Portavin Holdings Pty Ltd., Barrosa Bottling Services Pty Ltd., and Best Bottlers Pty Ltd., through its subsidiaries SMYP Pty Ltd., SMYB Pty Ltd., and SMYBB Pty Ltd. These acquisitions strengthened SMYA's business in Australia and expanded its product base to include wine filling services, serving the growing wine markets in the Australasia region and in China.

To augment growth of the wine filling business of SMYA, the Packaging Group established in 2018 Wine Brothers Australasia Pty Ltd. In Australia and Wine Brothers Philippines Corporation in the Philippines. The business is involved in the sale and distribution of wine products in their respective countries.

Moreover, in 2018, SMYA through its subsidiary, SMYJ Pty Ltd., acquired the business assets of JMP Holdings Pty Ltd., a supplier of retail packaging products, transport packaging solutions, and other products and services based in Victoria, Australia.

Below is a list of the major domestic and international packaging subsidiaries as of December 31, 2022:

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, Cospak Limited, SMYV Pty Ltd, SMYP Pty Ltd, 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 4,719 MW of combined capacity as of December 31, 2022. San Miguel Global Power benefits from a diversified power portfolio, including natural gas, coal, renewable energy such as hydroelectric power and most recently, the 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 1000 MW Sual Coal-Fired Thermal Power Plant in Sual, Pangasinan and the 345 MW 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 1,200 MW Ilijan Natural Gas Fired Combined Cycle Power Plant in Ilijan, Batangas that was previously a subject of the IPPA Agreement with PSALM and is now owned by South Premiere Power Corp. ("SPPC"), a wholly-owned subsidiary of SMC San Miguel Global Power, after the expiration of the IPPA Agreement in June 2022;

c) the 218 MW 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 1 x 330 MW (Unit 1), 1 x 344 MW (Unit 2) and 1 x 351.75 MW (Unit 3) coal-fired power plant (together, comprising the "Masinloc Power Plant"), and the 10 MWh BESS project all located in Masinloc, Zambales, owned by Masinloc Power Partners Co. Ltd. ("MPPCL"), which was wholly acquired by SM San Miguel Global Power in March 2018. MPPCL 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;

e) the 20 MW BESS facility in Kabankalan, Negros Occidental ("Kabankalan BESS"), owned by SMCGP Philippines Energy Storage Co. Ltd. ("SMCGP Philippines Energy"), whose outstanding capital stock is 80.58% owned by Oceantech Power Generation Corporation and 19.42% owned by Prime Electric Generation Corporation ("PEGC"), both wholly-owned subsidiaries of San Miguel Global Power. The capacity of Phase 1 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. SMCGP Philippines Energy has offered the capacity of Phase 2 Kabankalan BESS in the competitive selection process for the procurement of ancillary services by NGCP; and

f) the greenfield power plants owned and developed by San Miguel Global Power, namely the 4 x 150 MW 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 2 x 150 MW Circulating Fluidized Bed Coal-Fired Power Plant in Malita, Davao Occidental (the "Davao Greenfield Power Plant") owned by another 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.

On August 26, 2022, San Miguel Global Power sold its 100% shareholdings in Strategic Energy Development Inc. ("SEDI"), owner of the 15 MW Multi-Fuel Peaking Power Plant in Tagum City, Davao del Norte ("Tagum Peaking Power Plant") which was acquired in February 2020 to provide back-up power to the Davao Greenfield Power Plant.

Based on the total installed generating capacities reported by the Energy Regulatory Commission ("ERC") under ERC Resolution No. 01, Series of 2022 dated March 9, 2022 (A resolution Setting the Installed Generating Capacity and Market Share Limitation per Grid and National Grid for 2022), San Miguel Global Power believes that its combined installed capacity comprises approximately 19% of the National Grid, 26% of the Luzon Grid and 7% of the Mindanao Grid, in each case, as of December 31, 2022. 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 or National Grid (17,077 MW, 4,201 MW and 24,651 MW, respectively based on data provided under ERC Resolution No. 01, Series of 2022).

San Miguel Global Power was also engaged in distribution and retail electricity services. Its wholly-owned subsidiary, Albay Power and Energy Corp. ("APEC") assumed the operations and maintenance of Albay Electric Cooperative, Inc. ("ALECO") by virtue of a concession agreement with ALECO in 2014. ALECO is the franchise holder for the distribution of electricity in the province of Albay in Luzon. The concession agreement between San Miguel Global Power and ALECO was terminated in a notice of termination served by APEC on November 18, 2022.

San Miguel Global Power was also issued retail electricity supplier licenses, through LPI and MPPCL, 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, AHC, LPI, MPI, and MPPCL, sells power through offtake agreements directly to customers, including the Manila Electric Company ("Meralco") and other distribution utilities, electric cooperatives and industrial customers, 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”).

b. The BESS Project which is currently undertaken through SMCGP Philippines Energy Storage Co. Ltd. (“SMCGP Philippines Energy”), Universal Power Solutions Inc. (“UPSI) and MPPCL will provide an additional 1,000 MWh capacity to the energy business’ existing power portfolio. The BESS Project includes the 10 MWh BESS in Masinloc, Zambales and the 20 MWh BESS project located in Kabankalan, Negros Occidental, which has commenced commercial operations in January 2022.

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, another expansion project by MPPCL after it completed the Unit 3 in September 2020.

d. The Batangas Combined Cycle Power Plant, a planned 1,313.1 MW combined cycle power plant in Barangays Ilijan and Dela Paz Proper, Batangas will utilize regasified 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 subsidiary, Excellent Energy Resources Inc. (EERI).

Below is a list of the major energy subsidiaries as of December 31, 2022:

San Miguel Global Power Holdings Corp. and subsidiaries (including SPI and subsidiary, SPPC, SRHI, San Miguel Electric Corp., SMC PowerGen Inc, UPSI, 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 MPPCL, APEC, Oceantech Power Generation and subsidiary, SMCGP Philippines Energy, 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 reseller (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 some 1,900 retail service stations in the Philippines and more than 750 retail service stations in Malaysia as of December 31, 2022. 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 and 12 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, 2022:

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. (formerly South Luzon Tollway Corporation), through SMC SLEX Holdings Company Inc. (formerly MTD Manila Expressways, Inc.), a wholly-owned subsidiary of AAIBV. SMC SLEX Inc. holds the 30-year concession rights to the SLEX, which currently spans 36.1 kilometers (km) from Alabang, Muntinlupa to Sto. Tomas, Batangas. 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"). It also holds the 35-year concession rights to SLEX TR4 which will extend SLEX from Sto. Tomas, Batangas to Lucena City in Quezon province with a length of 66.74 km; and 87.84% beneficial ownership in SMC Skyway Corporation (formerly Citra Metro Manila Tollways Corporation), through SMC Tollways Corporation (formerly Atlantic Aurum Investments Philippines 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 SLEX Elevated 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 (3.993 km) and two southbound (3.867 km). This aims to decongest traffic along SLEX heading to Alabang and the Alabang viaduct. The SLEX Elevated Extension was opened to motorists on February 15, 2022.

STAR Tollway

SMHC, through Cypress Tree Capital Investments, Inc. ("CTCII") has an effective 100% interest in Star Infrastructure Development Corporation ("SIDC"). SIDC holds the 36-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 70.11% 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 Pozzorubio, Pangasinan has been operational since December 2017. The last phase from Pozzorubio to Rosario, La Union was completed and has been operational since July 15, 2020.

NAIAX

On May 31, 2013, SMHC incorporated SMC NAIAX Corporation (formerly Vertex Tollways Devt. Inc.) ("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 5.4 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 December 2016.

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 (formerly Citra Central Expressway Corp.). 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 (formerly Atlantic Aurum Investments Philippines 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 77.93% equity interest in SMC Skyway Stage 4 Corporation (formerly Citra Intercity Tollways, Inc.). SMC Skyway Stage 4 Corporation holds the concession right to construct Skyway Stage 4, a proposed 44.57-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 start of operations).

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 23-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 of December 31, 2021. MNHPI is the terminal operator of Manila North Harbor, a 63.5-hectare port facility situated at Tondo, City of Manila. The port has a total quay length of 5,758 meters and 41 berths which can accommodate all types of vessels such as containerized and non-container type vessels. Under the Contract for the Development, 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 sole and exclusive 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 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 (61 kms), Gumaca to Tagkawayan, Quezon (58.60 kms), Tagkawayan to Sipocot, Camarines Sur (61.40 kms), Sipocot to Naga City, Camarines Sur (39.50 kms), Naga City to Polangui, Albay (45.90 kms), Polangui to Legaspi City, Albay (33.60 kms), Legaspi to Sorsogon City, Sorsogon (57.70 kms), and Sorsogon City to Matnog, Sorsogon (62.30 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 (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 is divided into three segments: Bulacan-Guagua (41 km), Guagua-Mabalacat (31 km), and Mabalacat-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 40.62 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 Osmena 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).

Below is a list of the major infrastructure subsidiaries as of December 31, 2022:

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., Jethandler Asia Services Inc., SMC NAIAX Corporation (formerly Vertex Tollways Devt. Inc.), Universal LRT Corporation (BVI) Limited, SMC Mass Rail Transit 7 Inc., ULCOM Company, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation (formerly Citra Intercity Tollways, Inc.), Luzon Clean Water Development Corporation, and 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 (formerly Atlantic Aurum Investments Philippines Corporation) and subsidiaries [including Stage 3 Connector Tollways Holding Corporation and subsidiary, SMC Skyway Stage 3 Corporation (formerly Citra Central Expressway Corp.), SMC Skyway Corporation (formerly Citra Metro Manila Tollways Corporation) and subsidiary, Skyway O&M Corporation], SMC SLEX Holdings Company Inc. (formerly MTD Manila Expressways Inc.) and subsidiaries, Alloy Manila Toll Expressways Inc., Manila Toll Expressway Systems Inc. and SMC SLEX Inc. (formerly South Luzon Tollway Corporation)}, Intelligent E-Processes Technologies Corp., Pasig River Expressway Corporation, SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp. and South Luzon Toll Road-5 Expressway Inc.].

San Miguel Aerocity Inc. doing business under the name and style “Manila International Airport”

Cement

The Cement business is conducted under San Miguel Equity Investments Inc. (“SMEII”) through the following companies:

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 1P 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 on March 12, 1998. The MPSA covers a contract area of 630.4978 hectares within Sison, Pangasinan.

Presently, NCC owns and operates two dry-process rotary kilns and two finish mills. The existing production facility has an annual rated capacity of 2.2 million metric tons per year ("MTPY") of finished cement. The raw materials used in its cement manufacturing process are generally a mixture of quarried materials – limestone, shale and gypsum.

San Miguel Northern Cement, Inc. ("SMNCI"), a wholly-owned subsidiary of SMEII, was incorporated and registered with the SEC on October 2, 2017 to engage in the business of manufacturing, developing, processing, exploiting, importing, exporting, buying, selling or otherwise dealing in such goods as cement and other products of similar nature.

SMNCI was undertaking the design, development and construction of two (2) integrated state of the art cement production lines (from crushing to cement packaging) (Lines "A" and "B"), which includes two (2) kilns and two (2) finish mills, to be located adjacent to the existing cement facilities and quarry site of NCC. Lines "A" and "B" will have an overall capacity of 3.63 million MTPY of clinker and 4.73 million MTPY of finished cement, or 118.3 million 40-kg bags.

On March 3, 2021, the Board of Directors and stockholders of NCC and SMNCI approved the plan of merger of NCC and SMNCI, with NCC as the surviving entity. The merger of NCC and SMNCI was approved by the SEC on June 14, 2021, with effective date of July 1, 2021. In line with the merger, NCC, as the surviving entity, is now undertaking the development and construction of Lines "A" and "B."

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", formerly Oro Cemento Industries Corporation)
SCII, a wholly-owned subsidiary of SMEII, 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. OCIC is expected to commence commercial operations by first semester of 2022.

Eagle Cement Corporation ("ECC")

On December 14, 2022, SMC through SMEII 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 Type 1T and 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, 2022:

San Miguel Equity Investments Inc. and subsidiaries [including Eagle Cement Corporation and subsidiaries, Northern Cement Corporation and Southern Concrete Industries, Inc. (formerly Oro Cemento Industries Corporation)]

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 99.97% 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 41.75 to 132.00 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 88.50 to 120 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.

Below is a list of the major properties subsidiaries as of December 31, 2022:

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

Banking

SMC, through SMPI, made a series of acquisitions of Bank of Commerce ("BOC") common shares in 2007 and 2008 which represents 31.94% of the outstanding common stock of BOC as of December 31, 2021.

On December 17, 2018, SMC, through SMC Equivest Corporation ("SMCEC"), acquired common shares of BOC representing 4.69% of the outstanding common shares. On August 5, 2021, SMCEC subscribed to 41,666,667 Series 1 Preferred Shares of BOC. On October 20, 2021, SMCEC acquired additional common shares of BOC, 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 BOC 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 BOC 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 BOC 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 BOC, 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 BOC, and the Certification of Permit to Offer Securities for Sale. On March 31, 2022, BOC listed its common shares with the PSE.

After completion of initial public offering and as at December 31, 2022, the Group through SMPI and SMCEC has 31.94% and 4.87% equity interest in BOC, respectively.

Others

Other major subsidiaries include the following as of December 31, 2022:

- 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

CLARIDEN HOLDINGS, INC.

Clariden is a holding company incorporated in July 2009. It was acquired by the Parent Company as a wholly owned subsidiary in August 2013.

Clariden holds mining tenements in various areas in the Philippines. These mining tenements, owned by Clariden's various subsidiaries, include MPSA for the Nonoc Nickel Project and Mt. Cadig Nickel Project, Exploration Permits ("EP") for certain areas under the Bango Gold Project, and pending Application for Production Sharing Agreement ("APSA") and pending Exploration Permit Applications ("ExPAs") for other areas of the Bango Gold Project.

Clariden has a diverse portfolio of high-quality mineral properties with high earnings potential that are located in mineral producing districts in the Philippines, as follows:

Nonoc Nickel Project [MPSA No. 072-97-XIII (SMR)]

Clariden, through its indirect beneficial ownership in Philnico Industrial Corporation ("PIC"), Pacific Nickel Philippines, Inc. ("PNPI"), and Philnico Processing Corp. ("PPC"), was granted a contract area of approximately 23,877 hectares located in the islands of Nonoc, Hanigad, and Awasan, Surigao City; and Basilisa and Cagdianao, Dinagat Island Province.

On November 6, 2019, pursuant to the Order of the Department of Environment and Natural Resources approving the Deeds of Assignment between PNPI and VIL Mines Inc. ("VMI") and PNPI and Prima Lumina Gold Mining Corp ("PLGMC"), PNPI's MPSA-072-97-XIII-SMR was redenominated as:

- MPSA-072-97-XIII-SMR (Amended A) in the name of PNPI covering 10,577.6157 hectares (Nonoc, Awasan, and Hanigad Islands plus Sabang Dam area);
- MPSA-072-97-XIII-SMR (Amended B) in the name of PLGMC covering 7,035 hectares (North Dinagat); and
- MPSA-072-97-XIII-SMR (Amended C) in the name of VMI covering 6,264 hectares (South Dinagat).

Subsequently, the three companies filed for the renewal of their MPSA's Exploration Periods. The requests were granted by the MGB on September 9, 2020 for PNPI, and October 13, 2020 for

PLGMC and VMI, respectively. However, in view of COVID-19 restrictions and the damage brought about by Typhoon Odette in December 2021, the companies failed to implement their exploration and other mandated work programs.

The companies requested for the restoration of their Exploration Periods which were granted on September 13, 2022 - for 21 months or up to June 2024 in the case of PNPI and for 24 months or up to October 13, 2024 in the case of PLGMC and VMI.

The companies also filed for the restoration of the lost term of their MPSAs on September 14, 2020. The requests were granted by the DENR on March 4, 2022. The lost term of the MPSAs were restored for a period of nine (9) years starting from the date of expiration of the first 25-year term on August 7, 1997. The first 25-year term of MPSA No. 072-97-XIII-SMR (Amended A) of PNPI, MPSA No. 072-97-XIII-SMR (Amended B) of PLGMC, and MPSA No. 072-97-XIII-SMR (Amended C) of VMI shall now expire on August 7, 2031.

Among others, the restoration of the Exploration Period of the MPSAs mandate the three companies to implement their approved Exploration Work Programs and the associated Environmental Work and Community Development Programs. The companies are also expected to prepare and submit for approval their Declaration of Mining Project Feasibility prior to the expiration of their exploration periods.

Mt. Cadig Nickel Project (MPSA No. 346-2010-IVA)

Clariden, through VMI has the exclusive right to conduct exploration, development and utilization activities for nickel within its 11,126.3576-hectare contract area located in Tagkawayan, Quezon and Labo and Sta. Elena, Camarines Norte pursuant to its MPSA granted on June 25, 2010. Exploration works carried out over the area in 2012 to 2014 covering roughly 16% of the tenement area revealed an initial inferred nickel laterite resources of roughly 85 million wet metric tons (WMT) with an average grade of 0.98% nickel (Ni) or 31 million WMT resources with an average grade of 1.24% Ni at a higher cut-off grade. Subsequently, with the deterioration of the peace and order situation in the contract area, VMI filed with the Department of Environment and Natural Resources - MGB a request for suspension of obligations of the MPSA due to force majeure. The request was originally granted by the MGB last August 24, 2017 and was valid for two years or up to August 23, 2019. The suspension was renewed for another two years pursuant to an Order from the MGB dated August 5, 2019. Furthermore, the suspension of obligations under MPSA No. 346-2010-IVA was again renewed by the MGB in its order dated October 20, 2021, granted to VMI up to August 23, 2023. VMI continues to maintain its good relationship with its host community. Resumption of exploration drilling totaling 200 holes is proposed to be undertaken in 2023.

Bango Gold Project (EP Nos. 000001-2011-XI and 000002-2011-XI)

Clariden, through PLGMC, is the assignee of the two EPs covering certain areas of Davao de Oro and Davao Oriental Provinces. These EPs allow PLGMC to conduct exploration activities for gold to determine its existence, extent, quantity and quality. In July 2016, PLGMC filed with the MGB a request for extension of its two-year exploration period under the MPSA and is currently awaiting approval. PLGMC continues to implement community development activities for its host communities. EP-00001-2020-XI and EP-00002-2020 are being renewed. MGB Regional Office No. XI suggested the consolidation of all the Exploration Permits in to just one permit.

North Davao Project

In 2009, Asia-Alliance Mining Resources Corp. (AAMRC) won the bid conducted by the Philippine Mining Development Corporation ("PMDC") to undertake the exploration, development, and utilization of North Davao Mining Property's gold and copper deposits under a Joint Operation Agreement ("JOA") to be executed between the parties.

In 2022, Clariden entered into an agreement with a third party for the sale of 1,140,000 common shares of AAMRC representing 60% of the issued and outstanding common stock of AAMRC, subject to certain conditions. In April and December, 2022, Clariden received guarantee deposits amounting to P6 million and US$3 million, respectively.

Dinagat Nickel-Chromite Project

On January 24, 2006, PPC and the PMDC entered into a JOA designating PPC as the project contractor exclusively authorized to explore, develop, and commercially utilize the nickel deposit within a 3,600-hectare area in the municipalities of Cagdianao and Basilisa in Dinagat Island, Surigao del Norte, adjacent to MPSA No. 072-97-XII-SMR-Amended B. The JOA was assigned by PPC to PNPI in June 2007. Additional exploration is required to increase the current resources in the area.

However, the JOA was cancelled by the PMDC on June 26, 2019 for alleged non-compliance with the terms and conditions of the JOA. PNPI refuted PMDC's findings on July 9, 2019 but PMDC responded on October 8, 2019 that the June 26, 2019 decision stands and PNPI's request is denied with finality. In an earlier letter dated October 2, 2019, PNPI informed the PMDC that it can resort to arbitration, per the JOA, and is not waving and has every intent to avail of all remedies under the JOA and the law.

Acting on information that the PMDC will bid out the area covered by the JOA, PNPI filed, on October 21, 2021, a Petition for Interim Measure of Protection with Extremely Urgent Application for Ex-Parte Temporary Order of Protection with the Regional Trial Court ("RTC") of Mandaluyong. This was denied on October 25, 2021 and PNPI filed an Urgent Motion for Reconsideration on same date.

On November 5, 2021, the RTC released an Order denying PNPI's application for the issuance of an Ex-Parte Temporary Order of Protection on the ground that PNPI has sufficient relief in the form of damages in case of wrongful termination of the JOA. On November 8, 2021, PNPI filed a Petition for Certiorari with the Court of Appeal. No decision has been issued as of this date.

Offshore Sand Project

Two of Clariden's subsidiaries namely, VMI and PLGMC are currently involved in the Offshore Sand Project.

VMI has three applications for Offshore Exploration Permits ("OEP") covering parts of the provinces of Cavite, Batangas, Bataan, Pampanga, Bulacan and Metro Manila and an application for a Government Seabed Quarry Permit ("GSQP") in parts of Cavite province. Pending approval, two of the three OEP applications were each granted with an "Authority to Verify Minerals" by the MGB, one on February 11, 2019 and the other on June 7, 2019. An "Authority to Verify Minerals" was also granted to the GSQP-applied area last November 15, 2019.

On March 12, 2020, VMI was also granted a GSQP No. OMR002-2019-IV by the DENR. On May 27, 2020 the Environmental Management Bureau (EMB) granted the Environmental Compliance Certificate for VMI proposed San Nicolas Shoal Seabed Quarry Project located along the offshore areas of the Municipalities of Rosario, Tanza, Naic and Ternate, Province of Cavite. Partial Deed of Assignment/Transfer of Robust Cement and Mining Corporation's EPA 127-IVA covering 3,530 to VMI's GSQP OMR002-2019-IV was approved by MGB Regional Office No. IVA on September 2021 and became part of VMI OMR-002-2019-IV Amended. The DENR approved the Amendment of GSQP OMR 002-2019-IV of VMI to include portion of ExPA IVA-127B of RCMC and the Assignment thereof to SMAI. on May 18, 2022. The GSQP OMR002-2019-IV Amended covers 8,214.4494 hectares within the municipal waters of Noveleta, Rosario, Tanza, Naic and Ternate, Province of Cavite. The DENR through the EMB granted the Environmental Compliance Certificate CO-2204-0014 on March 24, 2023 for its Expansion of the San Nicolas Shoal Seabed Quarry Project. As of December 31, 2022, 74,283,725 cubic meters of marine sand have been dredged for the land development project of the MIA located in the Municipality of Bulakan, Province of Bulacan.

Applications for the Renewal of the Authority to Verify Minerals were submitted to MGB covering PLGMC's ExPA 000198-III located offshore of Morong and Bagac, Bataan and VMI's ExPA 000199-III located offshore of Bagac and Marivelez, Bataan. Vibrocoring will be undertaken on both areas.

Below is a list of the subsidiaries as of December 31, 2022:

V.I.L. Mines, Incorporated, Asia-Alliance Mining Resources Corp.*, 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)]

**Held for sale as of December 31, 2022*

Principal Products or Services

Top Frontier is primarily established as a holding company with investments in SMC and Clariden. As a holding company, Top Frontier provides no other products or services.

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

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

The Group's 2022 foreign operations contributed about 31.55% of consolidated sales and 38.55% of consolidated net income. Foreign sales is broken down by market as follows:

	% to Consolidated Sales		
Market	**2022**	**2021**	**2020**
Malaysia	20.65	15.95	14.31
Singapore	9.01	7.21	2.50
Australia	0.72	1.09	1.31
China	0.54	0.54	0.64
Indonesia	0.34	0.48	0.53
Vietnam	0.15	0.22	0.28
Others	0.14	0.24	0.30

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").

Asia Brewery 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, Asia Brewery introduced Paraiso 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 competes with SMB's premium beers. In 2022, Heineken launched Heineken 0.0, a no-alcohol beer and Heineken Silver.

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 and ready-to-drink tea. For example, *Zest-O, Minute Maid*, and *Tropicana Twister* compete with *Magnolia Fruit Drink*, *C2, Lipton*, and *Nature's Spring Iced Tea* compete with *Magnolia Healthtea*, while *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 *Blue Girl* (Hong Kong), *Carlsberg* (Hong Kong, Thailand, and Vietnam), *Heineken* (Hong Kong, South China, Thailand, Vietnam, and Indonesia), *Tsingtao* (Hong Kong and China), *Yanjing* (China), *Tiger* (Thailand, Vietnam, and Indonesia), *Guinness* (Hong Kong and Indonesia), *Bintang* (Indonesia), *Budweiser* (Hong Kong and China), *Snow* (China), *Singha* (Thailand) and *Asahi* (Hongkong and Thailand), and *Saigon Beer* (Vietnam).

b) **Spirits Division**

The local hard liquor industry is segmented by category and geographically among the major players. GSMI 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 *Emperador Light Brandy* locally produced by Emperador Distillers, Inc. 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*, a product of Tanduay Distiller's Inc. Moreover, there is a market for Chinese wine in various islands in the region with GSMI'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 affinities and loyalty to the brands that they patronize. GSMI effectively takes the lead as it continues to build upon the brand legacy that it has established in over a hundred years of operation through effective advertising and promotional programs.

As the spirits industry matures, major spirits players also compete by adopting a product portfolio that caters to shifting consumer preferences. GSMI is very receptive to these shifts, which, coupled with its ample resources, enables it to develop and mobilize new product variants for consumers to keep up with competition.

The highly elastic demand for mainstream liquor products also leads major players to compete on the basis of pricing. In this area, GSMI employs rational pricing policies that are in line with prevailing consumer purchasing power and current operating cost levels. Also, GSMI ensures that its products provide utmost value for money to its consumers.

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 and recent increase in global demand for disinfectant alcohol due to the COVID-19 pandemic further worsened the shortage of supply for beverage alcohol production. This led to 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. GSMI continues to implement strategies to maximize the retrieval of its second-hand bottles, the usage of which in production, may result to significant improvements in GSMI's cost structure.

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*), Mekeni Food Corporation (*Mekeni*), Frabelle Food Corp. (*Bossing*), Sunpride (*Sunpride, Holiday* and *Good Morning*), and Century Pacific Foods, Inc (*Shanghai*).

For butter and spreadable fats, competitors include Fonterra Brands Philippines, Inc., New Zealand Creamery, Inc. and Arla Foods Corporation Philippines (for butter) and New Zealand Creamery, Inc., RFM Foods Corporation and San Pablo Manufacturing Corporation (for margarine). In the cheese category, the main competitor of the *Magnolia* brand is Mondelez International, Inc. (*Eden, Cheez Whiz*, and *Kraft*). 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 (*Great Taste*).

b) **Animal Nutrition and Health**

Animal Nutrition and Health segment 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., Gama Foods Corp., 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 Philippine Foremost Milling Corporation, Pilmico and URC.

Local players face competition from imported flour that primarily originates from Turkey, Malaysia and Indonesia. 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.

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 the Aboitiz Group, which holds interests in Aboitiz Power Corporation and Hedcor, Inc., among others, AC Energy 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, in 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 2022 are as follows:

<u>FOOD AND BEVERAGE</u>

Beer and NAB Division

Malt and Hops	Boortmalt Asia Pacific Pty. Ltd. Malterurop Taiwan Hon Chuan Enterprise Co., Ltd.
Corn Grits/Tapioca/Rice/Sugar/Starch	Cagayan Corn Products Corp. Gusing Sur Agrarian Reform Limketkai Manufacturing Corporation All Asian Countertrade Inc. Southern Mindanao Commodities Binh Phuoc General Import Export Joint Stock Company T P K Advance Starct Co., Ltd. SCG International Corporation Malabon Longlife Trading Corporation Qingdao Defeng Cereal Trading Co., LTD Eiamheng Tapioca Starch Industry
Packaging Materials	Malinta Corrugated Boxes
Fuel	Mabuhay Vinyl Corporation

Spirits Division

Alcohol	Shoalhaven Starches PTY LTD Raizen Trading S.A. Heindrich Trading Pte. Ltd. Kolmar Singapore Pte. Ltd. Thai San Miguel Liquor Co. LTD.
Molasses and Sugar	E D & F Man Molasses B.V. United Molasses Trading Ltd. Schuurmans & Van Ginneken Crystal Sugar Company Busco Sugar Milling Hawaiian-Philippine Company All Asian Bioethanol Corporation
Flavoring	Firmenich Asia PTE LTD Givaudan Singapore Pte. Ltd.

Food Division

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. CJ International Asia Pte Ltd. Bunge Agribusiness Singapore Pte. Ltd. Emerald Grain Australia Pty Ltd (Wheat)
Wheat	Bunge Agribusiness Singapore Pte. Ltd. CHS Inc. Toyota Tsusho Asia Pacific Pte. Ltd.
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.

PACKAGING

Glass

Silica Sand	Tochu Corporation
Soda Ash	Connell Bros Company Pilipinas, Inc. Arvin International Marketing, Inc. Alchemco Philippines, Inc.
Cullet	Lucky Real Junkstore INGCO Brothers Trading Corp.

Molds

Casting Molds	Metals Engineering Resources Corp.
ACL Paints	Chemdis Manufacturing Corp Ferro Turkey Kaplama Cam Ve Renk

Plastics

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.

Regrinds	Toyo Ink Compounds Corporation Octaplas Industrial Services Inc.
Tolling Services	Ecostorage Solutions Inc. Muzon Plastic Manufacturing Inc. Miyako Plastic Manufacturing Corporation Octaplas Industrial Services Inc.
Metal	
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
Aluminum Coil	Toyota Tsusho Corporation Shinko Shoji Singapore Pte. Ltd.
Lubricants	Elasco Int'l Corp.
Laminates	
PET/CPP/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. SNTO International Trade Limited
Resins	Dow Chemicals Pacific, Ltd. Itochu Plastics Pte. Ltd. Trans World Trading Company, Incorporated Sabic Asia Pacific Pte. Ltd.
Inks	Toyo Ink (Philippines) Co., Inc.
PET	
PET Resin	Far Eastern Polychem Industries Limited Guangdong IVL PET Polymer Co. Ltd. Jiangyin Xingyu New Material Co. Ltd.

PP Resin	Basell Asia Pacific Limited
CO_2	Hannibal Industries Corporation
Paper	
Kraft Paper	Visy Trading Singapore Pte. Ltd. American Paper Export Klabin Trade Oji Fibre Solutions (NZ) Inc. Paper Resources Price & Pierce Cellmark, Inc.

FUEL AND OIL

Crude	Saudi Arabian Oil Company Shell International Eastern Trading Company Exxonmobil Exploration and Production Malaysia Inc. Unipec Asia Company Limited
Finished Product	PTT International Trading PTE Ltd. Trafigura Pte. Ltd. Aramco Trading Singapore Pte. Ltd. Unipec Singapore 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
Other Consumables	Connel Bros. Co. Pilipinas, Inc. SI Resources Corporation Philippine Mining Services Corporation Nupur Merchandise Pvt. Ltd. B-Mirk Enterprises Corp.
Electricity	Independent Electricity Market Operator

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	Significant Accounting Policies - 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 state-of-the-art 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 , and new raw material accreditation. Specialized equipment includes gas chromatography, high performance liquid chromatography, atomic absorption spectroscopy, protein analyzer, and laboratory scale mashing/milling system for malt analysis and wort extract analyzer. Analytical methods and validation procedures are constantly enhanced and standardized across all of the laboratories of SMB. 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, GSMI 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 GSMI'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 plans to enter new markets and market segments with new products such as pharmaceuticals (plastic pharma bottles), semi-conductors and electronics (anti-static bags), food tubs, plastic wide-mouth jars, and various converted can ends. The Packaging Group expects the future consumer trend towards environmentally friendly products and environmentally sound manufacturing systems. Hence, the Packaging Group plans to increase investments into 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. Its Blaze Racing and Sprint 4T fully synthetic engine oils offer excellent engine cleanliness and protection, shear stability, and fuel economy for modern and high-performance gasoline engines and motorcycles. It has also developed quality lubricants that are reasonable to price-sensitive market.

In 2019, 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. 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 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 and Visayas grids, as well as the eventual interconnectivity of the Mindanao grid and implementation of WESM in Mindanao. In addition, San Miguel Global Power seeks to maintain the cost competitiveness of these new projects by exploring new technologies and strategically locating them in high-demand areas and in areas with the closest proximity to the grid.

San Miguel Global Power is 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 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 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. Masinloc Power Plant Units 4 and 5 are targeted for completion in 2025. San Miguel Global Power has signed the Engineering, Procurement and Construction ("EPC") contract for the construction of Masinloc Power Plant Units 4 and 5 which are targeted for completion in 2025. San Miguel Global Power's other expansion projects include the 600 MW coal-fired power plant and associated facilities in Mariveles, Bataan, which is expected to commence commercial operations in 2023. MPGC is currently constructing a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan, using HELE Technologies.

As part of the diversification of its power portfolio into LNG, San Miguel Global Power is constructing a 1,313.1 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 substantial completion of the first blocks expected in one and a half to two years, compared to three to four years for coal-fired power plants historically.

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 UPSI, MPPCL, and SMCGP Philippines Energy, which have executed turnkey contracts with world-leading battery Engineering, Procurement and Construction 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):

	2022	2021	2020
Research and Development	P305	P436	P344
Percentage to Net Income	1.28%	0.99%	1.46%

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, 2022, the Group has about 50,496 employees and has entered into 34 collective bargaining agreements ("CBAs"). Of the 34 CBAs, 7 will be expiring in 2023.

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

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 legal remedies available.

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.

e) 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 "F"**.

The Parent Company does not hold any real property of material value. Its present office is at the 5th Floor, ENZO Building, No. 399 Sen. Gil J. Puyat Avenue, Makati City.

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 are no matters which were submitted to a vote of the Parent Company's stockholders, through the solicitation of proxies or otherwise, during the fourth quarter of 2022.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

On October 17, 2013, the Board of SMC approved the declaration, by way of property dividends, of 240,196,000 common shares of the Parent Company to the SMC common shareholders of record as of November 5, 2013, which dividend declaration was approved by the SEC on November 19, 2013. The Certificate Authorizing Registration was issued by the Bureau of Internal Revenue on December 26, 2013 and the physical distribution of the property dividends commenced on January 2, 2014.

The 490,196,200 common shares of the Parent Company, composing the total issued common shares, were listed by way of introduction in the PSE on January 13, 2014. The percentage of public ownership of the Parent Company as of December 31, 2022 is 11.93%.

The high and low closing prices of the common shares of the Parent Company for each quarter within the last two fiscal years and for the first quarter of 2022 are as follows:

	2023		**2022**		**2021**	
	Common		**Common**		**Common**	
	High	Low	High	Low	High	Low
1st Quarter	P114.60	P92.00	P127.70	P115.00	P145.20	P128.20
2nd Quarter	-	-	118.50	100.00	P141.00	P126.00
3rd Quarter	-	-	117.00	97.00	P142.00	P130.00
4th Quarter	-	-	115.00	95.00	P134.00	P120.00

The closing price as of December 29, 2022, the latest practicable trading date for the year ended 2022, is P95.00 per common share.

The closing price as of March 30, 2023 is P95.00 per common share.

The approximate number of shareholders of the Parent Company as of December 31, 2022 is 31,199.

The top 20 common shareholders of the Parent Company as of December 31, 2022 is attached hereto as **Annex "G".**

The Board of Directors ("BOD") of the Parent Company approved the declaration and payment of the following cash dividends for preferred shares as follows:

2022

Date of Declaration	**Date of Record**	**Date of Payment**	**Dividend per Preferred Share**
March 10, 2022	March 10, 2022	March 11, 2022	**P139.50**
May 5, 2022	May 5, 2022	May 6, 2022	**139.50**
August 4, 2022	August 4, 2022	August 5, 2022	**139.50**
November 14, 2022	November 14, 2022	November 15, 2022	**139.50**
December 20, 2022	December 20, 2022	December 21, 2022	**139.50**

2021

Date of Declaration	Date of Record	Date of Payment	Dividend per Preferred Share
March 11, 2021	March 11, 2021	March 12, 2021	P139.50
May 6, 2021	May 6, 2021	May 7, 2021	139.50
August 5, 2021	August 5, 2021	August 6, 2021	139.50
November 11, 2021	November 11, 2021	November 12, 2021	139.50

There were no cash dividends declared and paid by the Parent Company for common shares in

2022 and 2021.

Description of the securities of the Parent Company may be found in Note 24, Equity, of the 2022 Audited Consolidated Financial Statements, attached herein as **Annex "B"**.

There were no securities sold by the Parent Company within the past three years which were not registered under the Securities Regulation Code.

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 thirteen 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 P1.8 million in 2022 and 2021 for its services rendered in both years.

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 Amended Manual of Corporate Governance.

Item 7. Financial Statements

The Audited Consolidated Financial Statements and Statement of Management's Responsibility are attached as **Annex "B"** hereto 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

The overall management and supervision of Top Frontier is undertaken by the BOD. The Board is composed of seven (7) members, three (3) of whom are independent directors. Pursuant to the By-Laws of Top Frontier, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. The term of a director is one (1) year from date of election and until their successors are elected and qualified.

As of December 31, 2022, the composition of the BOD of Top Frontier is as follows:

Name	Age	Citizenship	Position	Year Position was Assumed
Iñigo U. Zobel	66	Filipino	Chairman	2008
Ramon S. Ang	68	Filipino	Director	2010
John Paul L. Ang	42	Filipino	Director	2021
Aurora T. Calderon	68	Filipino	Director	2013
Consuelo M. Ynares-Santiago	83	Filipino	Independent Director Lead Independent Director	2013 2021
Teresita J. Leonardo - De Castro	74	Filipino	Independent Director	2019
Ricardo C. Marquez	62	Filipino	Independent Director	2022

As of December 31, 2022, the following are the executive officers of Top Frontier:

Name	Age	Citizenship	Position	Year Position was Assumed
Ramon S. Ang	68	Filipino	President and Chief Executive Officer	2013
Aurora T. Calderon	68	Filipino	Treasurer	2010
Bella O. Navarra	62	Filipino	Chief Finance Officer	2013
Virgilio S. Jacinto	66	Filipino	Corporate Secretary and Compliance Officer	2010 2013
Irene M. Cipriano	48	Filipino	Assistant Corporate Secretary	2013
Maria Rosario B. Balanza	60	Filipino	Investment Relations Officer and Data Protection Officer	2014 2017
Ramon R. Bantigue	61	Filipino	Internal Audit Group Head	2017

The following discussion presents a brief description of the business experience of each of the directors and executive officers of Top Frontier over the past five (5) years.

Iñigo U. Zobel

Mr. Zobel is the Chairman of Top Frontier (since 2008). He is also the Chairman and President of E. Zobel, Inc. (since 1983), IZ Investment Holdings, Inc. (since 2013) and Zygnet Prime Holdings Inc. (since 2015); Director of San Miguel Corporation (since 2009); Chairman (2015-2016), Vice Chairman (since 2016), and President (2015-2017) of Manila North Harbour Port, Inc.; and a Director of E. Zobel Foundation, Inc., Calatagan Golf Club, Inc., Calatagan Bay Realty, Inc., Hacienda Bigaa, Inc., MERMAC, Inc., among others. He was formerly an Independent Director of San Miguel Corporation (1999-2009), San Miguel Brewery Inc. (2007-2010), San Miguel Pure Foods Company, Inc. (2006-2009), San Miguel Properties, Inc. (2009-2010), and Ginebra San Miguel, Inc. (2004-2010); President and Chief Operating Officer of Air Philippines Corporation (2012-2014); and Director of PAL Holdings, Inc. (2012-2014) and Philippine Airlines, Inc. (2012-2014). He attended Santa Barbara College, California, U.S.A. Mr. Zobel has been attending various training and continuing education annually. On November 11, 2022, he attended a corporate governance training conducted by the Center for Global Best Practices.

Ramon S. Ang

Mr. Ang is the Director (since 2010) and President and Chief Executive Officer (since 2013) of Top Frontier. He was a member of the Corporate Governance Committee, and the Chairman of the Executive Compensation Committee of Top Frontier (2013-2017). Mr. Ang is the Vice Chairman (since 1999), President and Chief Operating Officer (since 2002), and President and Chief Executive Officer (since 2021) of San Miguel Corporation; Chairman and Chief Executive Officer (since 2010) and President and Chief Operating Officer (since 2017) of San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.); Chairman of San Miguel Brewery Inc. (since 2007), San Miguel Brewery Hong Kong Limited (since 2005), Sea Refinery Corporation (since 2011), San Miguel Foods, Inc. (since 2006), San Miguel Yamamura Packaging Corporation (since 2006), Anchor Insurance Brokerage Corporation (since 2001), Clariden Holdings, Inc. (since 2012), and Manila North Harbour Port, Inc. (since 2016); Vice Chairman (since 2010), Director (since 2000), and President (since 2017) of Ginebra San Miguel, Inc.; Vice Chairman (since 2011), Director (since 2001), and President and Chief Executive Officer (since 2018) of San Miguel Food and Beverage, Inc. (formerly, San Miguel Pure Foods Company, Inc.); President and Chief Executive Officer of Petron Corporation (since 2015), and Integrated Geo Solutions, Inc. (since 2009); President and Chief Executive Officer of Northern Cement Corporation (since 2012); Chairman (since 2002) and President (since 2010) of San Miguel Properties, Inc.; Chairman, President and Chief Executive Officer of Far East Holdings Inc. (formerly, Far East Cement Corporation) (since 2016); Chairman and President of San Miguel Holdings Corp. (since 2010), SMC SLEX Inc. (since 2012 and 2020, respectively) and San Miguel Equity Investments Inc. (since 2011); and Chairman of Philippine Diamond Hotel & Resort, Inc. (since 2004). He is also the sole director and shareholder of Master Year Limited (since 2012) and the Chairman of Privado Holdings, Corp (since 2010). He was formerly the Chairman of Liberty Telecoms Holdings Inc. (2008-2016); President and Chief Operating Officer of PAL Holdings, Inc. (2012-2014) and Philippine Airlines, Inc. (2012-2014); Vice Chairman and Director of Manila Electric Company (2009-2014); and Director of Air Philippines Corporation (2012-2014). Mr. Ang holds directorships in various subsidiaries of San Miguel Corporation. He holds a degree in B.S. Mechanical Engineering from the Far Eastern University. Mr. Ang has been attending various training and continuing education annually. On November 11, 2022, he attended the corporate governance training conducted by the Center for Global Best Practices.

John Paul L. Ang

Mr. Ang is a Director of Top Frontier (since 2021) and a member of the Audit and Risk Oversight Committee, Related Party Transaction Committee, and Corporate Governance Committee (since 2021). He is the President and Chief Executive Officer of Eagle Cement Corporation ("Eagle Cement") since 2008 and South Western Cement Corporation since 2017. He is also currently a Director of San Miguel Corporation, Petron Corporation and SMC SLEX Inc., and Vice-Chairman of San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.). He is likewise the Chairman of the Executive Committee of Eagle Cement. He graduated in 2002 at the Ateneo de Manila University with the degree in Bachelor of Arts in Interdisciplinary Studies. Mr. Ang has been attending various training and continuing education annually. On September 7, 2022, he attended a corporate governance training conducted by SGV & Co.

Aurora T. Calderon

Ms. Calderon is a Director of Top Frontier (since 2013), the Treasurer (since 2010) and a member of the Audit and Risk Oversight Committee, and Related Party Transaction Committee (since 2017). She was a member of the Audit Committee and Executive Compensation Committee (2013-2017). She is also the Senior Vice President-Senior Executive Assistant to the President and Chief Operating Officer of San Miguel Corporation (since 2011); the President of Petrogen Insurance Corporation (since 2021); and a Director of San Miguel Corporation (since 2014), San Miguel Food and Beverage, Inc. (since 2019), Petron Corporation (since 2010), SMC SLEX Inc. (since 2021), Petron Marketing Corporation (since 2010), Petron Freeport Corporation (since 2010), Sea Refinery Corporation (since 2010), New Ventures Realty Corporation (since 2010), Las Lucas Construction and Development Corp. (since 2010), Thai San Miguel Liquor Co. (since 2008), San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.) (since 2010), San Miguel Equity Investments Inc. (since 2011), and Clariden Holdings, Inc. (since 2012). She was previously a consultant of San Miguel Corporation reporting directly to the President and Chief Operating Officer (1998-2010) and formerly a Director of Manila Electric Company (2009), PAL Holdings, Inc. (2012-2014), Philippine Airlines, Inc. (2012-2014), and Air Philippines Corporation (2012-2014). Ms. Calderon holds directorships in various subsidiaries of San Miguel Corporation. She graduated magna cum laude from the University of the East with a degree in B.S. Business Administration, Major in Accountancy. Ms. Calderon has been attending various training and continuing education annually. On September 16, 2022, she attended the corporate governance seminar conducted by SGV & Co. On November 11, 2022, she also attended the corporate governance seminar conducted by the Center for Global Best Practices.

Consuelo M. Ynares-Santiago

Justice Santiago is an Independent Director of Top Frontier (since 2013), the Lead Independent Director (since March 2021), the Chairperson of the Corporate Governance Committee (since 2013), and a member of the Audit and Risk Oversight Committee and Related Party Transaction Committee (since 2017). She was a member of the Audit Committee and the Executive Compensation Committee (2013-2017). She is also an Independent Director of San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.) (since 2011), Anchor Insurance Brokerage Corporation (since 2012), SMC SLEX Inc. (formerly, South Luzon Tollway Corporation) (since 2015), and Phoenix Petroleum Phil. Inc. (since 2013). She was formerly an Associate Justice of the Supreme Court (1999-2009), an Associate Justice of the Court of Appeals (1990-1999), and a Regional Trial Court Judge of Makati City (1986-1990). Justice Santiago obtained her Bachelor of Laws degree from the University of the Philippines, College of Law. Justice Santiago has been attending various training and continuing education annually. On November 11, 2022, she attended a corporate governance training conducted by the Center for Global Best Practices.

Teresita J. Leonardo-De Castro

Justice De Castro is an Independent Director of Top Frontier (since 2019), the Chairperson of the Related Party Transaction Committee (since 2019), and a member of the Audit and Risk Oversight Committee and Corporate Governance Committee (since 2019). She is currently an Independent Director of San Miguel Corporation (since 2020), the Philippine Stock Exchange, Inc. (since 2020), and the Securities Clearing Corporation of the Philippines (since 2020); and a Trustee of the Philippine Stock Exchange Foundation, Inc. (since 2021). She is the President of the UP Sigma Alpha Sorority Alumnae Association, Inc. (since 2018); a Member of the Association of Retired Supreme Court Justices (since 2018); a Member of the International Association of Women Judges (since 2018); and Associate Member of the Philippine Women Judges Association (2018 to present). She served as Chief Justice of the Supreme Court of the Philippines (2018), Associate Justice of the Supreme Court of the Philippines (2007-2008), Presiding Justice of the Sandiganbayan (2004-2007), and Associate Justice of the Sandiganbayan (1997-2004). Justice De Castro obtained her Bachelor of Laws degree from the University of the Philippines, College of Law. Justice De Castro has been attending various training and continuing education annually. On November 11, 2022, she attended the corporate governance training conducted by the Center for Global Best Practices.

Ricardo C. Marquez

Gen. Marquez is an Independent Director of Top Frontier (since March 2022), the Chairperson of the Audit and Risk Oversight Committee (since March 2022), and a member of the Related Party Transaction Committee and Corporate Governance Committee (since March 2022). Gen. Marquez is likewise currently an Independent Director of San Miguel Food and Beverage, Inc. and Eagle Cement Corporation; and a member of the Board of Trustees of the Public Safety Mutual Benefit Fund, Inc. Gen. Marquez held several positions in the Philippine National Police ("PNP") before he became Chief of the PNP from July 2015 to June 2016. Gen. Marquez holds a Bachelor of Science Degree from the Philippine Military Academy, and a Masters in Management Degree from Philippine Christian University. Gen. Marquez has been attending various training and continuing education annually. On September 07, 2022, he attended the corporate governance training conducted by SGV & Co.

Bella O. Navarra

Ms. Navarra is the Chief Finance Officer of Top Frontier (since 2013) and the Vice President, Comptrollership of San Miguel Corporation (since 2000). She is a Director and the Treasurer of Clariden Holdings, Inc. (since 2012) and various subsidiaries of San Miguel Corporation; and a Director of San Miguel Holdings Corp. (since 2007), San Miguel Equity Investments Inc. (since 2011), and SMC Stock Transfer Service Corporation (since 2001). She holds directorships in various subsidiaries of San Miguel Corporation. She is a Certified Public Accountant and holds a degree in B.S. in Business Administration, Major in Accounting from the University of the East. Ms. Navarra has been attending various training and continuing education annually. On November 11, 2022, she attended a corporate governance training conducted by the Center for Global Best Practices.

Virgilio S. Jacinto

Atty. Jacinto is the Corporate Secretary of Top Frontier (since 2010), Compliance Officer (since 2013), and a member of the Corporate Governance Committee (since 2013). He is the Corporate Secretary, Senior Vice-President, General Counsel, and Compliance Officer of San Miguel Corporation (since 2010). He is also the Corporate Secretary and Compliance Officer of Ginebra San Miguel, Inc. and a Director of Petron Corporation (since 2010); President of SMC Stock Transfer Service Corporation (since 2011); a Director and Corporate Secretary of San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.) (since 2010); and Corporate Secretary of San Miguel Holdings Corp. (since 2010) and various subsidiaries of San Miguel Corporation. He is also an Associate Professor at the University of the Philippines, College of Law (since 1993). Atty. Jacinto was formerly the Vice President and First Deputy General Counsel of San Miguel Corporation (2006-2010). He holds directorships in various subsidiaries of San Miguel Corporation. Atty. Jacinto is the class salutatorian and graduated cum laude from the College of Law of the University of the Philippines, and placed 6th in the 1981 Bar Examinations. He also holds a Master of Laws degree from the Harvard Law School. Atty. Jacinto has been attending various training and continuing education annually. On September 7, 2022, he attended corporate governance trainings conducted by SGV & Co.

Irene M. Cipriano

Atty. Cipriano is the Assistant Corporate Secretary of Top Frontier (since 2013) and an Assistant Vice President and Associate General Counsel of San Miguel Corporation. She is also the Corporate Secretary of San Miguel Equity Investments Inc. (since 2011), the Assistant Corporate Secretary of San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.) (since 2010), and of various subsidiaries of San Miguel Corporation. Atty. Cipriano was formerly the Assistant Corporate Secretary of PAL Holdings, Inc. (2012-2014) and Philippine Airlines, Inc. (2012-2014). She is a Certified Public Accountant and holds a degree in B.S. Accountancy from De La Salle University. Atty. Cipriano earned her Bachelor of Laws degree from the San Beda College of Law. In 2021, she completed the Executive Management Development Program of the Asian Institute of Management. Atty. Cipriano has been attending various training and continuing education annually. On November 11, 2022, she attended a corporate governance training conducted by the Center for Global Best Practices.

Maria Rosario B. Balanza

Ms. Balanza is the Investment Relations Officer of Top Frontier (since 2014) and serves as its Data Protection Officer (since 2017). She is also the Assistant Vice President for the Planning and Research Services Department, Corporate Finance of San Miguel Corporation (since 2007). She was formerly the Assistant Vice President for Research and Information Management, Corporate Planning of San Miguel Corporation (2004–2007). Ms. Balanza holds a degree in A.B. Economics from the University of the Philippines and has completed the Post Graduate Program in Development Economics from the University of the Philippines. She obtained her Master of Management from the Australian National University. Ms. Balanza has been attending various training and continuing education annually. On November 11, 2022, she attended a corporate governance training conducted by the Center for Global Best Practices.

Ramon R. Bantigue

Mr. Bantigue is the Internal Audit Group Head of Top Frontier (since 2017). He is also a Vice President and Head of the San Miguel Corporation Group Audit (since 2007). Mr. Bantigue is a Certified Internal Auditor. He is a Certified Public Accountant and holds a degree in Bachelor of Commerce, Major in Accountancy from the University of Sto. Tomas. Mr. Bantigue completed the Management Development Program at the Asian Institute of Management. Mr. Bantigue has been attending various training and continuing education annually. On November 11, 2022, he attended a corporate governance training conducted by the Center for Global Best Practices.

SIGNIFICANT EMPLOYEES

While all employees are expected to make a significant contribution to Top Frontier, there is no one particular employee, not an executive officer, expected to make a significant contribution to the business of Top Frontier on his own.

FAMILY RELATIONSHIP

John Paul L. Ang, a Director, is the son of Ramon S. Ang, the Parent Company's President and Chief Executive Officer. Other than the foregoing, there are no family relationships up to the fourth civil degree either of consanguinity or affinity among any of the directors and executive officers.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the directors, nominees for election as director, executive officers or control persons of Top Frontier 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 Top Frontier.

Item 10. Executive Compensation

The Board may provide, in its discretion, an allowance or per diem to each member of the Board during each regular meeting of the Board, provided that the said director participates in the said meeting. Pursuant thereto, Top Frontier provides each director, who are not officers of SMC, with reasonable per diem of P20,000 and P10,000 for each Board and Committee meeting attended, respectively. Additionally, the By-Laws of Top Frontier provides that as compensation of the directors, the Board at its discretion shall receive and allocate yearly an amount of not more than 10% of the net income before income tax of Top Frontier during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The By-Laws of Top Frontier further provides that the officers shall receive such remuneration as the Board may determine. A director shall not be precluded from serving Top Frontier in any other capacity as an officer, agent or otherwise, and receiving compensation therefore.

Compensation to executive officers currently comprising of the Chairman, the President and Chief Executive Officer, the Treasurer, the Chief Finance Officer, the Corporate Secretary and Compliance Officer, the Assistant Corporate Secretary, the Investment Relations Officer and Data Protection Officer, and the Internal Audit Group Head amounted to nil for the years ended 2022, 2021 and 2020.

There were no other compensation paid to the directors for the periods indicated.

Employment Contract between the Parent Company and Executive Officers

There are no special employment contracts between Top Frontier and its named executive officers.

Warrants and Options Held by the Executive Officers and Directors

As of December 31, 2022, none of the directors and executive officers of Top Frontier hold any warrants or options in Top Frontier.

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the directors and executive officers of Top Frontier were compensated, or is to be compensated, directly or indirectly since the incorporation of Top Frontier on March 11, 2008.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Beneficial owners of more than 5% of the voting securities of Top Frontier as of December 31, 2022 are as follows:

Title of Class	Name of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held by the Beneficial Owners (includes Common Shares held by their nominees)	% of Total Outstanding Common Shares
Common	Iñigo U. Zobel (Chairman of the Board) Aurora T. Calderon (Director and Treasurer)	Iñigo U. Zobel Nominee-director of Mr. Zobel in the Board	Filipino Filipino	199,601,517 100 Total: 199,601,617	59.96%
Common	Master Year Limited Ramon S. Ang (President and CEO)	Master Year Limited (MYL) Sole director / shareholder of MYL and Nominee-director of MYL in the Board	Caymanian Filipino	49,799,900 100 Total: 49,800,000	14.96 %
Common	Privado Holdings, Corp.	Ramon S. Ang, as 100% beneficial owner of Privado Holdings, Corp.	Filipino	36,814,051 44,500 [in PCD Nominee Corporation (Filipino)] Total: 36,858,551	11.07%
Common	PCD Nominee Corporation (Filipino)	Various individual/ entities	Filipino	26,686,473 [inclusive of the 44,500 shares of Privado Holdings, Corp.]	8.02%

As regards to the security ownership of management, the table below sets out the details of the voting securities in the name of the directors and executive officers of Top Frontier as of December 31, 2022:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Position	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Total No. of Shares	% of Total Outstan-ding Common Shares
Common	Iñigo U. Zobel	Chairman of the Board	Iñigo U. Zobel	Filipino	199,601,517	59.96%
Common	Aurora T. Calderon	Director and Treasurer	Iñigo U. Zobel; Nominee-director Aurora T. Calderon	Filipino Filipino	100 2,260	0% 0%
Common	Ramon S. Ang	President and CEO	MYL; Nominee-director Ramon S. Ang	MYL – Caymanian Filipino	100 75,787	0% 0.02%
Common	John Paul L. Ang	Director	John Paul L. Ang	Filipino	100	0%
Common	Consuelo M. Ynares-Santiago	Independent Director	Consuelo M. Ynares-Santiago	Filipino	100	0%
Common	Teresita J. Leonardo-De Castro	Independent Director	Teresita J. Leonardo-De Castro	Filipino	100	0%
Common	Ricardo C. Marquez	Independent Director	Ricardo C. Marquez	Filipino	100	0%
Common	Bella O. Navarra	Chief Finance Officer	Bella O. Navarra	Filipino	10,260	0%
Common	Virgilio S. Jacinto	Corporate Secretary and Compliance Officer	Virgilio S. Jacinto	Filipino	2,562	0%
Common	Irene M. Cipriano	Assistant Corporate Secretary	Irene M. Cipriano	Filipino	1,000	0%
Common	Maria Rosario B. Balanza	Investment Relations Officer and Data Protection Officer	Ma. Rosario B. Balanza	Filipino	1,307	0%

VOTING TRUST

None of the stockholders holding more than 5% of the voting securities of Top Frontier are under a voting trust or similar agreement.

CHANGE IN CONTROL

Top Frontier is not aware of any change in control or arrangement that may result in a change in control of Top Frontier.

FOREIGN OWNERSHIP

As of December 31, 2022, the following is the foreign ownership of the voting shares of stock of the Parent Company:

Share Class	Foreign Shares	Percentage of Foreign Ownership	Local Shares/ Shares held by Filipinos	Percentage of Filipino Ownership	Total Common Shares Outstanding
Common	52,260,318	15.70%	280,625,849	84.30%	332,886,167

Item 12. Certain Relationships and Related Transactions

Related Party Disclosures

Top Frontier, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. Top Frontier 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, 2022 and 2021:

(Amounts in Million)	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Shareholders of	**2022**	**P -**	**P -**	**P -**	**P221**	On demand;	Unsecured
the Parent	2021	-	-	-	221	non-interest bearing	
Company	2021	**-**	**-**	**-**	10,942	On demand; interest bearing	Unsecured
Retirement	**2022**	**23**	**-**	**3,480**	**-**	On demand;	Unsecured;
Plans	2021	23	-	4,433	-	non-interest bearing	no impairment
	2022	**246**	**-**	**4,127**	**-**	On demand;	Unsecured;
	2021	266	-	4,371	-	interest bearing	no impairment
Associates	**2022**	**1,970**	**11**	**888**	**74**	On demand;	Unsecured;
	2021	2,045	46	1,245	30	non-interest bearing	no impairment
	2022	**6**	**-**	**12,346**	**23,223**	Less than 1	Unsecured and
	2021	9	-	140	21,353	to 12 years; interest bearing	secured; no impairment
Joint Ventures	**2022**	**63**	**471**	**117**	**17**	On demand;	Unsecured;
	2021	321	1,681	81	177	non-interest bearing	no impairment
	2022	**-**	**-**	**621**	**-**	On demand;	Unsecured; with
	2021	-	-	621	-	interest bearing	impairment
	2022	**59**	**-**	**1,135**	**-**	Less than 1 to	Unsecured; no
	2021	24	-	1,170	-	10.5 years; interest bearing	impairment
Shareholders	**2022**	**184**	**890**	**91**	**2,658**	On demand;	Unsecured;
in Subsidiaries	2021	79	1,757	193	2,455	non-interest bearing	no impairment
Others	**2022**	**6,091**	**4,284**	**32**	**6**	On demand;	Unsecured;
	2021	3,152	2,649	796	56	non-interest bearing	no impairment
Total	**2022**	**P8,642**	**P5,656**	**P22,837**	**P26,199**		
Total	2021	P5,919	P6,133	P13,050	P35,234		

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 to related parties in 2021 include interest-bearing payable to a shareholder of the Parent Company, used for working capital purposes. This is subject to 3.00% interest per annum, which was renegotiated in 2017. The parties agreed in writing that the 3.00% interest per annum will accrue beginning on the relevant year when SMC has commenced the management and operations of its Manila International Airport Project. This payable has no definite payment terms and considered payable upon demand.

   On December 19, 2022, as a result of further renegotiation of the terms of the shareholder advances applicable for year 2017 onwards, the Parent Company signified its intention to fully pay the shareholder advances prior to the management and operation by SMC of the MIA Project. As such, the parties agreed that the Parent Company shall pay the shareholder on December 20, 2022, the total amount of US$249 million (P13,762 million), inclusive of interest/charges, in full settlement of the shareholder advances.

4. 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 investments in debt securities under investment agreement with BOC for a total amount of P12,250 million as at December 31, 2022, 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.

   b.) 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, 2022 and 2021.

5. 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 P6 million as at December 31, 2022, and as part of "Lease liabilities - current portion" and "Lease liabilities - net of current portion" amounted to P2 million and P1 million, respectively, as at December 31, 2021.

6. The amounts owed to associates include interest bearing loans payable to BOC presented as part of “Loans payable” account amounting to P11,520 million and P9,530 million and “Long-term debt” account amounting to P11,703 million and P11,823 million in the consolidated statements of financial position as at December 31, 2022 and 2021, respectively.

   The amounts owed to associates include syndicated project finance loans amounting to P10,913 million and P10,444 million as at December 31, 2022 and 2021, 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 "related parties" under PAS 24 but with whom Top Frontier 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

Item 13. Corporate Governance

The evaluation by Top Frontier to measure and determine the level of compliance of the BOD and top level management with its Manual of Corporate Governance is vested by the BOD on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual. On September 19, 2013, the BOD adopted the Parent Company's Manual of Corporate Governance pursuant to the Revised Code of Corporate Governance issued by the SEC under its Memorandum Circular ("MC") No. 6, series of 2009. On July 31, 2014, the BOD approved the adoption of amendments to the Parent Company's Manual of Corporate Governance, incorporating therein, among others, the amendments pursuant to SEC MC No. 9, Series of 2014. On May 10, 2017, the BOD approved to further amend the provisions of the Parent Company's Manual on Corporate Governance in compliance with SEC MC No. 19, Series of 2016 (the "Amended Manual on Corporate Governance").

In compliance with the provisions of the Amended Manual on Corporate Governance: (i) the members of the BOD and officers of the Parent Company have attended corporate governance trainings and seminars for 2022, and (ii) the performance of the Board Committees, the BOD, and Management for 2022 were assessed through self-rating forms approved by the Board during its meeting held on March 9, 2023 and accomplished by the Board Committees, BOD, and Management. The results of the 2022 Performance Assessment of the BOD will be validated by the Compliance Officer and the Corporate Governance Committee and will be presented to the Board in its upcoming Board Meeting on May 11, 2023. The details of the foregoing matters, as well as all other disclosures made by the Parent Company pursuant to relevant rules and regulations of the SEC and the PSE are posted in the Parent Company's website www.topfrontier.com.ph.

The Compliance Officer has certified that the Parent Company has substantially adopted all the provisions of its Amended Manual on Corporate Governance. Pursuant to its commitment to good governance and business practice, the Parent Company continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance which it determines to be in the best interests of the Parent Company, its stockholders, and other stakeholders.

In accordance with SEC MC No. 15, Series of 2017, Top Frontier's Integrated Annual Corporate Governance Report (I-ACGR) for 2022 shall be filed with the Commission on or before May 30, 2023.

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 year 2022 is attached as **Annex "H"**.

(c) Sustainability Report

Attached as "**Annex I**" is the 2022 Sustainability Report of Top Frontier.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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 14 2023.

By:

RAMON S. ANG
President and Chief Executive Officer

AURORA T. CALDERON
Treasurer

BELLA O. NAVARRA
Chief Finance Officer

VIRGILIO S. JACINTO
Corporate Secretary and Compliance Officer

SUBSCRIBED AND SWORN to before me this APR 14 2023 at Mandaluyong City, the following persons with their competent IDs, as follows:

Name	Passport No.	Date of issue	Place of Issue
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila
Aurora T. Calderon	P3888910B	November 19, 2019	DFA NCR East
Bella O. Navarra	P8424946B	December 10, 2021	DFA Manila
Virgilio S. Jacinto	P3157226B	September 12, 2019	DFA NCR East

Doc. No.: 14;
Page No.: 14;
Book No.: II;
Series of 2023.

MA. KRISTINA S. ZAMORA
NOTARY PUBLIC
ROLL NO. 61379
MANDALUYONG CITY, PHILS.

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. 5111180; 01/05/23; 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

TOP FRONTIER
INVESTMENT HOLDINGS, INC.

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 Top Frontier Investment Holdings, Inc. ("Top Frontier" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2022. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2022 and 2021, 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, 2022. All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2022 and the financial performance and cash flows for the year ended December 31, 2022 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.

	Years Ended December 31		
	2022	2021	2020
		(In Millions)	
Sales	**P1,506,522**	P941,173	P725,776
Cost of Sales	**1,289,092**	742,339	574,914
Gross Profit	**217,430**	198,834	150,862
Selling and Administrative Expenses	**(84,530)**	(78,436)	(78,405)
Operating Income	**132,900**	120,398	72,457
Interest Expense and Other Financing Charges	**(61,887)**	(48,597)	(50,694)
Interest Income	**7,152**	3,593	6,187
Equity in Net Earnings of Associates and Joint Ventures	**1,202**	1,056	424
Gain (Loss) on Sale of Investments and Property and Equipment	**733**	167	(491)
Other Income (Charges) - net	**(43,018)**	(14,668)	11,572
Net Income	**23,864**	44,063	23,622
Net Income (Loss) Attributable to Equity Holders of the Parent Company	**(14,679)**	166	(233)
Net Income Attributable to Non-controlling Interests	**38,543**	43,897	23,855

2022 vs. 2021

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	**2021**	**Amount**	**%**	**2022**	**2021**
	(In Millions)					
Sales	**P1,506,522**	P941,173	P565,349	60%	**100%**	100%
Cost of Sales	**1,289,092**	742,339	546,753	74%	**86%**	79%
Gross Profit	**217,430**	198,834	18,596	9%	**14%**	21%
Selling and Administrative Expenses	**(84,530)**	(78,436)	6,094	8%	**(6%)**	(8%)
Operating Income	**132,900**	120,398	12,502	10%	**8%**	13%
Interest Expense and Other Financing Charges	**(61,887)**	(48,597)	13,290	27%	**(4%)**	(5%)
Interest Income	**7,152**	3,593	3,559	99%	**1%**	0%
Equity in Net Earnings of Associates and Joint Ventures	**1,202**	1,056	146	14%	**0%**	0%
Gain on Sale of Investments and Property and Equipment	**733**	167	566	339%	**0%**	0%
Other Charges - Net	**(43,018)**	(14,668)	28,350	193%	**(2%)**	(1%)
Income Before Income Tax	**37,082**	61,949	(24,867)	(40%)	**3%**	7%
Income Tax Expense	**13,218**	17,886	(4,668)	(26%)	**1%**	2%
Net Income	**P23,864**	P44,063	(P20,199)	(46%)	**2%**	5%
Net Income (Loss) Attributable to:						
Equity Holders of the Parent Company	**(P14,679)**	P166	(P14,845)	(8,943%)	**(1%)**	0%
Non-controlling Interests	**38,543**	43,897	(5,354)	(12%)	**3%**	5%
Net Income	**P23,864**	P44,063	(P20,199)	(46%)	**2%**	5%

The Group recorded an all-time high consolidated sales of P1,506,522 million, up 60% from P941,173 million in the previous year, beating its pre-pandemic 2019 sales of P1,020,480 million by 48%.

The Group's cost of sales increased by P546,753 million or 74% mainly due to: (a) higher cost per liter of fuel products and increase in sales volume of Petron Corporation (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 P84,530 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 Non-alcoholic Beverages (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 Bevarage business; (d) repairs and maintenance of Petron; and (e) taxes and licenses of the Energy business.

Consolidated income from operations rose 10% to P132,900 million, mainly driven by the strong topline growth of Petron, the Food and Beverage, Packaging and Infrastructure businesses coupled with group-wide cost management and initiatives which mitigated the continuing challenges of increasing raw material costs, inflationary pressures, and foreign exchange movements. This was however tempered by the Energy business which was weighed down by the significant increase in fuel costs.

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 on the higher net income of Manila North Harbour Port, Inc. (MNHPI) partly offset by the share on the higher net loss of Angat Hydro Corporation (Angat Hydro).

The gain on sale of investments and property and equipment in 2022 primarily represents the sale by: (a) San Miguel Global Power Holdings Corp. [San Miguel Global Power; formerly SMC Global Power Holdings Corp.] of its investment in shares of stock of Strategic Energy Development, Inc., owner of real properties, including land with 15 megawatts (MW) heavy fuel oil power plant located in Tagum City, Davao del Norte; and by (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 (SMBB) and San Miguel China Investment Co. Ltd. (SMCIC).

Other charges - net increased primarily due to the: (a) 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 (P4.76 in December 2022 as compared to P2.98 in December 2021), and (b) higher loss on commodity hedging of Petron.

The lower income tax expense was primarily due to the recognition in 2022 of deferred tax benefit on: (a) Net Operating Loss Carry Over (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 during the period and the adjustment in 2021 of the impact of CREATE Act for 2020, consolidated core net income amounted to P43,700 million, down by 3% from last year’s P44,981 million.

With higher interest expense and foreign exchange losses, consolidated net income ended at P23,864 million.

The share of non-controlling interests (NCI) on the Group's net income decreased in 2022 mainly due to the net losses of San Miguel Global Power and SMC and the lower dividend on preferred shareholders of SMC, partly offset by the higher net income of the Food and Beverage and Infrastructure businesses and higher amount of distribution on Senior Perpetual Capital Securities (SPCS) of San Miguel Global Power.

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

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) posted full year consolidated sales of P358,853 million, 16% increase from last year 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

San Miguel Brewery Inc. (SMB) sustained its growth trend in 2022 delivering consolidated volumes of 224.6 million cases, up 10% from the previous year, 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 last year.

Accordingly, consolidated operating income and net income ended at P29,516 million and P21,750 million, higher by 10% and 6% from the previous year, 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 reopening 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 last year 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 last year 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 the previous year.

b. Spirits Division

Ginebra San Miguel Inc. (GSMI) delivered another record-breaking performance in 2022 registering its highest-ever net income of P4,547 million, exceeding last year 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 the year before 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 last year. 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 last year's level.

- The Protein segment, comprised of the Poultry and Meats businesses, registered sales 4% higher than the previous year. 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 African Swine Fever (ASF).

- The Animal Nutrition and Health segment posted 26% growth in sales compared to a year ago, 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 last year 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 for 2022, 10% higher than the previous year, 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 last year.

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 the same period last year.

3. ENERGY

San Miguel Global Power recorded offtake volumes of 27,402 gigawatt hours (GWh) in 2022, higher by 181 GWh from last year 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 the previous year, 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 during the year has challenged San Miguel Global Power's operating performance, with prices soaring from US$65 or P3,340.00 per metric tons (at P51.30 per US$1) at execution date of contract to as high as US$434 or P25,430.00 per metric tons (at P58.59 per US$1). This resulted in an incremental supply costs that the Energy business had absorbed to cover the 1,000 MW of capacity contracted to Manila Electric Company (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 last year 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 during the year, net income amounted to P3,134 million, 80% behind from the previous year. 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 last year.

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 Liquefied Natural Gas (LNG) Power Plant 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 LNG Power Plants is San Miguel Global Power's path to transitioning its power generation to more renewable sources.

4. FUEL AND OIL

Petron ended the year 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 last year. 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, liquefied petroleum gas 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 last year'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. 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 last year'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 last year's level.

Operating income soared 110% to P14,244 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 Southern Luzon Expressway - Toll Road 4 (SLEX - TR4) 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 SLEX - TR5 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 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 (DPWH), 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 (TRB) and pre-construction activities already started which include inspection of seedlings for the planting of trees.

The STOA for Pasig River Expressway (PAREX) 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. Detailed engineering design studies are ongoing while awarding of the independent contractor contract is in progress.

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 Manila International Airport (MIA) Project, of which US$871 million has been drawn as of 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.

2021 vs. 2020

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2021	2020	Amount	%	2021	2020
		(In Millions)				
Sales	**P941,173**	P725,776	P215,397	30%	**100%**	100%
Cost of Sales	**742,339**	574,914	167,425	29%	**79%**	79%
Gross Profit	**198,834**	150,862	47,972	32%	**21%**	21%
Selling and Administrative Expenses	**(78,436)**	(78,405)	31	0%	**(8%)**	(11%)
Operating Income	**120,398**	72,457	47,941	66%	**13%**	10%
Interest Expense and Other Financing Charges	**(48,597)**	(50,694)	(2,097)	(4%)	**(5%)**	(7%)
Interest Income	**3,593**	6,187	(2,594)	(42%)	**0%**	1%
Equity in Net Earnings of Associates and Joint Ventures	**1,056**	424	632	149%	**0%**	0%
Gain (Loss) on Sale of Property and Equipment	**167**	(491)	658	134%	**0%**	(0%)
Other Income (Charges) - Net	**(14,668)**	11,572	(26,240)	(227%)	**(1%)**	1%
Income Before Income Tax	**61,949**	39,455	22,494	57%	**7%**	5%
Income Tax Expense	**17,886**	15,833	2,053	13%	**2%**	2%
Net Income	**P44,063**	P23,622	P20,441	87%	**5%**	3%
Net Income (Loss) Attributable to:						
Equity Holders of the Parent Company	**P166**	(P233)	P399	171%	**0%**	(0%)
Non-controlling Interests	**43,897**	23,855	20,042	84%	**5%**	3%
Net Income	**P44,063**	P23,622	P20,441	87%	**5%**	3%

The Group performed very well in 2021, with some of the businesses considered fully recovered and even registered improvements over pre-pandemic 2019 performance. The Group's consolidated sales rose 30% to P941,173 million from P725,776 million in 2020, with the Food and Beverage, Energy, Fuel and Oil and Infrastructure businesses all delivering double-digit revenue growth. This is still 8% behind 2019 pre-pandemic level but is nevertheless a big improvement coming from the 29% decline in 2020.

The Group's cost of sales increased by P167,425 million or 29% mainly due to: (a) higher cost per liter of fuel products and increase in sales volume of Petron; (b) higher cost of coal, full-year 2021 operations of Unit 3 of the Masinloc Power Plant, which started commercial operations on September 26, 2020 and higher power purchases from the spot market and external suppliers of the Energy business; and (c) increase in sales volume and higher excise tax of the Food and Beverage business.

As a result of group-wide cost management efforts and the adoption of enhanced operational efficiencies, consolidated operating income grew 66% to P120,398 million from P72,457 in 2020. This surpassed the Group's 2019 pre-pandemic operating income of P115,273 million by 4%.

The decrease in interest income was primarily due to lower interest rates and average balance of cash and cash equivalents.

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 (BOC) and MNHPI and in the lower net loss of Angat Hydro.

The gain on sale of property and equipment in 2021 mainly represents the gain on the disposal of properties by SMBB and SMCIC. The loss in 2020 mainly represents the retirement by San Miguel Yamamura Packaging Corporation (SMYPC) of the fixed assets of its Manila Plastics Plant which were damaged by the fire incident in Pandacan, Manila in February 2020.

Other charges - net in 2021 primarily consist of the commodity hedging loss of Petron and the loss on the revaluation of foreign-currency denominated net liabilities of the Group as a result of the depreciation of Philippine Peso against the US Dollar by P2.98 in December 2021. Other income - net in 2020 pertains mainly to the: (a) gain on the revaluation of foreign-currency denominated net liabilities of the Group as a result of the appreciation of Philippine Peso against the US Dollar by P2.61 in December 2020; (b) settlement received by the Energy business from third party contractors on account of damages arising from the latter's nonfulfillment of obligations under procurement-related contracts; and (c) income recognized by the Group from the Tax Credit Certificates (TCC) issued by the Bureau of Internal Revenue (BIR) in relation to the claims for refund filed for overpayment of excise taxes with the BIR for San Mig Light.

The increase in income tax expense in 2021 was primarily due to the turnaround of Petron resulting to an income tax expense in 2021 compared to income tax benefit in 2020. This was partly offset by the impact of the adoption of the CREATE Act in 2021 and 2020, which reduced the income tax rate from 30% to 25%. The effect of the adoption of CREATE Act in 2020 was adjusted in the first quarter of 2021.

Consolidated net income reached P44,063 million, up 87% from the P23,622 million reported in 2020. This was 9% lower than the pre-pandemic net income level.

The share of NCI on the Group's net income increased in 2021 mainly due to the: (a) net income of Petron in 2021 compared to a net loss in 2020, (b) higher amount of distribution on SPCS of San Miguel Global Power and Petron and (c) higher net income of the Food and Beverage business.

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

1. FOOD AND BEVERAGE

SMFB delivered sustained growth throughout the year 2021, posting consolidated revenues of P309,778 million, an increase of 11% from 2020, as the Food, Beer and NAB and Spirits divisions all turned in solid results.

SMFB's consolidated operating income improved 31% to P43,695 million while net income rose 40% to P31,417 million, a significant achievement considering the implementation of community lockdowns and liquor bans in many areas throughout the year 2021, coupled with increasing raw material prices.

a. Beer and NAB Division

SMB continued its recovery in 2021, as consolidated volumes slightly improved to 204.4 million cases. SMB conducted programs to spur consumption to mitigate pandemic restrictions implemented in various parts of the country. Consolidated sales amounted to P116,286 million, 8% higher compared to 2020.

Consolidated operating income grew 10% to P26,915 million on account of continuing cost management initiatives. Net income rose 17% to P20,449 million.

Domestic Operations
SMB's domestic beer volumes moderately increased in 2021 while non-alcoholic beverage volumes ended significantly higher than 2020. This represents a gradual recovery, coming from the large decline experienced in 2020. Beer volumes improved through various thematic campaigns, activations and consumer promos, which boosted demand and consumption, and softened the effects of liquor bans and mobility restrictions. Domestic beer sales amounted to P105,114 million, up 7% from 2020, brought about by the full year 2021 impact of the price increase implemented in March 2020 and October 2021. Operating income amounted to P25,224 million, an 8% increase over year 2020.

Recovery was further reinforced by nationwide marketing programs and thematic campaigns. San Miguel Pale Pilsen's *"Beer Call Muna Tayo"* and San Mig Light's *"Imagine"* campaigns boosted brand equity while at the same time promoting home consumption and pushing for *"e-numan"* online gatherings. While Red Horse's *"Patak"* and *"Lakas"* advertisements reinforced the brand's leadership and value-for-money proposition. Domestic operations also sustained visibility for Gold Eagle Beer, through distinctive out-of-home installations and improved penetration in Visayas region.

International Operations
SMB's international operations likewise sustained its growth in 2021, posting an 8% and 11% volume and revenue improvement versus year 2020, respectively. This was primarily driven by volume expansion in Indonesia and Exports, offsetting shortfalls in South China, Vietnam, Hong Kong and Thailand which experienced extended and varied pandemic restrictions. With cost management programs and improved sales and operational efficiencies, operating income similarly grew compared to 2020.

b. Spirits Division

GSMI capped off another stellar year with volumes reaching an all-time high of 41.9 million cases, an 8% increase from 2020, and 17% higher than 2019 pre-pandemic levels.

Growth was mainly the result of its successful marketing campaigns, namely: *"Bagong Tapang"* for GSM, *"Kusog Kulafu*" under-the-cap consumer promo in the Visayas and Mindanao regions for Vino Kulafu, and the *"Choose What's True"* campaign for GSM Blue. These were further supported by national and local consumer promos, aggressive market penetration activities for push brands and continued expansion of distribution channels throughout the year 2021.

Revenues reached P42,534 million, 17% higher from the P36,202 million reported in 2020. Operating income grew 39% to P5,293 million while net income amounted to P4,179 million, 52% higher than 2020 and 150% higher than 2019 pre-pandemic earnings.

c. Food Division

The Food division posted consolidated revenues of P150,970 million in 2021, 12% higher compared to 2020 and 8% higher than pre-pandemic levels in 2019.

Growth was driven by the robust performance of the Protein, Animal Nutrition and Health, Value-Added Meats and Flour segments, all of which grew double-digits, boosted by favorable pricing and volume gains.

These brought the Food Division's consolidated operating income to P11,506 million, a sizeable 122% increase from 2020, in spite of rising costs of major raw materials which put some pressure on margins. This was partly mitigated by the group-wide cost containment efforts, efficiency improvement initiatives, and the optimized utilization of company-wide production facilities.

As a result, consolidated net income surged to P7,610 million, a 165% increase from 2020 and 121% higher than the 2019 pre-pandemic earnings.

- The Protein segment, consisting of the Magnolia Chicken and Monterey Meats businesses, revenues grew 14% buoyed by improvements in chicken prices as the Food division was able to keep its inventory at optimal level, even as industry supply was augmented by imported frozen chicken. The Protein segment's performance received a boost from the growing network of community sellers, and the gradual recovery of *lechon manok* outlets.

- The Animal Nutrition and Health segment expanded revenues by 12% owing to sustained volume increases of free-range fowl, layer, duck, and aquatic feeds. This was brought about by the successful conversion campaigns, intensive penetration and sales activities targeting backyard and medium scale farms. Meanwhile, as hog farms started to slowly repopulate with the waning of ASF, sales of hog feeds showed slight recovery in the last quarter of 2021. Likewise, demand for broiler feeds picked up with improved availability of day-old chicks.

- Prepared and Packaged Food segment’s consolidated revenues grew 6% from 2020, mainly driven by growth of Value-Added Meats, led by core, flagship products *Purefoods Tender Juicy* hotdog, chicken nuggets, and bacon. Newly launched ready-to-eat products such as meat-free product line *Veega*, Purefoods spaghetti sauce and seafood nuggets also delivered remarkable growth in 2021.

  Meanwhile, Magnolia’s revenues was lower than 2020 as home-baking activities receded, while foodservice recovery remained limited. Nonetheless, margarine, cheese, and San Mig Coffee Sugar free variant grew steadily while sales of newly launched retail packs of Magnolia Salad Aids have been promising.

- The Flour segment maintained its upward momentum with revenues ending 17% higher versus 2020. Growth in all geographical areas, led by Mindanao and the Greater Manila Area was driven by strong volumes due to an expanded distribution network and the recovery in existing customers' operations.

2. PACKAGING

The Packaging business registered sales of P33,703 million in 2021, a 7% increase from 2020, mainly driven by increase in volumes from food and beverage accounts, improved performance from the glass, plastics, metal crowns, and two-piece aluminum cans, and flexibles businesses, as well as better results from the Australasian and Malaysian operations.

Operating income amounted to P1,162 million, 21% higher compared to 2020, on account of higher sales, effective cash management and maximization of cost containment measures.

3. ENERGY

San Miguel Global Power delivered off-take volumes of 27,221 GWh in 2021, a 4% growth versus 2020, as industrial activities started to pickup with relatively lighter Corona Virus Disease (COVID)-19 quarantine restrictions compared to 2020. Correspondingly with higher spot and average bilateral rates, consolidated revenues for year 2021 rose by 16% to P133,710 million.

Operating income declined by 7% to P36,841 million on account of a significant rise in average coal input costs and higher power purchases. The higher power purchases were the result of lack of peak capacity to serve the Energy Group's improved bilateral requirements, with the continued deration of the Ilijan Power Plant due to gas supply restriction and the extended outages in Sual Power Plant.

Consequently, net income amounted to P15,978 million, down by 15% from 2020. Without the recorded liquidated damages from a third-party contractor arising from non-fulfillment of obligations under its procurement-related contracts in 2020, net income would have been higher by around 5%.

4. FUEL AND OIL

Petron continued to bounce back from the pandemic, delivering a net income of P6,136 million, reversing the P11,413 million net loss in 2020.

Petron's consolidated sales volume grew 5% to 82.2 million barrels, made possible by the easing of pandemic restrictions and the re-start of economic activities that improved overall demand.

Petron Philippines' retail volumes increased by 6% brought about by volume-generating programs amid the implementation of granular lockdowns. Industrial sales grew by 2% as travel restrictions eased out and more industries reopened. Petron's lubricant sales likewise grew which recorded the highest growth at 11%, highlighting the strong performance and presence of its locally produced engine oils and other lubricant products in the market.

Consolidated sales for year 2021 reached P438,057 million, up 53% from year 2020, driven by the increase in international prices and higher local demand. Recovering oil demand and tightened supply caused Dubai crude oil prices to breach the US$80 per barrel level in the fourth quarter which averaged nearly US$70 per barrel in 2021, 64% higher than 2020's US$42 per barrel, the highest annual average price in the past three years.

With improved refining margins and various operational efficiencies continuously enacted, operating income grew 472% to P17,215 million, an immense turnaround from the P4,629 million operating loss reported in 2020.

5. INFRASTRUCTURE

The Infrastructure business sales rose 35% to P19,690 million, mainly driven by a 35% combined increase in average daily traffic volume in all operating toll roads namely, SLEX, Skyway Stages 1, 2 and 3, Southern Tagalog Arterial Road (STAR) Tollway, Tarlac-Pangasinan-La Union Expressway (TPLEX) and NAIAx, all posted double digit growth, indicating that more motorists are enjoying improving travel movement.

Operating income grew by 164% to P6,788 million, mainly driven by volume increase and margin improvements backed by cost management initiatives.

In 2021, the Infrastructure business continued its aggressive expansion, fully opening the Skyway Stage 3 on January 14 and opening the Northbound section of the SLEX Elevated Extension on April 11. The SLEX Elevated Extension was formally inaugurated on

February 15, 2022, which can accommodate around 200,000 cars per day. This is seen to further ease travel in and out of Metro Manila.

On September 21, 2021, San Miguel Holdings Corp. (SMHC) through its subsidiary Pasig River Expressway Corporation, together with the DPWH, Department of Transportation and TRB, signed the Execution of the STOA for the financing, construction, operation and maintenance of the P91,800 million PAREX. PAREX is an elevated and hybrid 19.37 kilometer-expressway, that would pass along the banks of Pasig River from Manila to Taguig. The groundbreaking was held last September 24, 2021.

The 22-km MRT 7 Project is likewise on-track, with construction steadily progressing. The Infrastructure business unveiled six brand new trainsets, a total of 18 cars, for the much-anticipated MRT 7 mass transit project. These are the first batch of 36 train sets or a total of 108 cars.

The SLEX - TR4 and Skyway Stage 4 Projects are also progressing well. SLEX - TR4 pre-construction activities along Santo Tomas-Makban; Makban-San Pablo and San Pablo to Tiaong as well as ROW acquisition are ongoing. The construction of Skyway Stage 4 workable areas along C-5 road is almost complete while the detailed engineering designs of several sections are either being reviewed by the independent consultant or pending approval and signing of the TRB.

The Bulacan Bulk Water Project’s Stages 1 and 2 facilities are already operational and has started on Stage 3. The Memorandum of Agreement for the pipe conveyance extension was approved on December 22, 2021, while undergoing bidding process for Norzagaray Water System and Angat-Bustos Water System, as well as ROW acquisitions.

2020 vs. 2019

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2020	**2019**	**Amount**	**%**	**2020**	**2019**
		(In Millions)				
Sales	**P725,776**	P1,020,480	(P294,704)	(29%)	**100%**	100%
Cost of Sales	**574,914**	818,684	(243,770)	(30%)	**79%**	80%
Gross Profit	**150,862**	201,796	(50,934)	(25%)	**21%**	20%
Selling and Administrative Expenses	**(78,405)**	(86,523)	(8,118)	(9%)	**(11%)**	(8%)
Operating Income	**72,457**	115,273	(42,816)	(37%)	**10%**	12%
Interest Expense and Other Financing Charges	**(50,694)**	(53,730)	(3,036)	(6%)	**(7%)**	(5%)
Interest Income	**6,187**	10,688	(4,501)	(42%)	**1%**	1%
Equity in Net Earnings of Associates and Joint Ventures	**424**	106	318	300%	**0%**	0%
Loss on Sale of Property and Equipment	**(491)**	(237)	254	107%	**(0%)**	(0%)
Other Income - Net	**11,572**	5,380	6,192	115%	**1%**	0%
Income Before Income Tax	**39,455**	77,480	(38,025)	(49%)	**5%**	8%
Income Tax Expense	**15,833**	28,909	(13,076)	(45%)	**2%**	3%
Net Income	**P23,622**	P48,571	(P24,949)	(51%)	**3%**	5%
Net Income (Loss) Attributable to:						
Equity Holders of the Parent Company	**(P233)**	P9,604	(P9,837)	(102%)	**(0%)**	1%
Non-controlling Interests	**23,855**	38,967	(15,112)	(39%)	**3%**	4%
Net Income	**P23,622**	P48,571	(P24,949)	(51%)	**3%**	5%

Sales and margin improvements in the second half of 2020 reduced overall decline with the Group's consolidated sales and operating income reaching P725,776 million and P72,457 million, 29% and 37% lower than 2019, respectively. The decline in revenue was mainly caused by lower sales volume of Petron and the Beer and NAB division under the Food and Beverage business. This was due to lockdown and strict quarantine restrictions implemented by the government in the early part of 2020 coupled with lower selling price per liter of fuel products of Petron as a result of the volatility of global crude oil prices. Sales of the Energy business also declined due to the deferment of the power supply agreements with Meralco and lower contract rates under the new power supply agreements that took effect on December 26, 2019 compared to the previous agreements. The Infrastructure business likewise registered a decline in sales which was mainly brought about by the decline in average daily traffic volume in all the operating toll roads which have been weighed down by the different levels of travel restrictions in 2020.

Cost of sales was lower by 30% to P574,914 million mainly due to the: (a) decrease in sales volume and lower cost per liter of fuel products of Petron; (b) lower power purchases, decline in net generation cost due to lower average cost of coal and natural gas prices, and lower energy fees due to the decline in net generation of the Sual, Ilijan and San Roque Power Plants; and (c) lower sales volume from Beer and NAB and Food divisions, partly offset by the increase in sales volume of the Spirits division under the Food and Beverage business.

The decrease in selling and administrative expenses by 9% to P78,405 million was mainly due to lower advertising and promotion, and freight, trucking and handling expenses primarily from the Beer and NAB and Food divisions under the Food and Beverage business, and reduction in outsourced services of Petron due to the pandemic. Advertising campaigns and promotions were suspended and reduced, respectively, due to quarantine restrictions while the decline in freight, trucking and handling was brought about by lower sales volume.

The decrease in interest expense and other financing charges was mainly due to the: (a) lower average interest rate of Petron; and (b) lower interest expense of the Energy business from the declining principal balance of its finance lease liabilities.

The decrease in interest income was primarily due to lower interest rates and average balance of cash and cash equivalents.

The increase in equity in net earnings of associates and joint ventures was mainly due to the share on the higher net income of MNHPI.

The loss on sale of property and equipment mainly pertains to the retirement of the fixed assets of SMYPC Manila Plastics Plant which were damaged by the fire incident in Pandacan, Manila in February 2020. The loss which represents a 1% reduction in the Group’s total net income did not have a significant impact on the Group’s results of operations.

The increase in other income - net was mainly due to the: (a) settlement received by the Energy business from third party contractors on account of damages arising from the latter’s nonfulfillment of obligations under procurement-related contracts; and (b) income recognized by SMC from the 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.

The lower income tax expense was primarily due to the: (a) tax benefit by Petron from the loss before tax in 2020 compared to tax expense on the income before tax in 2019; (b) lower taxable income of the Beer and NAB division under the Food and Beverage business and Infrastructure business; and (c) derecognition by SMC of deferred income tax asset on NOLCO which expired in 2019.

Consolidated net income for the year 2020 amounted to P23,622 million, 51% lower than 2019. Consolidated net income in the second half of 2020 amounted to P27,634 million, 25% higher than the same period in 2019, reversing the first half net loss of P4,012 million, which was due largely to the economy’s contraction and quarantine restrictions. The improvement in the performance for the second half of 2020 was mainly brought about by the sustained performance recoveries from all major businesses, combined with effective cost saving initiatives implemented throughout the Group.

The share of NCI on the Group's net income decreased in 2020 mainly due to the net loss of Petron in 2020 as compared to a net income in 2019 and lower net income of the Beer and NAB division under the Food and Beverage business and SMC Tollways Corporation (SMC Tollways, formerly Atlantic Aurum Investments Philippines Corporation). The decrease was offset by the higher amount of distribution on San Miguel Global Power’s SPCS.

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

1. FOOD AND BEVERAGE

SMFB registered consolidated sales of P279,290 million for the full year of 2020, 10% lower than 2019. Its strong rebound in the second half of 2020 narrowed its 19% decline in the first half of 2020, as a result of continuous volume improvements from its Beer and NAB division, the all-time high performance of its Spirits division, and steady growth of the Prepared and Packaged Food segment of the Food division. This was, however, slightly tempered by lower volumes from the Food division’s Protein and Animal Nutrition and Health segments.

SMFB's consolidated operating income ended at P33,412 million, a 30% decline, while net income closed at P22,401 million, down 31% from 2019.

a. Beer and NAB Division

SMB recorded consolidated sales of P107,928 million in 2020, 24% lower than 2019. The decline was a direct effect of the Enhanced Community Quarantine (ECQ) restrictions throughout the country, as well as its regional markets. SMB saw significant sales recovery in the second half of 2020, posting a 52% sales improvement over the first half, delivering volumes of 202 million cases.

Operating income amounted to P24,467 million, down 37%, and net income stood at P17,455 million.

Domestic Operations
Domestic operations recorded robust volume growth in the first two months of 2020, but quarantine lockdowns resulted to the closure of all on and off-premise outlets, limited transport activities, and the banning of the sale of liquor products in many markets. All these took a toll on beer sales, particularly in the second quarter of 2020.

The easing of restrictions paved the way for the gradual, partial re-opening of the economy. As a result, performance began to pick-up in mid-May of 2020, with significant volume recovery in June 2020, and sustained month-on-month sales improvements until December 2020. Sales for 2020 amounted to P97,828 million, buoyed by the price increase implemented on March 1, 2020, but remained 24% lower versus 2019. Combined with cost containment efforts, operating income ended at P23,259 million.

SMB boosted its presence in digital, e-premise, and other appropriate channels for sustained brand equity. It also tapped opportunities for selling especially in emerging and relevant channels, to mitigate the impact of the pandemic and adapt to the new normal. SMB also put in place programs to further support the shift from on-premise to home consumption. Effective cost management, rationalized spending, tighter business controls, and other cost saving initiatives were also implemented, helping sustain the domestic operations' positive profit level.

To support recovery, SMB strengthened its marketing campaigns with TV and radio placements namely, the *"Inom Sweet Home 5+1"* promo and *"Pass the Bottle"* with the San Miguel Beermen. Digital brand campaigns were also rolled out to supplement traditional media. For the first time, the yearly SMB *Oktoberfest* event was held virtually over Facebook.

International Operations
International operations were also affected by the pandemic, as governments in countries where there are operations implemented their own containment measures. This resulted to the temporary closure of manufacturing plants, as well as the closure of on-premise outlets, which resulted to a decline in consumption. The operations in Indonesia and Thailand were particularly affected, as on-premise consumption in these markets are relatively high.

Meanwhile, the Hong Kong, South China, and Vietnam markets were less affected, as evidenced by significantly improved profits compared to 2019. The Exports business also recorded consistent improvements, brought about by the continuous growth of off-trade channels and brand focused distribution.

SMB International continues to implement its marketing programs, volume incentive initiatives, and market penetration and distribution activities, to sustain and improve volumes and profitability.

b. Spirits Division

GSMI started with a healthy volume growth in the first two months of 2020. Volumes shrank during the ECQ, but quickly recovered after. Trade replenishments boosted sales, leading to June 2020 volumes reaching the highest monthly levels on record.

Coming from a volume decline in the first half of 2020, GSMI's sustained, strong month-on-month volume rebound resulted to full-year 2020 volumes of 38.6 million cases, up 8% from 2019. This is attributable to the expansion of distribution reach, continued efforts to maintain brand relevance, prompt replenishment of stocks in outlets, utilization of e-commerce channels via the San Miguel online store "*The Mall*", and promotion through the online *Ginumanfest* live concert.

In July 2020, GSMI resumed its "*Lakas sa Magandang Bukas"* and *"I Choose Mojito"* marketing campaigns on radio and television, as the economy reopened.

GSMI launched a new thematic campaign in September 2020, *"One Ginebra Nation 2.0"*, sending out a message of hope, resiliency and unity, attuned to the call of this ongoing challenges which further helped bump up volumes. This was supported by localized consumer promos and the expansion of distribution coverage. Another campaign, *"GSM Blue I Choose Mojito 2.0"*, also contributed to volume increase.

Consolidated sales for the year 2020 reached P36,202 million, up 25% from P29,063 million in 2019.

With better operational efficiencies and effective alcohol sourcing, operating income amounted to P3,806 million, up 32% versus 2019. Net income hit P2,757 million, 65% higher from 2019, the highest ever recorded by GSMI as at December 2020.

c. Food Division

The Food division's consolidated sales declined by 3% to P135,170 million from 2019, reflecting the full impact of ECQ in its basic food segments which was partly moderated by the solid performance of the Prepared and Packaged Food segment as packaged food became an essential item in consumers' grocery baskets as they settled into their home-based-work-from-home and online classes lifestyle.

Sales in the first three quarters of 2020 followed a downward trend but slowly returned to growth as quarantine restrictions were eased in September 2020. While institutional sales remained weak due to limited dine-in activities of food service, incremental sales from alternative trade channels partly offset this and the usual demand surge from Christmas spending boosted revenues in the fourth quarter of 2020.

Operating income dropped by 17% to P5,185 million in 2020 primarily due to the impact of the pandemic on revenues and operating expenses.

- The Protein segment, consisting of the Magnolia Chicken and Monterey Meats businesses, was most affected by the pandemic as revenues declined by 10%. Many of the foodservice customers, including fast food chains and *"lechon manok"* outlets, were forced to close shop during the ECQ. This resulted in a massive build-up of frozen chicken inventory in the second quarter of 2020, which pushed down prices. In response, aggressive move-out plans were implemented, such as developing alternative trade channels, notably community resellers, to push volumes and help bring down inventory. Poultry volumes in the fourth quarter of 2020 posted double-digit growth quarter-on-quarter, buoyed by a moderate uptick during the holiday season and incremental sales from alternative channels, particularly community resellers which accounted for 11% of total volumes in 2020. From 192 community resellers in March 2020, it expanded to over 13,000 by end-December 2020 and this was still expanding. Chicken prices likewise improved since October 2020 and reached around P125/kilo in December 2020. Meanwhile, the Monterey Meats business experienced lower revenues brought about by the restrictions on the movement of pork imposed by some local government units to combat ASF.

- Animal Nutrition and Health segment revenues registered a slight decrease of 2% due to the continuing effects of the ASF which affected hog feeds sales. Proving to be a reliable supplier during the ECQ and able to implement more competitive selling prices has allowed the business to grab market share. Volumes ended slightly higher than 2019, registering robust growth in free range fowl, duck and aquatic feeds, as customers opted for superior product quality produced in the new feed mills.

- Prepared and Packaged Food segment, composed of the processed meats, dairy, spreads, ice cream, biscuits and coffee businesses, posted 10% revenue growth as restricted living led to more in-home cooking and consumption. This pushed demand for breakfast items and benefitted the premium processed meats, margarine, cheese, and pancake mixes which all registered double-digit growth rates. Flagship product, *Purefoods Tender Juicy* Hotdog, saw volumes grow across all retail channels with the chicken variant - *Tender Juicy Chicken* Hotdog - registering the highest growth at 98% during the pandemic. *Purefoods* Hams and *Magnolia* Cheeseballs performed strongly in December 2020 as special Christmas bundles were created so that more families could celebrate despite tight budgets.

  Changes in consumer behavior and increased demand for in-home food driven by lockdown restrictions, gave opportunity to push new products such as the ready-to-cook *Magnolia* Fried Chicken, the newly-launched plant-based food products under the *Veega* brand, the *Purefoods* seafood line, and the *Purefoods* Heat and Eat slow-cooked viands. New product launches also included ready-to-eat viands under the *Cook Express* and *Chef's Selections* brands targeted at foodservice outlets and home-based businesses.

- Revenues of the Flour segment were down by 2% mainly from a slowdown in volumes from institutional customers as well as lower selling prices. Price rollbacks were made for hard flour due to aggressive competition in the industry. However, the retail sector continued to grow on the strength of increased demand for Bake Best flour premixes and baking ingredients arising from heightened consumer interest in home baking.

2. PACKAGING

The Packaging business registered sales of P31,504 million in 2020, down 17% from 2019, similarly reflecting the effects of the ECQ. Volumes were dragged down by lower orders from its major beverage customers. This was partly offset by increased deliveries to healthcare and pharmaceutical customers, growth in sales from the food and liquor sectors, mainly for home consumption due to the gradual re-opening of the economy and improvements in the export market. On the other hand, the performance of Australia, Malaysia, and China operations remained stable.

With effective cost management initiatives, the Packaging business generated operating income of P961 million.

3. ENERGY

San Miguel Global Power registered sales of P115,029 million in 2020, 15% lower versus 2019, as offtake volumes of 26,291 GWh declined by 7%. This was primarily due to the deferment of commencement of the 290 MW mid-merit power supply agreement with Meralco, where the provisional approval of the Energy Regulatory Commission was posted and distributed to the parties only on March 16, 2020 and the expiration of the 260 MW power supply agreement of Masinloc Power Partners Co. Ltd. (MPPCL).

In addition, the new Meralco baseload power supply agreements that took effect on December 26, 2019 have lower contract rates compared to the previous power supply agreements.

Sales volumes were affected by a decline in demand from industrial and contestable customers during the lockdown period, which gradually improved with the reopening of economic activities after the easing of the ECQ restrictions. This was, however, mitigated by improved utility demand as household consumption increased.

With lower fuel costs and spot purchases and effective implementation of power dispatch strategies, operating income ended 6% higher at P39,591 million. Net income, on the other hand, amounted to P18,874 million, 31% higher than 2019.

San Miguel Global Power also increased its total capacity during 2020. On September 26, 2020, it officially started commercial operations of its Masinloc Unit 3, with 335 MW capacity. On December 15, 2020, it attained substantial completion, including testing and commissioning by the National Grid Corporation of the Philippines, of its 20 MW BESS facility in Kabankalan, Negros Occidental.

With this, San Miguel Global Power's total capacity reached 4,697 MW as at December 31, 2020, accounting for 20% of the National Grid, 27% of the Luzon Grid, and 8% of the Mindanao Grid.

It has also started to undertake the expansion of its portfolio of BESS Projects that will provide an additional 1,000 MW.

4. FUEL AND OIL

Petron faced significant challenges throughout the year 2020. Global oil prices, which had already been volatile, plunged in March 2020 as a price war broke among the top oil producing countries. Dubai crude oil prices collapsed by around 33%, from an average of US$63.5 per barrel in 2019 to US$42 per barrel in 2020, resulting to successive rollbacks in pump prices.

Oil prices fell to as low as US$13 per barrel in daily trading, reaching record low levels in 26 years. Refining margins also remained weak in the region as oil consumption declined. Demand for fuel also fell as transportation and mobility were severely restricted throughout the ECQ period.

Petron posted successive recoveries in the last two quarters of 2020, resulting in net profit of P2,823 million in the second half, as world crude oil prices stabilized and rallied towards end of 2020, bringing subsequent inventory gains. Consolidated volumes also improved, from a slump in the second quarter of 2020. Still, these were not enough to compensate for losses incurred in the first half of 2020, which resulted from demand contraction in both domestic and international markets, poor refining margins, and the collapse in world crude oil prices.

As a result, Petron's consolidated sales amounted to P286,033 million, down 44% from 2019. Volumes were likewise down 27% to 78.6 million barrels. Petron recorded consolidated operating loss of P4,629 million and net loss of P11,413 million in 2020.

Petron continues to implement measure to maximize productivity and reduce expenses in order to cope with the pandemic's impacts. Cash preservation initiatives are in place, as Petron continues to find new ways to adapt, given that the economy's recovery may take longer than initially expected.

5. INFRASTRUCTURE

The Infrastructure business recorded a 33% volume drop for 2020, reflecting the effect of travel restrictions throughout Luzon. Despite this, the business continued to waive toll fees to help the medical front liners. Following the easing of restrictions, a significant recovery in traffic volumes was seen, with some operating toll roads registering daily traffic at almost pre-pandemic levels.

Combined average vehicle daily traffic in the fourth quarter of 2020 reached 80% of 2019 levels, with notable recoveries from SLEX and STAR Tollway.

As a result, 2020 sales amounted to P14,565 million, 38% lower than 2019, while operating income ended 78% lower at P2,571 million.

The Infrastructure business, nevertheless, delivered on its commitments and completed two major projects. The entire stretch of the TPLEX from Tarlac up to Rosario, La Union was completed and opened to the public. The construction of the Skyway Stage 3 Project, linking SLEX and North Luzon Expressway (NLEX) was also completed. Skyway Stage 3 was soft-opened on December 29, 2020, and was inaugurated and opened to motorists on January 14, 2021.

The MRT 7 Project is progressing well, with construction returning to normal levels. Work on sections from Quezon Memorial Circle to Quirino Highway traversing Commonwealth Avenue and Regalado Avenue is ongoing.

Construction of the SLEX-TR4 Project, which will extend SLEX from Sto. Tomas, Batangas to Lucena City in Quezon province is ongoing along the Alaminos-Tiaong area. Coordination with the DPWH is also ongoing to expedite the acquisition of ROW.

Meanwhile, the SLEX Elevated Extension Project was in an advanced stage of completion. The construction of Skyway Stage 4 has also started at workable areas along C-5. Acquisition of ROW properties is ongoing. The TRB has given the Group permission to proceed with detailed engineering design on realignments.

Stages 1 and 2 of the Bulacan Bulk Water Treatment facilities are now complete. Feasibility study of Stage 3 has also been completed, while work on the preliminary engineering design is ongoing.

II. FINANCIAL POSITION

A. The following are the major developments in 2022:

INVESTMENT IN SUBSIDIARIES

Acquisition by SMC through San Miguel Equity Investments, Inc. (SMEII) of Eagle Cement Corporation (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 Philippine Stock Exchange (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 common shares of ECC were tendered (Tendered Shares) for a total consideration of P12,613 million or P22.02 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 at December 31, 2022, SMEII beneficially owns 4,997,903,678 common shares representing 99.96% of the total outstanding common shares of ECC.

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

Sale of SMC Common Shares by Top Frontier

On various dates in 2022, Top Frontier sold, through the PSE, a total of 100,432,000 common shares of stock of SMC equivalent to 4.21% equity interest, for a total consideration of P9,933 million, net of related costs amounting to P16 million.

As a result, the total number of common shares of SMC held by Top Frontier was reduced to 1,472,668,340, equivalent to 61.78% equity interest as at December 31, 2022. SMC remains compliant with the 20% minimum public float requirement of the PSE.

The Group’s NCI increased by P10,203 million, equivalent to the carrying amount of the share in the net assets sold. The difference between the carrying amount of the share in the net assets sold and the consideration received was recognized as other equity reserve.

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

<u>AVAILMENT OF LONG-TERM DEBT</u>

PESO TERM LOANS

- **SMC SLEX Holdings Company Inc. (SSHCI, formerly MTD Manila Expressways Inc.)**

  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 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 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 16, 2027, respectively.

  b. On September 8 and 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 Corporation (SMC NAIAX; formerly Vertex Tollways Devt. Inc.)**

  On December 28, 2022, SMC NAIAX availed of a P3,124 million term loan from its P5,656 million Omnibus Loan and Security Agreement (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 2014 OLSA 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 fixed interest rate and will mature on December 20, 2027. The proceeds of the loan were used to partially finance capital expenditures.

- **Northern Cement Corporation (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 in June 2021. The loan is subject to 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 of 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 LNG 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.

<u>ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS</u>

Issuance of P30,000 Million Fixed Rate Bonds by SMC

On March 4, 2022, SMC issued and listed on 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 on 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 Securities and Exchange Commission (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 with 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 LNG projects 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 in 2017 and 2019, respectively by San Miguel Global Power.

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 in 2012 by SMB.

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, formerly South Luzon Tollway Corporation)

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

During the year, 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.

ISSUANCE OF REDEEMABLE PERPETUAL SECURITIES (RPS) AND REDEMPTION OF PREFERRED SHARES BY TOP FRONTIER

Issuance of RPS by Top Frontier

On December 20 and 21, 2022, Top Frontier issued to a related party a total of P51,085 million RPS at an issue price of 100%, consisting of: (i) Series "A" with a face value of P15,302 million and rate of distribution of 6.25% per annum, payable every March 20, June 20, September 20, and December 20 of each year; (ii) Series "B" with a face value of P11,151 million and rate of distribution of 6.25% per annum, payable every March 21, June 21, September 21, and December 21 of each year; and (iii) Series "C" with a face value of P24,632 million and rate of distribution of 6.50% per annum, payable every March 21, June 21, September 21, and December 21 of each year.

Top Frontier shall have the option to redeem the securities (in whole or in part) starting on March 20, 2023, for Series "A" and on March 21, 2023 for Series "B" and "C", and on any distribution date thereafter, at the redemption price equal to the principal amount of the RPS plus any accrued but unpaid distributions and any arrears of distribution. Top Frontier shall issue an irrevocable notice of redemption to the security holders at least 30 but not more than 60 calendar days prior to the effective of the date of redemption.

The RPS have no fixed redemption date. The security holders have the right to receive distribution payable quarterly in arrears. Top Frontier has the right to defer this distribution under certain conditions.

The net proceeds of RPS were used by Top Frontier for the redemption of the outstanding preferred shares held by SMC and payment of certain debt.

Top Frontier incurred transaction costs on the issuance of RPS amounting to P511 million.

Redemption of Preferred Shares by 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.

REDEMPTION OF PREFERRED SHARES BY SMC AND REPURCHASE OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

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 with the Singapore Exchange Securities Trading Limited (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.

EVENT AFTER THE REPORTING DATE

Partial Redemption of 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 with the SGX-ST in January 2018. On January 12, 2023, the expiration deadline of the tender offer, a total of US$22 million (P1,118 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 SPCS on January 19, 2023.

B. 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 Company.

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 SMNCI.

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

On August 5, 2021, SMCEC subscribed to 41,666,667 Series 1 Preferred Shares of BOC 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 BOC and subject to the other terms and conditions as may be fixed by the BOD of BOC, required under regulations, and to the extent permitted by applicable law.

On October 20, 2021, SMCEC acquired 1,571,600 common shares of BOC 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 BOC on October 4 and November 2, 2021, respectively, for the change in the par value of BOC’s common and preferred shares from P100.00 per share to P10.00 per share, which was approved by the BOD and stockholders of BOC on May 25 and July 8, 2021, respectively. As a result, San Miguel Properties, Inc. (SMPI) and SMCEC’s investment in BOC’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 BOC’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 BOC.

On December 23, 2021, the Monetary Board of the BSP, in its Resolution No. 1798, approved the upgrade of the banking license of BOC 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 BOC 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 BOC, which includes the 280,602,800 common shares subject of the initial public offering. On March 31, 2022, BOC 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 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 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 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.

- **Southern Concrete Industries, Inc. (SCII, formerly Oro Cemento Industries Corporation)**

  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. Total amount of draw down as at December 31, 2021 is US$300 million. 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 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 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 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 in 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 in 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 shall be 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 that were 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. The Series A Bonds, which forms part of the P15,000 million Series ABC Fixed Rate Bonds issued by San Miguel Global Power in 2016, matured on the same date.

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.

<u>PAYMENT OF OTHER MATURING OBLIGATIONS</u>

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.

<u>ISSUANCE OF CAPITAL SECURITIES BY SUBSIDIARIES</u>

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 in 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 in 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 on the SGX-ST on September 16, 2021 were consolidated into single series with the securities issued in June 2021.

The net proceeds will be used primarily for the 1,313.1 MW Batangas Combined Cycle Power Plant 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 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 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.

C. The following are the major developments in 2020:

<u>INVESTMENT IN SUBSIDIARIES</u>

Merger of SMYPC with San Miguel Yamamura Asia Corporation (SMYAC)

On October 23 and December 20, 2019, the Plan of Merger and Articles of Merger, respectively, were executed by and between SMYPC and SMYAC, whereby the entire assets and liabilities of SMYAC were transferred to and absorbed by SMYPC, the surviving entity.

On February 24, 2020, the SEC approved the merger and the increase in the authorized capital stock of SMYPC. On the same date, the Certificate of Filing of the Articles and Plan of Merger were issued.

On March 1, 2020, the effective date of the merger, SMYPC issued 3,901,011 and 2,100,544 common shares to SMC and Nihon Yamamura Glass Co., Ltd. (NYG), respectively, for a total amount of P6,002 million as consideration for the net assets of SMYAC pursuant to the terms of the Plan of Merger. The shares were issued out of the increase in the authorized capital stock of SMYPC. With the completion of the merger, SMC and NYG retained their respective ownership in SMYPC of 65% and 35%, respectively.

The merger of SMYPC and SMYAC 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 November 15, 2021, the BIR issued Ruling No. S40M-426-2021 which confirmed the tax-free exchange of investment relative to the merger of SMYPC and SMYAC.

Consolidation of NCC

On June 12, 2020, the BOD and stockholders of NCC approved the amendment of the Articles of Incorporation of NCC relating to the reclassification of 194,000,000 common shares to Series “2” Preferred Shares, the option of the stockholders of the common shares to convert to Series “2” Preferred Shares and renaming the existing 3,000,000 preferred shares of NCC to Series “1” Preferred Shares. On August 6, 2020, the SEC approved the amendment of the Articles of Incorporation of NCC to reflect the amendments.

On August 24, 2020, the stockholders of NCC which collectively own 65% of the common shares, exercised the option to convert their common shares to a total of 194,000,000 Series “2” Preferred Shares. SMEII did not exercise its option to convert its common shares to Series “2” Preferred Shares. With the conversion of the common shares, SMEII gained control of NCC, exercising 100% of voting rights.

As a result, SMEII recognized its investment in NCC at fair market value and the net assets of NCC was consolidated to SMEII as at August 24, 2020. The fair valuation of the net assets and investment in NCC resulted to the recognition of a total gain of P1,657 million, included as part of “Other income (charges) - net” account, in the consolidated statement of income in 2020.

In 2020, the Group has undertaken various financing activities. The significant transactions are as follows:

<u>AVAILMENT OF LONG-TERM DEBT</u>

PESO TERM LOANS

- **SMC Tollways**

  On various dates in 2020, SMC Tollways availed of a total of P11,000 million from the P41,200 million Corporate Notes Facility Agreement dated December 9, 2019 with various local banks, to refinance existing debt obligations, invest and/or advance for infrastructure projects, for general corporate requirements and finance transaction related fees, taxes and expenses. The loan is payable in 40 quarterly installments up to December 14, 2029 and subject to fixed interest rate.

- **San Miguel Foods, Inc. (SMFI)**

  On various dates in April and May 2020, SMFI drew the remaining P8,000 million from the P18,000 million term loan facility for the purpose of refinancing its existing short-term loan obligations, to fund capital expansion projects and for other general corporate requirements. The loan is subject to a floating interest rate with a one-time option to convert to fixed rate. The loan is payable in ten years, in quarterly installments, which will commence in March 2023. The maturity date of the loan is on December 12, 2029.

- **Petron**

  On April 27, 2020, Petron availed of P5,000 million term loan which will be amortized quarterly for five years beginning July 27, 2021 and is subject to fixed interest rate. The maturity date of the loan is on April 27, 2025. The proceeds were used for general corporate purposes.

FOREIGN-CURRENCY DENOMINATED TERM LOANS

- **Petron**

  a) On August 26, 2020, Petron availed of US$150 million three-year long-term debt, subject to floating interest rate, that will mature on August 7, 2023. The proceeds were used to prepay part of US$1,000 million term loan facility and US$800 million loan.

  b) On April 22, 2020, Petron availed of JPY15,000 million term loan, subject to floating interest rate. Repayment of principal will be made in seven equal semi-annual amortization beginning March 27, 2022. The maturity date of the loan is on March 27, 2025. The proceeds were used to prepay part of US$1,000 million term loan facility.

- **MPPCL**

  On March 31, 2020, MPPCL drew US$43 million from the US$525 million Omnibus Expansion Facility Agreement dated December 1, 2015 to finance the construction of the additional 335 MW (Unit 3 of Masinloc Power Plant) coal-fired power plant. The loan is divided into fixed interest tranche and floating interest tranche with maturities up to December 2030.

- **SMC**

  On March 19, 2020, SMC drew US$1,950 million from the remainder of the term loan facility amounting to US$2,000 million for general corporate purposes. The loan is subject to floating interest rate and will mature on September 27, 2024.

ISSUANCE OF FIXED RATE PESO-DENOMINATED BONDS AND REDEMPTION OF PREFERRED SHARES BY SMFB

On February 21, 2020, the SEC issued to SMFB the Permit to Sell P15,000 million fixed rate bonds, consisting of five-year Series A Bonds due in 2025 and seven-year Series B Bonds due in 2027.

SMFB was able to issue P8,000 million and P7,000 million of the Series A and B Bonds, respectively, and these were listed on the PDEx on March 10, 2020.

The Series A and Series B Bonds have fixed interest rate equivalent to 5.050% per annum and 5.250% per annum, respectively.

The proceeds were used to redeem the outstanding perpetual Series “2” Preferred Shares on March 12, 2020 and payment of transaction-related fees, costs and expenses. The redemption was approved by the BOD of SMFB on February 3, 2020.

PAYMENT OF FIXED RATE PESO-DENOMINATED NOTES BY SMC

On May 25, 2020, SMC paid the P10,000 million two-year fixed rate Peso-denominated notes issued on May 25, 2018.

The notes were paid from the proceeds of the US$1,950 million loan drawn in March 2020.

ISSUANCE OF PREFERRED SHARES AND CAPITAL SECURITIES BY SMC

Preferred Shares

Issuance of Series “2” Preferred Shares - 266,666,667 Subseries “2-J” and 183,904,900 Subseries “2-K” Preferred Shares by SMC

On October 29 and December 10, 2020, SMC issued and listed on the PSE 266,666,667 Subseries “2-J” Preferred Shares (inclusive of the oversubscription of 133,333,267 shares) and 183,904,900 Subseries “2-K” Preferred Shares (inclusive of the oversubscription of 50,571,500 shares) under the 533,333,334 Series “2” Shelf Registered Preferred Shares. The shares were issued at an offer price of P75.00 per share for a total amount of P33,793 million. Dividend rates for Subseries “2-J” and Subseries “2-K” Preferred Shares are 4.75% and 4.50% per annum, respectively. The net proceeds from issuance of the Subseries “2-J” Preferred Shares were used for the Infrastructure projects, particularly the MIA and MRT 7 Projects, while the net proceeds from the issuance of Subseries “2-K” Preferred Shares were used for investments in BOC and airport and airport related projects and for refinancing of existing obligations.

Capital Securities

Issuance of RPS by SMC

On various dates in June and July 2020, SMC issued a total of P14,810 million RPS at an issue price of 100%, with an initial distribution rate of 5% per annum.

On September 29 and October 19, 2020, SMC purchased and cancelled a total of P10,810 million RPS, pursuant to the agreement with the holders of the said RPS who accepted the offer by SMC to purchase the RPS. As a result of the purchase, the RPS were cancelled in accordance with the terms and conditions of the purchase agreement between the parties.

The net proceeds were used for general corporate requirements.

Issuance of US$500 Million SPCS by SMC

On July 29, 2020, SMC issued US$500 million SPCS at an issue price of 100%, with an initial distribution rate of 5.5% per annum. The securities were issued under SMC's US$3,000 Million Medium Term Note and Securities Programme. The net proceeds were used to finance investments and various projects, to refinance existing obligations, and for general corporate purposes.

ISSUANCE OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

On various dates in 2020, San Miguel Global Power issued and listed on the SGX-ST SPCS for a total amount of US$1,350 million. These are as follows:

AMOUNT	ISSUANCE/ LISTING DATE	ISSUE PRICE	DISTRIBUTION RATE	USE OF PROCEEDS
US$600 million	Issued January 21, 2020; Listed January 22, 2020	100%	5.7%	For the funding requirements of the development and completion of the BESS Projects and for general corporate purposes.
US$400 million (“Original Securities”)*	Issued October 21, 2020; Listed October 22, 2020	100%	7.0%	For capital expenditures and investments in LNG facilities and related assets, for the refinancing of expiring commitments whether debt or perpetual securities, and for general corporate purposes.
US$350 million (“Additional Securities”)*	Issued December 15, 2020; Listed December 16, 2020	102.457%	7.0%	For the repurchase, refinancing and/or redemption of existing USCS, for investments in LNG facilities and related assets, or for general corporate purposes.

** The Additional Securities are consolidated into and form a single series with the Original Securities, bringing the total securities to US$750 million.*

REDEMPTION OF PREFERRED SHARES BY SMC

As approved by the BOD on March 12, 2020 and August 6, 2020, SMC redeemed on April 14, 2020 and September 21, 2020 all the outstanding 279,406,667 Series “1” Preferred Shares and 89,333,400 Subseries “2-D” Preferred Shares, respectively, at a redemption price of P75.00 per share, plus any accumulated unpaid cash dividends. SMC paid a total of

P27,656 million to the holders of Series “1” Preferred Shares and Subseries “2-D” Preferred Shares.

The Subseries “1” Preferred Shares and Subseries “2-D” 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 redeemed shares were not considered retired and may be re-issued by SMC at a price to be determined by the BOD. The listing of the said shares is merely suspended until re-issued by SMC, upon the approval with the PSE of the application for lifting of trading suspension in accordance with the listing rules.

PAYMENT OF OTHER MATURING OBLIGATIONS

In 2020, the Group paid P34,898 million of maturing obligations funded by cash generated from operations.

Petron, Infrastructure, Energy, SMC, GSMI and other businesses paid a total of P15,555 million, P6,794 million, P6,262 million, P4,148 million, P882 million and P1,257 million, respectively, of their maturing long-term debt.

D. MATERIAL CHANGES PER LINE OF ACCOUNT

2022 vs. 2021

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	2021	Amount	%	**2022**	2021
Cash and cash equivalents	**P320,860**	P300,953	P19,907	7%	**13%**	14%
Trade and other receivables - net	**238,661**	158,202	80,459	51%	**9%**	7%
Inventories	**190,204**	141,214	48,990	35%	**8%**	7%
Current portion of biological assets - net	**3,418**	3,106	312	10%	**0%**	0%
Prepaid expenses and other current assets	**134,329**	108,941	25,388	23%	**5%**	5%
Total Current Assets	**887,472**	712,416	175,056	25%	**35%**	33%
Investments and advances - net	**32,585**	55,056	(22,471)	(41%)	**1%**	3%
Investments in equity and debt instruments	**18,678**	6,229	12,449	200%	**1%**	0%
Property, plant and equipment - net	**736,570**	596,955	139,615	23%	**29%**	28%
Right-of-use assets - net	**133,382**	185,516	(52,134)	(28%)	**5%**	9%
Investment property - net	**79,038**	73,425	5,613	8%	**3%**	3%
Biological assets - net of current portion	**2,671**	2,244	427	19%	**0%**	0%
Goodwill - net	**173,987**	120,467	53,520	44%	**7%**	6%
Other intangible assets - net	**355,617**	297,656	57,961	19%	**14%**	14%
Deferred tax assets	**23,632**	17,427	6,205	36%	**1%**	1%
Other noncurrent assets - net	**99,991**	96,039	3,952	4%	**4%**	3%
Total Noncurrent Assets	**1,656,151**	1,451,014	205,137	14%	**65%**	67%
Total Assets	**P2,543,623**	P2,163,430	P380,193	18%	**100%**	100%
Loans payable	**271,052**	199,690	71,362	36%	**11%**	9%
Accounts payable and accrued expenses	**228,708**	206,891	21,817	11%	**9%**	10%
Lease liabilities - current portion	**21,983**	24,756	(2,773)	(11%)	**1%**	1%
Income and other taxes payable	**38,633**	23,135	15,498	67%	**1%**	1%
Dividends payable	**3,522**	3,745	(223)	(6%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**170,084**	88,909	81,175	91%	**7%**	4%
Total Current Liabilities	**733,982**	547,126	186,856	34%	**29%**	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**	P725,139	P193,025	27%	**36%**	34%
Lease liabilities - net of current portion	**55,506**	73,555	(18,049)	(25%)	**2%**	3%
Deferred tax liabilities	**69,978**	71,797	(1,819)	(3%)	**3%**	3%
Other noncurrent liabilities	**37,686**	34,738	2,948	8%	**1%**	3%
Total Noncurrent Liabilities	**1,081,334**	905,229	176,105	19%	**42%**	43%
Capital stock - common	**490**	490	-	0%	**0%**	0%
Capital stock - preferred	**260**	260	-	0%	**0%**	0%
Additional paid-in capital	**120,501**	120,501	-	0%	**5%**	6%
Capital securities	**75,732**	25,158	50,574	201%	**3%**	1%
Equity reserves	**4,953**	6,281	(1,328)	(21%)	**0%**	0%
Retained earnings:						
Appropriated	**28,272**	25,570	2,702	11%	**1%**	1%
Unappropriated	**41,647**	59,856	(18,209)	(30%)	**2%**	3%
Treasury stock	**(76,780)**	(76,780)	-	0%	**(3%)**	(4%)
Equity Attributable to Equity Holders of the Parent Company	**195,075**	161,336	33,739	21%	**8%**	7%
Non-controlling Interests	**533,232**	549,739	(16,507)	(3%)	**21%**	25%
Total Equity	**728,307**	711,075	17,232	2%	**29%**	32%
Total Liabilities and Equity	**P2,543,623**	P2,163,430	P380,193	18%	**100%**	100%

Consolidated total assets as at December 31, 2022 amounted to P2,543,623 million, P380,193 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 P19,907 million was mainly due to net proceeds from short-term loans and long-term debt and issuance of RPS 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, repurchase and redemption of equity and capital securities and net cash used in operations.

The increase in trade and other receivables - net by P80,459 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 P48,990 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 P25,388 million was primarily due to the: (a) higher input taxes of the Energy business from vatable purchases for the period; (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 P22,471 million mainly represents the collection of advances for investment to Bryce Canyon Investments Limited in accordance with an investment agreement executed in 2016 for the sale and purchase of assets as defined in the agreement. In December 2022, the agreement was terminated as agreed by both parties.

The increase in investments in equity and debt instruments by P12,449 million mainly represents the investment in debt securities under investment agreement with BOC by SMB, GSMI and Petrogen.

The increase in property, plant and equipment - net by P139,615 million and the decrease in right-of-use assets - net of P52,134 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 Power Sector Assets and Liabilities Management Corporation (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 P5,613 million was mainly due to the acquisition of a property in Mandaluyong by SMPI, reclassification of properties from property, plant and equipment due to change in use and acquisition of various properties in Bulacan.

The increase in goodwill - net by P53,520 million mainly represents the goodwill recognized as a result of the consolidation of ECC.

The increase in other intangible assets - net by P57,961 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 for the period.

The increase in deferred tax assets by P6,205 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 P71,362 million was mainly due to the net availments by Petron and Food Group 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 P21,817 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 P15,498 million was mainly due to higher Value-Added Tax (VAT) and withholding tax payable of the Energy business and higher excise tax liability of Petron Philippines.

The decrease in dividends payable by P223 million was mainly due to payment to preferred shareholders of Petron for dividends which was declared in 2021.

The increase in total long-term debt, net of debt issue costs, by P274,200 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 P20,822 million was primarily due to the payments made to PSALM, partly offset by foreign exchange loss and interest expense recognized for the period by the Energy business' entities under the IPPA Agreements.

The decrease in deferred tax liabilities by P1,819 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 P2,948 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 increase was partly offset by the remeasurement of obligation to Privatization Management Office for the purchase of Philnico Processing Corp. shares of stocks due to change in assumption.

The increase in the balance of capital securities by P50,574 million represents the issuance of RPS by Top Frontier.

The decrease in equity reserves by P1,328 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 for the year.

The increase in appropriated retained earnings by P2,702 million was due to the appropriations by: (a) Multi-Ventures Investment Holdings, Inc. for the expansion projects located in Cavite; and (b) SMC Shipping and Lighterage Corporation (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 P18,209 million was primarily due to the net loss attributable to equity holders of the Parent Company and the net appropriations for the period.

2021 vs. 2020

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2021	2020	Amount	%	**2021**	2020
Cash and cash equivalents	**P300,953**	P347,962	(P47,009)	(14%)	**14%**	17%
Trade and other receivables - net	**158,202**	120,965	37,237	31%	**7%**	6%
Inventories	**141,214**	102,828	38,386	37%	**7%**	5%
Current portion of biological assets - net	**3,106**	3,401	(295)	(9%)	**0%**	0%
Prepaid expenses and other current assets	**108,941**	94,833	14,108	15%	**5%**	5%
Total Current Assets	**712,416**	669,989	42,427	6%	**33%**	33%
Investments and advances - net	**55,056**	50,529	4,527	9%	**3%**	2%
Investments in equity and debt instruments	**6,229**	5,985	244	4%	**0%**	0%
Property, plant and equipment - net	**596,955**	543,371	53,584	10%	**28%**	27%
Right-of-use assets - net	**185,516**	192,104	(6,588)	(3%)	**9%**	9%
Investment property - net	**73,425**	62,370	11,055	18%	**3%**	3%
Biological assets - net of current portion	**2,244**	2,352	(108)	(5%)	**0%**	0%
Goodwill	**120,467**	120,463	4	0%	**6%**	6%
Other intangible assets - net	**297,656**	276,250	21,406	8%	**14%**	14%
Deferred tax assets	**17,427**	21,262	(3,835)	(18%)	**1%**	1%
Other noncurrent assets - net	**96,039**	80,869	15,170	19%	**3%**	5%
Total Noncurrent Assets	**1,451,014**	1,355,555	95,459	7%	**67%**	67%
Total Assets	**P2,163,430**	P2,025,544	P137,886	7%	**100%**	100%
Loans payable	**P199,690**	P149,475	P50,215	34%	**9%**	8%
Accounts payable and accrued expenses	**206,891**	164,897	41,994	25%	**10%**	8%
Lease liabilities - current portion	**24,756**	27,622	(2,866)	(10%)	**1%**	1%
Income and other taxes payable	**23,135**	21,031	2,104	10%	**1%**	1%
Dividends payable	**3,745**	3,681	64	2%	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**88,909**	74,597	14,312	19%	**4%**	4%
Total Current Liabilities	**547,126**	441,303	105,823	24%	**25%**	22%
Long-term debt - net of current maturities and debt issue costs	**725,139**	692,165	32,974	5%	**34%**	34%
Lease liabilities - net of current portion	**73,555**	94,565	(21,010)	(22%)	**3%**	5%
Deferred tax liabilities	**71,797**	70,740	1,057	1%	**3%**	4%
Other noncurrent liabilities	**34,738**	39,651	(4,913)	(12%)	**3%**	2%
Total Noncurrent Liabilities	**905,229**	897,121	8,108	1%	**43%**	45%

Forward

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2021	2020	Amount	%	**2021**	2020
Capital stock - common	**P490**	P490	P -	0%	**0%**	0%
Capital stock - preferred	**260**	260	-	0%	**0%**	0%
Additional paid-in capital	**120,501**	120,501	-	0%	**6%**	6%
Convertible perpetual securities	**25,158**	25,158	-	0%	**1%**	1%
Equity reserves	**6,281**	3,955	2,326	59%	**0%**	0%
Retained earnings:						
Appropriated	**25,570**	21,297	4,273	20%	**1%**	1%
Unappropriated	**59,856**	64,363	(4,507)	(7%)	**3%**	3%
Treasury stock	**(76,780)**	(76,780)	-	0%	**(4%)**	(4%)
Equity Attributable to Equity Holders of the Parent Company	**161,336**	159,244	2,092	1%	**7%**	7%
Non-controlling Interests	**549,739**	527,876	21,863	4%	**25%**	26%
Total Equity	**711,075**	687,120	23,955	3%	**32%**	33%
Total Liabilities and Equity	**P2,163,430**	P2,025,544	P137,886	7%	**100%**	100%

Consolidated total assets as at December 31, 2021 amounted to about P2,163,430 million, P137,886 million higher than December 31, 2020. The increase was primarily due to the higher balance of trade and other receivables, inventories, property, plant and equipment and other intangible assets. The increase was partly offset by the decrease in cash and cash equivalents.

The decrease in cash and cash equivalents by P47,009 million was mainly due to capital expenditures for the ongoing projects of Petron, the Energy, Food and Beverage, Cement and Infrastructure businesses, payment of lease liabilities and dividends and distributions and the redemption of equity securities. This was partly offset by the cash generated from operations and net proceeds from short-term loans, long-term debt and issuance of capital securities.

The increase in trade and other receivables - net by P37,237 million was mainly attributable to the higher trade customer balances of Petron and the Energy business and higher receivables from the Malaysian Government under the Automatic Pricing Mechanism of Petron Malaysia.

The increase in inventories by P38,386 million was mainly due to the: (a) higher prices of crude oil and finished products of Petron; (b) increase in prices of imported raw material purchases by the Feeds and Flour segments of the Food division under the Food and Beverage business; and (c) higher average cost of coal inventory by the Energy business.

The decrease in total biological assets by P403 million was due to lower cost of poultry and retirement of breeding stocks.

The increase in prepaid expenses and other current assets by P14,108 million was primarily due to the: (a) additional restricted cash funding for the payment of contractors and long-term debt of Infrastructure and Energy businesses; (b) higher input taxes from the ongoing projects of the Energy and Infrastructure businesses; and (c) higher advances to suppliers of coal by the Energy business.

The increase in investments and advances - net by P4,527 million was mainly due to the advances for investment by SMC, San Miguel Global Power and SMEII.

The increase in property, plant and equipment-net by P53,584 million was mainly due to costs of the: (a) ongoing projects of the Energy and Cement businesses, Petron and the Food and Beer and NAB divisions under the Food and Beverage business. This was partly offset by the depreciation in 2021.

The increase in investment property - net by P11,055 million was mainly due to the acquisition of various properties by SMPI and SMHC.

The increase in other intangible assets-net by P21,406 million was mainly due to the costs of the various ongoing projects of the Infrastructure business net of amortization in 2021.

The decrease in deferred tax assets by P3,835 million was mainly due to the lower income tax rates on NOLCO, allowance for impairment of receivables and inventory losses, unrealized gross profit and foreign exchange losses as a result of the implementation of CREATE Act.

The increase in other noncurrent assets-net by P15,170 million was due to the advances to contractors and suppliers for the ongoing projects of the Energy business and capitalized expenditures, including revaluations for the MRT 7 Project of the Infrastructure business. This was partly offset by the reduction in MPPCL's restricted cash used for payment of loan and interests and suppliers and contractors.

The increase in loans payable by P50,215 million was mainly due to the net availments by SMC and Petron for general corporate purposes, net of payments made by SMFB and SMCSLC.

The increase in accounts payable and accrued expenses by P41,994 million was mainly due to Petron's higher liabilities for crude oil and petroleum products on account of the increase in prices as at end of 2021 versus end of 2020, and additional payable to contractors for the ongoing projects of the Energy business.

The increase in income and other taxes payable by P2,104 million was mainly due to higher VAT payable of the Energy business, and higher excise tax liability and withholding taxes payable of Petron Philippines.

The increase in total long-term debt, net of debt issue costs, by P47,286 million was due to the availments made by SMC, SMC Tollways, PF-Hormel, NCC and SCII and the revaluation of foreign currency-denominated loans. This was partly offset by the payments of Petron, the Infrastructure, Packaging and Energy businesses.

The decrease in total lease liabilities, by P23,876 million was primarily due to the payments made to PSALM by the Energy business' entities under the IPPA Agreements.

The decrease in other noncurrent liabilities by P4,913 million mainly pertains to the payment by Keen Value Investments Limited of its noncurrent liability to a related party.

The increase in equity reserves by P2,326 million was mainly due to the gain on exchange differences on the translation of foreign operations in 2021 resulting from the depreciation of Philippine Peso against the US Dollar.

The increase in appropriated retained earnings by P4,273 million was mainly due to the appropriation for the period by: (a) SSHCI to fund the construction of the SLEX - TR4 Project; (b) SMC SLEX for funding of capital expenditures; (c) Magnolia, Inc. to fund its Butter, Margarine and Cheese Plant expansion projects; and (d) San Roque Hydropower Inc. [SRHI; formerly Strategic Power Devt. Corp.] for fixed monthly payments to PSALM. This was partly offset by the reversal of appropriations of Petron for capital projects that were already completed and SPPC for the portion of paid fixed monthly payments to PSALM.

The decrease in unappropriated retained earnings by P4,507 million was primarily due to the net appropriations for 2021.

2020 vs. 2019

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2020	2019	Amount	%	**2020**	2019
Cash and cash equivalents	**P347,962**	P286,677	P61,285	21%	**17%**	15%
Trade and other receivables - net	**120,965**	132,907	(11,942)	(9%)	**6%**	7%
Inventories	**102,828**	127,468	(24,640)	(19%)	**5%**	7%
Current portion of biological assets - net	**3,401**	4,151	(750)	(18%)	**0%**	0%
Prepaid expenses and other current assets	**94,833**	86,803	8,030	9%	**5%**	4%
Total Current Assets	**669,989**	638,006	31,983	5%	**33%**	33%
Investments and advances - net	**50,529**	52,886	(2,357)	(4%)	**2%**	3%
Investments in equity and debt instruments	**5,985**	6,101	(116)	(2%)	**0%**	0%
Property, plant and equipment - net	**543,371**	495,814	47,557	10%	**27%**	26%
Right-of-use assets - net	**192,104**	197,245	(5,141)	(3%)	**9%**	10%
Investment property - net	**62,370**	53,528	8,842	17%	**3%**	3%
Biological assets - net of current portion	**2,352**	2,808	(456)	(16%)	**0%**	0%
Goodwill	**120,463**	120,392	71	0%	**6%**	6%
Other intangible assets - net	**276,250**	255,836	20,414	8%	**14%**	13%
Deferred tax assets	**21,262**	18,431	2,831	15%	**1%**	1%
Other noncurrent assets - net	**80,869**	90,130	(9,261)	(10%)	**5%**	5%
Total Noncurrent Assets	**1,355,555**	1,293,171	62,384	5%	**67%**	67%
Total Assets	**P2,025,544**	P1,931,177	P94,367	5%	**100%**	100%
Loans payable	**P149,475**	P178,507	(P29,032)	(16%)	**8%**	9%
Accounts payable and accrued expenses	**164,897**	188,166	(23,269)	(12%)	**8%**	10%
Lease liabilities - current portion	**27,622**	27,371	251	1%	**1%**	1%
Income and other taxes payable	**21,031**	21,239	(208)	(1%)	**1%**	1%
Dividends payable	**3,681**	3,566	115	3%	**0%**	0%
Current maturities of long-term debt - net of debt issue cost	**74,597**	43,913	30,684	70%	**4%**	3%
Total Current Liabilities	**441,303**	462,762	(21,459)	(5%)	**22%**	24%

Forward

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2020	2019	Amount	%	**2020**	2019
Long-term debt - net of current maturities and debt issue costs	**P692,165**	P638,748	P53,417	8%	**34%**	33%
Lease liabilities - net of current portion	**94,565**	122,466	(27,901)	(23%)	**5%**	6%
Deferred tax liabilities	**70,740**	68,016	2,724	4%	**4%**	4%
Other noncurrent liabilities	**39,651**	37,125	2,526	7%	**2%**	2%
Total Noncurrent Liabilities	**897,121**	866,355	30,766	4%	**45%**	45%
Capital stock - common	**490**	490	-	0%	**0%**	0%
Capital stock - preferred	**260**	260	-	0%	**0%**	0%
Additional paid-in capital	**120,501**	120,501	-	0%	**6%**	6%
Convertible perpetual securities	**25,158**	25,158	-	0%	**1%**	1%
Equity reserves	**3,955**	6,401	(2,446)	(38%)	**0%**	0%
Retained earnings:						
Appropriated	**21,297**	19,010	2,287	12%	**1%**	1%
Unappropriated	**64,363**	67,398	(3,035)	(5%)	**3%**	4%
Treasury stock	**(76,780)**	(76,780)	-	0%	**(4%)**	(4%)
Equity Attributable to Equity Holders of the Parent Company	**159,244**	162,438	(3,194)	(2%)	**7%**	8%
Non-controlling Interests	**527,876**	439,622	88,254	20%	**26%**	23%
Total Equity	**687,120**	602,060	85,060	14%	**33%**	31%
Total Liabilities and Equity	**P2,025,544**	P1,931,177	P94,367	5%	**100%**	100%

Consolidated total assets as at December 31, 2020 amounted to about P2,025,544 million, P94,367 million or 5% higher than December 31, 2019. The increase was primarily due to the higher balance of cash and cash equivalents, property, plant and equipment and other intangible assets. This was partly offset by the decrease in inventories and trade and other receivables.

The increase in cash and cash equivalents by P61,285 million was mainly due to the: (a) net proceeds from the issuance by SMC of US$1,950 million long-term corporate notes and preferred shares (Subseries "2-J" and Subseries "2-K" Preferred Shares), and (b) issuance by SMC and San Miguel Global Power of US$500 million and US$1,350 million SPCS, respectively. The increase was reduced by the: (a) funding of the various capital expenditures of the Group, (b) payment of long-term debt and short-term loans by the Group, and (c) redemption of Series "1" Preferred Shares and Subseries "2-D" Preferred Shares by SMC.

The decrease in trade and other receivables - net by P11,942 million was mainly due to lower trade customer balances of Petron attributable to lower fuel prices and drop in sales volume.

The decrease in inventories by P24,640 million was attributable mainly to lower prices and volume of both crude oil and finished products of Petron Philippines and Petron Malaysia.

The decrease in total biological assets by P1,206 million was mainly due to the closure of some farms affected by the ASF.

The increase in prepaid expenses and other current assets by P8,030 million was primarily due to: (a) higher specific tax and product replenishment claims and unused creditable withholding taxes by Petron; (b) increase in input taxes by Universal Power Solutions, Inc. related to the importations of equipment for the BESS Projects, and (c) receipt by SMC of 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.

The increase in property, plant and equipment - net by P47,557 million was mainly due to the: (a) ongoing projects of the Energy business, the Food and Beer and NAB divisions under the Food and Beverage business; and (b) various fixed asset purchases by Petron.

The increase in investment property - net by P8,842 million was mainly due to the acquisition of: (a) land in Pandacan, Manila by SMHC; (b) various properties by SMPI; and (c) various properties in Bulacan.

The increase in other intangible assets - net by P20,414 million was mainly due to the costs of various projects of the Infrastructure business, net of amortization for 2020, and the mineral rights recognized upon consolidation of NCC.

The increase in deferred tax assets by P2,831 million was mainly due to the recognition of deferred tax on NOLCO by Petron and SMYPC.

The decrease in other noncurrent assets - net by P9,261 million was due to the: (a) application of advances to contractors on progress billings by SMC Skyway Stage 3 Corporation (MMSS3, formerly Citra Central Expressway Corp.) and Mariveles Power Generation Corporation (MPGC) for the Skyway Stage 3 Project and Mariveles Power Plant Project, respectively; (b) reclassification from noncurrent to current assets of subsidy receivable due for collection in 2021 by SMCTC; (c) reclassification to debt issue costs of the loan facilitation fees and other filing and agency fees on loan facilities entered in 2019 by SMC, and (d) decrease in restricted cash balance of MPPCL.

The decrease in loans payable by P29,032 million was mainly due to the net payment of loans made by SMC and refinancing of short-term loans to long-term debt by the Food division under the Food and Beverage business and Packaging business.

The decrease in accounts payable and accrued expenses by P23,269 million was mainly due to lower liabilities for crude oil and petroleum products primarily from the drop in prices as at end of 2020 versus end of 2019 and lower outstanding liabilities to contractors and vendors for services purchased by Petron. The decrease was partly offset by the additional payables recognized for the construction of Mariveles Power Plant.

The increase in total long-term debt, net of debt issue costs, by P84,101 million was due mainly to the: (a) issuance of US$1,950 million corporate notes by SMC, (b) issuance of P15,000 million fixed rate Peso-denominated bonds by SMFB, and (c) availment by the Group of long-term debt. The increase was offset by the payment of maturing obligations and translation adjustments on the foreign currency-denominated loans.

The decrease in total lease liabilities by P27,650 million was primarily due to the payments made to PSALM by the Energy business entities under the IPPA Agreements.

The increase in other noncurrent liabilities by P2,526 million was mainly due to the: (a) recognition by MPGC of retention payable related to the ongoing Mariveles Power Plant Project, (b) remeasurement by Petron of asset retirement obligation, and (c) increase in derivative liability of SMC due to fair valuation and foreign exchange translation.

The decrease in equity reserves by P2,446 million pertains mainly to the currency translation adjustments for 2020 resulting from the appreciation of the Philippine Peso against the US Dollar.

The increase in appropriated retained earnings by P2,287 million was due to additional appropriation by: (a) SMB for the Series G Bond which will mature in 2021; (b) SMC Skyway Corporation (formerly Citra Metro Manila Tollways Corporation) for the SLEX Elevated Extension Project; and (c) SMCSLC for various expansion projects. The increase was partly offset by the reversals made by SPPC and SRHI for the portion of paid fixed monthly payments to PSALM.

The decrease in unappropriated retained earnings by P3,035 million was mainly due to the net appropriations for 2020.

The increase in NCI by P88,254 million was mainly due to the: (a) issuance of SPCS by San Miguel Global Power, (b) issuance of SPCS, RPS, Subseries “2-J” and Subseries “2-K” Preferred Shares by SMC, (c) consolidation of NCC through SMEII effective August 12, 2020, (d) issuance of RPS by SMEII on July 1, 2020, and (e) share of NCI on the Group's net income. This was partly offset by the: (a) redemption of Series "2" Preferred Shares by SMFB and Series “1” and Subseries “2-D” Preferred Shares by SMC, and (b) share of NCI on cash dividends and distributions declared and in currency translation adjustments for 2020.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	December 31		
	2022	2021	2020
		(In Millions)	
Net cash flows provided by (used in) operating activities	**(P18,819)**	P49,558	P52,535
Net cash flows used in investing activities	**(238,500)**	(128,734)	(86,108)
Net cash flows provided by financing activities	**269,409**	23,007	104,310

Net cash flows from operations basically consists of income for the period and changes in noncash current assets, certain current liabilities and others. Net cash flows used in operations in 2022 basically consists of increase in noncash current assets mainly trade receivables and finished goods and raw materials inventory, changes in certain current liabilities and others partly offset by cash generated from operations for the year.

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

	December 31		
	2022	2021	2020
		(In Millions)	
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**(P97,204)**	P -	P -
Additions to property, plant and equipment	**(76,198)**	(74,421)	(60,629)
Additions to intangible assets	**(58,117)**	(26,007)	(16,618)
Additions to investments in equity and debt instruments	**(12,937)**	(6,101)	(70)
Additions to advances to contractors and suppliers	**(11,449)**	(16,067)	(4,855)
Decrease (increase) in other noncurrent assets and others	**(6,423)**	(7,150)	283
Additions to investment property	**(4,415)**	(6,546)	(8,711)
Additions to investments and advances	**(2,435)**	(5,227)	(4,004)
Collections of advances for investment	**22,870**	-	-
Interest received	**6,017**	3,315	6,407
Dividends received	**1,123**	1,611	16
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	**385**	-	-
Proceeds from sale of property and equipment	**253**	1,350	912
Proceeds from the redemption and disposal of investment in equity and debt instruments	**30**	6,509	108
Cash and cash equivalents of a consolidated subsidiary	-	-	1,053

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

	December 31		
	2022	2021	2020
		(In Millions)	
Net proceeds from long-term borrowings	**P237,503**	P27,358	P101,524
Net proceeds from (payments of) short-term borrowings	**68,358**	49,308	(28,447)
Net proceeds from issuance of redeemable perpetual securities	**51,085**	-	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	**7,302**	(623)	(1,539)
Cash dividends and distributions paid	**(39,953)**	(37,108)	(29,305)
Payments of lease liabilities	**(26,031)**	(26,151)	(24,825)
Repurchase and redemption of capital securities and preferred shares of subsidiaries	**(17,003)**	(51,676)	(42,656)
Payment of payable to a related party	**(11,852)**	-	-
Net proceeds from issuance of capital securities and preferred shares of subsidiaries	-	61,899	129,558

The effect of exchange rate changes on cash and cash equivalents amounted to P7,817 million, P9,160 million and (P9,452) million in December 31, 2022, 2021 and 2020, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

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	
	2022	2021
Liquidity:		
Current Ratio	**1.21**	1.30
Quick Ratio	**0.76**	0.84
Solvency:		
Debt to Equity Ratio	**2.49**	2.04
Asset to Equity Ratio	**3.49**	3.04
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	**(8.24%)**	0.10%
Interest Rate Coverage Ratio	**1.60**	2.27
Return on Assets	**1.01%**	2.10%
Operating Efficiency:		
Volume Growth	**20%**	4%
Revenue Growth	**60%**	30%
Operating Margin	**9%**	13%

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	$\frac{\text{Current Assets - Inventories - Current Portion of Biological Assets - Prepayments}}{\text{Current Liabilities}}$
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	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$

Forward

KPI	Formula
Interest Rate Coverage Ratio	$\dfrac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\dfrac{\text{Net Income}}{\text{Average Total Assets}}$
Volume Growth	$\left(\dfrac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}}\right) -1$
Revenue Growth	$\left(\dfrac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}}\right) -1$
Operating Margin	$\dfrac{\text{Income from Operating Activities}}{\text{Net Sales}}$

VI. OTHER MATTERS

- Commitments

  The outstanding purchase commitments of the Group amounted to P266,580 million as at December 31, 2022.

  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, 2022.

- 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 cyclicality 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.

Annex “B”
Annex “B-1”

Consolidated Financial Statements

(December 31, 2022, 2021 and 2020)

Irene M. Cipriano

From: noreply-cifssost@sec.gov.ph
Sent: Monday, 17 April 2023 5:12 PM
Subject: SEC eFast Initial Acceptance

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Greetings!

SEC Registration No: CS200803939
Company Name: TOP FRONTIER INVESTMENT HOLDINGS, INC.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	8	0	3	9	3	9

COMPANY NAME

TOP FRONTIER INVESTMENT
HOLDINGS, INC.

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

5th Floor, ENZO Building
399 Sen. Gil J. Puyat Avenue
Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	N/A	N/A

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
N/A	8632-3000	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
31,199	Second Tuesday of July	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Bella O. Navarra	N/A	8632-3000	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.*

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022, 2021 and 2020

With Independent Auditors' Report

TOP FRONTIER
INVESTMENT HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Top Frontier Investment Holdings, Inc. (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, 2022, 2021 and 2020, 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.

IÑIGO U. ZOBEL
Chairman of the Board

RAMON S. ANG
President and Chief Executive Officer

BELLA O. NAVARRA
Chief Finance Officer

Signed this 9th day of March 2023

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in Mandaluyong City, this 9th day of March 2023, personally appeared the following:

Name	Passport No.	Date of issue	Place of Issue
Iñigo U. Zobel	P6762553B	May 05, 2021	DFA Manila
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila
Bella O. Navarra	P8424946B	December 10, 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.

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. 5111178; 01/05/23; Mandaluyong City
IBP Lifetime Member No. 018308; 12/14/17; Quezon City
MCLE Compliance No. VII-0016522; 04/28/22; Pasig City

Doc. No.: 109 ;
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Book No.: II ;
Series of 2023.

JOSE ANGELITO M. ILANO
NOTARY PUBLIC
ROLL NO. 62172
MANDALUYONG CITY, PHILS.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Top Frontier Investment Holdings, Inc.
5th Floor, ENZO Building
399 Sen. Gil J. Puyat Avenue, Makati City

Opinion

We have audited the consolidated financial statements of Top Frontier Investment Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022, and notes, comprising significant 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022, 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.

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 (P1,506,522 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 (P173,987 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 (P355,617 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, 2022 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, 2022 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.

- 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
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
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 9563853
Issued January 3, 2023 at Makati City

April 15, 2023
Makati City, Metro Manila

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(In Millions)

	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 5, 7, 39, 40*	**P320,860**	P300,953
Trade and other receivables - net	*4, 5, 8, 33, 35, 39, 40*	**238,661**	158,202
Inventories	*4, 5, 9*	**190,204**	141,214
Current portion of biological assets - net	*4, 16*	**3,418**	3,106
Prepaid expenses and other current assets	*4, 5, 10, 12, 23, 33, 34, 39, 40*	**134,329**	108,941
Total Current Assets		**887,472**	712,416
Noncurrent Assets			
Investments and advances - net	*4, 5, 11, 23*	**32,585**	55,056
Investments in equity and debt instruments	*4, 12, 33, 39, 40*	**18,678**	6,229
Property, plant and equipment - net	*4, 5, 13, 34*	**736,570**	596,955
Right-of-use assets - net	*4, 5, 14, 34*	**133,382**	185,516
Investment property - net	*4, 15, 34*	**79,038**	73,425
Biological assets - net of current portion	*4, 16*	**2,671**	2,244
Goodwill - net	*4, 17*	**173,987**	120,467
Other intangible assets - net	*4, 5, 17*	**355,617**	297,656
Deferred tax assets	*4, 5, 23*	**23,632**	17,427
Other noncurrent assets - net	*4, 5, 18, 33, 34, 35, 39, 40*	**99,991**	96,039
Total Noncurrent Assets		**1,656,151**	1,451,014
		P2,543,623	P2,163,430
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*19, 30, 33, 38, 39, 40*	**P271,052**	P199,690
Accounts payable and accrued expenses	*4, 5, 20, 33, 34, 35, 39, 40*	**228,708**	206,891
Lease liabilities - current portion	*4, 5, 30, 33, 34, 38, 39, 40*	**21,983**	24,756
Income and other taxes payable	*5, 23*	**38,633**	23,135
Dividends payable	*36, 38*	**3,522**	3,745
Current maturities of long-term debt - net of debt issue costs	*21, 30, 33, 38, 39, 40*	**170,084**	88,909
Total Current Liabilities		**733,982**	547,126
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*21, 30, 33, 38, 39, 40*	**918,164**	725,139
Lease liabilities - net of current portion	*4, 5, 30, 33, 34, 38, 39, 40*	**55,506**	73,555
Deferred tax liabilities	*23*	**69,978**	71,797
Other noncurrent liabilities	*4, 5, 22, 33, 35, 39, 40*	**37,686**	34,738
Total Noncurrent Liabilities		**1,081,334**	905,229

Forward

	Note	2022	2021
Equity	*24, 36, 37*		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock - common		**P490**	P490
Capital stock - preferred		**260**	260
Additional paid-in capital		**120,501**	120,501
Capital securities		**75,732**	25,158
Equity reserves	*5, 23*	**4,953**	6,281
Retained earnings:			
Appropriated		**28,272**	25,570
Unappropriated	*23*	**41,647**	59,856
Treasury stock		**(76,780)**	(76,780)
		195,075	161,336
Non-controlling Interests	*2, 5, 23, 24*	**533,232**	549,739
Total Equity		**728,307**	711,075
		P2,543,623	P2,163,430

See Notes to the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(In Millions, Except Per Share Data)

	Note	2022	2021	2020
SALES	*6, 25, 33*	**P1,506,522**	P941,173	P725,776
COST OF SALES	*26, 34*	**1,289,092**	742,339	574,914
GROSS PROFIT		**217,430**	198,834	150,862
SELLING AND ADMINISTRATIVE EXPENSES	*27, 34*	**(84,530)**	(78,436)	(78,405)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*19, 21, 30, 33, 34, 35*	**(61,887)**	(48,597)	(50,694)
INTEREST INCOME	*7, 12, 31, 33, 35*	**7,152**	3,593	6,187
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	*11, 23*	**1,202**	1,056	424
GAIN (LOSS) ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	*5, 13, 15, 18*	**733**	167	(491)
OTHER INCOME (CHARGES) - Net	*4, 5, 32, 34, 39, 40*	**(43,018)**	(14,668)	11,572
INCOME BEFORE INCOME TAX		**37,082**	61,949	39,455
INCOME TAX EXPENSE	*23, 42*	**13,218**	17,886	15,833
NET INCOME		**P23,864**	P44,063	P23,622
Attributable to:				
Equity holders of the Parent Company		**(P14,679)**	P166	(P233)
Non-controlling interests	*5, 23, 24*	**38,543**	43,897	23,855
		P23,864	P44,063	P23,622
Basic/Diluted Loss per Common Share Attributable to Equity Holders of the Parent Company	*37*	**(P49.62)**	(P4.39)	(P5.60)

See Notes to the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(In Millions)

	Note	**2022**	2021	2020
NET INCOME		**P23,864**	P44,063	P23,622
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on net defined benefit retirement plan	*35*	**(8,158)**	2,143	(357)
Income tax benefit (expense)	*23*	**2,036**	(1,084)	126
Net gain on financial assets at fair value through other comprehensive income	*12*	**158**	44	-
Income tax expense		**(1)**	(15)	(3)
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	**80**	91	(135)
		(5,885)	1,179	(369)
Items that may be reclassified to profit or loss				
Net gain (loss) on exchange differences on translation of foreign operations		**3,665**	5,076	(4,192)
Net gain on financial assets at fair value through other comprehensive income	*12*	**-**	-	1
Net gain (loss) on cash flow hedges	*40*	**383**	268	(23)
Income tax benefit (expense)		**(106)**	(100)	5
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	**(242)**	(81)	3
		3,700	5,163	(4,206)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		**(2,185)**	6,342	(4,575)
TOTAL COMPREHENSIVE INCOME - Net of tax		**P21,679**	P50,405	P19,047
Attributable to:				
Equity holders of the Parent Company		**(P15,658)**	P3,464	(P2,370)
Non-controlling interests	*5, 24*	**37,337**	46,941	21,417
		P21,679	P50,405	P19,047

See Notes to the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(In Millions)

		Equity Attributable to Equity Holders of the Parent Company																
							Equity Reserves											
		Capital Stock										Retained Earnings		Treasury Stock				
	Note	Common	Preferred	Additional Paid-in Capital	Convertible Perpetual 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, 2022		**P490**	**P260**	**P120,501**	**P25,158**	**P -**	**(P2,658)**	**(P352)**	**P1,489**	**(P2,213)**	**P10,015**	**P25,570**	**P59,856**	**(P28,457)**	**(P48,323)**	**P161,336**	**P549,739**	**P711,075**
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	2,110	-	-	-	-	-	2,110	1,555	3,665
Share in other comprehensive income (loss) of associates - net	*11*	-	-	-	-	-	47	-	(146)	(7)	-	-	-	-	-	(106)	(56)	(162)
Net gain on cash flow hedges	*40*	-	-	-	-	-	-	161	-	-	-	-	-	-	-	161	116	277
Net gain on financial assets at fair value through other comprehensive income	*12*	-	-	-	-	-	-	-	93	-	-	-	-	-	-	93	64	157
Remeasurement loss on defined benefit retirement plan	*23, 35*	-	-	-	-	-	(3,237)	-	-	-	-	-	-	-	-	(3,237)	(2,885)	(6,122)
Other comprehensive income (loss)		-	-	-	-	-	(3,190)	161	(53)	2,103	-	-	-	-	-	(979)	(1,206)	(2,185)
Net income (loss)		-	-	-	-	-	-	-	-	-	-	-	(14,679)	-	-	(14,679)	38,543	23,864
Total comprehensive income (loss)		-	-	-	-	-	(3,190)	161	(53)	2,103	-	-	(14,679)	-	-	(15,658)	37,337	21,679
Issuance of redeemable perpetual securities	*24*	-	-	-	-	50,574	-	-	-	-	-	-	-	-	-	50,574	-	50,574
Net addition (reduction) to non-controlling interests and others	*5, 11, 24*	-	-	-	-	-	202	21	(20)	(601)	49	-	(828)	-	-	(1,177)	(14,114)	(15,291)
Appropriations - net	*24*	-	-	-	-	-	-	-	-	-	-	2,702	(2,702)	-	-	-	-	-
Cash dividends and distributions:	*36*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,298)	(12,298)
Preferred		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,837)	(5,837)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,395)	(21,395)
Redeemable perpetual securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(200)	(200)
As at December 31, 2022	*24*	**P490**	**P260**	**P120,501**	**P25,158**	**P50,574**	**(P5,646)**	**(P170)**	**P1,416**	**(P711)**	**P10,064**	**P28,272**	**P41,647**	**(P28,457)**	**(P48,323)**	**P195,075**	**P533,232**	**P728,307**

Forward

	Note	Capital Stock Common	Capital Stock Preferred	Additional Paid-in Capital	Convertible Perpetual Securities	Equity Reserves: Reserve for Retirement Plan	Equity Reserves: Hedging Reserve	Equity Reserves: Fair Value Reserve	Equity Reserves: Translation Reserve	Equity Reserves: Other Equity Reserve	Retained Earnings Appro-priated	Retained Earnings Unappro-priated	Treasury Stock Common	Treasury Stock Preferred	Total	Non-controlling Interests	Total Equity
		Equity Attributable to Equity Holders of the Parent Company															
As at January 1, 2021		P490	P260	P120,501	P25,158	(P3,293)	(P431)	P1,536	(P4,827)	P10,970	P21,297	P64,363	(P28,457)	(P48,323)	P159,244	P527,876	P687,120
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	2,595	-	-	-	-	-	2,595	2,481	5,076
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	-	-	-	-	95	-	(63)	1	-	-	-	-	-	33	(23)	10
Net gain on cash flow hedges	*40*	-	-	-	-	-	79	-	-	-	-	-	-	-	79	89	168
Net gain on financial assets at fair value through other comprehensive income	*12*	-	-	-	-	-	-	22	-	-	-	-	-	-	22	7	29
Remeasurement gain on defined benefit retirement plan	*23, 35*	-	-	-	-	569	-	-	-	-	-	-	-	-	569	490	1,059
Other comprehensive income (loss)		-	-	-	-	664	79	(41)	2,596	-	-	-	-	-	3,298	3,044	6,342
Net income		-	-	-	-	-	-	-	-	-	-	166	-	-	166	43,897	44,063
Total comprehensive income (loss)		-	-	-	-	664	79	(41)	2,596	-	-	166	-	-	3,464	46,941	50,405
Net addition (reduction) to non-controlling interests and others	*5, 11, 24*	-	-	-	-	(29)	-	(6)	18	(955)	-	(400)	-	-	(1,372)	12,095	10,723
Appropriations - net	*24*	-	-	-	-	-	-	-	-	-	4,273	(4,273)	-	-	-	-	-
Cash dividends and distributions:	*36*																
Common		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,305)	(11,305)
Preferred		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,402)	(8,402)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,610)	(16,610)
Redeemable perpetual securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(200)	(200)
Undated subordinated capital securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(656)	(656)
As at December 31, 2021	*24*	P490	P260	P120,501	P25,158	(P2,658)	(P352)	P1,489	(P2,213)	P10,015	P25,570	P59,856	(P28,457)	(P48,323)	P161,336	P549,739	P711,075

Forward

	Note	Equity Attributable to Equity Holders of the Parent Company														Non-controlling Interests	Total Equity
						Equity Reserves											
		Capital Stock		Additional Paid-in Capital	Convertible Perpetual Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock		Total		
		Common	Preferred								Appro-priated	Unappro-priated	Common	Preferred			
As at January 1, 2020		P490	P260	P120,501	P25,158	(P3,128)	(P405)	P1,533	(P2,966)	P11,367	P19,010	P67,398	(P28,457)	(P48,323)	P162,438	P439,622	P602,060
Loss on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(1,867)	-	-	-	-	-	(1,867)	(2,325)	(4,192)
Share in other comprehensive income (loss) of associates and joint ventures - net	11	-	-	-	-	(45)	-	5	(36)	-	-	-	-	-	(76)	(56)	(132)
Net gain (loss) on cash flow hedges	40	-	-	-	-	-	(26)	-	-	-	-	-	-	-	(26)	8	(18)
Net loss on financial assets at fair value through other comprehensive income	12	-	-	-	-	-	-	(2)	-	-	-	-	-	-	(2)	-	(2)
Remeasurement loss on defined benefit retirement plan	35	-	-	-	-	(166)	-	-	-	-	-	-	-	-	(166)	(65)	(231)
Other comprehensive income (loss)		-	-	-	-	(211)	(26)	3	(1,903)	-	-	-	-	-	(2,137)	(2,438)	(4,575)
Net income (loss)		-	-	-	-	-	-	-	-	-	-	(233)	-	-	(233)	23,855	23,622
Total comprehensive income (loss)		-	-	-	-	(211)	(26)	3	(1,903)	-	-	(233)	-	-	(2,370)	21,417	19,047
Net addition (reduction) to							-										
non-controlling interests and others	5, 11, 24	-	-	-	-	46		-	42	(397)	(1,844)	1,329	-	-	(824)	96,257	95,433
Appropriations - net	24	-	-	-	-	-	-	-	-	-	4,131	(4,131)	-	-	-	-	-
Cash dividends and distributions:	36						-										
Common		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,102)	(11,102)
Preferred		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,967)	(7,967)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,666)	(8,666)
Undated subordinated capital securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,447)	(1,447)
Redeemable perpetual securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(238)	(238)
As at December 31, 2020	24	P490	P260	P120,501	P25,158	(P3,293)	(P431)	P1,536	(P4,827)	P10,970	P21,297	P64,363	(P28,457)	(P48,323)	P159,244	P527,876	P687,120

See Notes to the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(In Millions)

	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P37,082**	P61,949	P39,455
Adjustments for:				
Depreciation, amortization and others - net	*13, 14, 15, 17, 18, 28, 32*	**79,256**	49,284	30,029
Interest expense and other financing charges	*30*	**61,887**	48,597	50,694
Interest income	*31*	**(7,152)**	(3,593)	(6,187)
Equity in net earnings of associates and joint ventures	*11*	**(1,202)**	(1,056)	(424)
Loss (gain) on sale of investments and property and equipment	*5, 13, 15, 18*	**(733)**	(167)	491
Operating income before working capital changes		**169,138**	155,014	114,058
Changes in noncash current assets, certain current liabilities and others	*38*	**(104,864)**	(41,626)	10,479
Cash generated from operations		**64,274**	113,388	124,537
Interest and other financing charges paid		**(63,375)**	(49,302)	(55,959)
Income taxes paid		**(19,718)**	(14,528)	(16,043)
Net cash flows provided by (used in) operating activities		**(18,819)**	49,558	52,535
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash and cash equivalents acquired	*5, 38*	**(97,204)**	-	-
Additions to property, plant and equipment	*13*	**(76,198)**	(74,421)	(60,629)
Additions to intangible assets	*17*	**(58,117)**	(26,007)	(16,618)
Additions to investments in equity and debt instruments	*12*	**(12,937)**	(6,101)	(70)
Additions to advances to contractors and suppliers	*18*	**(11,449)**	(16,067)	(4,855)
Decrease (increase) in other noncurrent assets and others	*18*	**(6,423)**	(7,150)	283
Additions to investment property	*15*	**(4,415)**	(6,546)	(8,711)
Additions to investments and advances	*11*	**(2,435)**	(5,227)	(4,004)
Collection of advances for investment	*11*	**22,870**	-	-
Interest received		**6,017**	3,315	6,407
Dividends received	*12*	**1,123**	1,611	16
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	*5*	**385**	-	-
Proceeds from sale of property and equipment	*13, 15, 18*	**253**	1,350	912
Proceeds from redemption and disposal of investments in equity and debt instruments	*12*	**30**	6,509	108
Cash and cash equivalents of a consolidated subsidiary	*5*	**-**	-	1,053
Net cash flows used in investing activities		**(238,500)**	(128,734)	(86,108)

Forward

	Note	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings	*38*	**P1,207,440**	P795,307	P842,619
Long-term borrowings	*38*	**353,451**	140,777	160,437
Payments of:				
Short-term borrowings	*38*	**(1,139,082)**	(745,999)	(871,066)
Long-term borrowings	*38*	**(115,948)**	(113,419)	(58,913)
Net proceeds from issuance of capital securities and preferred shares of subsidiaries	*24*	**-**	61,899	129,558
Cash dividends and distributions paid to non-controlling shareholders	*36, 38*	**(39,953)**	(37,108)	(29,305)
Payments of lease liabilities	*38*	**(26,031)**	(26,151)	(24,825)
Redemption of capital securities and preferred shares of subsidiaries	*24*	**(17,003)**	(51,676)	(42,656)
Payment of payable to a related party	*33*	**(11,852)**	-	-
Net proceeds from issuance of redeemable perpetual securities	*24*	**51,085**	-	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	*24*	**7,302**	(623)	(1,539)
Net cash flows provided by financing activities		**269,409**	23,007	104,310
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**7,817**	9,160	(9,452)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**19,907**	(47,009)	61,285
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**300,953**	347,962	286,677
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P320,860**	P300,953	P347,962

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Millions, Except Per Share Data and Number of Shares)

1. Reporting Entity

Top Frontier Investment Holdings, Inc. (Top Frontier or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 2008. On December 18, 2013, the Philippine Stock Exchange, Inc. (PSE) approved the application for the listing by way of introduction of all the common shares of Top Frontier. The shares were listed on the PSE on January 13, 2014.

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 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, mining, fuel and oil, infrastructure, cement and real estate property management and development.

The registered office address of the Parent Company is 5th Floor, ENZO Building, No. 399 Sen. Gil J. Puyat Avenue, Makati City, Philippines.

2. Basis of Preparation

<u>Statement of Compliance</u>
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) 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 Board of Directors (BOD) on March 9, 2023.

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 Interest Held by the				
	Parent Company	**Subsidiaries**	Parent Company	Subsidiaries	Country of Incorporation
	2022		2021		
San Miguel Corporation (SMC) and Subsidiaries, Namely:	**61.78**		65.99		Philippines
Food and Beverage Business					
San Miguel Food and Beverage, Inc. (SMFB) and subsidiaries [including San Miguel Mills, Inc. (SMMI) and subsidiaries, Magnolia Inc. and subsidiary, San Miguel Foods, Inc. (SMFI) and subsidiary, PT San Miguel Foods Indonesia (PTSMFI), 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.]		**88.76**		88.76	Philippines

Forward

	Percentage of Ownership Interest Held by the				
	Parent Company	**Subsidiaries**	Parent Company	Subsidiaries	Country of Incorporation
	2022		2021		
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. (SMBB), San Miguel Beer (Thailand) Limited, San Miguel Marketing (Thailand) Limited, San Miguel Brewery Vietnam Company Limited[(a)] and PT. Delta Djakarta Tbk and subsidiary]					
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]					
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 Australian Pty Ltd and Vinocor Ltd.}]		**65.00**		65.00	British Virgin Islands (BVI)
Mindanao Corrugated Fibreboard, Inc.		**100.00**		100.00	Philippines

Forward

	Percentage of Ownership Interest Held by the				
	Parent Company	**Subsidiaries**	Parent Company	Subsidiaries	Country of
Energy Business					
San Miguel Global Power Holdings Corp. (San Miguel Global Power)[(b)] and subsidiaries [including Sual Power Inc. (SPI)[(c)] and subsidiary, South Premiere Power Corp. (SPPC), San Roque Hydropower Inc. (SRHI) [(d)], San Miguel Electric Corp. (SMELC), SMC PowerGen Inc., Universal Power Solutions, Inc. (UPSI), Limay Power Inc. (LPI)[(e)], Malita Power Inc. (MPI)[(f)], 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 Partners Co. Ltd. (MPPCL), Albay Power and Energy Corp. (APEC), Oceantech Power Generation and subsidiary, SMCGP Philippines Energy Storage Co. Ltd. (SPESC), 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)[(g)]		**100.00**		100.00	Philippines
Petron Corporation (Petron)[(g)] and subsidiaries [including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd.[(a)], New Ventures Realty Corporation (NVRC) and subsidiaries, Mema Holdings, Inc. (Mema) and subsidiaries[(h)], Petron Singapore Trading Pte., Ltd. (PSTPL), Petron Global Limited, Petron Oil & Gas Mauritius Ltd. and subsidiary, Petron Oil & Gas International Sdn. Bhd. and subsidiaries, Petron Malaysia Refining & Marketing Bhd. (PMRMB), Petron Fuel International Sdn. Bhd. and Petron Oil (M) Sdn. Bhd. (POMSB) (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited[(a)] and subsidiaries]		**68.26**		68.26	Philippines

Forward

	Percentage of Ownership Interest Held by the				
	Parent Company	**Subsidiaries**	Parent Company	Subsidiaries	Country of Incorporation
	2022		2021		
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)[(i)], 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)[(j)], Luzon Clean Water Development Corporation (LCWDC), 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)[(k)] and subsidiaries {including Stage 3 Connector Tollways Holding Corporation (S3HC) and subsidiary, SMC Skyway Stage 3 Corporation (MMSS3)[(l)] and SMC Skyway Corporation (SMC Skyway)[(m)] and subsidiary, Skyway O&M Corporation (SOMCO), SMC SLEX Holdings Company Inc. (SSHCI)[(n)] and subsidiaries, Alloy Manila Toll Expressways, Inc. (AMTEX), Manila Toll Expressway Systems, Inc. (MATES) and SMC SLEX Inc. (SMC SLEX)[(o)]}, and Pasig River Expressway Corporation (PREC), Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp. (NALEC), SMC Southern Access Link Expressway Corp. (SALEC) and South Luzon Toll Road-5 Expressway Inc. (SLEXTR5)]		**100.00**		100.00	Philippines
San Miguel Aerocity Inc. doing business under the name and style of "Manila International Airport" (SMAI)[(a)]		**100.00**		100.00	Philippines
Cement Business					
San Miguel Equity Investments Inc. (SMEII) and subsidiaries[(a)] [including Northern Cement Corporation (NCC), Eagle Cement Corporation (ECC) and subsidiaries[(p)], and Southern Concrete Industries, Inc. (SCII)[(q)]]		**100.00**		100.00	Philippines

Forward

	Percentage of Ownership Interest Held by the				
	Parent Company	**Subsidiaries**	Parent Company	Subsidiaries	Country of Incorporation
	2022		2021		
Real Estate Business					
San Miguel Properties, Inc. (SMPI) and subsidiaries[(a)] [including SMPI Makati Flagship Realty Corp. and Bright Ventures Realty, Inc.]		**99.97**		99.97	Philippines
Davana Heights Development Corporation (DHDC) and subsidiaries		**100.00**		100.00	Philippines
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)[(r)]		**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
Mining Business:					
Clariden Holdings, Inc. (Clariden) and subsidiaries, namely: V.I.L. Mines, Incorporated (VMI), Asia-Alliance Mining Resources Corp. (AAMRC)[(s)], Prima Lumina Gold Mining Corp. (PLGMC), Excelon Asia Holding Corporation, New Manila Properties, Inc. and Philnico Holdings Limited[(a)] and subsidiaries [including Pacific Nickel Philippines, Inc. (PNPI), Philnico Industrial Corporation (PIC) and Philnico Processing Corp. (PPC) (collectively the Philnico Group)]	**100.00**		100.00		Philippines

(a) *The financial statements of these subsidiaries were audited by other auditors.*

(b) *Formerly SMC Global Power Holdings Corp. The change in the corporate name was approved by the SEC on March 22, 2023.*

(c) *Formerly San Miguel Energy Corporation. The change in the corporate name was approved by the SEC on March 9, 2023.*

(d) *Formerly Strategic Power Devt. Corp. The change in the corporate name was approved by the SEC on March 31, 2023.*

(e) *Formerly SMC Consolidated Power Corporation. The change in the corporate name was approved by the SEC on February 7, 2023.*

(f) *Formerly San Miguel Consolidated Power Corporation. The change in the corporate name was approved by the SEC on March 9, 2023.*

(g) *Petron is 50.10% indirectly owned by SMC through SRC and 18.16% directly owned by SMC.*

(h) *Consolidated to Petron effective June 30, 2022 (Note 5).*

(i) *Formerly Vertex Tollways Devt. Inc. The change in the corporate name was approved by the SEC on March 2, 2021.*

(j) *Formerly Citra Intercity Tollways, Inc. The change in the corporate name was approved by the SEC on February 23, 2021.*

(k) *Formerly Atlantic Aurum Investments Philippines Corporation. The change in the corporate name was approved by the SEC on April 5, 2021.*

(l) *Formerly Citra Central Expressway Corp. The change in the corporate name was approved by the SEC on March 2, 2021.*

(m) *Formerly Citra Metro Manila Tollways Corporation. The change in the corporate name was approved by the SEC on February 22, 2021.*

(n) *Formerly MTD Manila Expressways Inc. The change in the corporate name was approved by the SEC on May 20, 2021.*

(o) *Formerly South Luzon Tollway Corporation. The change in the corporate name was approved by the SEC on February 22, 2021.*

(p) *Consolidated to SMEII effective December 14, 2022 (Note 5).*

(q) *Formerly Oro Cemento Industries Corporation. The change in the corporate name was approved by the SEC on December 10, 2021.*

(r) *Became a 92.05% owned subsidiary of SMC and deconsolidated from Petron effective February 4, 2021 (Note 5).*

(s) *Held for sale as of December 31, 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 SMC, and its subsidiaries as follows: SMFB, SMYPC, SMYPIL, Petron, SMCTC, TADHC, AMTEX, AAIBV, SMPI, SMCSLC, Petrogen, AIBC and SMCACDC in 2022 and 2021 and Clariden's subsidiaries: PPC and AAMRC in 2022 and 2021 (Note 24).

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statements of income; and (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. Significant Accounting Policies

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, 2022 and accordingly, changed its accounting policies in the following areas:

- Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of an entity's ordinary activities, the amendments require the entity to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of income. This disclosure is not required if such proceeds and cost are presented separately in the statement of income.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract, i.e., it comprises both incremental costs and an allocation of other direct costs.

- Annual Improvements to PFRS 2018-2020. This cycle of improvements contains amendments to four standards, of which the following are applicable to the Group:

  - Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 percent' test for derecognition of financial liabilities, the fees paid net of fees received include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, *Leases*). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  - Taxation in Fair Value Measurements (Amendment to PAS 41, *Agriculture*). The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13, *Fair Value Measurement*.

- Reference to the Conceptual Framework (Amendments to PFRS 3, *Business Combinations*). The amendments:

    - replaced a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without significantly changing its requirements;

    - added a requirement that, for transactions and other events within the scope of PAS 37 or International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

    - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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, 2022 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:

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The amendments apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- 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 amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16). 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.

- 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 reflects the view that an insurance contract combines features of both a financial instrument and a service contract, and considers the fact that many insurance contracts generate cash flows with substantial variability over a long period. PFRS 17 introduces a new approach that: (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract; (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

  Under PFRS 17, groups of insurance contracts are measured based on fulfillment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policyholders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfillment cash flows remeasured at each reporting date to reflect current estimates.

  Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

  PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

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 IASB. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

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.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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.

When the Group 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 Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group 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 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.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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, 2022 and 2021 (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, 2022 and 2021 (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.

<u>Prepaid Expenses and Other Current Assets</u>
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.

<u>Biological Assets and Agricultural Produce</u>
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.

Under the equity method, the investment in shares of stock of an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group’s share in profit or loss of an associate or joint venture is recognized as “Equity in net earnings (losses) of associates and joint ventures” account in the consolidated statements of income. Adjustments to the carrying amount may also be necessary for changes in the Group’s proportionate interest in the associate or joint venture arising from changes in the associate or joint venture’s other comprehensive income. The Group’s share on these changes is recognized as “Share in other comprehensive income (loss) of associates and joint ventures - net” account in the consolidated statements of comprehensive income. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in the shares of stock of an associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in shares of stock of an associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and carrying amount of the investment in shares of stock of an associate or joint venture and then recognizes the loss as part of “Equity in net earnings (losses) of associates and joint ventures” account in the consolidated statements of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in an associate or joint venture upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of income.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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 - 35
Service stations and other equipment	3 - 30
Equipment, furniture and fixtures	2 - 50
Mine and mining properties	55
Leasehold improvements	2 - 50 or term of the lease, whichever is shorter

Effective January 1, 2020, the Group adopted the units of production method (UOP) for the depreciation of refinery and plant equipment and certain power plant assets used in production of fuel, using expected capacity over the estimated useful lives of 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.

Stripping Costs

As part of mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using UOP. The capitalization of development stripping costs ceases when the mine is commissioned and ready for use as intended by management. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping.

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to the ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a 'stripping activity asset', if the following criteria are met:

(a) future economic benefits (improved access to the ore body) are probable;

(b) the component of the ore body for which access will be improved can be accurately identified; and

(c) the costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are recognized in profit or loss as operating costs when incurred.

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.

The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Corona Virus Disease 2019 (COVID-19) pandemic are lease modifications. The practical expedient is applied consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

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 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 UOP 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.

In accordance with PAS 23, *Borrowing Costs,* 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. 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 Manila International Airport 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); and
    - Southern Access Link Expressway (SALEX).

    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 UOP method utilizing only recoverable coal, limestone and shale reserves as the depletion base. In applying the UOP 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 UOP 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 amount of deferred containers is 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 “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 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
Convertible Perpetual Securities (CPS) and Redeemable Perpetual Securities (RPS) 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 CPS and RPS 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 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 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 Sale of Other 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.

<u>Costs and Expenses</u>
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.

<u>Borrowing Costs</u>
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.

<u>Non-cash Distribution to Equity Holders of the Parent Company and Assets Held for Sale</u>

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.

The Group recognizes a liability to make non-cash distributions to equity holders of the Parent Company when the distribution is authorized and no longer at the discretion of the Parent Company. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurements recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets to be distributed is recognized in the consolidated statements of income.

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.

Discontinued Operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as “Income after income tax from discontinued operations” in the consolidated statements of income.

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 CPS and RPS, 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 an 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 whether a Contract Contains a Lease. The Group uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Group 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 - Group as Lessor. The Group has entered into various lease agreements as a lessor. The Group 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 consolidated statements of income amounted to P1,766, P1,496 and P1,382 in 2022, 2021 and 2020, respectively (Notes 32 and 34).

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.

Manila International Airport. 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) Skyway Stage 3; (vi) PAREX; (vii) NALEX; and (viii) SALEX.

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 classified as part of ''Accounts payable and accrued expenses" account in the consolidated statements of financial position as at December 31, 2022 and 2021, respectively (Note 20).

Evaluating Control over its Investees. Determining whether the Group has control in an investee requires significant judgment. 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, 2022 and 2021 and Manila North Harbour Port, Inc. (MNHPI) as at December 31, 2021 as joint ventures (Note 11).

In 2022, SMHC and International Container Terminal Services, Inc. (ICTSI), co-shareholders in MNHPI, have assessed that ICTSI has the control in MNHPI 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. Accordingly, the Group changed its accounting treatment in MNHPI to Investment in Associate (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 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 Group from its trade receivables.

Trade receivables written off amounted to P193 and P186 in 2022 and 2021, respectively. The allowance for impairment losses on trade receivables amounted to P3,976 and P4,121 as at December 31, 2022 and 2021, respectively. The carrying amount of trade receivables amounted to P169,266 and P97,024 as at December 31, 2022 and 2021, 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 2022 and 2021.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2022**	2021
Other Financial Assets at Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	*7, 39*	**P318,469**	P299,706
Other current receivables - net (included under “Trade and other receivables - net” account)	*8*	**69,395**	61,178
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*	**12,134**	577
Noncurrent receivables and deposits - net (included under “Other noncurrent assets - net” account)	*18, 39, 40*	**36,664**	29,273
Restricted cash (included under “Prepaid expenses and other current assets” and “Other noncurrent assets - net” accounts)	*10, 18, 39, 40*	**19,078**	13,001

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, P8,965 and P582, respectively, as at December 31, 2022, and P9,174 and P572, respectively, as at December 31, 2021 (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 P1,743 and P1,707 as at December 31, 2022 and 2021, respectively (Note 9).

The carrying amounts of inventories amounted to P190,204 and P141,214 as at December 31, 2022 and 2021, 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.

Except for refinery and plant equipment and certain power plant assets used in production of fuel, 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.

Starting January 1, 2020, the Group adopted the UOP method of accounting for depreciation of refinery and plant equipment and certain power plant assets used in production of fuel. The UOP method closely reflects the expected pattern of consumption of the future economic benefits embodied in these assets. Depreciation of said assets is computed using the expected consumption over the estimated useful lives of these assets. Previously, depreciation was computed using the straight-line method over the estimated useful lives of the assets.

Property, plant and equipment, net of accumulated depreciation amounted to P750,789 and P610,820 as at December 31, 2022 and 2021, respectively. Accumulated depreciation of property, plant and equipment amounted to P286,469 and P261,798 as at December 31, 2022 and 2021, respectively (Note 13).

Right-of-use assets, net of accumulated depreciation amounted to P133,470 and P185,598 as at December 31, 2022 and 2021, respectively. Accumulated depreciation and of right-of-use assets amounted to P27,125 and P26,450 as at December 31, 2022 and 2021, respectively (Note 14).

Investment property, net of accumulated depreciation amounted to P79,046 and P73,433 as at December 31, 2022 and 2021, respectively. Accumulated depreciation of investment property amounted to P21,952 and P20,098 as at December 31, 2022 and 2021, 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 P18,549 and P19,800 as at December 31, 2022 and 2021, respectively. Accumulated depreciation of deferred containers amounted to P16,691 and P14,714 as at December 31, 2022 and 2021, 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 P261,636 and P203,876 as at December 31, 2022 and 2021, respectively. Accumulated amortization of intangible assets with finite useful lives amounted to P57,303 and P50,134 as at December 31, 2022 and 2021, 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 P230,362 and P180,287 as at December 31, 2022 and 2021, 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 P173,987 and P120,467 as at December 31, 2022 and 2021, respectively (Note 17).

The combined carrying amounts of licenses and trademarks and brand names amounted to P94,019 and P93,960 as at December 31, 2022 and 2021, 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 Group, however, is currently completing the purchase price allocation exercise on the acquisition of ECC in 2022. The identifiable assets and liabilities at fair value are based on provisionary amounts as at the acquisition date, which is allowed under PFRS 3, within 12 months from the acquisition date (Note 5).

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.

Estimates of Mineral Reserves and Resources. Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holders and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans. Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revisions once additional information becomes available.

Pursuant to the Philippine Mineral Reporting Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves which was adopted by the PSE and SEC and Department of Environment and Natural Resources (DENR) Administrative Order No. 2010-09 (Providing for the Classification and Reporting Standards of Exploration Results, Mineral Resources and Ore Reserves), all mineral resource and mineral/ore reserves report shall be prepared and signed by a person accredited by the relevant professional organization as a Competent Person.

Exploration activities are currently ongoing in different projects of Clariden. Exploration drilling planned in PNPI aims to upgrade the mineral resource and reserves previously identified, while in other areas, the objective is to define the quality and quantity of the mineral deposits.

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, 2022 and 2021. 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, 2022 and 2021.

No impairment loss on deferred exploration and evaluation costs was recognized in 2022, 2021 and 2020.

Deferred exploration and development costs included as part of “Other noncurrent assets - net” account in the consolidated statements of financial position amounted to P531 and P1,151 as at December 31, 2022 and 2021, 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 P23,632 and P17,427 as at December 31, 2022 and 2021, 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 and investment property, other intangible assets with finite useful lives and deferred containers amounted to P15,445 and P14,872 at December 31, 2022 and 2021, 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 P1,266,376 and P1,139,471 as at December 31, 2022 and 2021, 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 P77,489 and P98,311 as at December 31, 2022 and 2021, 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 P31,886 and P30,554 as at December 31, 2022 and 2021, 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 3.25% to 12.64% and 1.85% to 12.64% as at December 31, 2022 and 2021, 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 P4,296 and P3,668 as at December 31, 2022 and 2021, 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, 2022 and 2021 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 8% internal borrowing rate in 2022 and 2021, included as part of "Airport concession right" under "Other intangible assets - net" account amounted to P50 and P57 as at December 31, 2022 and 2021, 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" and "Other noncurrent liabilities" accounts amounting to P20 and P74 in 2022 and P16 and P74 in 2021, respectively (Notes 20 and 22).

Present Value of Mine Rehabilitation Obligation (MRO) and Decommissioning. The Group has MRO arising from mining operations of NCC and PNPI. Determining MRO requires estimation of the costs of dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closing plant and waste sites, and restoring, reclaiming and revegetating affected areas. The estimated rehabilitation costs are then discounted using a discount rate that reflects current market assessments and the risks specific to the liability. Discount rates used by the Group ranged from 4.60% to 7.04% as at December 31, 2022 and 7.04% as at December 31, 2021. The ultimate cost of MRO and decommissioning is uncertain, and cost estimates can vary in response to many factors including estimates of the extent and costs of rehabilitation activities, changes in the relevant legal requirements, emergence of new restoration techniques or experience, cost increases as compared to the inflation rates, and changes in discount rates. The expected timing of expenditure can also change in response to changes in quarry reserves or production rates. These uncertainties may result in future actual expenditure different from the amounts currently provided. As a result, there could be significant adjustments in provision for MRO and decommissioning, which would affect future financial results.

Provision for MRO and decommissioning presented as part of "Other noncurrent liabilities" account amounted to P119 and P66 as at December 31, 2022 and 2021, respectively (Note 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 P60,461, P29,769 and P22,747 as at December 31, 2022, 2021 and 2020, 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 5 to 10 years and 5 to 12 years as at December 31, 2022 and 2021, respectively, 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 5.21% to 6.99% and 1.66% to 4.88% as at December 31, 2022 and 2021, 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 P825 and P698 as at December 31, 2022 and 2021, respectively (Note 22).

The current portion included as part of "Accounts payable and accrued expenses" account amounted to P467 and P419 as at December 31, 2022 and 2021, respectively (Note 20).

5. Investments in Subsidiaries

The following are the developments relating to the Parent Company's investments:

Infrastructure

- SMHC

  On November 27, 2020, the BOD and stockholders of SMHC approved the additional increase in its authorized capital stock from P71,500 divided into 71,500,000 common shares to P91,500 divided into 91,500,000 common shares, both with a par value of P1,000.00 per common share. On the same date, SMHC and SMC executed a Subscription Agreement to subscribe to an additional 10,000,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P15,000 or P1,500.00 per common share. SMC paid P6,606 in 2020 as deposit for future stock subscription, while the remaining balance of the subscription price amounting to P8,394 was paid in 2021.

  The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMHC was filed with the SEC on December 18, 2020 and was approved on January 7, 2021.

  On June 30, 2021, SMHC and SMC executed a Subscription Agreement to subscribe to an additional 10,000,000 common shares for a total subscription price of P15,000 or P1,500.00 per common share, which was fully paid in 2021.

  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 SMC 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. SMC paid P3,239 and P3,823 in 2022 and 2021, respectively.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock was filed with the SEC on March 9, 2022 and was approved on April 26, 2022.

- SMAI

  On December 27, 2021, SMAI and SMC 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 shares to P45,000 divided into 45,000,000,000 shares, both with a par value of P1.00 per common share. On the same date, SMAI and SMC 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.

  On February 23, 2022, SMAI and SMC 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 subscription 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 SMC 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.

  In 2022, SMC paid P12,800 as deposit for future stock subscription intended for investment in new class of shares to be issued by SMAI.

  As at December 31, 2021, SMC has 25.81% direct ownership interest in SMAI, in addition to the 74.19% indirect ownership interest through SMHC. As a result of the foregoing additional investments during the year, SMC increased its direct ownership in SMAI to 66.46%, with indirect ownership interest through SMHC of 33.54%.

- Argonbay Construction Company, Inc. (ACCI)

  On November 7, 2022, the BOD and Stockholders of ACCI approved: (i) the increase of its authorized capital stock from P150 divided into 1,500,000 common shares with a par value of P100.00 per share to P16,150 divided into 1,500,000 common shares with a par value of P100.00 per share and 160,000,000 Series “1” preferred shares with a par value of P100.00 per share, and (ii) the subscription by SMC to 137,000,000 Series “1” preferred shares at a subscription price P100.00 per Series “1” preferred share, or a total subscription amount of P13,700. The said increase and creation of Series “1” preferred shares is subject to approval by the SEC. In 2022, SMC paid P3,634 as deposit for future stock subscription to the Series “1” preferred shares of ACCI.

ACCI's primary purpose is to engage in general construction and other allied businesses including constructing, enlarging, repairing, removing, developing, reclaiming, or otherwise engaging in any work upon buildings, roads, highways, etc. and to make, execute, bid for, and take or receive any contracts or assignments of contracts or in relation to manufacture and furnish building materials and supplies connected therewith.

Fuel and Oil

- Acquisition of Mema

On February 16, 2022, SMC 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 were 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 it is expected that the full amount will be collected. As at December 31, 2022, receivables amounting to P2,000 was already collected.

Accounts payable and accrued expenses amounting to P5,165 was already paid as at December 31, 2022 from existing cash and the receivables collected.

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 nil and P26 to the Group's revenue and net income from the acquisition date to December 31, 2022, respectively. Had the acquisition occurred on January 1, 2022, the Group's revenue and net income in 2022 would have been P1,506,522 and P23,860, 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.

Energy

- Acquisition of Multi-Ventures Investment Holdings, Inc. (MVHI) and Bluelight Industrial Estate, Inc. (Bluelight)

  On August 25, 2022, SMC 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" accounts in the 2022 consolidated statement of financial position (Notes 8 and 18).

  SEDI owns real properties, including land with a 15 MW heavy fuel oil power plant facility located in Tagum City, Davao del Norte.

  The Group recognized a gain on the sale amounting to P555, presented as part of "Gain (loss) 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. The amount of consideration, which will be paid to SPI on or before September 30, 2023, is presented as part of non-trade receivables under "Trade and other receivables - net" account in the 2022 consolidated statement of financial position (Note 8).

  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 2022 consolidated statement of financial position (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 (loss) on sale of investments and property and equipment'' account in the 2022 consolidated statement of income.

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 2020, SMPI and SMC executed Subscription Agreements to subscribe to a total of 241,393,750 common shares of SMPI for a total subscription price of P4,828 or P20.00 per common share. SMC paid P4,092 in 2020, while the remaining balance of the subscription price amounting to P736 was paid in 2021.

On various dates in 2021, SMPI and SMC 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. SMC paid P3,018 in 2021.

On various dates in 2022, SMPI and SMC 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.

b) Acquisition of Subsidiaries

On February 2, 2021, SMC 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" 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 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 share. The related advances for investments amounting to P150, which was paid in 2021, were reclassified from "Investments and advances" to investment in shares of stock of subsidiaries as part of the consideration transferred (Note 11). In 2022, SMPI fully paid the remaining balance of P750.

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, SMPI paid P210. 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 2022 consolidated statement of financial position (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 February 3, 2021, DHDC and SMC executed a Subscription Agreement to subscribe to a total of 30,000,000 common shares of DHDC for a total subscription price of P60 or P2.00 per common share, which was fully paid in 2021.

On June 1, 2021, the BOD and stockholders of DHDC approved the additional increase in its authorized capital stock from P2,100 divided into 2,100,000,000 common shares to P2,400 divided into 2,400,000,000 common shares, both with a par value of P1.00 per common share. On the same date, SMC in a Subscription Agreement, subscribed to 75,000,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P150 or P2.00 per common 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 DHDC was filed with the SEC on September 10, 2021 and was approved on September 14, 2021.

On December 15, 2021, DHDC and SMC executed a Subscription Agreement to subscribe to an additional 7,750,000 common shares of DHDC for a subscription price of P15 or P2.00 per share, which was fully paid in 2021.

On various dates in 2022, DHDC and SMC 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 share, which was fully paid in 2022.

Cement

- 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 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 common shares of ECC were tendered (Tendered Shares) for a total consideration of P12,613 or P22.02 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 at December 31, 2022, SMEII beneficially owns 4,997,903,678 common shares representing 99.96% of the total outstanding common shares of ECC.

  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*	**8,613**
Investment and advances		**105**
Property, plant and equipment - net	*13*	**33,502**
Right-of-use assets - net	*14*	**26**
Other intangible assets - net	*17*	**8,305**
Deferred tax assets	*23*	**102**
Other noncurrent assets - net		**966**
Liabilities		
Accounts payable and accrued expenses		**(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		**P55,804**

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).

Provisional goodwill was recognized as a result of the acquisition as follows:

	Note	2022
Total consideration transferred (cash)	*11*	**P110,054**
Non-controlling interest measured at proportionate interest in identifiable net assets		**23**
Total identifiable net assets at fair value		**(55,804)**
Provisional goodwill	*17, 38*	**P54,273**

SMEII incurred acquisition-related costs of P80 for the year ended December 31, 2022, which were included in the “Selling and administrative expenses” account in the consolidated statements 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.

SMEII is currently completing the purchase price allocation exercise on the acquisition. The identifiable assets and liabilities are based on provisionary amounts as at the acquisition date, which is allowed under PFRS 3 within 12 months from the acquisition date.

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, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2022. The amount of revenue and profit or loss of ECC since the acquisition date included in the 2022 consolidated statements of comprehensive income amounted to nil.

- 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 will be transferred to and absorbed by NCC.

On the same date, the SEC approved the increase in the authorized capital stock of NCC which was filed on April 27, 2021.

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 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.

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

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.

- SMEII

On various dates in 2021, SMEII and SMC executed Subscription Agreements to subscribe to a total of 1,956,500,000 common shares of SMEII for a total subscription price of P2,935 or P1.50 per share, which was fully paid in 2021.

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 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 SMC executed a Subscription Agreement whereby SMC 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 SMC, 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 SMC executed another Subscription Agreement whereby SMC 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.

Food and Beverage

- SMBB

On March 10, 2020, SMBIL and San Miguel (China) Investment Company, Limited, the shareholders of SMBB, passed a resolution approving the dissolution and liquidation of SMBB. SMBB is in the process of liquidation as at December 31, 2022.

- GSMI

On December 1, 2020, the BOD of GSMI approved the redemption of the 32,786,885 outstanding preferred shares, all of which are held by SMC equivalent to 10.27% equity interest in GSMI. The holders of preferred shares are entitled to vote in the same manner as the holders of common shares. On January 4, 2021, GSMI paid the redemption price of P1,000 or P30.50 per share and all accumulated unpaid cash dividends. Consequently, the effective ownership of SMC in GSMI was reduced from 70.62% to 67.26% with indirect ownership interest through SMFB.

- PTSMFI

On November 10, 2021, the BOD of SMFB approved the closure of the operations of PTSMFI effective October 31, 2021. SMFB made cash advances to PTSMFI amounting to US$3 (P167), representing its proportionate share to the total cash advances necessary to settle PTSMFI's outstanding obligations. PTSMFI was in the process of liquidation as at December 31, 2022.

Others

- Sale of SMC Common Shares

On various dates in 2022, the Parent Company sold, through the PSE 100,432,000 common shares of stock of SMC equivalent to 4.21% equity interest, for a total consideration of P9,933, net of related costs amounting to P16.

As a result, the total number of common shares of SMC held by the Parent Company was reduced to 1,472,668,340, equivalent to 61.78% equity interest as at December 31, 2022. SMC remains compliant with the 20% minimum public float requirement of the PSE.

The Group's non-controlling interests increased by P10,203, equivalent to the carrying amount of the share in the net assets sold. The difference between the carrying amount of the share in the net assets sold and the consideration received was recognized as other equity reserve.

- SMCEC

On June 29, 2021, the BOD and stockholders of SMCEC approved the increase in its authorized capital stock from P1,100 divided into 1,100,000,000 common shares to P3,520 divided into 3,520,000,000 common shares, both with a par value of P1.00 per common share. On July 9, 2021, SMC in a Subscription Agreement, subscribed to 605,000,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P1,210 or P2.00 per common share. The subscription price was paid in 2021.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMCEC was filed with the SEC on July 30, 2021 and was approved on August 3, 2021.

On August 5, 2021, SMCEC and SMC executed a Subscription Agreement to subscribe to an additional 350,000,000 common shares of SMCEC for a total subscription price of P700 or P2.00 per share, which was fully paid in 2021. On the same date, SMCEC and SMC executed a Subscription Agreement to subscribe to an additional 1,815,000,000 common shares out of the increase in authorized capital stock of SMCEC for a total subscription price of P3,630 or P2.00 per common share, which was fully paid in 2021.

On October 19, 2021, the BOD and stockholders of SMCEC approved the additional increase in its authorized capital stock from P3,520 divided into 3,520,000,000 common shares to P3,875 divided into 3,875,000,000 common shares, both with a par value of P1.00 per common share. On October 20, 2021, SMC in a Subscription Agreement, subscribed to 177,500,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P355 or P2.00 per common share. The subscription price was paid in 2021.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMCEC was filed with and approved by the SEC on December 31, 2021.

- Petrogen

On December 3, 2020, the BOD and stockholders of Petrogen approved the increase in its authorized capital stock from P750 divided into 750,000 common shares to P2,250 divided into 2,250,000 common shares, both with a par value of P1,000.00 per common share. On January 5, 2021, SMC in a Subscription Agreement, subscribed to 1,494,973 common shares out of the increase in authorized capital stock for a total subscription price of P3,000 or P2,006.73 per common 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 Petrogen was filed with the SEC on January 27, 2021 and was approved on February 4, 2021.

As a result, Petrogen became 74.94% directly owned by SMC effective February 4, 2021.

As at December 31, 2022 and 2021, SMC's effective equity interest in Petrogen is 92.05%, including the 17.11% indirect equity interest through Petron.

- SMCACDC

  On December 18, 2020, the BOD of SMCACDC approved the redemption of the 730,000 preferred shares held by SMC, which was issued in 2019. On March 19, 2021, SMCACDC paid the redemption price of P730 or P1,000.00 per share.

  On March 3, 2022, the BOD of SMCACDC approved the redemption of the 800,000 preferred shares held by SMC, which were issued in 2019. On July 15, 2022, SMCACDC paid the redemption price of P800 or P1,000.00 per share.

  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 to increase its authorized capital stock from US$0.12 to US$66 divided into 120,000 common shares with par value of US$1.00 per share and creation of 6,600,000 preferred shares with par value of US$10.00 per share. On the same date, SMC 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 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 preference 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 September 16, 2020, SMHL issued to SMC an additional 2,500,000 preferred shares from the unissued capital stock of SMHL, for a total subscription price of US$25 (P1,215) or US$10.00 per preferred share. As at December 31, 2020, SMC paid a total of US$23 (P1,153). The balance amounting to US$2 (P62) was subsequently paid on March 29, 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 SMHL available for distribution, a non-cumulative preference dividend at the rate of 4% per annum on the par value of the preference 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.

On December 12, 2022, the BOD of SMHL approved the redemption of the 30,300,000 preferred shares held by SMC. On December 19, 2022, SMHL paid the redemption price of US$303 (P16,789) or US$10.00 per share, corresponding to the par value of such preferred 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 mining.

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 mining segment is engaged in exploration, development and commercial utilization of nickel, cobalt, chrome, iron, gold and other mineral deposits.

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, Mining and Others			Eliminations			Consolidated		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Sales																								
External sales	**P358,587**	P309,576	P279,122	**P26,794**	P24,033	P22,832	**P212,843**	P129,420	P111,798	**P841,674**	P430,657	P281,659	**P29,003**	P19,688	P14,564	**P37,621**	P27,799	P15,801	**P -**	P -	P -	**P1,506,522**	P941,173	P725,776
Inter-segment sales	**266**	202	168	**10,245**	9,670	8,672	**8,546**	4,290	3,231	**15,964**	7,400	4,374	**5**	2	1	**35,778**	31,498	22,010	**(70,804)**	(53,062)	(38,456)	**-**	-	-
Total sales	**P358,853**	P309,778	P279,290	**P37,039**	P33,703	P31,504	**P221,389**	P133,710	P115,029	**P857,638**	P438,057	P286,033	**P29,008**	P19,690	P14,565	**P73,399**	P59,297	P37,811	**(P70,804)**	(P53,062)	(P38,456)	**P1,506,522**	P941,173	P725,776
Result																								
Segment result	**P48,397**	P43,381	P33,098	**P1,647**	P1,161	P960	**P16,534**	P35,888	P38,759	**P45,703**	P26,896	(P4,705)	**P14,140**	P6,684	P2,467	**P5,595**	P3,780	P1,763	**P884**	P2,608	P115	**P132,900**	P120,398	P72,457
Interest expense and other financing charges																						**(61,887)**	(48,597)	(50,694)
Interest income																						**7,152**	3,593	6,187
Equity in net earnings of associates and joint ventures																						**1,202**	1,056	424
Gain (loss) on sale of investments and property and equipment																						**733**	167	(491)
Other income (charges) - net																						**(43,018)**	(14,668)	11,572
Income tax expense																						**(13,218)**	(17,886)	(15,833)
Net Income																						**P23,864**	P44,063	P23,622
Attributable to:																								
Equity holders of the Parent Company																						**(P14,679)**	P166	(P233)
Non-controlling interests																						**38,543**	43,897	23,855
Net Income																						**P23,864**	P44,063	P23,622

Forward

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement, Real Estate, Mining and Others			Eliminations			Consolidated		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Other Information																								
Segment assets	**P292,796**	P263,765	P241,980	**P55,980**	P67,646	P69,363	**P658,647**	P575,721	P551,480	**P451,765**	P399,288	P342,506	**P356,711**	P280,944	P241,186	**P746,065**	P585,679	P573,430	**(P358,331)**	(P299,310)	(P283,587)	**P2,203,633**	P1,873,733	P1,736,358
Investments in and advances to associates and joint ventures	**-**	-	4	**-**	-	-	**7,855**	10,837	9,956	**11**	9	6	**5,229**	5,330	4,465	**19,678**	39,073	36,307	**(188)**	(193)	(209)	**32,585**	55,056	50,529
Goodwill and trademarks and brand names																						**264,219**	210,755	211,176
Other assets																						**19,554**	6,459	6,219
Deferred tax assets																						**23,632**	17,427	21,262
Consolidated Total Assets																						**P2,543,623**	P2,163,430	P2,025,544
Segment liabilities	**P69,749**	P62,807	P55,255	**P9,802**	P10,265	P10,213	**P73,768**	P52,019	P35,245	**P72,756**	P58,909	P42,110	**P66,382**	P47,960	P45,696	**P162,440**	P123,678	P112,338	**(P193,573)**	(P117,427)	(P99,620)	**P261,324**	P238,211	P201,237
Loans payable																						**271,052**	199,690	149,475
Long-term debt																						**1,088,248**	814,048	766,762
Lease liabilities																						**77,489**	98,311	122,187
Income and other taxes payable																						**38,633**	23,135	21,031
Dividends payable and others																						**8,592**	7,163	6,992
Deferred tax liabilities																						**69,978**	71,797	70,740
Consolidated Total Liabilities																						**P1,815,316**	P1,452,355	P1,338,424
Capital expenditures (Note 13)	**P11,873**	P10,802	P13,888	**P1,276**	P2,605	P3,149	**P44,580**	P39,597	P23,931	**P5,397**	P9,158	P8,167	**P1,191**	P906	P452	**P11,881**	P11,353	P11,042	**P -**	P -	P -	**P76,198**	P74,421	P60,629
Depreciation of property, plant and equipment (Notes 13 and 28)	**5,558**	5,326	4,656	**2,108**	2,087	2,165	**7,339**	5,960	5,215	**8,973**	7,078	6,556	**363**	369	377	**3,279**	3,523	3,185	**-**	-	-	**27,620**	24,343	22,154
Noncash items other than depreciation of property, plant and equipment	**8,524**	6,638	6,324	**577**	590	347	**15,009**	6,708	3,129	**6,360**	3,912	(889)	**5,315**	5,217	5,453	**14,740**	1,427	(6,297)	**-**	-	-	**50,525**	24,492	8,067
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	(3)	**910**	-	(99)	**12**	12	(103)	**(1)**	1	-	**(1)**	-	-	**222**	(19)	13	**-**	-	-	**1,111**	449	(192)

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, Mining and Others			Consolidated		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Timing of Revenue Recognition																					
Sales recognized at point in time	**P358,573**	P309,565	P279,110	**P25,894**	P23,408	P21,897	**P -**	P -	P -	**P841,674**	P430,657	P281,659	**P -**	P -	P -	**P33,806**	P24,832	P13,361	**P1,259,947**	P788,462	P596,027
Sales recognized over time	**14**	11	12	**900**	625	935	**212,843**	129,420	111,798	**-**	-	-	**29,003**	19,688	14,564	**3,815**	2,967	2,440	**246,575**	152,711	129,749
Total External Sales	**P358,587**	P309,576	P279,122	**P26,794**	P24,033	P22,832	**P212,843**	P129,420	P111,798	**P841,674**	P430,657	P281,659	**P29,003**	P19,688	P14,564	**P37,621**	P27,799	P15,801	**P1,506,522**	P941,173	P725,776

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	2022	2021
Cash in banks and on hand		**P79,727**	P70,206
Short-term investments		**241,133**	230,747
	4, 39, 40	**P320,860**	P300,953

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:

	Note	2022	2021
Trade		**P172,414**	P99,096
Non-trade	*5, 34*	**69,679**	60,462
Amounts owed by related parties	*33, 35*	**9,509**	11,939
		251,602	171,497
Less allowance for impairment losses	*4, 5*	**12,941**	13,295
	4, 39, 40	**P238,661**	P158,202

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 (P3,345) 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.

As at December 31, 2022, SPI has collected and recognized a receivable from TPEC amounting to P574 and P2,055, respectively, in accordance with the Settlement Agreement. In addition, SPI recognized cost of its full dispatch rights on the capacity of the Sual Power Plant amounting to P1,629 as "Other intangible assets - net" account (Note 17). The noncurrent portion of the receivable amounting to P1,576 is included under "Other noncurrent assets - net" account in the 2022 consolidated statement of financial position (Note 18).

c. Receivables recognized by APEC from ALECO following the termination of the concession agreement on November 21, 2022 amounted to P1,641 (Note 34).

Amounts owed by related parties include trade receivables amounting to P828 and P2,049 as at December 31, 2022 and 2021, respectively.

The movements in the allowance for impairment losses are as follows:

	Note	**2022**	2021
Balance at beginning of year		**P13,295**	P13,768
Reversal of allowance for impairment losses - net	*27, 32*	**(6)**	(225)
Amounts written off	*4*	**(366)**	(281)
Translation adjustments and others		**18**	33
Balance at end of year		**P12,941**	P13,295

9. Inventories

Inventories consist of:

	Note	**2022**	2021
At net realizable value:			
Finished goods and goods in process (including petroleum products)		**P108,593**	P84,095
Materials and supplies (including coal)		**75,654**	52,592
At cost:			
Raw land inventory and real estate projects		**5,957**	4,527
	4	**P190,204**	P141,214

The cost of finished goods and goods in process amounted to P109,126 and P84,516 as at December 31, 2022 and 2021, 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 P1,487 and P994 as at December 31, 2022 and 2021, respectively.

The cost of materials and supplies amounted to P76,864 and P53,878 as at December 31, 2022 and 2021, respectively.

Inventories (including distribution or transshipment costs) charged to cost of sales amounted to P995,331, P514,633 and P367,117 in 2022, 2021 and 2020, respectively (Note 26).

The movements in allowance for write-down of inventories to net realizable value and inventory obsolescence at the beginning and end of 2022 and 2021 follow:

	Note	**2022**	2021
Balance at beginning of year		**P1,707**	P1,826
Provisions - net	*26, 27*	**277**	227
Write-off and others		**(241)**	(346)
Balance at end of year		**P1,743**	P1,707

Provisions for inventory losses amounted to P330 and P277 in 2022 and 2021, respectively. Reversals of provision for inventory losses pertain to inventories sold amounting to P53 and P50 in 2022 and 2021, 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 P127 and P112 as at December 31, 2022 and 2021, respectively, with corresponding costs at point of harvest amounting to P110 and P86, respectively. Net unrealized gain on fair valuation of agricultural produce amounted to P17, P26 and P70 in 2022, 2021 and 2020, respectively (Note 16).

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, 2022 and 2021, based on management's assessment.

The fair value of raw land inventory amounted to P24,952 and P11,613 as at December 31, 2022 and 2021, 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:

	Note	2022	2021
Prepaid taxes and licenses	*23*	**P100,636**	P87,595
Restricted cash - current	*4, 18, 39, 40*	**17,411**	10,872
Assets held for sale		**3,165**	-
Advances to contractors and suppliers		**2,931**	2,619
Derivative assets	*3, 39, 40*	**2,486**	870
Financial assets at FVPL	*5, 33, 39, 40*	**1,349**	298
PSALM monthly fee outage credits		**850**	1,397
Prepaid insurance		**657**	940
Financial assets at amortized cost - current portion	*4, 12, 39, 40*	**531**	547
Prepaid rent		**280**	290
Catalyst		**197**	178
Financial assets at FVOCI - current portion	*4, 12, 39, 40*	**1**	46
Others	*34*	**3,835**	3,289
		P134,329	P108,941

Restricted cash - current represents: (i) cash in banks maintained by SMC NAIAX, SMCTC, SIDC, MMSS3, SMC Tollways and LCWDC 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 and MPPCL, (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. KB Space Holdings, Inc. (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). KSHI is a wholly-owned subsidiary of ECC which owns several properties within a prime commercial area in Wack-Wack, Mandaluyong.

   As at March 9, 2023, the sale transaction has not yet been executed. Based on management's assessment, the negotiated price of the transaction is higher than the carrying value of KSHI.

b. La Pacita Biscuit Assets

On October 17, 2021, in an effort to streamline its businesses, Magnolia ceased the operation of La Pacita biscuit which was acquired in February 2015 and accounted for as an asset acquisition. Accordingly, SMFB assessed the recoverable value of the trademarks, formulations, recipes and other intangible properties relating to La Pacita biscuit and flour-based snack business. It was determined that the carrying amount of the asset was higher than the recoverable amount. Impairment loss was recognized amounting to P386 to reduce the carrying amount of trademark to recoverable amount (Notes 17 and 32).

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. On February 2, 2023, the BOD of SMFB approved the sale of La Pacita trademarks, together with its product formulations and process specifications. Accordingly, the related trademark amounting to P60 and property and equipment amounting to P112 were presented as held for sale (Notes 13 and 17).

c. AAMRC

In 2022, Clariden entered into an agreement with a third party for the sale of 1,140,000 common shares of AAMRC representing 60% of the issued and outstanding common stock of AAMRC. On April 22 and December 16, 2022, Clariden received guarantee deposits amounting to P6 and US$3 (P178), respectively, presented as part of Nontrade payables under "Accounts payable and accrued expenses” account in the 2022 consolidated statement of financial position (Note 20). As at December 31, 2022, AAMRC's asset balances amounting to P325 are presented as assets held for sale.

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 2022 and 2021.

Financial assets at FVPL include investment in debt securities under investment agreement with Bank of Commerce (BOC) amounting to P50 as at December 31, 2022 (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:

	Note	**2022**	2021
Investments in Shares of Stock of Associates and Joint Ventures - at Equity			
Acquisition Cost			
Balance at beginning of year		**P20,572**	P20,215
Additions		**503**	357
Balance at end of year		**21,075**	20,572
Accumulated Equity in Net Earnings			
Balance at beginning of year		**1,910**	844
Equity in net earnings		**1,202**	1,056
Share in other comprehensive income (loss)		**(162)**	10
Dividends		**(1,100)**	-
Balance at end of year		**1,850**	1,910
		22,925	22,482
Advances for Investments	*5*	**9,660**	32,574
	4	**P32,585**	P55,056

<u>Investments in Shares of Stock of Associates</u>

a. BOC

- Acquisition of Additional Common Shares

  On October 20, 2021, SMC through SMCEC acquired 1,571,600 common shares of BOC at P226.48 per share or P357, 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 BOC on October 4 and November 2, 2021, respectively, for the change in the par value of BOC's common and preferred shares from P100.00 per share to P10.00 per share, which was approved by the BOD and stockholders of BOC on May 25 and July 8, 2021, respectively. As a result, SMPI and SMCEC's investment in BOC'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 BOC'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 2022 consolidated statement of financial position (Notes 12 and 35).

  As at December 31, 2021, SMC through SMPI and SMCEC, respectively, had 39.93% and 6.09% equity ownership interest in BOC.

- 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 BOC 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 BOC 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 BOC 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 BOC, which includes the 280,602,800 common shares subject of the initial public offering. On March 31, 2022, BOC listed its common shares with the PSE.

  After completion of initial public offering and as at December 31, 2022, the Group through SMPI and SMCEC has 31.94% and 4.87% equity interest in BOC, respectively.

  As at December 31, 2022, the fair value of investment in common shares of stock of BOC amounted to P4,029.

b. MNHPI

SMC through SMHC owns 50% of the outstanding capital stock of MNHPI as at December 31, 2022 and 2021. MNHPI is the terminal operator of Manila North Harbor, a 63.5-hectare port facility situated in Tondo, City of Manila. The port has a total quay 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 (Note 4).

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 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, 2022 and 2021, the remaining balance of the shareholder advances amounted to US$2 (P127 and P116, respectively) and the due date was extended to December 31, 2023. Interest income earned from the advances amounted to P6 and P5 in 2022 and 2021, respectively (Notes 31 and 33).

In June and October 2021, PVEI granted shareholder advances to Angat Hydro amounting to P600 and P408, respectively. The advances bear interest rates of 4.6% and 6.125%, respectively, and are due on January 5, 2032. As at December 31, 2022 and 2021, the outstanding balance of the advances amounted to a total of P1,008. Interest income earned from the advances amounted to P53 and P19 in 2022 and 2021, respectively (Notes 31 and 33).

Advances for Investments

a. SMPI made advances to future investees amounting to P640 and P1,034 as at December 31, 2022 and 2021, respectively. These advances will be applied against future subscriptions of SMPI to the shares of stock of the future investee companies.

   In 2021, advances for investments amounting to P2,975 were reclassified to investment in shares of stock of subsidiaries as part of the consideration transferred for the acquisition of various entities (Notes 5 and 15).

   In 2022, advances for investments amounting to P150 were reclassified to investment in shares of stock of subsidiaries for the additional shares purchased from non-controlling shareholders of various entities (Note 5).

   Impairment loss recognized on the advances for investments amounted to P241 in 2022 (Note 32). No impairment loss was recognized in 2021 and 2020.

b. San Miguel Global Power and SPI made deposits to certain landholding companies amounting to P2,502 and P5,587 as at December 31, 2022 and 2021, respectively. These deposits will be applied against future stock subscriptions.

   In 2022, San Miguel Global Power bought ownership interests in certain landholding companies. As a result, these landholding companies were consolidated and deposits amounting to P2,987 were eliminated (Note 5).

c. On June 29, 2016, SMHL entered into an Investment Agreement (the Agreement) with Bryce Canyon Investments Limited (BCIL), for the sale and purchase of assets, as defined in the Agreement, upon the satisfaction of certain conditions set out in the Agreement.

   As at December 31, 2021, the outstanding balance of advances for investment amounted to US$409.

   On December 16, 2022, the Agreement was terminated as agreed by both parties, and accordingly, BCIL paid the outstanding balance of advances for investment amounting to US$409.

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, 2022					December 31, 2021				
	Angat Hydro and KWPP	**BOC**	**MNHPI**	**Others**	**Total**	Angat Hydro and KWPP	BOC	MNHPI	Others	Total
Country of incorporation	**Philippines**	**Philippines**	**Philippines**			Philippines	Philippines	Philippines		
Percentage of ownership	**60.00%**	**36.81%**	**50.00%**			60.00%	46.02%	50.00%		
Share in net income (loss)	**(P414)**	**P661**	**P951**	**P4**	**P1,202**	(P134)	P582	P550	P58	P1,056
Share in other comprehensive income (loss)	**-**	**(172)**	**9**	**1**	**(162)**	-	-	14	(4)	10
Share in total comprehensive income (loss)	**(P414)**	**P489**	**P960**	**P5**	**P1,040**	(P134)	P582	P564	P54	P1,066
Dividends received	**P -**	**P -**	**P1,100**	**P -**	**P1,100**	P -	P -	P -	P -	P -
Carrying amounts of investments in shares of stock of associates and joint ventures	**P4,606**	**P12,358**	**P4,714**	**P1,247**	**P22,925**	P5,020	P11,869	P4,854	P739	P22,482

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, 2022				December 31, 2021			
	Angat Hydro and KWPP	**BOC**	**MNHPI**	**Others**	Angat Hydro and KWPP	BOC	MNHPI	Others
Current assets	**P1,985**	**P96,658**	**P1,236**	**P5,578**	P2,513	P100,520	P1,901	P5,281
Noncurrent assets	**16,794**	**120,859**	**9,497**	**2,924**	17,180	99,193	9,999	2,640
Current liabilities	**(1,428)**	**(181,197)**	**(920)**	**(4,715)**	(1,025)	(169,937)	(2,580)	(4,250)
Noncurrent liabilities	**(11,848)**	**(8,289)**	**(2,610)**	**(470)**	(12,483)	(6,413)	(2,679)	(514)
Net assets	**P5,503**	**P28,031**	**P7,203**	**P3,317**	P6,185	P23,363	P6,641	P3,157
Sales	**P1,572**	**P7,966**	**P5,185**	**P3,948**	P1,927	P6,095	P4,341	P4,049
Net income (loss)	**(P677)**	**P1,800**	**P1,742**	**(P401)**	(P237)	P1,207	P1,283	(P33)
Other comprehensive income (loss)	**(5)**	**(391)**	**20**	**3**	-	(11)	28	31
Total comprehensive income (loss)	**(P682)**	**P1,409**	**P1,762**	**(P398)**	(P237)	P1,196	P1,311	(P2)

12. Investments in Equity and Debt Instruments

Investments in equity and debt instruments consist of:

	Note	2022	2021
Government and other debt securities		**P12,874**	P623
Equity securities		**5,741**	5,740
Proprietary membership shares and others		**595**	459
	4, 39, 40	**19,210**	6,822
Less current portion	*10*	**532**	593
		P18,678	P6,229

Government and Other Debt Securities
Government and other debt securities include:

a. Petrogen's government securities 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 P634 and P577 as at December 31, 2022 and 2021, respectively. These investments bear fixed annual interest rates ranging from 1.37% to 5.015% in 2022 and 1.23% to 7.02% in 2021 (Note 31).

b. Investment in debt securities under investment agreement with BOC entered in December 2022 by SMB, GSMI and Petrogen amounting to a total of P12,200, which bear an annual average interest rate of 6.9% and maturities up to seven years (Note 33).

Equity Securities
Equity securities include:

a. On December 28, 2021, SMC's investment in redeemable preferred shares of stock of Carmen Red Ltd. (CRL) was redeemed by CRL at the redemption price of US$123 (P6,181). SMC also received dividends of US$32 (P1,594) presented as part of "Dividend income" under "Other income (charges) - net" account in the 2021 consolidated statement of income (Note 32).

b. SMC through SMCEC's investment in 41,666,667 Series 1 Preferred Shares of BOC at P132.00 per share or P5,500 on August 5, 2021.

   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 BOC and subject to the other terms and conditions as may be fixed by the BOD of BOC, 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 BOC for the change in the par value from P100.00 per share to P10.00 per share.

The movements in investments in equity and debt instruments are as follows:

	Note	2022	2021
Balance at beginning of year		**P6,822**	P6,170
Additions		**12,937**	6,101
Fair value gain		**173**	45
Amortization of premium		**4**	1
Redemption/disposals		**(30)**	(5,467)
Currency translation adjustments and others		**(696)**	(28)
Balance at end of year	*4, 10, 39, 40*	**P19,210**	P6,822

The investments in equity and debt instruments are classified as follows:

	Note	2022	2021
Noncurrent			
Financial assets at FVOCI		**P7,075**	P6,199
Financial assets at amortized cost		**11,603**	30
		18,678	6,229
Current			
Financial assets at FVOCI	*10*	**1**	46
Financial assets at amortized cost	*10*	**531**	547
		532	593
		P19,210	P6,822

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	Mine and Mining Property	Capital Projects in Progress	Total
Cost											
January 1, 2021		73,165	66,167	146,691	175,955	19,787	198,679	7,715	5,670	99,652	793,481
Additions		1,524	173	527	1,903	149	3,858	180	-	66,107	74,421
Acquisition of subsidiaries	*5*	867	120	-	-	-	43	-	-	-	1,030
Disposals/retirement		(8)	(262)	-	(5)	(24)	(2,823)	(110)	-	(15)	(3,247)
Reclassifications and others	*15*	(2,455)	2,564	2,620	9,923	(65)	6,523	917	-	(21,211)	(1,184)
Currency translation adjustments		32	758	4,287	754	246	2,109	**6**	-	(75)	8,117
December 31, 2021		73,125	69,520	154,125	188,530	20,093	208,389	8,708	5,670	144,458	872,618
Additions	*14*	950	1,036	48,967	2,119	265	3,642	224	369	67,078	124,650
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*	(3,615)	7,837	932	2,971	319	12,093	1,161	(416)	(18,100)	3,182
Currency translation adjustments		129	403	-	822	330	1,460	10	-	58	3,212
December 31, 2022		**82,259**	**85,281**	**203,559**	**194,442**	**20,483**	**241,483**	**10,099**	**5,623**	**194,030**	**1,037,259**
Accumulated Depreciation											
January 1, 2021		4,139	23,076	16,289	60,605	13,691	112,453	**2,100**	4,964	-	237,317
Depreciation	*6, 28*	465	2,285	6,265	3,665	941	10,289	424	9	-	24,343
Acquisition of subsidiaries	*5*	88	119	-	-	-	42	-	-	-	249
Disposals/retirement		(2)	(222)	-	(1)	(15)	(1,781)	(104)	-	-	(2,125)
Reclassifications		(83)	(131)	-	-	2	(997)	53	-	-	(1,156)
Currency translation adjustments		3	244	1,562	245	134	976	6	-	-	3,170
December 31, 2021		4,610	25,371	24,116	64,514	14,753	120,982	2,479	4,973	-	261,798
Depreciation	*6, 28*	484	2,331	7,575	5,543	1,108	10,135	432	12	-	27,620
Disposals/retirement		(13)	(70)	(133)	-	(518)	(1,437)	(2)	-	-	(2,173)
Reclassifications	*10*	(3)	(302)	-	-	-	(2,096)	37	(57)	-	(2,421)
Currency translation adjustments		2	207	-	346	209	878	3	-	-	1,645
December 31, 2022		**5,080**	**27,537**	**31,558**	**70,403**	**15,552**	**128,462**	**2,949**	**4,928**	**-**	**286,469**
Accumulated Impairment Losses											
January 1, 2021		-	2,741	-	-	-	9,453	26	573	-	12,793
Impairment	*32*	38	2	-	-	1	45	-	-	-	86
Disposals/retirement		-	-	-	-	-	(24)	(1)	-	-	(25)
Currency translation adjustments		-	264	-	-	-	747	-	-	-	1,011
December 31, 2021		38	3,007	-	-	1	10,221	25	573	-	13,865
Impairment	*32*	-		-	-	-	105	-	-	-	105
Disposals/retirement		-	(4)	-	-	-	(4)	-	-	-	(8)
Reclassifications		(38)	(1)	-	-	(1)	-	-	-	-	(40)
Currency translation adjustments		-	27	-	-	-	271	-	-	-	298
December 31, 2022		-	**3,029**	-	-	-	**10,593**	**25**	**573**	-	**14,220**
Carrying Amount											
December 31, 2021		P68,477	P41,142	P130,009	P124,016	P5,339	P77,186	P6,204	P124	P144,458	P596,955
December 31, 2022		**P77,179**	**P54,715**	**P172,001**	**P124,039**	**P4,931**	**P102,428**	**P7,125**	**P122**	**P194,030**	**P736,570**

“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 P27,725, P24,429 and P22,189 in 2022, 2021 and 2020, respectively (Notes 28 and 32). These amounts include annual amortization of capitalized interest amounting to P767, P942 and P997 in 2022, 2021 and 2020, 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” account (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” to “Property, plant and equipment” account presented as part of “Additions” (Notes 14 and 34).

The Group has capitalized borrowing costs amounting to P4,111 and P2,035 in 2022 and 2021, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 2.27% to 8.22% and 1.34% to 8.21% in 2022 and 2021, respectively. The unamortized capitalized borrowing costs amounted to P22,249 and P18,026 as at December 31, 2022 and 2021, respectively.

Certain fully depreciated property, plant and equipment with aggregate costs of P97,642 and P77,937 as at December 31, 2022 and 2021, respectively, are still being used in the Group’s operations.

As at December 31, 2022 and 2021, certain property, plant and equipment amounting to P126,261 and P127,673 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, 2021		P14,410	P1,016	P195,681	P24	P676	P211,807
Additions		654	548	-	-	70	1,272
Disposals/retirement		(284)	(441)	-	-	(75)	(800)
Remeasurement and others		(295)	(75)	-	-	-	(370)
Currency translation adjustments		127	10	-	-	2	139
December 31, 2021		14,612	1,058	195,681	24	673	212,048
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	(54,110)	46	-	(53,938)
Currency translation adjustments		147	7	-	1	5	160
December 31, 2022		**17,026**	**1,242**	**141,571**	**71**	**685**	**160,595**
Accumulated Depreciation							
January 1, 2021		2,813	634	15,771	6	402	19,626
Depreciation	*28*	835	336	5,930	3	164	7,268
Disposals/retirement		(104)	(391)	-	-	(72)	(567)
Remeasurement and others		49	4	-	-	-	53
Currency translation adjustments		63	6	-	-	1	70
December 31, 2021		3,656	589	21,701	9	495	26,450
Depreciation	*28*	915	356	4,985	4	95	6,355
Disposals/retirement		(23)	(121)	-	-	(26)	(170)
Remeasurement, reclassifications and others	*13*	(40)	9	(5,546)	2	7	(5,568)
Currency translation adjustments		53	4	-	-	1	58
December 31, 2022		**4,561**	**837**	**21,140**	**15**	**572**	**27,125**
Accumulated Impairment Losses							
January 1, 2021		77	-	-	-	-	77
Currency translation adjustments		5	-	-	-	-	5
December 31, 2021		82	-	-	-	-	82
Currency translation adjustments		6	-	-	-	-	6
December 31, 2022		**88**	**-**	**-**	**-**	**-**	**88**
Carrying Amount							
December 31, 2021		P10,874	P469	P173,980	P15	P178	P185,516
December 31, 2022		**P12,377**	**P405**	**P120,431**	**P56**	**P113**	**P133,382**

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 P6,355, P7,268 and P7,439 in 2022, 2021 and 2020, 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 that was reclassified to “Property, plant and equipment" 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 2022, 2021 and 2020.

The Group recognized interest expense related to these leases amounting to P3,442, P4,186, and P5,080 in 2022, 2021 and 2020, 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 P82, P6, and P3,416, respectively, in 2022, P288, P6 and P2,766, respectively, in 2021, and P877, P10 and P2,565, respectively, in 2020.

The Group had total cash outflows for leases of P34,237, P35,165 and P35,556 in 2022, 2021 and 2020, 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, 2021		P48,459	P20,060	P598	P442	P10,229	P79,788
Additions		5,512	274	-	285	475	6,546
Acquisition of subsidiaries	*5, 11*	3,682	-	-	-	-	3,682
Reclassifications	*13*	2,676	588	-	(201)	6	3,069
Disposals/retirement		(6)	(17)	-	(19)	(136)	(178)
Currency translation adjustments		299	293	-	(3)	35	624
December 31, 2021		60,622	21,198	598	504	10,609	93,531
Additions		3,264	98	-	415	638	4,415
Reclassifications	*13*	(6,182)	(234)	(420)	310	8,946	2,420
Disposals/retirement		(21)	(18)	-	-	(218)	(257)
Currency translation adjustments		404	419	-	4	62	889
December 31, 2022		**58,087**	**21,463**	**178**	**1,233**	**20,037**	**100,998**
Accumulated Depreciation							
January 1, 2021		4,229	10,541	498	-	2,142	17,410
Depreciation	*28*	331	812	2	-	936	2,081
Reclassifications		(4)	55	-	-	(25)	26
Disposals/retirement		-	(16)	-	-	(130)	(146)
Currency translation adjustments		269	444	-	-	14	727
December 31, 2021		4,825	11,836	500	-	2,937	20,098
Depreciation	*28*	29	790	2	-	1,318	2,139
Reclassifications		(4,078)	94	(421)	-	4,000	(405)
Disposals/retirement		-	(17)	-	-	(203)	(220)
Currency translation adjustments		110	205	-	-	25	340
December 31, 2022		**886**	**12,908**	**81**	-	**8,077**	**21,952**
Accumulated Impairment Losses							
December 31, 2021 and 2022		8	-	-	-	-	8
Carrying Amount							
December 31, 2021		P55,789	P9,362	P98	P504	P7,672	P73,425
December 31, 2022		**P57,193**	**P8,555**	**P97**	**P1,233**	**P11,960**	**P79,038**

Total depreciation recognized in the consolidated statements of income amounted to P2,139, P2,081 and P2,113 in 2022, 2021 and 2020, respectively (Note 28).

In 2022 and 2021, property, plant and equipment were reclassified to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party (Note 13).

No impairment loss was recognized in 2022, 2021 and 2020.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2022, 2021 and 2020.

The fair value of investment property amounting to P122,861 and P94,390 as at December 31, 2022 and 2021, 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 6.45%.

16. Biological Assets

Biological assets consist of:

	Note	**2022**	2021
Current:			
Growing stocks		**P2,418**	P2,509
Goods in process		**1,000**	597
		3,418	3,106
Noncurrent:			
Breeding stocks - net		**2,671**	2,244
	4	**P6,089**	P5,350

The amortization of breeding stocks recognized in the consolidated statements of income amounted to P3,303, P2,896 and P3,565 in 2022, 2021 and 2020, 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:

	Note	**2022**	2021
Cost			
Balance at beginning of year		**P5,901**	P6,338
Increase (decrease) due to:			
Production		**54,657**	47,234
Purchases		**841**	306
Mortality		**(363)**	(405)
Harvest		**(51,084)**	(44,551)
Retirement		**(3,836)**	(3,021)
Balance at end of year		**6,116**	5,901
Accumulated Amortization			
Balance at beginning of year		**551**	585
Amortization	*28*	**3,303**	2,896
Retirement		**(3,827)**	(2,930)
Balance at end of year		**27**	551
Carrying Amount		**P6,089**	P5,350

The Group harvested approximately 560.4 million and 599.9 million kilograms of grown broilers in 2022 and 2021, respectively, and 0.12 million and 0.29 million heads of marketable hogs and cattle in 2022 and 2021, 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 P67,232 and P63,349 in 2022 and 2021, respectively.

17. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	2022	2021
Goodwill	**P173,987**	P120,467
Other intangible assets	**355,617**	297,656
	P529,604	P418,123

The movements in goodwill are as follows:

	Note	**2022**	2021
Gross Carrying Amount			
Balance at beginning of year		**P121,346**	P121,342
Additions	*5, 38*	**54,273**	-
Cumulative translation adjustments		**39**	4
Balance at end of year		**175,658**	121,346
Accumulated Impairment Losses			
Balance at beginning of year		**879**	879
Impairment	*32*	**789**	-
Cumulative translation adjustments		**3**	-
Balance at end of year		**1,671**	879
	4	**P173,987**	P120,467

The movements in other intangible assets with indefinite useful lives are as follows:

	Note	**Licenses**	**Trademarks and Brand Names**	**Total**
Cost				
January 1, 2021		P3,767	P90,946	P94,713
Disposals		-	(45)	(45)
Currency translation adjustments		(95)	21	(74)
December 31, 2021		3,672	90,922	94,594
Reclassifications	*10*	-	(493)	(493)
Currency translation adjustments		115	28	143
December 31, 2022		**3,787**	**90,457**	**94,244**
Accumulated Impairment Losses				
January 1, 2021		-	233	233
Impairment	*10, 32*	-	386	386
Currency translation adjustments		-	15	15
December 31, 2021		-	634	634
Reclassifications	*10*	-	(433)	(433)
Currency translation adjustments		-	24	24
December 31, 2022		**-**	**225**	**225**
Carrying Amount				
December 31, 2021		P3,672	P90,288	P93,960
December 31, 2022		**P3,787**	**P90,232**	**P94,019**

The movements in other intangible assets with finite useful lives are as follows:

	Note	Concession Rights Toll Road	Airport	Power	Water	Mineral Rights and Evaluation Assets	Computer Software and Licenses and Others	Total
Cost								
January 1, 2021		P181,598	P11,477	P1,434	P6,894	P19,869	P4,635	P225,907
Additions		8,570	14,831	127	4	-	2,475	26,007
Reclassifications and others		2,022	122	(4)	-	63	(135)	2,068
Currency translation adjustments		-	-	-	-	-	28	28
December 31, 2021		192,190	26,430	1,557	6,898	19,932	7,003	254,010
Additions	*8*	6,879	48,678	136	54	16	2,354	58,117
Acquisition of subsidiaries	*5, 38*	-	-	-	-	8,121	185	8,306
Reclassifications and others		2,358	175	(1,693)	(1)	(1,953)	(410)	(1,524)
Currency translation adjustments		-	-	-	-	-	31	31
December 31, 2022		**201,427**	**75,283**	**-**	**6,951**	**26,116**	**9,163**	**318,940**
Accumulated Amortization								
January 1, 2021		38,614	1,472	236	463	85	3,086	43,956
Amortization	*28*	5,166	379	60	257	180	225	6,267
Reclassifications and others		-	-	-	-	-	(120)	(120)
Currency translation adjustments		-	-	-	-	-	31	31
December 31, 2021		43,780	1,851	296	720	265	3,222	50,134
Amortization	*28*	6,311	380	67	257	242	312	7,569
Reclassifications and others		-	-	(363)	-	-	(67)	(430)
Currency translation adjustments		-	-	-	-	-	30	30
December 31, 2022		**50,091**	**2,231**	**-**	**977**	**507**	**3,497**	**57,303**
Accumulated Impairment								
January 1, 2021		-	-	141	-	-	40	181
Disposals		-	-	-	-	-	(1)	(1)
December 31, 2021		-	-	141	-	-	39	180
Disposals		-	-	(141)	-	-	-	(141)
December 31, 2022		**-**	**-**	**-**	**-**	**-**	**39**	**39**
Carrying Amount								
December 31, 2021		P148,410	P24,579	P1,120	P6,178	P19,667	P3,742	P203,696
December 31, 2022		**P151,336**	**P73,052**	**P -**	**P5,974**	**P25,609**	**P5,627**	**P261,598**

The Group has capitalized borrowing costs amounting to P63 and P1,407 in 2022 and 2021, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 5.06% to 5.87% and 5.87% to 10% in 2022 and 2021, respectively. The unamortized capitalized borrowing costs amounted to P8,964 and P9,211 as at December 31, 2022 and 2021, 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:

	2022		2021	
	Goodwill	**Licenses, Trademarks and Brand Names**	Goodwill	Licenses, Trademarks and Brand Names
Energy	**P79,544**	**P -**	P79,544	P -
Cement	**54,273**	**-**	-	-
Infrastructure	**18,429**	**-**	18,429	-
Fuel and oil	**8,777**	**38,300**	8,777	38,300
Food and beverage	**3,922**	**55,719**	3,922	55,660
Packaging	**2,043**	**-**	2,796	-
Mining	**1,280**	**-**	1,280	-
Others	**5,719**	**-**	5,719	-
Total	**P173,987**	**P94,019**	P120,467	P93,960

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 less than 1% to 15.22% and 2% to 10.50% in 2022 and 2021, 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 2022 and 2021. 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 2022 amounted to P789 (Note 32). No impairment loss was recognized for goodwill in 2021 and 2020.

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 2022 and 2021, 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 6.5% to 12% and 5.9% to 12% in 2022 and 2021, 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 (Note 10).

No impairment loss was recognized for licenses in 2022, 2021 and 2020 and for trademarks and brand names in 2022 and 2020.

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, 2022 and 2021, certain other intangible assets amounting to P100,641 and P101,769, respectively, were pledged as security for syndicated project finance loans (Note 21).

18. Other Noncurrent Assets

Other noncurrent assets consist of:

	Note	**2022**	2021
Noncurrent receivables and deposits - net	*4, 5, 8, 33, 34, 39, 40*	**P36,664**	P29,273
Advances to contractors and suppliers		**31,966**	29,016
Deferred containers - net	*4*	**17,457**	19,063
Deposits on land for future development		**3,946**	4,049
Idle assets	*4*	**2,544**	2,365
Restricted cash	*4, 39, 40*	**1,667**	2,129
Derivative assets - noncurrent	*3, 39, 40*	**1,138**	659
Noncurrent prepaid input tax		**884**	1,513
Deferred exploration and development costs	*4, 34*	**531**	1,151
Catalyst		**422**	489
Noncurrent prepaid rent		**179**	316
Retirement assets	*35*	**31**	4,175
Others		**2,562**	1,841
		P99,991	P96,039

The movements in deferred containers - net are as follows:

	Note	**2022**	2021
Gross Carrying Amount			
Balance at beginning of year		**P34,514**	P32,927
Additions		**6,408**	3,025
Disposals/retirement/reclassifications		**(5,683)**	(1,543)
Currency translation adjustments		**1**	105
Balance at end of year		**35,240**	34,514
Accumulated Depreciation			
Balance at beginning of year		**14,714**	13,178
Depreciation	*28*	**59**	2,323
Disposals/retirement/reclassifications		**1,906**	(833)
Currency translation adjustments		**12**	46
Balance at end of year		**16,691**	14,714
Accumulated Impairment			
Balance at beginning of year		**737**	734
Impairment	*27, 32*	**1,187**	738
Disposals/reclassifications		**(833)**	(736)
Currency translation adjustments		**1**	1
Balance at end of year		**1,092**	737
		P17,457	P19,063

Noncurrent receivables and deposits include amounts owed by related parties amounting to P1,078 and P1,111 as at December 31, 2022 and 2021, respectively (Note 33) and the costs related to the development of the MRT 7 Project amounting to P30,816 and P27,299 as at December 31, 2022 and 2021, respectively (Note 34).

Noncurrent receivables and deposits are net of allowance for impairment losses amounting to P582 and P572 as at December 31, 2022 and 2021, respectively (Note 4).

Restricted cash represents:

i. LPI's cash flow waterfall accounts amounting to P1,160 and P1,145 as at December 31, 2022 and 2021, respectively;

ii. The amount received from Independent Electricity Market Operator of the Philippines (IEMOP), amounting to P491 as at December 31, 2021, representing the proceeds from sale on WESM for a specific period in 2016, for the electricity generated from the excess capacity of the Sual Power Plant, which SPI consigned with the RTC of Pasig City;

iii. APEC's reinvestment fund for sustainable capital expenditures and contributions collected from customers for bill deposits which were refundable amounting to P187 as at December 31, 2021;

iv. MPPCL's cash flow waterfall accounts and environmental guarantee fund amounting to P130 and P56 as at December 31, 2022 and 2021, respectively;

v. Cash in bank maintained by TADHC, NCC and SCII in accordance with the specific purpose and term as required under its loan agreement, amounting to P179 and P170 as at December 31, 2022 and 2021, respectively;

vi. Rehabilitation funds established by NCC and ECC which are deposited with a local bank in compliance with DENR Administrative Order No. 2005-07 for environmental protection and enhancement amounting to P120 and P44 as at December 31, 2022 and 2021, respectively;

vii. Deposit in escrow by ECC pertaining to cash in escrow account related to a pending legal case amounting to P50 as at December 31, 2022; and

viii. Accounts of PNPI with local banks to establish a Mining Rehabilitation Fund (MRF) in compliance with the requirements of the Philippine Mining Act of 1995 and a deposit on a trust account with a bank amounting to P28 and P36 as at December 31, 2022 and 2021, respectively, as required by an insurance company to serve as a guarantee for the surety bond required by the BIR for the payment of PNPI's excise taxes on nickel ore sales. The MRF will be used for physical and social rehabilitation of areas and communities affected by mining activities and for research on social, technical and preventive aspects of rehabilitation. The MRF and the deposit earn interest at the respective bank deposits rates.

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:

	Note	**2022**	2021
Parent Company			
Foreign currency-denominated		**P -**	P6,375
Subsidiaries			
Peso-denominated		**221,724**	176,431
Foreign currency-denominated		**49,328**	16,884
	38, 39, 40	**P271,052**	P199,690

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 1.97% to 7.75% and 1.97% to 3.25% in 2022 and 2021, respectively. Interest rates per annum for foreign currency-denominated loans ranged from 1.28% to 6.25% and 1.18% to 4.64% in 2022 and 2021, respectively (Note 30).

Loans payable include interest-bearing amounts payable to BOC amounting to P11,520 and P9,530 as at December 31, 2022 and 2021, respectively (Note 33).

20. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	**2022**	2021
Trade	*34*	**P108,680**	P89,467
Non-trade	*5*	**91,147**	81,419
Customers' deposits	*3*	**8,603**	8,445
Accrued payroll		**6,406**	6,571
Accrued interest payable		**5,322**	3,678
Amounts owed to related parties	*33*	**2,969**	13,825
Derivative liabilities	*39, 40*	**2,832**	1,247
Deferred liability on consumer loyalty program		**813**	814
Current portion of IRO	*4*	**487**	435
Retention payable		**210**	482
Retirement liabilities	*35*	**122**	187
Deferred rent income		**58**	57
Redeemable preferred shares	*4*	**19**	19
Others		**1,040**	245
	39, 40	**P228,708**	P206,891

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, 2022 and 2021, 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:

	2022	2021
Subsidiaries		
Peso-denominated Bonds:		
Fixed interest rate of 7.4458%, 7.8467% and 8.4890% maturing in 2028, 2029 and 2032, respectively (a)	**P59,165**	P -
Fixed interest rate of 6.25%, 5.284% and 5.55%, 6.625%, 5.7613%, and 7.125% maturing in 2023, 2024, 2025, 2027 and 2028, respectively (b)	**43,167**	59,748
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively (c)	**39,476**	-
Fixed interest rate of 3.3832% maturing in 2027 (d)	**29,700**	29,640
Fixed interest rate of 5.2704% and 5.8434% maturing in 2027 and 2029, respectively (e)	**29,644**	-
Fixed interest rate of 4.5219%, 7.8183% and 8.0551% maturing in 2023, 2024 and 2025, respectively (f)	**26,896**	26,846
Fixed interest rate of 6.7500%, 6.2500% and 6.6250% maturing in 2023, 2024 and 2027, respectively (g)	**25,012**	34,845
Fixed interest rate of 3.4408% and 4.3368% maturing in 2025 and 2027, respectively (h)	**17,823**	17,779
Fixed interest rate of 7.1783% and 7.6000% maturing in 2024 and 2026, respectively (i)	**16,070**	29,857
Fixed interest rate of 5.05% and 5.25% maturing in 2025 and 2027, respectively (j)	**14,892**	14,860
Fixed interest rate of 4.7575% and 5.1792% maturing in 2023 and 2026, respectively (k)	**8,821**	8,808
Fixed interest rate of 6.00% maturing in 2024 (l)	**2,534**	2,531
Fixed interest rate of 6.4872% maturing in 2025 (m)	**2,491**	4,885
Fixed interest rate of 6.60% (n)	**-**	6,998
Peso-denominated Term Notes:		
Fixed interest rate of 5.556%, 5.825% and 5.997% with maturities up to 2029 (o)	**36,137**	38,407
Fixed interest rate of 6.2836%, 6.5362% and 7.3889% with maturities up to 2029 (p)	**35,178**	37,626
Fixed interest rate of 8.7118% with maturities up to 2027 (q)	**26,686**	29,049
Fixed interest rate of 6.5077%and 7.7521% with maturities up to 2030 (r)	**15,894**	17,154
Fixed interest rate of 6.9375% with maturities up to 2026 (s)	**15,373**	15,517

Forward

	2022	2021
Fixed interest rate of 6.9265% with maturities up to 2024 (t)	**P14,216**	P14,341
Fixed interest rate of 3.80%, 3.875%, 3.95% and 4.15% with maturities up to 2028 (u)	**11,907**	11,906
Fixed interest rate of 5.6276% with maturities up to 2029 (v)	**10,416**	11,116
Fixed interest rate of 4.63% maturing in 2024 (w)	**9,967**	9,953
Fixed interest rate of 3.5483% maturing in 2029 (x)	**9,945**	9,938
Fixed interest rate of 4.8356% with maturities up to 2031 (y)	**8,557**	6,853
Fixed interest rate of 3.846% maturing in 2026 (z)	**6,960**	6,950
Fixed interest rate of 4.6332% and 5.7513% with maturities up to 2027 (aa)	**6,958**	-
Fixed interest rate of 7.4206% with maturities up to 2027 (ab)	**4,969**	-
Fixed interest rate of 7.5496% with maturities up to 2027 (ac)	**4,968**	-
Fixed interest rate of 7.1663% with maturities up to 2027 (ad)	**4,967**	-
Fixed interest rate of 6.8412% with maturities up to 2027 (ae)	**4,963**	-
Fixed interest rate of 5.00% with maturities up to 2025 (af)	**4,889**	4,925
Fixed interest rate of 6.37239% with maturities up to 2028 (ag)	**4,770**	4,762
Fixed interest rate of 5.81%, 5.89% and 6.36% with maturities up to 2026 (ah)	**4,040**	-
Fixed interest rate of 5.5276% with maturities up to 2024 (ai)	**3,744**	5,878
Fixed interest rate of 8.1711%, 8.4490%, 9.0280% and 9.6350% with maturities up to 2030 (aj)	**3,674**	3,921
Fixed interest rate of 4.59% with maturities up to 2025 (ak)	**3,116**	4,356
Fixed interest rate of 5.1657% with maturities up to 2025 (al)	**2,963**	3,692
Fixed interest rate of 6.4920% maturing in 2025 (am)	**2,359**	-
Fixed interest rate of 3.2837% with maturities up to 2026 (an)	**1,992**	1,989
Fixed interest rate of 4.20% maturing in 2026 (ao)	**1,989**	1,986
Fixed interest rate of 6.8672% maturing in 2025 (ap)	**621**	-
Fixed interest rate of 6.5917% with maturities up to 2023 (aq)	**373**	860
Fixed interest rate of 4.2105% with maturities up to 2023 (ar)	**165**	331
Fixed interest rate of 12.00% (as)	**52**	52

Forward

	2022	2021
Fixed interest rate of 6.7495%, 6.7701%, 7.165%, 7.5933% and 7.6567% (at)	**P -**	P4,070
Fixed interest rate of 5.7584% (au)	**-**	2,497
Fixed interest rate of 5.4583% (av)	**-**	1,000
Floating interest rate based on BVAL plus margin maturing in 2025 (aw)	**15,628**	-
Floating interest rate based on BVAL plus margin, or BSP Term Deposit Auction Facility (BSP TDF) plus margin, whichever is higher, maturing in 2029 (x)	**7,956**	7,950
Floating interest rate based on BVAL plus margin or BSP Overnight Lending Facility Rate plus margin, whichever is higher, maturing in 2030 (ax)	**3,087**	-
Floating interest rate based on BVAL plus margin, with maturities up to 2024 (ay)	**1,170**	1,753
Floating interest rate based on BVAL plus margin with maturities up to 2023 (az)	**879**	2,049
Floating interest rate based on BVAL plus margin (ba)	**-**	1,378
Foreign Currency-denominated Term Notes:		
Fixed interest rate of 4.7776% and 5.5959%, with maturities up to 2023 and 2030, respectively (bb/bp)	**24,654**	24,488
Floating interest rate based on London Interbank Offered Rate (LIBOR) plus margin, maturing in 2024 (bc)	**110,492**	100,417
Floating interest rate based on LIBOR plus margin, maturing in 2026 (bd)	**49,172**	21,887
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2035 (be)	**47,534**	-
Floating interest rate based on SOFR plus margin, maturing in 2027 (bf)	**38,201**	-
Floating interest rate based on LIBOR plus margin, maturing in 2023 (bg)	**27,858**	25,337
Floating interest rate based on SOFR plus a spread, maturing in 2027 (bh)	**26,794**	-
Floating interest rate based on LIBOR plus margin, maturing in 2023 (bi)	**22,282**	20,278
Floating interest rate based on LIBOR plus margin, maturing in 2023 (bj)	**16,697**	15,211
Floating interest rate based on LIBOR plus margin, maturing in 2023 (bk)	**16,682**	15,194
Floating interest rate based on LIBOR plus margin, maturing in 2026 (bl)	**16,455**	14,949
Floating interest rate based on SOFR plus margin, maturing in 2027 (bm)	**16,282**	-
Floating interest rate based on LIBOR plus margin, maturing in 2023 (bn)	**11,116**	10,127
Floating interest rate based on LIBOR plus margin, maturing in 2024 (bo)	**10,955**	-

Forward

	Note	2022	2021
Floating interest rate based on LIBOR plus margin, with maturities up to 2023 and 2030 (bb/bp)		**P8,140**	P8,087
Floating interest rate based on LIBOR plus margin, with maturities up to 2024 (bq)		**6,276**	22,992
Floating interest rate based on SOFR plus margin, maturing in 2027 (br)		**5,512**	-
Floating interest rate based on LIBOR plus margin, maturing in 2026 (bs)		**5,510**	5,020
Floating interest rate based on SOFR plus margin, maturing in 2025 (bt)		**5,485**	-
Floating interest rate based on LIBOR plus margin, maturing in 2024 (bu)		**4,999**	4,561
Floating interest rate based on Tokyo Overnight Average Rate (TONA) plus margin, with maturities up to 2025 (bv)		**4,528**	6,556
Floating interest rate based on LIBOR plus margin, maturing in 2023 (bw)		**2,767**	2,504
Floating interest rate based on Bank Bill Swap Rate (BBSY) plus margin, with maturities up to 2024 (bx)		**2,151**	2,470
Floating interest rate based on BBSY plus margin, with maturities up to 2027 (by)		**377**	-
Floating interest rate based on BBSY plus margin, with maturities up to 2026 (bz)		**110**	142
Floating interest rate based on LIBOR plus margin (ca)		**-**	7,522
Floating interest rate based on LIBOR plus margin (cb)		**-**	7,219
	38, 39, 40	**1,088,248**	814,017
Net adjustment due to purchase price allocation		**-**	31
		1,088,248	814,048
Less current maturities		**170,084**	88,909
		P918,164	P725,139

a. The amount represents the P60,000 fixed rate bonds issued by SMC consists of: (i) Series L Bonds, due in 2028 with an interest rate of 7.4458% per annum; (ii) Series M Bonds, due in 2029 with an interest rate of 7.8467% per annum; and (iii) Series N Bonds, due in 2032 with an interest rate of 8.4890% per annum. The Bonds were listed in 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 the optional redemption of Series "2" Preferred Shares - Subseries "2-H" and repayment of Peso-denominated short-term loan facilities that were used to redeem the Series A and Series D Bonds and will be used for the final redemption and payment of Series E Bonds due in 2023, and refinancing of certain US Dollar-denominated obligations.

   Unamortized debt issue costs amounted to P835 as at December 31, 2022.

b. The amount represents the first, second, third and fourth tranche of the P60,000 shelf registered fixed rate bonds issued by SMC amounting to P20,000, P10,000, P20,000 and P10,000, respectively. The Bonds were listed in 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) 10-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) 10-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 Series A Bonds and Series D Bonds matured on March 1, 2022 and April 7, 2022, respectively, and were accordingly paid by SMC on the same day.

Unamortized debt issue costs amounted to P150 and P252 as at December 31, 2022 and 2021, respectively.

c. 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 in 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 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.

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 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 P524 as at December 31, 2022.

d. The amount represents the first tranche of the P50,000 shelf registered fixed rate bonds issued by SMC amounting to P30,000. The Bonds were listed in the PDEx.

   The first tranche of the fixed rate bonds listed on July 8, 2021 comprises 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 P300 and P360 as at December 31, 2022 and 2021, respectively.

e. The amount represents the first tranche of the P60,000 shelf registered fixed rate bonds issued by SMC amounting to P30,000. The Bonds were listed in 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 SMC's short-term loan facilities and other general corporate purposes.

   Unamortized debt issue costs amounted to P356 as at December 31, 2022.

f. 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 in 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) 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) 5.5-year 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.

   On October 27, 2021, Petron paid the Series A Bonds, amounting to P13,000.

Unamortized debt issue costs amounted to P104 and P154 as at December 31, 2022 and 2021, respectively.

g. 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 on December 22, 2017 and P15,000 on August 17, 2018, respectively. The Bonds were listed in 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 5.3750% per annum; (ii) seven-year Series E Bonds, due in 2024 with an interest rate of 6.2500% per annum; and, (iii) 10-year Series F Bonds, due in 2027 with an interest rate of 6.6250% 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 6.7500% 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.

On December 22, 2022, San Miguel Global Power paid the Series D Bonds, amounting to P9,913.

Unamortized debt issue costs amounted to P75 and P155 as at December 31, 2022 and 2021, respectively.

h. The amount represents the first tranche of the P50,000 shelf registered fixed rate bonds issued by Petron amounting to P18,000 on October 12, 2021. The Bonds were listed in 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 P177 and P221 as at December 31, 2022 and 2021, respectively.

i. 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 in 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 7.6000% 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.

On April 25, 2022, San Miguel Global Power paid the Series H Bonds, amounting to P13,845.

Unamortized debt issue costs amounted to P85 and P143 as at December 31, 2022 and 2021, respectively.

j. The amount represents the P15,000 fixed rate bonds issued by SMFB on March 10, 2020, divided into Series A Bonds, due in 2025 with an interest rate of 5.05% per annum, and 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 in 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 P108 and P140 as at December 31, 2022 and 2021, respectively.

k. The amount represents the P15,000 fixed rate bonds issued by San Miguel Global Power on July 11, 2016, divided into: (i) Series A Bonds, due in 2021 with an interest rate of 4.3458% per annum; (ii) Series B Bonds, due in 2023 with an interest rate of 4.7575% per annum; and, (iii) 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 in 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.

   On July 12, 2021, San Miguel Global Power paid the Series A Bonds amounting to P6,153.

   Unamortized debt issue costs amounted to P26 and P39 as at December 31, 2022 and 2021, respectively.

l. The amount represents the P15,000 fixed rate bonds issued by SMB on April 2, 2014, divided into: (i) Series G Bonds, due in 2021 with an interest rate of 5.50% per annum; and (ii) 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 in the PDEx.

   Proceeds from the Series G Bonds and Series H Bonds issuance were used to partially refinance the redemption of Series B Bonds.

The Series G Bonds with an aggregate principal amount of P12,462 matured on April 5, 2021 (April 2 being a non-business day) and were accordingly paid by SMB on the same date.

Unamortized debt issue costs amounted to P4 and P7 as at December 31, 2022 and 2021, respectively.

m. The amount represents the P7,300 fixed rate bonds issued by SMC SLEX on May 22, 2015, divided into: (i) Series A Bonds, due in 2020 with an interest rate of 4.9925% per annum; (ii) Series B Bonds, due in 2022 with an interest rate of 5.5796% per annum; and, (iii) 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 in the PDEx.

   The proceeds from the issuance were used to prepay the Peso-denominated Corporate Notes drawn in 2012.

   The Series B Bonds with a principal of P2,400 and Series A Bonds with a principal of P2,400 were paid by SMC SLEX on May 22, 2022 and August 24, 2020, respectively.

   Unamortized debt issue costs amounted to P9 and P15 as at December 31, 2022 and 2021, respectively.

n. The amount represents the P17,000 fixed rate bonds issued by SMB on April 2, 2012, divided into: (i) seven-year Series E Bonds, due in 2019 with an interest rate of 5.93% per annum; and, (ii) ten-year Series F Bonds, due in 2022 with an interest rate of 6.60% per annum. The Series E and F Bonds were part of the P20,000 fixed rate bonds of SMB. Interest is payable every 2nd of April and October of each year. The Bonds were listed in the PDEx.

   The proceeds from the issuance were used to refinance existing financial indebtedness and for general working capital purposes.

   The Series F Bonds with an aggregate principal amount of P7,000 and Series E Bonds with an aggregate principal amount of P10,000 matured on April 2, 2022 and April 2, 2019, respectively, and were accordingly paid by SMB on the same day.

   Unamortized debt issue costs amounted to P2 as at December 31, 2021.

o. The amount represents the loan drawn by SMC Tollways from its P41,200 Corporate Notes Facility Agreement dated December 9, 2019 with various local banks amounting to P41,200 as at December 31, 2022 and 2021, respectively.

   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 10 years from initial issue date.

   The Notes are subject to repricing on the fifth year from initial issue date.

   Payments made amounted to P4,682 and P2,327 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P381 and P466 as at December 31, 2022 and 2021, respectively.

p. The amount represents the drawdown by LPI from its P44,000 Omnibus Loan and Security Agreement (OLSA) dated June 22, 2017 with various banks, consisting of Tranche A and Tranche B amounting to P42,000 and the remaining balance of Tranche B amounting to P2,000 on June 28, 2017 and January 31, 2018, respectively.

   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 in Limay, Bataan from LETI, repayment of shareholder advances and financing of transaction costs relating to the OLSA. The loan is payable in 46 unequal quarterly installments commencing on the 9th month from initial advance for Tranche A, 36 unequal quarterly installments commencing on the 39th month from initial advance for Tranche B. Final repayment date is 12 years from initial advance.

   The loan is subject to repricing on the seventh year from the date of initial advance.

   Payments made amounted to P8,430 and P5,905 as at December 31, 2022 and 2021, respectively.

   Unamortized debt issue costs amounted to P392 and P469 as at December 31, 2022 and 2021, respectively.

q. The amount represents loan drawn by MMSS3 from its P31,000 OLSA dated December 15, 2014 with various banks.

   Proceeds of the loan were used to partially finance the design, construction and the 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 P4,151 and P1,733 as at December 31, 2022 and 2021, respectively.

   The drawdown includes payable to BOC amounting to P3,205 and P3,493 as at December 31, 2022 and 2021, respectively (Note 33).

   Unamortized debt issue costs amounted to P163 and P218 as at December 31, 2022 and 2021, respectively.

r. The amount represents loan drawn by MPI from its P21,300 12-year OLSA dated August 9, 2018 with various banks.

   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.

   Payments made amounted to P5,184 and P3,888 as at December 31, 2022 and 2021, respectively.

   The drawdown includes payable to BOC amounting to P2,421 and P2,616 as at December 31, 2022 and 2021, respectively (Note 33).

Unamortized debt issue costs amounted to P222 and P258 as at December 31, 2022 and 2021, respectively.

s. The amount represents the drawdown by SMC 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.

   SMC paid the scheduled amortizations amounting to P560 and P400 as at December 31, 2022 and 2021, respectively.

   Unamortized debt issue costs amounted to P67 and P83 as at December 31, 2022 and 2021, respectively.

t. 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 P750 and P600 pursuant to the loan agreement as at December 31, 2022 and 2021, respectively.

   Unamortized debt issue costs amounted to P34 and P59 as at December 31, 2022 and 2021, respectively.

u. The amount represents the loan 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 will mature on March 30, 2026 and P2,000 will mature on March 30, 2028. The proceeds of the loan were used to refinance the redemption of Series G Bonds.

   Payments made amounted to P31 and P16 as at December 31, 2022 and 2021, respectively.

   Unamortized debt issue costs amounted to P62 and P78 as at December 31, 2022 and 2021, respectively.

v. The amount represents the drawdown by SMCTC on December 19, 2019 amounting to P12,000 from its P42,000 Second Amendment to the OLSA dated December 16, 2019 with various local banks.

   Proceeds of the loan were used for consolidation of project loans, releveraging 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 is 11 years and 9 months from initial drawdown.

   The loan is subject to repricing on the fifth year from date of initial drawdown.

   Payments made amounted to P1,500 and P780 as at December 31, 2022 and 2021, respectively.

   Unamortized debt issue costs amounted to P84 and P104 as at December 31, 2022 and 2021, respectively.

w. 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 P33 and P47 as at December 31, 2022 and 2021, respectively.

x. 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 10 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 to fixed interest rate for its P10,000 loan.

   Unamortized debt issue costs for the fixed interest loan amounted to P55 and P62 as at December 31, 2022 and 2021, respectively.

   Unamortized debt issue costs for the floating interest loan amounted to P44 and P50 as at December 31, 2022 and 2021, respectively.

y. The amount represents the loan drawn by NCC and SMNCI amounting to P1,674 and P7,075 in 2022 and 2021, respectively, from the P12,500 OLSA dated June 22, 2021 with various banks.

   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.

   On July 1, 2021, the balance of the loan drawn by SMNCI was transferred to NCC following the merger of SMNCI to NCC (Note 5).

   The drawdown includes payable to BOC amounting to P1,540 and P1,245 as at December 31, 2022 and 2021, respectively (Note 33).

   Unamortized debt issue costs amounted to P193 and P222 as at December 31, 2022 and 2021, respectively.

z. The amount represents the drawdown by PF-Hormel on September 29, 2021 from its loan facilities amounting to P7,000 with various banks. 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 P40 and P50 as at December 31, 2022 and 2021, respectively.

aa. The amount represents the loan drawn by SMB on April 1, 2022 amounting to P7,000 from a local bank. The terms of the loans are three and five years, and are subject to fixed interest rates of 4.633% and 5.7513% per annum payable quarterly. The proceeds of the loan were used to redeem the Series F bonds which matured on April 2, 2022 and/or general corporate purposes.

Unamortized debt issue costs amounted to P42 as at December 31, 2022.

ab. 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 term loan.

Unamortized debt issue costs amounted to P31 as at December 31, 2022.

ac. 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 term loan and various loan facilities.

Unamortized debt issue costs amounted to P32 as at December 31, 2022.

ad. 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 P33 as at December 31, 2022.

ae. The amount represents the loan drawn by SMB on December 20, 2022 amounting to P5,000 from its P10,000 term loan facility from a local bank. The term of the loan is five years and is subject to a fixed interest rate of 6.8412% per annum payable quarterly. The proceeds of the loan were used to partially finance capital expenditures.

Unamortized debt issue costs amounted to P37 as at December 31, 2022.

af. The amount represents the drawdown by San Miguel Global Power on May 28, 2021 from its term loan facility amounting to P5,000. The loan will mature on May 28, 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 P75 and P25 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P36 and P50 as at December 31, 2022 and 2021, respectively.

ag. The amount represents loan drawn by SCII on December 29, 2021 from its P4,800 OLSA dated December 22, 2021 with various local banks.

The loan is subject to a fixed interest rate of 6.37239% 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 BOC amounting to P2,000 as at December 31, 2022 and 2021 (Note 33).

Unamortized debt issue costs amounted to P30 and P38 as at December 31, 2022 and 2021, respectively.

ah. The amount represents the outstanding loan drawn by ECC from its TLFSA dated February 3, 2016 with various local banks, 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 ninth quarter from loan availment and will be fully paid on March 2, 2026.

The drawdown includes payable to BOC amounting to P810 as at December 31, 2022 (Note 33).

Unamortized debt issue costs amounted to P9 as at December 31, 2022.

ai. 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 short-term loan availed on December 23, 2016 for the acquisition of the Refinery Solid Fuel-fired Power Plant.

Payments made amounted to P11,250 and P9,107 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P6 and P15 as at December 31, 2022 and 2021, respectively.

aj. The amount represents the drawdown by LCWDC in 2018 amounting to P4,200 from its P5,400 OLSA dated September 16, 2016 with various local banks.

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 P504 and P252 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P22 and P27 as at December 31, 2022 and 2021, respectively.

ak. 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 P1,875 and P625 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P9 and P19 as at December 31, 2022 and 2021, respectively.

al. 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 P2,026 and P1,289 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P11 and P19 as at December 31, 2022 and 2021, respectively.

am. 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 partially used to pay existing indebtedness.

Unamortized debt issue costs amounted to P16 as at December 31, 2022.

an. 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.

Unamortized debt issue costs amounted to P8 and P11 as at December 31, 2022 and 2021, respectively.

ao. 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 P11 and P14 as at December 31, 2022 and 2021, respectively.

ap. 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 will be used to pay existing indebtedness.

Unamortized debt issue costs amounted to P4 as at December 31, 2022.

aq. The amount represents the P3,500 loan facility with local banks, entered into by SIDC 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 and P2,638 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P2 as at December 31, 2021.

ar. 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 and P167 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P1 and P2 as at December 31, 2022 and 2021, respectively.

as. The amount represents the outstanding loan of PPC with a local bank payable in 16 semi-annual installments over a period of 10 years, inclusive of a two-year grace period, starting from December 1997. PPC was unable to pay the installments. Management is currently developing and discussing a plan with the creditor to amend the loan repayment terms and provisions to enable PPC to continue to meet its obligation from cash generated by operations.

at. The amount represents the drawdown by SMC NAIAX amounting to P1,100 and P6,400 in 2016 and 2015, respectively, from its P7,500 OLSA dated July 8, 2014. Proceeds of the loan were used to finance the construction of the NAIA Expressway. The loan is payable in 32 unequal consecutive quarterly installments commencing on the period ending the earlier of 24 months from initial drawdown date or the date of the issuance by the TRB of the Toll Operations Certificate. Final repayment date is 10 years after initial drawdown date.

The drawdown includes payable to BOC amounting to P1,090 as at December 31, 2021 (Note 33).

Payments made amounted to P3,412 as at December 31, 2021.

The loan was fully paid on December 28, 2022.

Unamortized debt issue costs amounted to P18 as at December 31, 2021.

au. The amount represents the drawdown by Petron on December 29, 2017 from its term loan facility amounting to P10,000. The loan is amortized over five years and is subject to a fixed interest rate of 5.7584% per annum payable quarterly. The proceeds were used to finance working capital requirements.

Payments made amounted to P7,500 as at December 31, 2021.

The loan was fully paid on December 29, 2022.

Unamortized debt issue costs amounted to P3 as at December 31, 2021.

av. The amount represents the drawdown by Petron on October 13, 2015 amounting to P5,000 from its term loan facility. The loan is amortized over seven years with a two-year grace period and is subject to a fixed interest rate of 5.4583% per annum payable quarterly. The proceeds were used to repay maturing obligations and for general corporate purposes.

Payments made amounted to P4,000 as at December 31, 2021.

The loan was fully paid on October 13, 2022.

aw. The amount represents the drawdown by SSHCI on various dates in 2022 amounting to P15,800 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 BOC amounting to P790 as at December 31, 2022 (Note 33).

Unamortized debt issue costs amounted to P172 as at December 31, 2022.

ax. The amount represents the drawdown by SMC NAIAX amounting to P3,124 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.

The drawdown includes payable to BOC amounting to P937 as at December 31, 2022 (Note 33).

Unamortized debt issue costs amounted to P37 as at December 31, 2022.

ay. 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 P827 and P240 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P3 and P7 as at December 31, 2022 and 2021, respectively.

az. 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 and P1,947 as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P1 and P4 as at December 31, 2022 and 2021, respectively.

ba. The amount represents series of drawdowns in 2014 and 2013, from a loan agreement entered into by TADHC with BOC amounting to P3,300, used for financing the Airport Project. The loan is payable in 28 quarterly installments commencing on the 12th quarter.

TADHC paid P1,921 as at December 31, 2021, as partial settlement of the loan principal (Note 33).

The loan was fully paid on July 15, 2022.

Unamortized debt issue costs amounted to P1 as at December 31, 2021.

bb. The amount represents the total outstanding loan drawn in various tranches by MPPCL from its Omnibus Refinancing Agreement (ORA) with various local banks dated December 28, 2012. The proceeds of the loan were used to refinance its debt obligations previously obtained to partially finance the acquisition, operation, maintenance and repair of the power plant facilities purchased from PSALM by MPPCL. The loan is divided into fixed interest tranche amounting to US$111 (P6,212) and US$129 (P6,583) as at December 31, 2022 and 2021, respectively, and floating interest tranche based on LIBOR plus margin amounting to US$37 (P2,071) and US$43 (P2,194) and as at December 31, 2022 and 2021, respectively. The loan will mature on January 23, 2023.

On January 17, 2023, MPPCL executed an amendment to the ORA with various local banks to convert its outstanding obligation amounting to $148 into a P8,155 Peso-denominated loan having a term of seven years from additional ORA Loan Availment Date subject to floating interest rate based on BVAL plus margin with MPPCL having a one-time right to convert into a fixed interest rate on the second anniversary from the additional ORA Loan Availment Date, pursuant to the terms of the agreement.

Unamortized debt issue costs amounted to P2 as at December 31, 2021, for the fixed interest tranche.

Unamortized debt issue costs amounted to P1 as at December 31, 2021, for the floating interest tranche.

bc. The amount represents the drawdown by SMC of US$50 (P2,532) and US$1,950 (P99,645) 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. The proceeds of the loans were used for general corporate purposes.

Unamortized debt issue costs amounted to P1,018 and P1,581 as at December 31, 2022 and 2021, respectively.

bd. The amount represents the drawdown by SMC on various dates in 2022 and 2021 from its term loan facility amounting to US$900 (P46,080). 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 P1,008 and P1,062 as at December 31, 2022 and 2021, respectively.

be. The amount represents the drawdown by SMC of US$871 (P49,453) on various dates in 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 P1,043 as at December 31, 2022.

bf. The amount represents the drawdown by SMC on various dates in 2022 from its term loan facility amounting to US$700 (P39,953). 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 P828 as at December 31, 2022.

bg. The amount represents the balance of the US$700 (P36,351) 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 the Facility A Loan using the proceeds from its US$200 (P9,691) term loan availed on March 12, 2021.

Unamortized debt issue costs amounted to P19 and P163 as at December 31, 2022 and 2021, respectively.

bh. In November and December 2022, Petron availed of US$267 (P15,225) and US$228 (P27,909) 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.

Unamortized debt issue costs amounted to P804 as at December 31, 2022.

bi. The amount represents the drawdown by SMC on March 16, 2018 from its term loan facility amounting to US$400 (P20,772). 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.

Unamortized debt issue costs amounted to P20 and P121 as at December 31, 2022 and 2021, respectively.

bj. The amount represents the drawdown by SMC on June 26, 2018 from its term loan facility amounting to US$300 (P16,041). 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.

Unamortized debt issue costs amounted to P29 and P89 as at December 31, 2022 and 2021, respectively.

bk. The amount represents the drawdown by SMC of US$120 (P6,517) and US$180 (P9,684) 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.

Unamortized debt issue costs amounted to P45 and P106 as at December 31, 2022 and 2021, respectively.

bl. The amount represents the US$200 (P9,691) five-year term loan drawn by San Miguel Global Power on March 12, 2021 from a US$200 Facility Agreement with a syndicate of foreign banks executed on March 9, 2021. The loan is subject to a floating interest rate based on LIBOR plus margin and will mature in March 2026. The proceeds were used as repayment of Facility A Loan of US$700 term loan facility.

On June 7, 2021, San Miguel Global Power availed an additional US$100 (P4,766) term loan from its Syndication Agreement executed on May 21, 2021. The Syndication Agreement amended the Facility Agreement dated March 9, 2021, increasing the loan facility from US$200 to US$300. The proceeds were used mainly for the redemption of Series A Bonds in July 2021.

Unamortized debt issue costs amounted to P272 and P351 as at December 31, 2022 and 2021, respectively.

bm. The amount represents the drawdown of San Miguel Global Power on August 26, 2022 from its term loan facility amounting to US$300 (P16,806). The term of the loan is for five years and is subject to a floating interest rate based on SOFR plus margin payable 1/3/6 months as selected by the borrower. The proceeds were used for general corporate purposes, including capital expenditures and refinancing of short-term loans, and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P445 as at December 31, 2022.

bn. The amount represents the drawdown by SMC on November 21, 2018 from its term loan facility amounting to US$200 (P10,470). 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.

Unamortized debt issue costs amounted to P35 and P73 as at December 31, 2022 and 2021, respectively.

bo. The amount represents the drawdown of San Miguel Global Power on January 21, 2022 from its term loan facility amounting to US$200 (P10,274). The term of the loan is for three years and is subject to a floating interest rate based on LIBOR plus margin payable 1/3/6 months as selected by the borrower. The proceeds were used for capital expenditures relating to expansion projects and payment of other transaction related fees, costs and expenses of the facility.

The initial loan amount under the facility agreement was increased from US$100 to US$200 on December 16, 2021.

Unamortized debt issue costs amounted to P196 as at December 31, 2022.

bp. The amount represents total outstanding loan drawn in various tranches by MPPCL from its Omnibus Expansion Financing Agreement dated December 1, 2015, with various local banks, to finance the construction of the additional 335 MW coal-fired plant within MPPCL existing facilities. The loan is divided into fixed interest tranche amounting to US$335 (P18,651) and US$356 (P18,154) as at December 31, 2022 and 2021, respectively, and floating interest tranche based on LIBOR plus margin amounting to US$110 (P6,138) and US$117 (P5,975) as at December 31, 2022 and 2021, respectively. The loan will mature on December 16, 2030.

Unamortized debt issue costs amounted to P209 and P247 as at December 31, 2022 and 2021, respectively, for the fixed interest tranche.

Unamortized debt issue costs amounted to P69 and P81 as at December 31, 2022 and 2021, respectively, for the floating interest tranche.

bq. In May and July 2019, Petron availed of US$536 (P28,031) and US$264 (P13,572) 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 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 (P35,681) and US$343 (P17,837) as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P72 and P315 as at December 31, 2022 and 2021, respectively.

br. The amount represents the drawdown by SMC on August 2, 2022 from its term loan facility amounting to US$100 (P5,544). 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 P63 as at December 31, 2022.

bs. The amount represents the drawdown by SMC on December 23, 2021 from its term loan facility amounting to US$100 (P5,005). 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 P65 and P80 as at December 31, 2022 and 2021, respectively.

bt. The amount represents drawdown by San Miguel Global Power on May 24, 2022 from its term loan facility amounting to US$100 (P5,232). The term of the loan is three years and is subject to a floating interest rate based on SOFR plus margin payable 3/6 months as selected by the borrower. The proceeds were used for working capital requirements of San Miguel Global Power's BESS and LNG projects, for general corporate purposes, and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P90 as at December 31, 2022.

bu. The amount represents the drawdown by SMC on October 24, 2017 from its term loan facilities amounting to US$300 (P15,462) 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 $210 (P10,536) as at December 31, 2022.

Unamortized debt issue costs amounted to P19 and P29 as at December 31, 2022 and 2021, respectively.

bv. The amount represents the drawdown by Petron on April 22, 2020 from its term loan facility amounting to JPY15,000 (P7,079) 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 JPY4,286 (P2,022) as at December 31, 2022.

Unamortized debt issue costs amounted to P46 and P91 as at December 31, 2022 and 2021, respectively.

bw. The amount represents the drawdown by San Miguel Global Power on April 12, 2021 from its term loan facility amounting to US$50 (P2,428). The term of the loan is for three years and is subject to a floating interest rate based on LIBOR plus margin payable 1/3/6 months as selected by the borrower.

The proceeds were used to finance the capital expenditures of the Batangas Combined Cycle Power Plant (including expansion projects related thereto); the 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.

Unamortized debt issue costs amounted to P21 and P46 as at December 31, 2022 and 2021, respectively.

bx. The amount represents the drawdown by SMYA on July 31, 2019 amounting to AU$80 (P2,803) 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$23 (P830) and AU$13 (P458) as at December 31, 2022 and 2021, respectively.

Unamortized debt issue costs amounted to P17 and P24 as at December 31, 2022 and 2021, respectively.

by. The amount represents the drawdown by SMYA on November 11, 2022 amounting to AU$10 (P377). 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.

bz. The amount represents the loan drawn by SMYA on February 25, 2021 amounting to AU$5 (P172). 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$2 (P58) and AU$1 (P25) as at December 31, 2022 and 2021, respectively.

ca. The amount represents the drawdown by Petron on August 26, 2020 from its term loan facility amounting to US$150 (P7,280) with various banks. The loan is amortized for three years and is subject to a floating interest rate based on LIBOR plus margin payable (1, 3, or 6) months as selected by the borrower. The proceeds were used to prepay part of the existing US$1,000 term loan facility and US$800 loan.

The loan was fully paid on November 29, 2022.

Unamortized debt issue costs amounted to P128 as at December 31, 2021.

cb. The amount represents the drawdown of US$600 (P30,262) and US$400 (P20,523) by Petron on June 28, 2017 and October 10, 2017, respectively, from its US$1,000 term loan facility, which was signed and executed on June 16, 2017. The loan is subject to a floating interest rate plus spread and is amortized over five years with a two-year grace period. The proceeds were used to fully pay the outstanding loan balances.

Payments made amounted to US$858 (P43,559) as at December 31, 2021, respectively.

The loan was fully paid on June 28, 2022.

Unamortized debt issue costs amounted to P37 as at December 31, 2021.

The gross amount of long-term debt payable to BOC amounted to P11,703 and P11,823 as at December 31, 2022 and 2021, 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:

SMC	Consolidated EBITDA to consolidated total interest expense	Not less than 2.00:1.00
	Consolidated net debt to consolidated total equity ratio	Does not exceed 2.10:1.00
Major subsidiaries:		
Petron	Net leverage ratio	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 ratio	Not more than 3.25x
	Interest coverage ratio	Not less than 2.25x
SMFB	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, 2022 and 2021.

Long-term debt includes syndicated project finance loans amounting to P146,526 and P148,811 as at December 31, 2022 and 2021, 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	**2022**	2021
Balance at beginning of year		**P8,511**	P8,249
Additions		**6,087**	2,746
Amortization	*30*	**(2,824)**	(2,630)
Reclassification, capitalized and others		**(267)**	146
Balance at end of year		**P11,507**	P8,511

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	**Gross Amount**	**Debt Issue Costs**	**Net**
2023	P170,803	P719	P170,084
2024	241,146	2,702	238,444
2025	104,334	918	103,416
2026	154,897	1,974	152,923
2027 and thereafter	428,575	5,194	423,381
Total	**P1,099,755**	**P11,507**	**P1,088,248**

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	**2022**	2021
Payables on the purchase of shares of stock		**P11,410**	P14,650
Retirement liabilities - noncurrent	*5, 35*	**9,557**	6,863
Retention payable - noncurrent		**8,210**	5,510
ARO	*4*	**4,264**	3,648
IRO	*4*	**899**	772
Cylinder deposits		**736**	687
Cash bonds		**419**	450
Customers' deposits	*39, 40*	**343**	603
MRO and decommissioning	*4, 5*	**119**	66
Obligation to ROP - service concession agreement	*4, 34*	**43**	58
Amounts owed to related parties	*33*	**1**	53
Derivative liabilities - noncurrent	*4, 39, 40*	**-**	745
Concession liabilities		**-**	88
Others	*5*	**1,685**	545
	39, 40	**P37,686**	P34,738

Payables on the Purchase of Shares of Stock. These amounts include: (a) the unpaid balance of the purchase price of PPC shares and the Tranche B receivables in accordance with the terms of the Amended and Restated Definitive Agreement (ARDA); and (b) advances made by Privatization Management Office (PMO) for the settlement of the liabilities of PPC.

a. The ARDA and Supplemental ARDA were executed on May 10, 1996 and May 2, 1997, respectively, and amended on September 27, 1999, for PIC's acquisition from PMO US$334 less US$70, representing the stipulated amount of PPC's liabilities to its creditors excluding the National Government. The said purchase price is payable subject to various provisions of the ARDA as follows: (1) US$260 payable in 23 successive semi-annual installments, of which US$3 (P127) was paid in December 29, 2021; and (2) US$4 payable in 171 monthly installments, the amortization payments of which started in August 1996 to April 2001 for a total of US$1. On December 29, 2021, PIC paid US$0.09 (P4) to cover the installment for September to December 2021, in compliance with the order of RTC of Makati.

   Among others, the payment of the purchase price is subject to the following provisions:

   - PIC shall pay an installment only if, during the six-month period ending one month prior to an installment payment date (or such applicable date), the average London Metal Exchange (LME) price for nickel shall be higher than PIC's cash break-even price for such period. Notwithstanding the foregoing provision, if PPC's cash available for payments to PMO (as defined in the ARDA) shall not be sufficient to pay the whole installment, then PIC shall pay only such portion of the installment as shall be equal to PPC's cash available for payments to PMO and the unpaid portion shall be deferred to the next succeeding installment payment date.

- In the event that the payment of an installment, or a portion thereof, is deferred pursuant to the above provisions, PIC shall accrue interest thereon beginning on the date the installment was originally due until paid in full at an interest rate equivalent to the six-month LIBOR for dollar deposits. All interest accrued on this provision shall be paid by PIC to PMO on the installment payment date immediately following the six months period during which the average LME price for nickel is higher than PPC's cash break-even price.

- At least fifty percent of the portion of the purchase price shall be paid by PIC at the end of the ninth year after Final Notice (as defined in the ARDA) and the balance at the end of the 15th year after Final Notice, even if the average LME price for nickel shall be equal or lower than PIC's cash break-even price for such period.

As security for the payment of the said purchase price in accordance with the terms of the ARDA, PIC pledged the shares of PPC to PMO on May 2, 1997. PIC shall also pledge to the PMO the preferred shares to be received from PPC upon the conversion of the Tranche B receivables to equity.

On September 27, 1999, through an Amendment Agreement of the ARDA, the entire obligation of PIC under the ARDA was restructured and the cash break-even price formulated on May 2, 1997 was deleted as PIC and PMO shall establish a new cash break-even price formula which reflects the appropriate cost centers for a nickel refinery based on a pressure acid leach technology. As at December 31, 2021, the cash break-even price formula has not yet been established because the said formula may be established only upon commercial operations of the proposed new nickel refinery which has yet to be established.

In 2003, PIC filed a case with the Regional Trial Court of Makati (Court) for: (i) the suspension of payments under the ARDA; (ii) to stop PMO from enforcing the provisions under the ARDA providing for automatic reversion of PPC shares to PMO; and (iii) for the court to fix a period of payment. The court granted PIC's application and issued a Writ of Preliminary Injunction to enjoin PMO from enforcing the said automatic reversion of clause. The issues relating to the injunction orders and the validity of the automatic reversion clause were subsequently appealed to the Supreme Court, which, in a Decision dated August 27, 2014, declared that the automatic reversion clause constituted pactum commissorium and, thus, null and void. Accordingly, the Writ of Preliminary Injunction issued by the Court against the enforcement of the automatic reversion clause was made final and permanent. In the meantime, in the course of the proceedings before the trial court, PIC filed a Motion for Summary Judgment in December 2015 praying for the trial court to resolve the only remaining issue of fixing the period for payment and performance by PIC of its obligations to PMO under the ARDA. Through an order dated September 14, 2016, the RTC of Makati City granted PIC's Motion for Summary Judgment and fixed the period for PIC to pay its obligations to PMO. Thereafter, PMO filed an appeal with the Court of Appeals challenging the Order of the Makati RTC. On March 2, 2018, the Court of Appeals issued a Resolution stating that the appeal is considered submitted for decision. On February 27, 2019, the Court of Appeals issued a decision denying the appeal of PMO and affirming the Summary Judgment rendered by the RTC of Makati City in favor of PIC.

On January 17, 2020, PMO filed a Petition for Certiorari docketed as G.R. No. 251138 and assigned to Third Division.

On January 25, 2021, the Supreme Court dismissed the petition of PMO for being a wrong remedy. Thereafter, PMO filed a Motion for Reconsideration which was also dismissed by Supreme Court through its Resolution dated September 14, 2021. This Resolution is considered final and executory. The case is deemed closed and terminated and PIC is now complying with the Order of the RTC Makati City on Summary Judgment of fixing the period for payment and performance by PIC of its obligations under the ARDA.

On December 29, 2021, PIC started paying its obligation to PMO based on the ARDA which states that amounts shall be paid by PIC and shall be payable, without interest, in 23 successive semi-annual installments.

PIC has not accrued interest on the unpaid monthly installments as management believes that interest is not due to the PMO since the cash break-even price has not yet been established, and the PIC has no cash available for payment to the PMO as defined in the ARDA.

a. The amounts owed to PMO consist of the advances made by PMO for the settlement of the liabilities of PPC amounting to P1,215 and P1,558 as at December 31, 2022 and 2021, respectively. The advances will be paid by PIC in behalf of PPC and shall be payable, without interest, in 23 successive semi-annual installments with a three and a half year grace period, from the date of the Amendment Agreement to the ARDA or over a total period of 15 years inclusive of the grace period. The first installment should have been paid on September 27, 2003. No payments were made for the said advances since 2009.

Day 1 gain was recognized on the amounts owed to PMO, which does not carry interest. The amount of day 1 gain was determined as the difference between the proceeds of the amounts owed to PMO and its fair value. The fair value was measured as the present value of estimated cash flows discounted at prevailing market interest rates. The fair value was re-measured on January 1, 2022 based on the new cash flows projected by the management (Note 32).

Accrual for Mine Rehabilitation and Decommissioning. The Contingent Liability and Rehabilitation Fund Steering Committee, having approved the Final Mine Rehabilitation and/or Decommissioning Plan (FMR/DP) of the Group's nickel refinery, granted the Certificate of Approval dated February 24, 2010 to the Group, after the Group has substantially complied with the FMR/DP requirements.

The Group's recognized accrual for mine rehabilitation and decommissioning costs includes the future cost of rehabilitating the mine site and the related production facilities for the development of mines or installation of those facilities amounting to P19 as at December 31, 2022 and 2021.

"Others" include deferred rent income, liability to contractor and supplier and amounts owed by PPC to creditors amounting to P95 and P88 as at December 31, 2022 and 2021, respectively, conforming to debt restructuring and other noncurrent payables. These creditors have agreed to the settlement proposal of PIC which provides for the deferral of payment of the principal obligations over a number of years. These amounts are payable, without interest, over 10 years in 17 semi-annual installments commencing two years after the resumption of commercial operations.

23. Income Taxes

The components of income tax expense are shown below:

	2022	2021	2020
Current	**P19,510**	P14,260	P15,541
Deferred	**(6,292)**	3,626	292
	P13,218	P17,886	P15,833

The movements of deferred tax assets and liabilities are accounted for as follows:

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	**(46,651)**	**4,173**	**1,920**	**(179)**	**(40,737)**
	(P54,370)	**P6,292**	**P1,929**	**(P197)**	**(P46,346)**

2021	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	P4,742	(P1,992)	P -	P2	P2,752
MCIT	1,137	(92)	-	-	1,045
NOLCO	10,852	(2,478)	-	-	8,374
Undistributed net earnings of foreign subsidiaries	(962)	116	-	-	(846)
Leases	(17,104)	(2,278)	-	338	(19,044)
Unrealized intercompany charges and others	(48,143)	3,098	(1,199)	(407)	(46,651)
	(P49,478)	(P3,626)	(P1,199)	(P67)	(P54,370)

The above amounts are reported in the consolidated statements of financial position as follows:

	Note	**2022**	2021
Deferred tax assets	*4*	**P23,632**	P17,427
Deferred tax liabilities		**(69,978)**	(71,797)
		(P46,346)	(P54,370)

As at December 31, 2022, the NOLCO of the Group, which are presented as part of "Deferred tax assets" account in the consolidated statements 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	**P25,416**
2021	December 31, 2026	**6,624**
2022	December 31, 2025	**27,224**
		P59,264

As at December 31, 2022, the MCIT of the Group, which are presented as part of "Deferred tax assets" account in the consolidated statements 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
2020	December 31, 2023	**P171**
2021	December 31, 2024	**105**
2022	December 31, 2025	**532**
		P808

As at December 31, 2022 and 2021, deferred tax assets in respect of NOLCO and others amounting to P9,646 and P9,695, 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 issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494, otherwise known as the 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.

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2022	2021	2020
Statutory income tax rate	**25.00%**	25.00%	30.00%
Increase (decrease) in income tax rate resulting from:			
Impact of change in tax rate	**-**	(5.84%)	-
Interest income subject to final tax	**(4.82%)**	(1.45%)	(4.70%)
Equity in net earnings of associates and joint ventures	**(0.81%)**	(0.43%)	(0.32%)
Loss (gain) on sale of investments subject to final or capital gains tax	**(0.49%)**	(0.07%)	0.37%
Others, mainly income subject to different tax rates - net	**16.77%**	11.66%	14.78%
Effective income tax rate	**35.65%**	28.87%	40.13%

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, 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 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. Accordingly, current and deferred taxes as at and for the year ended December 31, 2022 and 2021 were computed and measured using the applicable income tax rates.

The impact on the consolidated financial statements of the Group based on balances as at and for the year ended December 31, 2020, which was taken up upon the effectivity of the CREATE Law are as follows:

	Increase (Decrease)
ASSETS	
Prepaid expenses and other current assets	P407
Investments and advances - net	9
Deferred tax assets	(2,080)
	(P1,664)
LIABILITIES	
Income and other taxes payable	(P881)
Deferred tax liabilities	(3,892)
	(4,773)
EQUITY	
Equity reserves	(P217)
Retained earnings	2,216
Non-controlling interests	1,110
	3,109
TOTAL LIABILITIES AND EQUITY	(P1,664)
INCOME BEFORE INCOME TAX	
Equity in net earnings of associates and joint ventures	P9
INCOME TAX EXPENSE	
Current	(1,299)
Deferred	(2,319)
	(3,618)
NET INCOME	P3,627
Attributable to:	
Equity holders of the Parent Company	P2,216
Non-controlling interests	1,411
	P3,627

24. Equity

a. *Capital Stock*

Common Shares
On January 6, 2010, SMC acquired a 49% stake via equity infusion in the Parent Company consisting of its subscription to 2,401,960 common shares of the Parent Company's unissued capital stock. On January 7, 2010, the Parent Company issued 2,401,960 common shares to SMC at a price of P18,600.00 per share, resulting in additional paid-in capital of P44,436.

On July 16, 2013, the BOD and stockholders of the Parent Company approved the stock split of the Parent Company's common shares via change in the par value from P100.00 per share to P1.00 per share. As a result of such stock split, the issued and outstanding common shares increased from 4,901,960 to 490,196,000. The new authorized capital stock of the Parent Company amounted to P1,000 divided into 740,000,000 common shares with a par value of P1.00 per share and 2,600,000 preferred shares with a par value of P100.00 per share. The SEC approved such corporate action on August 16, 2013.

On October 17, 2013, the BOD and stockholders of the Parent Company approved the Amendment of Articles of Incorporation to include the relevant provisions on the lock-up requirements prescribed by the rules and regulations of the PSE which the Parent Company shall comply with, subject to any waiver or exemption that may be granted by the PSE, in connection with the Parent Company's initial listing by way of introduction on the PSE of the Parent Company's 490,196,200 common shares. The SEC approved the aforesaid amendment on November 8, 2013.

On December 18, 2013, the PSE approved the application of the Parent Company for the listing by way of introduction of all its common shares. The shares were listed on the PSE on January 13, 2014.

The Parent Company has 330,325,136 (net of 2,561,031 common shares held by SMC) issued and outstanding common shares, and has 31,199 and 31,219 common shareholders as at December 31, 2022 and 2021, respectively.

Preferred Shares
On October 22, 2010, the Parent Company issued the stock certificates covering SMC's investment in 2,598,040 preferred shares at a price of P18,600.00 per share, resulting in additional paid-in capital of P48,064.

The preferred shares have a par value of P100.00 per share and 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, whether or not in any period the amount thereof is covered by available unrestricted retained earnings.

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 Parent 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.

Dividends in arrears on the 3% cumulative and participating preferred shares amounted to P266 in 2021.

In 2022, the Parent Company redeemed the 1,904,540 issued and outstanding preferred shares as at December 31, 2021 (Note 24c).

b. *Capital Securities*

<u>*CPS*</u>

On June 30, 2016, the Parent Company issued Philippine Peso-denominated CPS with an aggregate face value of P25,883 in favor of BCIL. The Parent Company incurred transaction cost amounting to P725. The CPS entitles the security holder to a cumulative preferential distribution at 6.25% per annum on their face value amount, payable semi-annually in arrears on June 30 and December 31 in each year, commencing on December 31, 2016.

On December 15, 2022, BCIL issued Transfer Notices for the CPS.

On December 20, 2022, the BOD approved amendments to certain features of the CPS issued by the Parent Company in 2016, which includes, among others, the frequency of distribution from semi-annually to quarterly.

No distributions have been declared in 2022 and 2021. Distributions in arrears on CPS amounted to P10,515 and P8,897 as at December 31, 2022 and 2021, respectively, which were not recognized as liability by the Parent Company.

<u>*RPS*</u>

On December 20 and 21, 2022, the Parent Company issued to a related party a total of P51,085 RPS at an issue price of 100%, consisting of: (i) Series “A” with a face value of P15,302 and rate of distribution of 6.25% per annum, payable every March 20, June 20, September 20, and December 20 of each year; (ii) Series “B” with a face value of P11,151 and rate of distribution of 6.25% per annum, payable every March 21, June 21, September 21, and December 21 of each year; and (iii) Series “C” with a face value of P24,632 and rate of distribution of 6.50% per annum, payable every March 21, June 21, September 21, and December 21 of each year.

The Parent Company shall have the option to redeem the securities (in whole or in part) starting on March 20, 2023, for Series “A” and on March 21, 2023 for Series “B” and “C”, and on any distribution date thereafter, at the redemption price equal the to the principal amount of the RPS plus any accrued but unpaid distributions and any arrears of distribution. The Parent Company shall issue an irrevocable notice of redemption to the security holders at least 30 but not more than 60 calendar days prior to the effective date of redemption.

The RPS have no fixed redemption date. The security holder 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 the redemption of the outstanding preferred shares held by SMC and payment of certain debt.

The Parent Company incurred transaction costs on the issuance of RPS amounting to P511.

c. *Treasury Shares*

Treasury shares consist of:

	2022	2021 and 2020
Common:		
Receipt of own shares as property dividends	**P28,001**	P28,001
Common shares of the Parent Company held by SMC	**456**	456
	28,457	28,457
Preferred:		
Redemption of preferred shares	**48,323**	12,899
Preferred shares of the Parent Company held by SMC	**-**	35,424
	48,323	48,323
	P76,780	P76,780

Common Shares

On October 17, 2013, the BOD of SMC approved the declaration, by way of property dividends, of 240,196,000 common shares of stock of the Parent Company to SMC common shareholders of record as at November 5, 2013, distributed on December 26, 2013.

The declaration of the property dividends eliminated the cross ownership between the Parent Company and SMC, which resulted in the consolidation of SMC effective October 17, 2013. The Parent Company, being a shareholder of SMC in 2013, received 157,310,033 of its own common shares equivalent to P28,001 recognized as “Treasury stock - common” and “Additional paid-in capital” accounts in the consolidated statements of changes in equity as at December 31, 2022, 2021 and 2020.

The remaining investments in the Parent Company held by SMC consisting of 2,561,031 common shares amounting to P456, are presented as part of “Treasury stock” account in the consolidated statements of financial position as at December 31, 2022 and 2021.

Preferred Shares
On June 18, 2012, the Parent Company partially redeemed a total of 693,500 preferred shares out of the 2,598,040 preferred shares issued to SMC, at the redemption price of P12,899, corresponding to the original issue price of the said preferred shares.

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

The shares redeemed were not retired and may be reclassified and re-issued by the Parent Company.

The 2,598,040 preferred shares amounting to P35,424 are presented as part of "Treasury stock' account in the consolidated statements of financial position as at December 31, 2022 and 2021.

There were no movements in the treasury stock of the Parent Company in 2021 and 2020.

d. *Unappropriated Retained Earnings*

The unappropriated retained earnings of the Parent Company is restricted in the amount of P456 in 2022, 2021 and 2020, 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.

e. *Appropriated Retained Earnings*

The BOD of certain subsidiaries approved additional appropriations amounting to P14,580, P19,211 and P10,968 in 2022, 2021 and 2020, respectively, to finance future capital expenditure projects. Reversal of appropriations amounted to P11,878, P14,938 and P6,837 in 2022, 2021 and 2020, respectively.

f. *Non-controlling interests*

Non-controlling interests consist of:

	2022	2021
Capital securities of subsidiaries	**P238,576**	P248,635
Share in the net assets of subsidiaries	**204,002**	198,050
Preferred shares of subsidiaries	**90,654**	103,054
	P533,232	P549,739

The following are the developments relating to the capital securities and preferred shares of subsidiaries:

SMC

- Redemption of Preferred Shares

  a) Series “2” Preferred Shares

  On March 30, 2021, SMC 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. SMC paid P5,000 to the holders of Subseries “2-G” preferred shares. The redemption was approved by the BOD of SMC on March 11, 2021.

  On September 21, 2021, SMC redeemed its 255,559,400 and 134,000,100 Series “2” preferred shares - Subseries “2-C” and Series “2” preferred shares - Subseries "2-E", respectively at a redemption price of P75.00 per share plus any unpaid cash dividends. SMC paid P19,167 and P10,050 to the holders of Subseries “2-C” and Subseries "2-E" preferred shares. The redemption was approved by the BOD of SMC on August 5, 2021.

  On December 21, 2022, SMC 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. SMC paid P12,300 to the holders of Subseries “2-H” preferred shares. The redemption was approved by the BOD of SMC on September 22, 2022.

Energy

- San Miguel Global Power

  a) Issuance of SPCS

  San Miguel Global Power has the following US-dollar SPCS issued and listed at the SGX-ST as at December 31, 2022:

Date of Issuance	Initial Rate of Distribution Per Annum	Issued Amount		Balance as at December 31, 2022	
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	5.70%	600	30,171	593	29,836
October 21 and December 15, 2020	7.00%	750	36,141	724	34,884
June 9 and September 15, 2021	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 1,313.1 MW Batangas Combined Cycle Power Plant (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 with 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 2022 consolidated statement 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 the "Equity reserves" account in the consolidated statement of financial position as at December 31, 2021.

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

<u>Fuel and Oil</u>

- 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 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. The redemption was approved by the BOD of Petron on March 9, 2021.

The details of material share in the net assets of SMC are as follows:

	December 31, 2022	December 31, 2021
Percentage of non-controlling interests	**38.22%**	34.01%
Carrying amount of non-controlling interests	**P533,951**	P198,050
Net income attributable to non-controlling interests	**P38,564**	P18,029
Other comprehensive income (loss) attributable to non-controlling interests	**(P950)**	P3,044
Dividends paid to non-controlling interests	**P39,730**	P11,305

The following are the audited condensed financial information of SMC:

	2022	2021
Current assets	**P884,298**	P714,842
Noncurrent assets	**1,507,527**	1,336,811
Current liabilities	**(727,613)**	(525,036)
Noncurrent liabilities	**(1,025,060)**	(845,378)
Net assets	**P639,152**	P681,239
Sales	**P1,506,591**	P941,193
Net income	**P26,760**	P48,159
Other comprehensive income (loss)	**(1,593)**	6,636
Total comprehensive income	**P25,167**	P54,795
Cash flows provided by (used in) operating activities	**(P12,393)**	P50,138
Cash flows used in investing activities	**(201,528)**	(127,572)
Cash flows provided by financing activities	**224,298**	21,096
Effect of exchange rate changes on cash and cash equivalents	**7,807**	9,159
Net increase (decrease) in cash and cash equivalents	**P18,184**	(P47,179)

25. Sales

Sales consist of:

	Note	**2022**	2021	2020
Goods		**P1,472,855**	P918,113	P708,136
Services		**33,667**	23,060	17,640
	6, 33	**P1,506,522**	P941,173	P725,776

26. Cost of Sales

Cost of sales consist of:

	Note	**2022**	2021	2020
Inventories	*9*	**P995,331**	P514,633	P367,117
Taxes and licenses		**106,351**	90,305	82,648
Power purchases	*34*	**57,089**	20,557	10,337
Depreciation and amortization	*28*	**38,888**	34,589	31,899
Fuel and oil		**23,212**	12,671	8,367
Contracted services		**12,794**	15,144	15,130
Personnel	*29*	**12,791**	10,049	9,453
Freight, trucking and handling		**12,346**	7,096	9,260
Energy fees	*34*	**10,452**	17,762	20,365
Tolling fees	*34*	**6,692**	6,816	7,493
Repairs and maintenance		**5,328**	5,017	5,101
Communications, light and water		**4,406**	6,257	5,182
Rent		**879**	596	419
Others	*9, 34*	**2,533**	847	2,143
		P1,289,092	P742,339	P574,914

27. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	2022	2021	2020
Selling	**P43,469**	P37,177	P36,539
Administrative	**41,061**	41,259	41,866
	P84,530	P78,436	P78,405

Selling expenses consist of:

	Note	**2022**	2021	2020
Personnel	*29*	**P12,454**	P8,218	P8,727
Freight, trucking and handling		**9,204**	9,387	8,931
Depreciation and amortization	*28*	**6,801**	5,698	5,710
Advertising and promotions		**5,885**	5,586	5,375
Rent		**2,017**	1,633	1,878
Repairs and maintenance		**1,783**	1,534	1,278
Taxes and licenses		**949**	836	838
Supplies		**916**	740	557
Communications, light and water		**717**	485	420
Travel, entertainment and representation		**685**	440	398
Professional fees		**561**	540	518
Others		**1,497**	2,080	1,909
		P43,469	P37,177	P36,539

Administrative expenses consist of:

	Note	**2022**	2021	2020
Personnel	*29*	**P20,026**	P23,729	P21,165
Depreciation and amortization	*28*	**4,897**	5,102	5,094
Taxes and licenses		**3,938**	3,561	3,641
Travel, entertainment and representation		**3,183**	2,623	3,689
Professional fees		**2,642**	2,477	2,359
Repairs and maintenance		**1,861**	1,582	1,688
Communications, light and water		**950**	958	804
Supplies		**918**	936	905
Rent		**409**	535	1,133
Impairment loss (reversal of impairment loss)	*8, 9, 18*	**115**	(455)	1,103
Research and development		**45**	38	50
Others	*34*	**2,077**	173	235
		P41,061	P41,259	P41,866

28. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	**2022**	2021	2020
Cost of sales:				
Property, plant and equipment	*13*	**P22,735**	P19,097	P16,809
Right-of-use assets	*14*	**5,273**	6,315	6,341
Other intangible assets	*17*	**7,178**	5,963	4,778
Biological assets and others	*15, 16, 18*	**3,702**	3,214	3,971
	26	**38,888**	34,589	31,899
Selling and administrative expenses:				
Property, plant and equipment	*13*	**4,885**	5,246	5,345
Right-of-use assets	*14*	**1,082**	953	1,098
Investment property, deferred containers and others	*15, 17, 18*	**5,731**	4,601	4,361
	27	**11,698**	10,800	10,804
		P50,586	P45,389	P42,703

"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:

	Note	2022	2021	2020
Salaries and wages		**P26,586**	P23,066	P22,376
Retirement costs	*35*	**2,030**	3,444	1,832
Other employee benefits		**16,655**	15,486	15,137
		P45,271	P41,996	P39,345

Personnel expenses are distributed as follows:

	Note	2022	2021	2020
Cost of sales	*26*	**P12,791**	P10,049	P9,453
Selling expenses	*27*	**12,454**	8,218	8,727
Administrative expenses	*27*	**20,026**	23,729	21,165
		P45,271	P41,996	P39,345

30. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	Note	2022	2021	2020
Interest expense		**P55,313**	P42,190	P45,349
Other financing charges	*21, 35*	**6,574**	6,407	5,345
		P61,887	P48,597	P50,694

Amortization of debt issue costs included in "Other financing charges" amounted to P2,824, P2,630 and P2,282 in 2022, 2021 and 2020, respectively (Note 21).

Interest expense on loans payable, long-term debt, lease liabilities and other liabilities is as follows:

	Note	2022	2021	2020
Loans payable	*19*	**P8,067**	P3,943	P7,473
Long-term debt	*21*	**41,736**	33,327	32,118
Lease liabilities	*14, 34*	**3,442**	4,186	5,080
Other liabilities		**2,068**	734	678
		P55,313	P42,190	P45,349

31. Interest Income

Interest income consists of:

	Note	2022	2021	2020
Interest from short-term investments, cash in banks and others	*7, 12, 35*	**P6,805**	P3,293	P5,866
Interest on amounts owed by related parties	*12, 33, 35*	**347**	300	321
		P7,152	P3,593	P6,187

32. Other Income (Charges)

Other income (charges) consists of:

	Note	**2022**	2021	2020
Construction revenue (a)	*4, 17, 34*	**P60,461**	P29,769	P22,747
Dividend income	*12*	**23**	1,611	16
Miscellaneous gain (b)	*5, 43*	**22**	170	7,971
Reversal of (additional provision on) impairment (c)	*8, 11, 13, 17, 18*	**(1,111)**	(449)	192
Loss on derivatives - net	*40*	**(23,601)**	(9,427)	(5,007)
Gain (loss) on foreign exchange - net	*39*	**(24,931)**	(6,972)	7,433
Construction costs (a)	*4, 17, 34*	**(60,461)**	(29,769)	(22,747)
Gain on fair valuation of investment	*5, 11*	**-**	-	894
Others - net (d)	*4, 22, 34*	**6,580**	399	73
		(P43,018)	(P14,668)	P11,572

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 consists of settlement received by the Group from third party contractors on account of damages arising from the latter's non-fulfillment of obligations under procurement-related contracts in 2020 (P3,826), 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 P162 and P3,382 in 2021 and 2020, respectively, and the gain recognized from the consolidation of Mema and NCC in 2022 and 2020 amounting to P22 and P763, respectively.

c. *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. In 2022, management performed impairment testing of SMYA's goodwill. It was determined that the carrying amount of the cash generating unit is higher than the recoverable value. Accordingly, an impairment loss of P789 was 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. In 2022, management assessed that the carrying amount of advances for investments may not be recoverable in full. Accordingly, an additional impairment loss amounting to P241 was recognized in 2022.

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.

d. "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. This also includes SMYPC's inventory loss from the fire incident at its plastic plant located in Pandacan, Manila in February 2020 (P312) and the portion of the Skyway Stage 3 Project of MMSS3 that was also damaged by the fire (P280), net of proceeds from insurance claims.

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
Shareholders of the Parent Company	*20*	**2022**	**P -**	**P -**	**P -**	**P221**	On demand; non-interest bearing	Unsecured
		2021	-	-	-	221		
		2021	-	-	-	10,942	On demand; interest bearing	
Retirement Plans	*8, 35*	**2022**	**23**	**-**	**3,480**	**-**	On demand;	Unsecured;
		2021	23	-	4,433	-	non-interest bearing	no impairment
	8, 31, 35	**2022**	**246**	**-**	**4,127**	**-**	On demand;	Unsecured;
		2021	266	-	4,371	-	interest bearing	no impairment
Associates	*8, 18, 20, 22*	**2022**	**1,970**	**11**	**888**	**74**	On demand;	Unsecured;
		2021	2,045	46	1,245	30	non-interest bearing	no impairment
	8, 12, 18, 19, 21, 31	**2022**	**6**		**12,346**	**23,223**	Less than 1	Unsecured and
		2021	9	-	140	21,353	to 12 years; interest bearing	secured; no impairment
Joint Ventures	*8, 18, 20, 22*	**2022**	**63**	**471**	**117**	**17**	On demand;	Unsecured;
		2021	321	1,681	81	177	non-interest bearing	no impairment
	8	**2022**	**-**	**-**	**621**	**-**	On demand;	Unsecured;
		2021	-	-	621	-	interest bearing	with impairment
	8, 18, 31	**2022**	**59**	**-**	**1,135**	**-**	Less than 1 to	Unsecured;
		2021	24	-	1,170	-	10.5 years; interest bearing	no impairment
Shareholders in Subsidiaries	*8, 20*	**2022**	**184**	**890**	**91**	**2,658**	On demand;	Unsecured;
		2021	79	1,757	193	2,455	non-interest bearing	no impairment
Others	*8, 20, 22*	**2022**	**6,091**	**4,284**	**32**	**6**	On demand;	Unsecured;
		2021	3,152	2,649	796	56	non-interest bearing	no impairment
Total		**2022**	**P8,642**	**P5,656**	**P22,837**	**P26,199**		
Total		2021	P5,919	P6,133	P13,050	P35,234		

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 to related parties in 2021 include interest-bearing payable to a shareholder of the Parent Company, used for working capital purposes. This is subject to 3.00% interest per annum, which was renegotiated in 2017. The parties agreed in writing that the 3.00% interest per annum will accrue beginning on the relevant year when SMC has commenced the management and operations of its Manila International Airport Project. This payable has no definite payment terms and considered payable upon demand.

   On December 19, 2022, as a result of further renegotiation of the terms of the shareholder advances applicable for year 2017 onwards, the Parent Company signified its intention to fully pay the shareholder advances prior to the management and operation by SMC of the Manila International Airport Project. As such, the parties agreed that the Parent Company shall pay the shareholder on December 20, 2022, the total amount of US$249 (P13,762), inclusive of interest/charges, in full settlement of the shareholder advances.

4. 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 investments in debt securities under investment agreement with BOC for a total amount of P12,250 as at December 31, 2022, 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).

   b.) 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, 2022 and 2021.

5. 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 P6 as at December 31, 2022, and as part of “Lease liabilities - current portion” and “Lease liabilities - net of current portion” amounted to P2 and P1, respectively, as at December 31, 2021.

6. The amounts owed to associates include interest bearing loans payable to BOC presented as part of “Loans payable” account amounting to P11,520 and P9,530 and “Long-term debt” account amounting to P11,703 and P11,823 in the consolidated statements of financial position as at December 31, 2022 and 2021, respectively (Notes 19 and 21).

   The amounts owed to associates include syndicated project finance loans amounting to P10,913 and P10,444 as at December 31, 2022 and 2021, respectively, which were secured by certain property, plant and equipment and other intangible assets (Notes 13 and 17).

7. The compensation of key management personnel of the Group, by benefit type, follows:

	Note	**2022**	2021	2020
Short-term employee benefits		**P631**	P436	P477
Retirement cost	*35*	**17**	45	31
		P648	P481	P508

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 P10,452, P17,762 and P20,365 in 2022, 2021 and 2020, respectively (Note 26). SPI and SRHI renewed their performance bonds amounting to US$58 and US$20, which will expire on November 3, 2023 and January 25, 2024, 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 P2,120, P2,836 and P3,661 in 2022, 2021 and 2020, 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" account in the consolidated statement of financial position as at December 31, 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" to “Property, plant and equipment” 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 P99,116 and P151,828 as at December 31, 2022 and 2021, respectively (Note 14).

- *Land Lease Agreement with PSALM*

  MPPCL 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 2022, 2021 and 2020 (Note 30).

  MPPCL’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, 2022 and 2021, (Notes 4 and 14).

- *Market Participation Agreements (MPA)*

  SPI, SRHI, SPPC, LPI, SMELC, MPI, MPPCL, SPESC and UPSI 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 MPPCL 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 and MPPCL amounted to P201, P126 and P185 in 2022, 2021 and 2020, respectively (Note 26).

SMELC, LPI and MPPCL 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 MPPCL has extended its validity until October 25, 2023 and February 16, 2024, respectively.

- *PSAs and RSCs*

SPI, SPPC, SRHI, MPI, LPI, SMELC, SEDI and MPPCL 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 and MPPCL 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 P57,089, P20,557 and P10,337 in 2022, 2021 and 2020, respectively (Note 26).

On March 2, 2021, EERI and MPPCL 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. These PSAs have been filed and are pending approval by the ERC as at December 31, 2022.

- *Ancillary Service Procurement Agreement (ASPA)*

On September 8, 2017, MPPCL 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, SPESC 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.

- *Coal Supply Agreements*

  SPI, MPI, LPI and MPPCL have supply agreements with various coal suppliers for the coal requirements of the power plants.

- *Distribution Wheeling Service (DWS) Agreements*

  As RES, SMELC, LPI and MPPCL 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.

- *COC*

DAMI's coal property covered by COC No. 126, issued by the DOE, is located in South Cotabato consisting of two coal blocks with a total area of 2,000 hectares, more or less, and has an In-situ coal resources (measured plus indicated coal resources) of about 68 million metric tons as at December 31, 2022.

SEPC has a coal mining property and right over an aggregate area of 7,000 hectares, more or less, composed of seven coal blocks located in South Cotabato and Sultan Kudarat. As at December 31, 2022, COC No. 134 has an In-situ coal resources (measured plus indicated coal resources) of about 35 million metric tons.

BERI's COC No. 138, issued by the DOE, is located in Sarangani and South Cotabato consisting of eight coal blocks with a total area of 8,000 hectares, more or less, and has an In-situ coal resources (measured plus indicated coal resources) of about 23 million metric tons as at December 31, 2022.

Status of Operations
The DOE approved the conversion of the COC for Exploration to COC for Development and Production of DAMI, SEPC and BERI effective on the following dates:

Subsidiary	COC No.	Effective Date	Term*
DAMI	126	November 19, 2008	20 years
SEPC	134	February 23, 2009	10 years
BERI	138	May 26, 2009	10 years

**The term is followed by another ten-year extension, and thereafter, renewable for a series of three-year periods not exceeding 12 years under such terms and conditions as may be agreed upon with the DOE.*

On April 27, 2012 and January 26, 2015, the DOE granted the requests of DAMI, SEPC and BERI, for a moratorium on suspension of the implementation of the production timetable as specified under their respective COC. The request is in connection with a resolution passed by South Cotabato in 2010 prohibiting open-pit mining activities in the area. The moratorium was retrospectively effective from the dates of their respective COC, when these were converted to Development and Production Phase, and remained valid as approved by the DOE or until the ban on open-pit mining pursuant to the Environment Code of South Cotabato has been lifted, whichever comes first.

On December 11, 2019, the DOE approved the ten-year extension and the initial five-year WPB for COC No. 134 of SEPC.

On January 10, 2020, DAMI and BERI met with the Energy Resources Development Bureau representatives to discuss the proposed consolidated five-year WPB and the documentary requirements to effect consolidation of the two COCs.

On December 6, 2021, the Sangguniang Panlalawigan of South Cotabato endorsed the implementation of the respective COCs of DAMI, BERI and SEPC, thereby removing the biggest impediment for implementation of the three COCs and the implementation of the five-year WPB of SEPC that was approved by the DOE on December 11, 2019. On May 20, 2022, the DOE granted the requests for approval of the transfer/assignment of COC No. 138 in favor of DAMI, consolidation of COC No. 126 and 138 into one contract and its corresponding proposed 5-year consolidated Work Program and Budget. The consolidation of COC Nos. 126 and 138 took effect upon the execution of the Amendment to Coal Operating Contract No. 126 and approval thereof by the DOE on July 22, 2022.

In December 2022, SPI sold its investments in DAMI, BERI and SEPC and consequently derecognized the deferred exploration and development costs of these entities effective December 21, 2022 (Notes 4, 5 and 18).

- 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), based on the latter’s standard Far East selling prices and Kuwait Petroleum Corporation (KPC) to purchase Kuwait Export Crude Oil (KEC) and/or Khafji Crude Oil (Khafji) at pricing based on latter’s standard KEC/Khafji prices. The contract with Saudi Aramco is from November 1, 2013 to December 31, 2014 with automatic annual extension thereafter unless terminated at the option of either party upon at least 60 days written notice, while the contract with KPC is from July 1, 2022 to June 30, 2023.

    PMRMB currently has a long-term supply contract of Tapis crude oil and Terengganu condensate for its Port Dickson Refinery from ExxonMobil Exploration and Production Malaysia Inc. (EMEPMI) and Low Sulphur Waxy Residue Sale/Purchase Agreement with Exxon Trading Asia Pacific, a division of ExxonMobil Asia Pacific Pte. Ltd. On the average, around 52% of crude and condensate volume processed in 2022 are from EMEPMI with balance of around 48% from spot purchases.

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, 2022 and 2021 (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. Prior to this agreement, Petron had an outstanding lease agreement on the same property from PNOC. Also, as at December 31, 2022 and 2021, 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 BOC. 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 2023.

ii. *Manila International Airport*

On August 14, 2019, the ROP, through the DOTr, issued a NOA to SMHC, awarding the Manila International Airport Project. In accordance with the NOA, SMAI was registered by SMHC as the concessionaire.

The Manila International Airport 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 Manila International 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 Manila International Airport shall consist of airfield facilities, passenger and cargo terminal buildings, airport support facilities and an airport toll road facility which will connect the Manila International Airport 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 Manila International Airport and the removal or abatement of all liens, encumbrances and hazardous substances within the Manila International Airport’s vicinities as the case may be.

5. SMAI shall provide proper maintenance of the Manila International Airport'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 Manila International Airport shall accrue to SMAI, including the lease or sublease of all business or commercial ventures and activities consistent with the Manila International Airport'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 Manila International Airport 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 Manila International Airport 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 Manila International Airport 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 2022.

On April 20, 2016, ULC BVI through SMC, 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.

- *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, 2022.

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 420-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.

- 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 18.83 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 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, 2022, 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 40.62 kilometers, that will link the existing Skyway Stage 3, PAREX, NAIA Expressway to the Manila International Airport.

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.

- *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 P6,692, P6,816 and P7,493 in 2022, 2021 and 2020, 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

This MPSA has a term of 25 years from the date of issuance and may be renewed thereafter for another term not exceeding 25 years.

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 P11 and P12 in 2022 and 2021, respectively.

- Allotment of a minimum of 1.75% of the direct drilling and milling costs necessary to implement the activities for community development.

  As at December 31, 2022, allotment made amounted to P6.

  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. As at March 9, 2023, NCC is yet to receive the approval by the DENR.

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	November 18, 2021
060-96-VII	Lo-oc, Malabuyoc, Cebu	November 18, 2021
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 of March 9, 2023, 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, 2022, ECC and subsidiaries are compliant with the foregoing commitments and obligations.

- Mining

  - *MPSA*

    PNPI, PPC and PIC

    The MPSA provides for the exclusive possession of and the privilege and right to explore, utilize, process and dispose of all minerals, mineral products and by-products that may be derived from the total contract area of 23,877 hectares in Parcels II and III of the Surigao Mineral Reservation (SMR) in the Province of Surigao del Norte and Dinagat Islands.

    On May 2, 1997, PIC assigned its rights and obligations under the MPSA to PNPI. As a result of the assignment, PNPI holds exclusive rights to explore, develop, mine, and commercially utilize nickel, cobalt, chrome, iron and other mineral deposits within the contract area for a period of 25 years. On the other hand, PPC holds exclusive rights with respect to the processing of minerals and resources under the MPSA.

    As part of the consideration for the assignment of the MPSA, PNPI assigned to PPC the exclusive Mineral Processing Rights (MPR) granted under the MPSA. The assignment of the MPSA by PIC to PNPI and the assignment of the MPR by PNPI to PPC were approved by the DENR on August 7, 1997.

    The assignment of the MPSA was subject to the following conditions:

    i PNPI shall enter into an exclusive 25-year ore supply contract with PPC, to provide PPC with its nickel ore requirements;

    ii The MPSA shall be deemed automatically assigned to PPC in the event that PIC shall be in default under the ARDA and the ARDA is terminated in accordance with its terms;

    iii PNPI shall be jointly and severally liable for the payments due to the PMO under the ARDA and all profits earned by PNPI will be used to pay PIC’s obligations to PMO under the ARDA as and when necessary; and

    iv All of the outstanding capital stock of PNPI shall be pledged to PMO as security for the obligations of PNPI to PMO as well as the obligations of PIC to PMO under the ARDA.

On August 7, 2007, MPSA No. 072-97-XIII (SMR) was reinstated in favor of PNPI. The term of the MPSA is for a period of 25 years until 2022. The first renewal of the two-year exploration period was granted on February 1, 2000; the second renewal on November 18, 2002; and the third renewal on September 25, 2007.

On August 12, 2009, prior to the expiration of the third renewal of the exploration period, PNPI submitted a Declaration of Mining Project Feasibility (DMPF) covering the 25,000 hectare MPSA contract area.

PNPI filed the fourth request for an additional two-year exploration period on November 25, 2013 with the Mines and Geosciences Bureau of the DENR (DENR-MGB) with the objective of: (a) updating the 2009 DMPF; and (b) fully defining the quality and quantity of limonite and saprolite deposits within the contract area. The request was approved, covering the period of February 25, 2015 to February 24, 2017.

On September 21, 2015, the Deeds of Partial Assignment and Transfer was executed by PNPI with PLGMC and VMI wherein PNPI assigned all its rights and obligations in the 7035- and 6264-hectare portions of the contract area under its current Mining Rights (MPSA No. 072-97-XIII-SMR). On November 6, 2019, the DENR approved the Deeds of Assignment and Partial Transfer by PNPI with PLGMC and VMI. PNPI’s Mineral Production Sharing Agreement, MPSA No. 072-97-XIII-SMR, was redenominated as:

- MPSA-072-97-XIII-SMR-Amended A in the name of PNPI covering 10,577.6157 hectares (Nonoc, Awasan, and Hanigad Islands plus the Sabang Dam area);

- MPSA-072-97-XIII-SMR-Amended B in the name of PLGMC covering 7,035 hectares (North Dinagat area); and

- MPSA-072-97-XIII-SMR-Amended C in the name of VMI covering 6,264 hectares (South Dinagat area).

The approval came with the conditions that:

- The three companies shall submit a location map/sketch plan for each MPSA using NAMRIA topographic map at a scale of 1:50,000; and,

- The three companies shall file the renewal of the Exploration Period under the respective MPSA or submit a DMPF Study pursuant to the terms and conditions of the MPSA.

The MGB further stated that the assigned portions of the MPSA shall be treated as separate MPSAs, subject to regular monitoring of the MGB Regional Office No. XIII.

On February 10, 2017, PNPI was granted the fifth renewal of the two-year exploration period by the DENR-MGB covering the period of February 25, 2017 to February 24, 2019 conditioned on the full implementation of the approved Exploration and Environmental Work Program and Community Development Program, as well as the filing of DMPF.

On February 7, 2019, PNPI filed the request for the renewal of the MPSA's exploration period with the MGB. The request is anchored on (1) the need to complete various technical studies; (2) the need to settle the PIC vs PMO case; and (3) PNPI's satisfactory compliance to the terms and conditions of the fifth renewal of the MPSA's exploration period.

On September 9, 2020, PNPI has been granted the sixth renewal of exploration period and is coterminus with the remaining terms of the MPSA which is until August 7, 2022.

On July 21, 2021, PNPI sent a letter to the MGB that was received by the office on August 3, 2021, requesting for the deferment of the implementation of the Exploration Work Program under the MPSA No. 072-97-XIII-SMR-Amended A to a later date, preferably by January 2022 where hopefully there is a less restrictive quarantine environment.

Then, with the issuance of the Executive Order (EO) No. 21-032 Series of 2021 by Surigao del Norte Honorable Governor Francisco T. Matugas on August 25, 2021, an Order lifting the Temporary Prohibition of Face-to-Face Meetings, Trainings and Seminars effective August 31, 2021 while providing compliance with the less restrictive mandatory protocols and travel requirements, and with the MGB approval of the submitted Exploration Health Protocols under the New Normal, the company commenced in-house drilling activities last September 7, 2021, utilizing two Andy drill rigs and one topographic surveying team to define further with higher level of confidence the limonite and saprolite resources/ reserves in Nonoc Mining Areas 3 and 5, which progressed until December 11, 2021, giving way for the year-end holidays and preventive maintenance of drill rigs.

The PMO vs. PIC/CA was resolved with finality by the Supreme Court’s First Division in a resolution dated September 14, 2021. No further pleadings, motions, letters, or other communications was entertained by the Supreme Court.

On December 29, 2021, PIC delivered a check in favor of PMO, representing the first installment on the purchase price or obligation assumed by PIC. An Official Receipt (OR No. 8857046G) dated December 29, 2021 was duly issued by PMO for the amount of P147.34.

The restoration of the lost term of the MPSAs jointly filed by PNPI, PLGMC and VMI was favorably acted upon by the DENR thru the Order of March 4, 2022 and the MPSAs of the three companies were extended for nine years or up to August 7, 2031.

Currently, preparation for the resumption of production drilling in PNPI’s contract area and exploration/infill drilling in PLGMC’s and VMI’s contract areas are underway amidst the devastation by Tropical Storm Odette in the Caraga Region last December 2021.

VMI

VMI has mining rights under MPSA No. 346-2010-IVA issued by the DENR on June 25, 2010. The MPSA covers a total area of 11,126 hectares located in Quezon and Camarines Norte. The term of the MPSA is for a period of 25 years until 2035. In December 2015, the exploration permit of VMI expired and the exploratory core drilling activities were put on hold. A letter of request for the renewal of exploration permit was sent by VMI to MGB. However, due to the peace and order situation in the contract area, VMI filed with the DENR-MGB a request for suspension of obligations pursuant to the MPSA due to *force majeure*. The request was granted by MGB on August 24, 2017 and will be valid for two years or up to August 23, 2019. The suspension was renewed for another two years from August 24, 2019 to August 23, 2021, pursuant to an Order from the MGB dated August 5, 2019. It was renewed again for another two years starting from August 24, 2021 to August 23, 2023. Meanwhile, VMI continues to implement the remaining community development activities for its host communities.

On July 21, 2021, the VMI sent a letter to the MGB that was received by the office on August 3, 2021, requesting for the deferment of the implementation of the Exploration Work Program under the MPSA No. 072-97-XIII-SMR-Amended C to a later date, preferably by January 2022 where hopefully there is a less restrictive quarantine environment.

- *Joint Operating Agreement*

  On June 21, 2007, PPC and PNPI executed a Deed of Assignment to assign the rights and obligations of the Joint Operating Agreement entered by Philippine Mining Development Corporation (PMDC) and PPC to PNPI. The assignment was approved by PMDC on January 11, 2008.

- *Special Economic Zone*

  On October 6, 1999, Presidential Proclamation No. 192 was issued creating and establishing the 106.5 hectare land situated in Nonoc Island, Surigao City as an economic zone to be known as the Philnico Industrial Estate Special Economic Zone. PIC is a Philippine Economic Zone Authority (PEZA) registered operator/developer of the economic zone as per Certificate of Registration No. EZ 00-001.

  Pursuant to its registration with PEZA as an economic zone developer/operator, PIC is entitled to certain incentives in accordance with the provisions of RA No. 7916, otherwise known as “The Special Economic Zone Act of 1995”, as amended.

As at December 31, 2022, Clariden is currently conducting metallurgical tests and additional technical studies to determine the optimal processing option for the nickel deposits.

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:

	2022	2021
Within one year	**P1,149**	P532
One to two years	**701**	508
Two to three years	**396**	501
Three to four years	**316**	495
Four to five years	**305**	497
More than five years	**2,656**	6,733
	P5,523	P9,266

  Rent income recognized in the consolidated statements of income amounted to P1,766, P1,496 and P1,382 in 2022, 2021 and 2020, respectively (Notes 4 and 32). Income from sub-leasing recognized in the consolidated statements of income amounted to P1,275, P796 and P1,054 in 2022, 2021 and 2020, respectively.

35. Retirement Plans

SMC 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 SMC 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, 2022. 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 SMC and its subsidiaries. The Retirement Plans' accounting and administrative functions are undertaken by the Retirement Funds Office of SMC.

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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance at beginning of year	**P29,500**	P29,059	**(P30,554)**	(P31,631)	**(1,821)**	(P1,642)	**(P2,875)**	(P4,214)
Benefit asset (obligation) of consolidated subsidiaries	**99**	-	**(172)**	-	**-**	-	**(73)**	-
Recognized in profit or loss								
Current service costs	**-**	-	**(1,772)**	(1,737)	**-**	-	**(1,772)**	(1,737)
Past service costs	**-**	-	**(258)**	(1,707)	**-**	-	**(258)**	(1,707)
Interest expense	**-**	-	**(1,532)**	(1,225)	**-**	-	**(1,532)**	(1,225)
Interest income	**1,506**	1,101	**-**	-	**-**	-	**1,506**	1,101
Interest on the effect of asset ceiling	**-**	-	**-**	-	**(93)**	(62)	**(93)**	(62)
	1,506	1,101	**(3,562)**	(4,669)	**(93)**	(62)	**(2,149)**	(3,630)
Recognized in other comprehensive income								
Remeasurements								
Actuarial gains (losses) arising from:								
Experience adjustments	**-**	-	**(500)**	862	**-**	-	**(500)**	862
Changes in financial assumptions	**-**	-	**(148)**	2,014	**-**	-	**(148)**	2,014
Changes in demographic assumptions	**-**	-	**1,027**	(10)	**-**	-	**1,027**	(10)
Return on plan assets excluding interest income	**(10,445)**	(606)	**-**	-	**-**	-	**(10,445)**	(606)
Changes in the effect of asset ceiling	**-**	-	**-**	-	**1,908**	(117)	**1,908**	(117)
	(10,445)	(606)	**379**	2,866	**1,908**	(117)	**(8,158)**	2,143
Others								
Contributions	**3,507**	2,650	**-**	-	**-**	-	**3,507**	2,650
Benefits paid	**(1,984)**	(2,760)	**2,248**	2,876	**-**	-	**264**	116
Transfers from other plans	**16**	3	**(21)**	(3)	**-**	-	**(5)**	-
Transfers to other plans	**(16)**	(1)	**21**	1	**-**	-	**5**	-
Other adjustments	**61**	54	**(225)**	6	**-**	-	**(164)**	60
	1,584	(54)	**2,023**	2,880	**-**	-	**3,607**	2,826
Balance at end of year	**P22,244**	P29,500	**(P31,886)**	(P30,554)	**(P6)**	(P1,821)	**(P9,648)**	(P2,875)

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 Group amounted to P2,149, P3,630 and P2,045 in 2022, 2021 and 2020, respectively (Note 29). In 2022 and 2021, 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 P258 and P1,707 in 2022 and 2021, respectively.

The net interest on the defined benefit retirement asset recognized as part of "Interest Expense and Other Financing Charges" and "Interest income" accounts in the consolidated statements of income by the Group amounted to P119, P186 and P213 in 2022, 2021 and 2020, respectively (Notes 30 and 31).

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 P9,557, respectively (Notes 20 and 22).

As at December 31, 2021, net retirement assets and liabilities, included as part of "Other noncurrent assets - net" account, amounted to P4,175 (Note 18) and under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts, amounted to P187 and P6,863, respectively (Notes 20 and 22).

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2022 and 2021.

The Group's plan assets consist of the following:

	In Percentages	
	2022	2021
Investments in marketable securities and shares of stock	**76.41**	76.87
Investments in pooled funds:		
Fixed income portfolio	**6.42**	6.58
Stock trading portfolio	**1.06**	1.45
Investments in real estate	**3.02**	1.53
Others	**13.09**	13.57

Investments in Marketable Securities

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 SMC 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 GSMI 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 SMPI with fair market value per share of P134.12; and

- 5,997,311 common shares of the Parent Company with fair market value per share of P95.00.

As at December 31, 2021 the plan assets include:

- 49,564,147 common shares and 8,038,270 Subseries "2-F", 264,840 Subseries "2-H", 9,782,770 Subseries "2-I", 3,491,300 Subseries "2-J" and 4,007,900 Subseries "2-K" preferred shares of SMC with fair market value per share of P114.90, P79.25, P75.95, P79.65, P76.50 and P75.85, respectively;

- 753,454,797 common shares and 474,160 preferred shares of Petron with fair market value per share of P3.17 and P1,119.00, respectively;

- 33,635,700 common shares of SMB with fair market value per share of P20.00;

- 19,386,620 common shares of GSMI with fair market value per share of P113.80;

- 15,245,750 common shares of SMFB with fair market value per share of P71.40;

- 300 common shares of SMPI with fair market value per share of P134.12; and

- 5,997,311 common shares of the Parent Company with fair market value per share of P127.70.

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 the Parent Company, SMC and its subsidiaries amounting to (P9,544), P21 and (P1,876) in 2022, 2021 and 2020, respectively.

Dividend income from the investment in shares of stock of SMC and its subsidiaries amounted to P395, P369 and P375 in 2022, 2021 and 2020, respectively.

Investments in Shares of Stock

a. BOC

San Miguel Corporation Retirement Plan (SMCRP) has 432,626,860 common shares, representing 38.54% equity interest in BOC, accounted for under the equity method of accounting amounting to P10,064 as at December 31, 2021. SMCRP recognized its share in total comprehensive income of BOC amounting to P468 in 2021.

As discussed in Note 11, SMCRP sold to SMCEC its 1,571,600 common shares of BOC, equivalent to 1.4% equity interest, amounting to P356 in October 2021. The Articles of Incorporation of BOC was amended for the change in the par value of its common and preferred shares from P100.00 per share to P10.00 per share. As a result, SMCRP's investment in BOC's common shares increased from 43,262,686 to 432,626,860 common shares.

In March 2022, BOC listed its common shares through Initial Public Offering for P12.00 per share with the PSE. Accordingly, SMCRP remeasured its investment in shares of stock of BOC using the available quoted price and the investment was reclassified as investment in marketable securities. The change in the valuation estimate from equity method to available quoted price resulted to the recognition by SMCRP of unrealized loss on marketable securities amounting to P6,651 in 2022.

b. 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 cost method since cost approximates fair value, amounting to P859 as at December 31, 2022 and 2021.

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 84% and 65% of the Retirement Plans' investments in pooled funds in stock trading portfolio include investments in shares of stock of SMC and its subsidiaries as at December 31, 2022 and 2021, respectively.

Approximately 61% and 67% of the Retirement Plans' investments in pooled funds in fixed income portfolio include investments in shares of stock of SMC and its subsidiaries as at December 31, 2022 and 2021, 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 and P634 as at December 31, 2022 and 2021, respectively.

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 P2,646 to the Retirement Plans in 2023.

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	
	2022	2021
Discount rate	**4.60 - 7.62**	0.40 - 6.75
Salary increase rate	**2.00 - 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 1.0 to 19 years and 1.0 to 24.9 years as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, 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, respectively:

	Defined Benefit Retirement Obligation			
	2022		2021	
	1 Percent Increase	**1 Percent Decrease**	1 Percent Increase	1 Percent Decrease
Discount rate	**(P1,646)**	**P1,859**	(P1,648)	P1,954
Salary increase rate	**1,920**	**(1,698)**	2,148	(1,880)

The outstanding balances of the Group's receivable from the retirement plans are as follows:

a. SMC has advances to and receivables from SMCRP amounting to P6,713 and P7,666 as at December 31, 2022 and 2021, 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 2022 and 2021. Interest income earned from the advances amounted to P188 in 2022 and 2021 (Notes 31 and 33).

b. Petron has advances to Petron Corporation Employee Retirement Plan (PCERP) amounting to P894 and P1,138 as at December 31, 2022 and 2021, 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 2022 and 2021. Interest income earned from the advances amounted to P58 and P78 in 2022 and 2021, respectively (Notes 31 and 33).

   In 2022 and 2021, portion of Petron's advances to PCERP were converted into contribution to the retirement plan.

Transactions with the Retirement Plans are made at normal market prices and terms. Outstanding balances as at December 31, 2022 and 2021 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 2022, 2021 and 2020.

36. Cash Dividends

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

2022

Date of Declaration	**Date of Record**	**Date of Payment**	**Dividend per Share**
March 10, 2022	March 10, 2022	March 11, 2022	**P139.50**
May 5, 2022	May 5, 2022	May 6, 2022	**139.50**
August 4, 2022	August 4, 2022	August 5, 2022	**139.50**
November 14, 2022	November 14, 2022	November 15, 2022	**139.50**
December 20, 2022	December 20, 2022	December 21, 2022	**139.50**

2021

Date of Declaration	Date of Record	Date of Payment	Dividend per Share
March 11, 2021	March 11, 2021	March 12, 2021	P139.50
May 6, 2021	May 6, 2021	May 7, 2021	139.50
August 5, 2021	August 5, 2021	August 6, 2021	139.50
November 11, 2021	November 11, 2021	November 12, 2021	139.50

37. Basic and Diluted Earnings Per Share

Basic and diluted EPS is computed as follows:

	Note	**2022**	2021	2020
Net income (loss) attributable to equity holders of the Parent Company		**(P14,679)**	P166	(P233)
Distributions to CPS	*24*	**(1,618)**	(1,618)	(1,618)
Distributions to RPS	*24*	**(93)**	-	-
Net loss attributable to common shareholders of the Parent Company (a)		**(P16,390)**	(P1,452)	(P1,851)
Weighted average number of common shares outstanding (in millions) (b)		**330**	330	330
Basic and diluted loss per common share attributable to equity holders of the Parent Company (a/b) *		**(P49.62)**	(P4.39)	(P5.60)

**Earnings per share are computed based on amounts in nearest peso.*

As at December 31, 2022, 2021 and 2020, 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):

	2022	2021	2020
Trade and other receivables - net	**(P66,405)**	(P34,302)	P8,415
Inventories	**(43,907)**	(36,750)	26,501
Prepaid expenses and other current assets	**(19,992)**	(13,036)	(5,332)
Accounts payable and accrued expenses	**14,057**	37,897	(18,630)
Income and other taxes payable and others	**11,383**	4,565	(475)
	(P104,864)	(P41,626)	P10,479

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		**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		**6,960**
Investments in equity and debt instruments		**4,077**
Investments and advances		**(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 Payable
Balance as at January 1, 2022	**P199,690**	**P814,048**	**P98,311**	**P3,745**
Changes from Financing Cash Flows				
Proceeds from borrowings	**1,207,440**	**353,451**	**-**	**-**
Payments of borrowings	**(1,139,082)**	**(115,948)**	**-**	**-**
Payments of lease liabilities	**-**	**-**	**(26,031)**	**-**
Dividends and distributions paid	**-**	**-**	**-**	**(39,953)**
Total Changes from Financing Cash Flows	**68,358**	**237,503**	**(26,031)**	**(39,953)**
The Effect of Changes in Foreign Exchange Rates	**3,004**	**29,588**	**3,407**	**-**
Acquisition of Subsidiaries and Other Changes	**-**	**7,109**	**1,802**	**39,730**
Balance as at December 31, 2022	**P271,052**	**P1,088,248**	**P77,489**	**P3,522**

	Loans Payable	Long-term Debt	Lease Liabilities	Dividends Payable
Balance as at January 1, 2021	P149,475	P766,762	P122,187	P3,681
Changes from Financing Cash Flows				
Proceeds from borrowings	795,307	140,777	-	-
Payments of borrowings	(745,999)	(113,419)	-	-
Payments of lease liabilities	-	-	(26,151)	-
Dividends and distributions paid	-	-	-	(37,109)
Total Changes from Financing Cash Flows	49,308	27,358	(26,151)	(37,109)
The Effect of Changes in Foreign Exchange Rates	907	17,319	2,720	-
Other Changes	-	2,609	(445)	37,173
Balance as at December 31, 2021	P199,690	P814,048	P98,311	P3,745

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, 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, 2022	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P58,988	P98,015	P71,237	P71,549	P109,409	P174,118	P583,316
Interest rate	3.284% - 12.00%	3.284% - 9.635%	3.284% - 9.635%	3.284% - 9.635%	3.3832% - 9.635%	3.5483% - 9.635%	
Foreign currency-denominated (expressed in Philippine peso)	7,491	1,339	1,401	1,464	1,531	11,637	24,863
Interest rate	4.7776% - 5.5959%	5.5959%	5.5959%	5.5959%	5.5959%	5.5959%	
Floating Rate							
Philippine Peso-denominated	2,002	1,122	16,335	536	536	8,446	28,977
Interest rate	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	
Foreign currency-denominated (expressed in Philippine peso)	102,322	140,670	15,361	81,348	70,492	52,406	462,599
Interest rate	LIBOR/SOFR/ applicable reference rate + margin	LIBOR/SOFR/ applicable reference rate + margin	LIBOR/SOFR/ applicable reference rate + margin	LIBOR/SOFR/ applicable reference rate + margin	LIBOR/SOFR/ applicable reference rate + margin	LIBOR/SOFR/ applicable reference rate + margin	
	P170,803	P241,146	P104,334	P154,897	P181,968	P246,607	P1,099,755

December 31, 2021	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P68,488	P57,685	P95,030	P55,159	P68,051	P145,335	P489,748
Interest rate	3.875% - 12.00%	3.284% - 9.8754%	3.284% - 9.8754%	3.284% - 9.8754%	3.284% - 9.8754%	3.3832% - 9.8754%	
Foreign currency-denominated (expressed in Philippine peso)	1,995	6,852	1,225	1,281	1,340	12,044	24,737
Interest rate	4.7776% - 5.5959%	4.7776% - 5.5959%	5.5959%	5.5959%	5.5959%	5.5959%	
Floating Rate							
Philippine Peso-denominated	3,139	1,585	706	119	119	7,524	13,192
Interest rate	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	
Foreign currency-denominated (expressed in Philippine peso)	16,040	113,137	115,122	1,774	44,814	3,964	294,851
Interest rate	LIBOR/applicable reference rate + margin	LIBOR/applicable reference rate + margin	LIBOR/applicable reference rate + margin	LIBOR/applicable reference rate + margin	LIBOR/applicable reference rate + margin	LIBOR/applicable reference rate + margin	
	P89,662	P179,259	P212,083	P58,333	P114,324	P168,867	P822,528

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 P4,916, P3,080 and P2,895 in 2022, 2021 and 2020, 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, 2022		December 31, 2021	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$3,040**	**P169,661**	US$3,178	P162,064
Trade and other receivables	**1,163**	**64,843**	1,143	58,309
Prepaid expenses and other current assets	**99**	**5,525**	14	715
Noncurrent receivables	**24**	**1,379**	3	138
	4,326	**241,408**	4,338	221,226
Liabilities				
Loans payable	**890**	**49,613**	456	23,259
Accounts payable and accrued expenses	**2,735**	**152,547**	2,820	143,846
Long-term debt (including current maturities)	**8,743**	**487,462**	6,267	319,588
Lease liabilities (including current portion)	**616**	**34,363**	847	43,210
Other noncurrent liabilities	**413**	**22,977**	344	17,510
	13,397	**746,962**	10,734	547,413
Net foreign currency-denominated monetary liabilities	**(US$9,071)**	**(P505,554)**	(US$6,396)	(P326,187)

The Group reported net gains (losses) on foreign exchange amounting to (P24,931), (P6,972) and P7,433 in 2022, 2021 and 2020, 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, 2022	**55.755**
December 31, 2021	50.999
December 31, 2020	48.023

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	
December 31, 2022	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P2,602)**	**(P2,401)**	**P2,602**	**P2,401**
Trade and other receivables	**(284)**	**(914)**	**284**	**914**
Prepaid expenses and other current assets	**(93)**	**(76)**	**93**	**76**
Noncurrent receivables	**(22)**	**(19)**	**22**	**19**
	(3,001)	**(3,410)**	**3,001**	**3,410**
Loans payable	**600**	**739**	**(600)**	**(739)**
Accounts payable and accrued expenses	**1,495**	**2,403**	**(1,495)**	**(2,403)**
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	**403**	**316**	**(403)**	**(316)**
	11,726	**10,858**	**(11,726)**	**(10,858)**
	P8,725	**P7,448**	**(P8,725)**	**(P7,448)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2021	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P2,722)	(P2,608)	P2,722	P2,608
Trade and other receivables	(332)	(816)	332	816
Prepaid expenses and other current assets	(12)	(11)	12	11
Noncurrent receivables	-	(2)	-	2
	(3,066)	(3,437)	3,066	3,437
Loans payable	155	418	(155)	(418)
Accounts payable and accrued expenses	1,333	2,050	(1,333)	(2,050)
Long-term debt (including current maturities)	6,215	4,917	(6,215)	(4,917)
Lease liabilities (including current portion)	762	657	(762)	(657)
Other noncurrent liabilities	335	259	(335)	(259)
	8,800	8,301	(8,800)	(8,301)
	P5,734	P4,864	(P5,734)	(P4,864)

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.

SMC 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, 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	**P320,860**	**P320,860**	**P320,860**	**P -**	**P -**	**P -**
Trade and other receivables - net	**238,661**	**238,661**	**238,661**	**-**	**-**	**-**
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**3,624**	**3,624**	**2,486**	**850**	**288**	**-**
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)	**7,076**	**7,374**	**54**	**54**	**930**	**6,336**
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)	**36,664**	**36,788**	**923**	**10,436**	**18,404**	**7,025**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**19,078**	**19,078**	**17,411**	**386**	**-**	**1,281**
Financial Liabilities						
Loans payable	**271,052**	**272,896**	**272,896**	**-**	**-**	**-**
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO deferred income and other current non-financial liabilities)	**224,435**	**224,435**	**224,435**	**-**	**-**	**-**
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	**2,832**	**2,832**	**2,832**	**-**	**-**	**-**
Long-term debt (including current maturities)						
Lease liabilities (including current portion)	**1,088,248**	**1,343,923**	**231,504**	**291,910**	**531,319**	**289,190**
Other noncurrent liabilities (excluding noncurrent retirement liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	**22,858**	**22,935**	**-**	**2,599**	**7,659**	**12,677**

December 31, 2021	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	P300,953	P300,953	P300,953	P -	P -	P -
Trade and other receivables - net	158,202	158,202	158,202	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	1,529	1,529	870	61	598	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" account)	298	298	298	-	-	-
Financial assets at FVOCI (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	6,245	6,278	47	32	-	6,199
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	577	586	556	30	-	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	29,273	29,865	-	7,085	20,475	2,305
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	13,001	13,001	10,872	665	-	1,464
Financial Liabilities						
Loans payable	199,690	200,109	200,109	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO deferred income and other current non-financial liabilities)	204,155	204,483	204,483	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	1,992	1,992	1,247	23	722	-
Long-term debt (including current maturities)	814,048	946,922	123,112	206,989	433,488	183,333
Lease liabilities (including current portion)	98,311	120,223	27,788	23,175	36,545	32,715
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	23,382	23,582	-	18,938	3,553	1,091

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 were 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	**2022**	2021
Cash and cash equivalents (excluding cash on hand)	*7*	**P318,469**	P299,706
Trade and other receivables - net	*8*	**238,661**	158,202
Derivative assets	*10, 18*	**3,624**	1,529
Investment in debt instruments at FVOCI	*10, 12*	**740**	46
Investment in debt instruments at amortized cost	*10, 12*	**12,134**	577
Noncurrent receivables and deposits - net	*18*	**36,664**	29,273
Restricted cash	*10, 18*	**19,078**	13,001
		P629,370	P502,334

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.

	2022					
	Financial Assets at Amortized Cost					
	12-Month ECL	**Lifetime ECL not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P318,469**	**P -**	**P -**	**P -**	**P -**	**P318,469**
Trade and other receivables	**238,661**	**-**	**12,941**	**-**	**-**	**251,602**
Derivative assets	**-**	**-**	**-**	**1,592**	**2,032**	**3,624**
Investment in debt instruments at FVOCI	**-**	**-**	**-**	**-**	**740**	**740**
Investment in debt instruments at amortized cost	**12,134**	**-**	**-**	**-**	**-**	**12,134**
Noncurrent receivables and deposits	**-**	**36,664**	**582**	**-**	**-**	**37,246**
Restricted cash	**17,411**	**1,667**	**-**	**-**	**-**	**19,078**

	2021					
	Financial Assets at Amortized Cost					
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL	ıancial Assets at FVOCI	Total
Cash and cash equivalents (excluding cash on hand)	P299,706	P -	P -	P -	P -	P299,706
Trade and other receivables	158,202	-	13,295	-	-	171,497
Derivative assets	-	-	-	850	679	1,529
Investment in debt instruments at FVOCI	-	-	-	-	46	46
Investment in debt instruments at amortized cost	547	30	-	-	-	577
Noncurrent receivables and deposits	-	29,273	572	-	-	29,845
Restricted cash	10,872	2,129	-	-	-	13,001

The aging of receivables is as follows:

December 31, 2022	**Trade**	**Non-trade**	**Amounts Owed by Related Parties**	**Total**
Current	**P118,098**	**P39,480**	**P8,369**	**P165,947**
Past due:				
1 - 30 days	**16,555**	**776**	**82**	**17,413**
31 - 60 days	**7,208**	**926**	**133**	**8,267**
61 - 90 days	**6,086**	**4,015**	**5**	**10,106**
Over 90 days	**24,467**	**24,482**	**920**	**49,869**
	P172,414	**P69,679**	**P9,509**	**P251,602**

December 31, 2021	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P69,571	P30,459	P10,457	P110,487
Past due:				
1 - 30 days	10,052	1,063	386	11,501
31 - 60 days	3,135	1,790	37	4,962
61 - 90 days	1,947	2,418	30	4,395
Over 90 days	14,391	24,732	1,029	40,152
	P99,096	P60,462	P11,939	P171,497

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, investment in debt instruments at FVOCI, investment 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 BOC 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, 2022		December 31, 2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P320,860**	**P320,860**	P300,953	P300,953
Trade and other receivables - net	**238,661**	**238,661**	158,202	158,202
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**3,624**	**3,624**	1,529	1,529
Financial assets at FVPL (included under "Prepaid expenses and other current assets" account)	**1,349**	**1,349**	298	298
Financial assets at FVOCI (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**7,076**	**7,076**	6,245	6,245
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**12,134**	**12,134**	577	577
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**36,664**	**36,664**	29,273	29,273
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**19,078**	**19,078**	13,001	13,001
Financial Liabilities				
Loans payable	**271,052**	**271,052**	199,690	199,690
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, deferred income and other current non-financial liabilities)	**224,435**	**224,435**	204,155	204,155
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	**2,832**	**2,832**	1,992	1,992
Long-term debt (including current maturities)	**1,088,248**	**1,091,783**	814,048	854,748
Lease liabilities (including current portion)	**77,489**	**77,489**	98,311	98,311
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	**22,858**	**22,858**	23,382	23,382

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, 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 and Accounts Payable and Accrued Expenses. The carrying amount of loans payable and accounts payable and accrued expenses 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 2.9% to 7.0% and 1.0% to 4.8% as at December 31, 2022 and 2021, respectively. The discount rates used for foreign currency-denominated loans range from 3.1% to 5.4% and 0.3% to 1.5% as at December 31, 2022 and 2021, 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:

	Maturity			
December 31, 2022	**1 Year or Less**	**> 1 Year - 2 Years**	**> 2 Years - 5 Years**	**Total**
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$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%**	

December 31, 2021	Maturity 1 Year or Less	 > 1 Year - 2 Years	 > 2 Years - 5 Years	 Total
Foreign currency risk:				
Call spread swaps:				
Notional amount	US$40	US$60	US$190	US$290
Average strike rate	P51.96 to P54.47	P52.95 to P56.15	P48.00 to P53.70	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	US$20	US$240	US$40	US$300
Average strike rate	P47.00 to P57.00	P47.00 to P56.50	P47.00 to P56.50	
Fixed interest rate	4.19% to 5.75%	4.19% to 5.80%	3.60% to 5.75%	
Interest rate risk:				
Interest rate collar:				
Notional amount	US$15	US$30	US$15	US$60
Interest rate	0.44% to 1.99%	0.44% to 1.99%	0.44% to 1.99%	

The following are the amounts relating to hedged items:

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 -**	**(P453)**
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	**(2,059)**	**89**	**(52)**
Interest rate risk:			
US dollar-denominated borrowings	**(339)**	**250**	**(90)**

December 31, 2021	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US dollar-denominated borrowings	(P577)	P -	(P304)
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	(680)	(802)	576
Interest rate risk:			
US dollar-denominated borrowings	4	(3)	-

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, 2022	Notional Amount	Carrying Amount Assets	Carrying Amount Liabilities	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
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

December 31, 2021	Notional Amount	Carrying Amount Assets	Carrying Amount Liabilities	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
Foreign currency risk:									
Call spread swaps	US$290	P635	P12	Prepaid expenses and other current assets, Other noncurrent assets - net and Accounts payable and accrued expenses	P577	(P497)	(P597)	P194	Interest expense and other financing charges and Other income - net
Foreign currency and interest rate risks:									
Cross currency swap	300	42	817	Other noncurrent assets - net, Accounts payable and accrued expenses and Other noncurrent liabilities	680	(340)	(476)	168	Interest expense and other financing charges and Other income - net
Interest rate risk:									
Interest rate collar	60	2	5	Other noncurrent assets - net and Accounts payable and accrued expenses	(4)	(16)	-	16	Interest expense and other financing charges

No ineffectiveness was recognized in the 2022 and 2021 consolidated statement 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.

	2022		2021	
	Hedging Reserve	**Cost of Hedging Reserve**	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	**(P805)**	**P272**	(P1,271)	P570
Changes in fair value:				
Foreign currency risk	**552**	**(397)**	597	(497)
Foreign currency and interest rate risks	**2,236**	**(886)**	1,195	(340)
Interest rate risk	**343**	**(102)**	24	(16)
Amount reclassified to profit or loss	**(1,606)**	**243**	(1,073)	378
Tax effect	**(381)**	**275**	(277)	177
Ending balance	**P339**	**(P595)**	(P805)	P272

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$365 as at December 31, 2022. Under the agreement, the Group receives floating interest rate based on LIBOR and pays fixed interest rate up to 2026. The net positive fair value of the swap amounted to P45 as at December 31, 2022.

Currency Forwards

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US$959 and US$748 as at December 31, 2022 and 2021, respectively, and with various maturities in 2022 and 2023. The positive (negative) fair value of these currency forwards amounted to (P47) and P380 as at December 31, 2022 and 2021, respectively.

Currency Options

The Group has outstanding currency options with aggregate notional amount of US$1,665 and US$400 as at December 31, 2022 and 2021, respectively, and with various maturities in 2022 and 2023. The net negative fair value of these currency options amounted to P1,801 and P7 as at December 31, 2022 and 2021, respectively.

Commodity Swaps

The Group has outstanding swap agreements covering its fuel oil, coal and aluminum requirements, with various maturities in 2022 and 2023. 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 31.4 million barrels and 24.6 million barrels as at December 31, 2022 and 2021, respectively. The net positive (negative) fair value of these swaps amounted to P506 and (P533) as at December 31, 2022 and 2021, respectively.

The outstanding notional quantity of coal was 117,000 metric tons and 96,000 metric tons as at December 31, 2022 and 2021, respectively. The positive fair value of these swaps amounted to P178 and P62 as at December 31, 2022 and 2021, respectively.

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$141 and US$260 as at December 31, 2022 and 2021, 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 P121 and P209 as at December 31, 2022 and 2021, respectively.

The Group recognized marked-to-market losses from freestanding and embedded derivatives amounting to P23,601, P9,427 and P5,007 in 2022, 2021 and 2020, respectively (Note 32).

<u>Fair Value Changes on Derivatives</u>
The net movements in fair value of all derivative instruments are as follows:

	2022	2021
Balance at beginning of year	**(P463)**	(P3,263)
Net change in fair value of derivatives:		
Designated as accounting hedge	**1,746**	1,492
Not designated as accounting hedge	**(23,589)**	(9,366)
	(22,306)	(11,137)
Less fair value of settled instruments	**(23,098)**	(10,674)
Balance at end of year	**P792**	(P463)

<u>Fair Value Hierarchy</u>
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, 2022			December 31, 2021		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
Financial Assets						
Derivative assets	**P -**	**P3,624**	**P3,624**	P -	P1,529	P1,529
Financial assets at FVPL	**-**	**1,303**	**1,303**	-	298	298
Financial assets at FVOCI	**600**	**6,476**	**7,076**	464	5,781	6,245
Financial Liabilities						
Derivative liabilities	**-**	**2,832**	**2,832**	-	1,992	1,992

The Group has no financial instruments valued based on Level 3 as at December 31, 2022 and 2021. In 2022 and 2021, 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. Event After the Reporting Date

<u>Petron</u>

Partial Redemption of US$500 SPCS

On January 4, 2023, Petron conducted a tender offer of up to US$50 to the holders of its outstanding US$500 SPCS issued and listed with the SGX-ST in January 2018. On January 12, 2023, the expiration deadline of the tender offer, a total of US$22 (P1,118) 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.

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 (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.

- 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.

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.

- SPI, SRHI and SPPC are registered with the BOI as administrator of their respective power plants, on a pioneer status with non-pioneer incentives and were granted ITH for four years without extension beginning August 1, 2010 up to July 31, 2014, subject to compliance with certain requirements under their registrations. The ITH incentive availed was limited only to the sale of power generated from the power plants. Upon expiration of the ITH in 2014, SPI, SRHI and SPPC are now subject to the regular income tax rate. Accordingly, applications for deregistration have been filed by SPI, SRHI and SPPC and the same were approved by the BOI on its letter dated February 22, 2022.

- On August 21, 2007, SEPC was registered with the BOI under EO No. 226, as New Domestic Producer of Coal on a Non-pioneer Status.

- On October 12, 2012, MPPCL received the BOI approval for the application as expanding operator of 600 MW Coal-Fired Thermal Power Plant. As a registered entity, MPPCL 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 MPPCL'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 MPPCL's requests to downgrade the registered capacity from 600 MW to 300 MW.

  On December 21, 2015, MPPCL 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, MPPCL 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 MPPCL's BOI registration. The ITH period for the 10 MW BESS of MPPCL commenced on December 1, 2018. On October 1, 2020, MPPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPPCL.

  On February 23, 2021, MPPCL 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, SPESC received the BOI approval for the application as new operator of 2 x 20 MW Kabankalan *Advancion* Energy Storage Array on a pioneer status. SPESC, 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, SPESC 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 SPESC 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 SPESC's BOI registration.

- On November 29, 2019, the BOI has approved the application of UPSI as new operator of BESS Component of Integrated Renewable Power Facility (R-Hub) covering various sites across the Philippines. The BOI has also approved UPSI's 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 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.

<u>Registration with the Authority of the Freeport Area of Bataan (AFAB)</u>
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, MPPCL, 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 August 3, 2022, the ERC has extended the validity of LPI's and MPPCL's RES License for one year from September 30, 2022 until September 29, 2023, pending final evaluation of its RES license renewal application.

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) 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.

- *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 ITH period of the project commenced on April 1, 2019 and will expire on March 31, 2023.

- *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 and will expire on November 2023.

- 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.

- *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.

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.

<u>PF-Hormel</u>
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.

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. SMMI subsequently requested to further adjust the ITH reckoning date to July 2019 or actual start of commercial operations, whichever is earlier which was approved by BOI on July 25, 2019.

On July 25, 2019, the BOI approved SMMI's subsequent request to further adjust the ITH reckoning date to July 2019 or actual start of commercial operations, whichever is earlier. The ITH period of the project commenced on December 1, 2019.

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.

c. Petron

Refinery Master Plan 2 (RMP-2) Project
On June 3, 2011, the BOI approved Petron's application under the Downstream Oil Industry Deregulation Act (RA No. 8479) as an Existing Industry Participant with New Investment in Modernization/Conversion of Bataan Refinery's RMP-2. The BOI is extending the following major incentives:

i. ITH for five years without extension or bonus year from July 2015 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration based on the formula of the ITH rate of exemption.

ii. Minimum duty of three percent and VAT on imported capital equipment and accompanying spare parts.

iii. Importation of consigned equipment for a period of five years from date of registration subject to posting of the appropriate re-export bond; provided that such consigned equipment shall be for the exclusive use of the registered activity.

iv. Tax credit on domestic capital equipment shall be granted on locally fabricated capital equipment which is equivalent to the difference between the tariff rate and the three percent duty imposed on the imported counterpart.

v. Exemption from real property tax on production equipment or machinery.

vi. Exemption from contractor's tax.

The RMP-2 Project commenced its commercial operations on January 1, 2016 and the ITH entitlement period ended in June 2020.

Petron Bataan Refinery
In December 2021, Petron Bataan Refinery 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. FAB-registered enterprises are entitled to avail of fiscal incentives under the Special Economic Zone Act of 1995 or the Omnibus Investment Code of 1987 such as (i) tax- and duty-free importation of merchandise which include raw materials, capital equipment machineries and spare parts; (ii) exemption from export wharfage dues, export taxes, imposts, and fees; and (iii) VAT zero-rating of local purchases, subject to compliance with BIR and AFAB requirements. Further, VAT will only be imposed on the company as a FAB Registered Enterprise upon the withdrawal of products from the refinery instead of the VAT being payable upon importation of crude oil.

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.

<u>SYFMC</u>
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. SMCSLC

<u>SMCSLC</u>
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.

<u>SLHBTC</u>
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:

- they are not manufactured domestically in sufficient quantity of comparable quality and at reasonable prices;
- 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 2022 because entitlements were already expired. ITH incentives availed in 2021 amounted to P21.

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 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 2022 because entitlements were already expired. ITH incentives availed in 2021 amounted to P9.

<u>Balyena Tanker Corporation (BTC)</u>
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 (1) 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.

- *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 2022 amounted to P1. No ITH incentive was availed in 2021.

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 2022 and 2021 amounted to P47 and P57, respectively.

f. Cement

<u>ECC</u>
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 (3) 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 10 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 10 years from start of commercial operation;

vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 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; and

viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In 2022, ECC availed benefits from ITH amounting to P706.

On November 4, 2020, the BOI granted the deferment of ECC's ITH availment for 2020 due to the adverse effect of COVID-19 pandemic. Accordingly, ECC's income tax for the 2020 was computed based on 30% regular corporate income tax. No ITH incentive was availed in 2020.

NCC

On January 15, 2018, SMNCI was registered with the BOI as a new producer of cement on a non-pioneer status. SMNCI’s registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

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.

As a result of the merger of NCC and SMNCI, the BOI registration for SMNCI’s Lines A and B Cement Plant and Grinding Facility was transferred to NCC per BOI Management Committee Resolution No.38-07, Series of 2021.

NCC’s cement lines A and B has not started its commercial operations as at December 31, 2022. Thus, NCC has not availed yet of any tax incentives.

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 10 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 10 years from date of registration; and

vi. Additional deduction from taxable income of expenses incurred in the development of necessary and major infrastructure facilities

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 Executive Order 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 10 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 10 years from start of commercial operations;

vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 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; and

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 the delay in the processing of permits in the Cebu site. Accordingly, no tax benefits from ITH incentives have been availed of in 2021 and 2020.

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

     a) 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.

     b) 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

     a) 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.

     b) 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, 2022. Thus, ICII has not availed yet of any tax incentives.

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.

- Treasury Shares of SMC

  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 SMC to the 25,450,000 treasury shares of SMC. 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 SMC.

- Excess Excise Tax Payments

  Filed by SMC

  In 2004, SMC 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 SMC but nonetheless made the corresponding payments. Consequently, SMC 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 SMC. 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). P255 and P62 out of P782 TCC was applied to SMC's 2022 and 2021 tax obligations, respectively. As at December 31, 2022, the P926 TCC was not yet applied to any of SMC's tax obligations.

  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, SMC had spun off its domestic beer business. The claim was also favorably resolved in favor of SMC 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 SMC '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 and 8591) were decided by the Supreme Court in favor of SMB and tax credit certificates amounting to P1,430 and P1,569 were received in 2019 and 2020, 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, 2012 to December 31, 2012 - Second Division docketed as CTA Case No. 8748 (December 19, 2013);

(b) 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);

(c) 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);

(d) 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);

(e) 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);

(f) 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);

(g) 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

(h) Claim for refund for overpayments for the period of January 23, 2020 to February 9, 2020 - 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. 8748 was decided in favor of SMB by the CTA Second Division, ordering the BIR to refund to SMB the amount of P761. The BIR appealed the decision to the CTA *En Banc* by way of a Petition for Review, which was denied on October 11, 2018. A Motion for Reconsideration was filed by the BIR on November 5, 2018 (docketed as CTA EB Case No. 1730) to which SMB filed an opposition. The CTA *En Banc* denied BIR's Motion for Reconsideration. Thus, the BIR filed a Petition for Review with the Supreme Court in June 2019. The Supreme Court issued a Resolution dated January 27, 2021 denying the BIR's Petition for Review for failure to show any reversible error warranting the exercise by the Supreme Court of its discretionary appellate jurisdiction. On December 6, 2022, SMB received from the Clerk of Court of the Supreme Court the corresponding "ENTRY OF JUDGMENT" certifying that the aforementioned Resolution dated January 27, 2021 denying the BIR's Petition for Review had become final and executory. On January 6, 2023, SMB filed in CTA Case No. 8748 a Motion for Execution of the final judgment of the CTA Second Division which granted SMB's claim for refund of P761. The Writ of Execution was issued on February 14, 2023.

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. Upon return of the case to the Division, SMB filed a motion for leave to file a "Supplemental Formal Offer of Evidence", where it offered additional exhibits. The Court granted the motion but directed the following: (1) holding of a Commissioner's Hearing for marking of the additional exhibits; and (2) recall of SMB's witness. Subsequently, SMB marked its additional exhibits and its witness testified on recall. SMB filed its Supplemental Formal Offer of Evidence on April 4, 2022 and its Supplemental Memorandum on August 11, 2022. On September 20, 2022, the Court issued a Resolution stating that the case was deemed submitted for decision.

CTA Case No. 9223, SMB's claim for refund for P60, was partially decided in favor of SMB by the CTA Third Division. 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, insofar as the Decision of the CTA *En Banc* did not grant its claim for refund of excess excise taxes paid on "San Mig Light" in kegs in the amount of P5. On July 28, 2022, the BIR, on its own and without the assistance of the Office of the Solicitor General (OSG), also elevated the aforesaid Decision of the CTA *En Banc* to the Supreme Court, where it was docketed as G.R. No. 261197. In an earlier Manifestation and Motion dated July 21, 2022, the OSG informed the SC that it decided not to file a Petition for Review in G.R. No. 261197 considering that the Decision and Resolution of the CTA *En Banc* are in order. In a Resolution dated July 13, 2022, the Supreme Court in G.R. No. 258812 required the OSG to file a Comment on SMB's Petition for Review. On October 13, 2022, the OSG filed a Manifestation and Motion in G.R. No. 258812 praying that it be excused from filing the required Comment because the Decision of the CTA *En Banc* is in order and should be respected. In a Resolution dated January 11, 2023, the Supreme Court required SMB in G.R. No. 261197 to file a Comment on the BIR's Petition for Review. In its Comment, SMB argued, among other things, that the Petition for Review filed by the BIR Litigation Division should not be entertained by the Court because under Section 35, paragraph (1), Chapter 12, Title III, of the Administrative Code of 1987, the OSG is mandated to directly handle appellate cases of the BIR in the Supreme Court.

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 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. On December 16, 2021, SMB filed a Petition for Review on Certiorari with the Supreme Court docketed as G.R. No. 257784, insofar as the said Decision of the CTA *En Banc* did not grant SMB's claim for refund of excess excise taxes paid on "San Mig Light" in kegs in the amount of P4. On February 2, 2022, the BIR also elevated by way of Petition for Review the Decision of the CTA *En Banc* to the Supreme Court, where it was docketed as G.R. No. 259263. In a Resolution dated March 30, 2022, the Supreme Court issued a Resolution which consolidated G.R. No. 257784 with G.R. No. 259263, and required the BIR to file a Comment on SMB's Petition for Review in G.R. No. 257784. On June 3, 2022, the OSG filed the required Comment.

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. On March 21, 2022, SMB elevated by way of a Petition for Review the Decision of the CTA *En Banc* to the Supreme Court, where it was docketed as G.R. No. 258813, insofar as the said Decision did not grant its Claim for Refund of excess excise taxes paid on "San Mig Light" in kegs in the amount of P3. On July 29, 2022, the BIR also elevated the Decision of the CTA *En Banc* by way of a Petition for Review with the Supreme Court, where it was docketed as G.R. No. 261196. In a Resolution dated June 15, 2022, the Supreme Court required the BIR to file a Comment on SMB's Petition for Review in G.R. No. 258813. On July 25, 2022, the OSG, on behalf of the BIR, filed the required Comment.

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. On March 23, 2022, as required by the Court, SMB filed an opposition to the BIR's motion for reconsideration. The aforesaid motion of the BIR was denied in a Resolution of the Court dated April 28, 2022. On June 10, 2022, the BIR elevated the Decision and Resolution of the CTA Third Division by way of a Petition for Review to the CTA *En Banc*, where it was docketed as CTA EB No. 2625. As required by the CTA *En Banc*, SMB filed a Comment on the BIR's Petition for Review on July 26, 2022. On August 23, 2022, the CTA *En Banc* issued a Resolution stating that the BIR's Petition for Review was deemed submitted for decision.

CTA Case No. 10223, SMB's claim for refund for P147, was filed on December 11, 2019 and is pending with the CTA First Division. After the Pre-Trial Conference was held on November 11, 2020, SMB's Motion for the Commissioning of an Independent Certified Public Accountant (ICPA) was heard on February 3, 2021. At the hearing held on February 3, 2021, the ICPA was duly commissioned and SMB's first witness testified. On May 19, 2021, the ICPA submitted his Report to the Court, and on February 9, 2022, the ICPA testified on his Report. Thereafter, on February 16, 2022, SMB submitted its Formal Offer of Evidence. All of SMB's exhibits were admitted in evidence. On May 19, 2022, the BIR informed the Court that it was not presenting any evidence. As required by the Court, SMB submitted its Memorandum on June 30, 2022, while the BIR submitted its Memorandum on July 7, 2022. In a Resolution dated July 16, 2022, the Court stated that this case was deemed for decision.

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:

- 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.

- 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 parties are in the process of filing their respective Memoranda after which the case will be submitted for decision.

<u>Administrative Case</u>
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.

    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 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 CIR 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 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 E.B. 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 E.B. 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 E.B. 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 E.B. No. 2544 and admitted GSMI's Comment as part of the records of the case.

These cases are still pending resolution before the CTA *En Banc*.

(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.

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 SC G.R. No. 25839.

As at March 9, 2023, the case is still pending resolution before the Supreme Court.

The aforementioned assessments and collection cases 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.

- Deficiency Tax Liabilities

IBI

(a) The BIR issued a Final Assessment Notice dated March 30, 2012 (2009 Assessment), imposing on IBI deficiency tax liabilities, including interest and penalties, for the tax year 2009. IBI treated the royalty income earned from the licensing of its intellectual properties to SMB as passive income, and therefore subject to 20% final tax. However, the BIR is of the position that said royalty income is regular business income subject to the 30% regular corporate income tax.

IBI filed a protest against the assessment which was denied by the BIR. Thereafter, IBI filed a Petition for Review with the CTA docketed as CTA Case No. 8607. The CTA found IBI liable to pay the deficiency income tax, interests and penalties assessed by the BIR but the compromised penalty was cancelled. On January 22, 2016, IBI filed a Petition for Review with the CTA *En Banc* which was docketed as CTA EB Case No. 1417. The CTA *En Banc* affirmed the decision of the CTA First Division.

IBI elevated the case with the Supreme Court by filing a Petition for Review on September 7, 2018 docketed as G.R. Nos. 241147-48. On January 16, 2019, the Supreme Court denied IBI's Petition to which a Motion for Reconsideration was filed by IBI on April 5, 2019. IBI's Petition was denied with finality on June 26, 2019.

On December 16, 2019, IBI and the BIR executed a Compromise Agreement. The BIR recognized the total payment of IBI in the amount of P285 as full satisfaction of the latter's supposed tax liability for taxable year 2009. On July 6, 2021, the Supreme Court approved the Compromise Agreement and considered the case closed and terminated.

(b) Maintaining its position that royalties are business income subject to 30% regular corporate income tax, the BIR assessed IBI for taxable year 2010 with a demand for payment of income tax and VAT deficiencies with administrative penalties. IBI protested the assessment through a letter dated November 29, 2013. IBI filed a Petition for Review with the CTA which was docketed as CTA Case No. 8813. CTA found IBI liable to pay deficiency income tax, interest and penalties. Thus, IBI filed a Petition for Review with the CTA *En Banc* docketed as CTA EB Case Nos. 1563 and 1564.

IBI filed an application for abatement with a corresponding payment of basic tax in the amount of P110. In the said application, IBI requested for the cancellation of the surcharge and interests. However, the CTA *En Banc* did not consider the payment of basic deficiency tax of P110 for failure to submit related requirements. Instead, IBI was ordered to pay a modified amount of P501 in light of the CREATE Act amendments on interest. IBI filed a Motion for Reconsideration with a submission of original documents related to the application of abatement. The CTA *En Banc* partially granted IBI's Motion for Reconsideration.

IBI filed Petition for Review with the Supreme Court docketed as G.R. Nos. 246911-12. On December 27,2019, IBI filed a Manifestation informing the Supreme Court that on December 5, 2019 and December 16, 2019, IBI and the BIR, respectively, executed a Compromise Agreement to amicably settle the tax case. On March 3, 2021, the Supreme Court considered G.R. Nos. 246911-12 closed and terminated.

(c) 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 Monterey Foods Corporation [MFC]) vs. CIR CTA Case 9046

In connection with the tax investigation of MFC for the period January 1 to August 31, 2010, an 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.

The CTA First Division dismissed the Petition docketed as CTA Case AC No. 209. SMFI's Motion for Reconsideration was denied. A Petition for Review was then filed with the CTA *En Banc* in May 2021, which is pending resolution to date.

The CTA First Division also dismissed the Petition docketed as CTA Case AC No. 210. SMFI's Motion for Reconsideration was likewise denied. SMFI's Petition for Review with the CTA *En Banc* in October 2021 is likewise pending resolution to date.

Finally, the CTA Special Third Division likewise 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 which is still pending resolution to date.

- 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, 2022. 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 to date. In the meantime, proceedings before the trial court continues. Less than 200 of the plaintiffs have testified so far. As of December 31, 2022 and 2021, the Group has not set up any provision related to this case consistent with Petron's position, as also advised by its counsels, that Petron is not liable for the damages resulting from the oil spill incident because it was only the charterer of the sunken vessel and that it had no control or supervision over the operation of said vessel. Moreover, the environmental damage had already been paid and settled by the International Oil Pollution Compensation Funds where Petron makes contribution as a member.

- 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. The case was raffled off to the 5th Division of the Court of Appeals. Petron filed its appellant's brief in October 2020. PNOC filed its appellant's brief in November 2020. 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 early December 2022. As of December 31, 2022, Petron is awaiting orders from the Supreme Court.

- 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 4, 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 CA 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 Appeal's 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 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: (1) Urgent Ex-Parte Motion for Early Resolution of its Motion for Leave to File Amended Answer Ad Cautelam dated May 28, 2020; (2) 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 (3) 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. SPPC has not yet received a directive to file a Comment on the petition.

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-trail 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 will resume on April 14, 2023 for the cross-examination of SPPC’s second witness.

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 [TDI] and [GSMI] before the [IPO]."

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 IPO 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 IPO 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 IPO 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. No. 196372, GSMI's Petition for Review was granted. The Director of the Bureau of Trademarks was directed to reinstate GSMI's trademark application for "GINEBRA", cause its publication and give it due course.

ii. G.R. Nos. 210224 and 219632: These cases pertain to GSMI's Complaint for Unfair Competition, Trademark Infringement and Damages against Tanduay Distillers, Inc. (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 IPO 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 IPO 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 IPO 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 IPO 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 IPO 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 IPO 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. No 216104, TDI's Petition for Review for the rejection of TDI's trademark application for "GINEBRA KAPITAN" was denied.

- 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, 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 September 18, 2018, a pre-trial conference was conducted.

However, by Order dated September 25, 2018, the case was transferred to the CTA First Division.

The latest court hearing for the presentation of evidence was made in February 2020.

On December 1, 2020, 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 2021, the case was deemed submitted for decision. As at the reporting date, the case is still pending decision with the CTA.

On February 24, 2022, the Petition for Review filed by SLHBTC in March 2017 was granted by the CTA. Accordingly, the Warrant of Seizure and Detention was lifted, and the decision issued by the District Collector of Customs in January 2017 was reversed and set aside. In addition, 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 upon finality of judgement.

On November 8, 2022, the CTA *En Banc* is still completing the technical requirements of the Bureau of Custom's petition.

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 partially 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. On June 13, 2017, the DOJ endorsed the complete records of the complaint to the Office of the Ombudsman for appropriate action.

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.

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. The Joint Motion to Dismiss remains pending as of date.

- Civil Case

On June 17, 2016, SPI filed with the RTC Pasig a civil complaint for consignation 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 consignation 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 Consignation 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 consignation.

On May 22, 2018, the RTC Pasig issued an order dismissing the complaint for consignation 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 consignation 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.

As at December 31, 2021 the total amount consigned with the RTC Pasig is P491, included under "Other noncurrent assets", particularly "Restricted cash" account, in the consolidated statements of financial position (Note 18).

- TRO Issued to Meralco

SPI, SPPC, SRHI, MPPCL and other generation companies were impleaded as parties to a Petition for Certiorari and Prohibition with prayer for TRO and/or Preliminary Injunction ("Petition") filed in the Supreme Court by special interest groups which sought to stop the imposition of the increase in generation charge of Meralco for the November 2013 billing month. The approval of the ERC in its December 9, 2013 order on the staggered imposition by Meralco of its generation rate for November 2013 from its consumers (the "December 9, 2013 ERC Order") prompted the filing of these consolidated petitions. On December 23, 2013, the Supreme Court issued a TRO ordering Meralco not to collect, and the generators not to demand payment, for the increase in generation charge for the November 2013 billing month. As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67/kWh. Claiming that since the power supplied by generators is billed to Meralco's customers on a pass-through basis, Meralco deferred a portion of its payment on the ground that it was not able to collect the full amount of its generation cost. The TRO was originally for a period of 60 days.

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, MPPCL 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 MPPCL 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 MPPCL 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. SPI, SPPC and SRHI on January 4, 2023, while MPPCL on January 5, 2023, received a copy of the Entry of Judgement from the Supreme Court *En Banc* dated October 11, 2022.

With this, the relevant subsidiaries namely, SPPC, MPPCL and SPI intend to discuss with Meralco the implementation of the Supreme Court Decision. SPPC, MPPCL 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, 2022 and 2021.

- 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, the “2014 ERC Orders”). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPPCL, 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 MPPCL 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, MPPCL 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 MPPCL, 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 MPPCL, 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* ("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 MPPCL will have to be settled with the IEMOP, the current operator of the WESM.

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. SPI, SPPC and SRHI on January 4, 2023, while MPPCL on January 5, 2023 received a copy of the Entry of Judgement of the SC Decision from the Supreme Court *En Banc* dated October 11, 2022. A claim for refund may be pursued by the relevant subsidiaries with IEMOP in the 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 with 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, 2022 and 2021.

c. *Request 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 10 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, each of SPPC and SPI 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 SPI CA Petition 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.

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.

SPPC CA Petition remains pending resolution with the 13th Division of the Court of Appeals.

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").

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 CA Petition with the SPPC CA Petition. The SPI CA Petition was thus consolidated with the SPPC CA Petition before the 13th Division.

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 CA Petition remain pending resolution with the 13th Division of the Court of Appeals.

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 (Opposition Ex Abundanti Ad Cautelam to SPI's Urgent Motion to Allow Consolidation of Cases) filed by the ERC.

d. Effect of COVID-19

The performance of the Parent Company and its subsidiaries over the past two years showed continuous recovery from the impact of the pandemic with overall volumes and revenues posting robust growth and even surpassing pre-pandemic levels. Improving economic activities and the return of social celebrations were key drivers amidst the challenges brought by economic and ongoing geopolitical concerns.

The Parent Company and its subsidiaries ended 2022 with strong consolidated sales, a 60% increase compared to 2021, surpassing 2019 pre-pandemic result.

e. Impact of Russia-Ukraine Conflict

In February 2022, the invasion of Ukraine by Russia resulted to sudden escalation in prices of several commodities, particularly crude oil, coal and wheat, which were among the major raw material importations by the Group that have greatly impacted the operating performance of the Fuel and Oil, Energy and Food businesses, respectively.

Prices of crude oil which were already inflated even before the war due to resurgence in demand, soared on the wake of Russia's aggression in Ukraine. Dubai crude oil averaged at US$96 per barrel in 2022, nearly 40% higher than last year's average of US$69 per barrel. Average price peaked to 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.

Prices of coal surged to unprecedented levels as economic sanctions imposed by western countries on Russian oil, gas and coal imports caused global disruption on energy supply. Coal price index soared to US$404 per metric tons in December 2022 from US$170 per metric tons in December 2021.

Given the importance of Ukraine and Russia on global wheat market, the ongoing war's impact on wheat supply led to food security concerns which drove up prices worldwide. Prices of wheat increased by 51% to an average of P23.40 per kilogram in 2022 from P15.53 per kilogram in 2021.

Driven by the strong topline growth of the Fuel and Oil, Food and Beverage, Packaging and Infrastructure businesses coupled with groupwide cost management and initiatives which mitigated the continuing challenges of increasing raw material costs, inflationary pressures, and foreign exchange movements, consolidated operating income grew 10% from the previous year. This was however tempered by the Energy business which was weighed down by the significant increase in fuel costs.

f. *Commitments*

The outstanding purchase commitments of the Group amounted to P266,580 and P154,461 as at December 31, 2022 and 2021, 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.

g. *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 P55.755 and P50.999 in 2022 and 2021, respectively, for consolidated statements of financial position accounts; and average rates of P54.502, P49.285 and P49.624 in 2022, 2021 and 2020, respectively, for income and expense accounts.

h. 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.

Annex “C”

Supplementary Schedules

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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
Top Frontier Investment Holdings, Inc.
5th Floor, ENZO Building
399 Sen. Gil J. Puyat Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Top Frontier Investment Holdings, Inc. (the Company) and Subsidiaries (the Group), as at and for the year ended December 31, 2022, on which we have rendered our report dated April 15, 2023.

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.

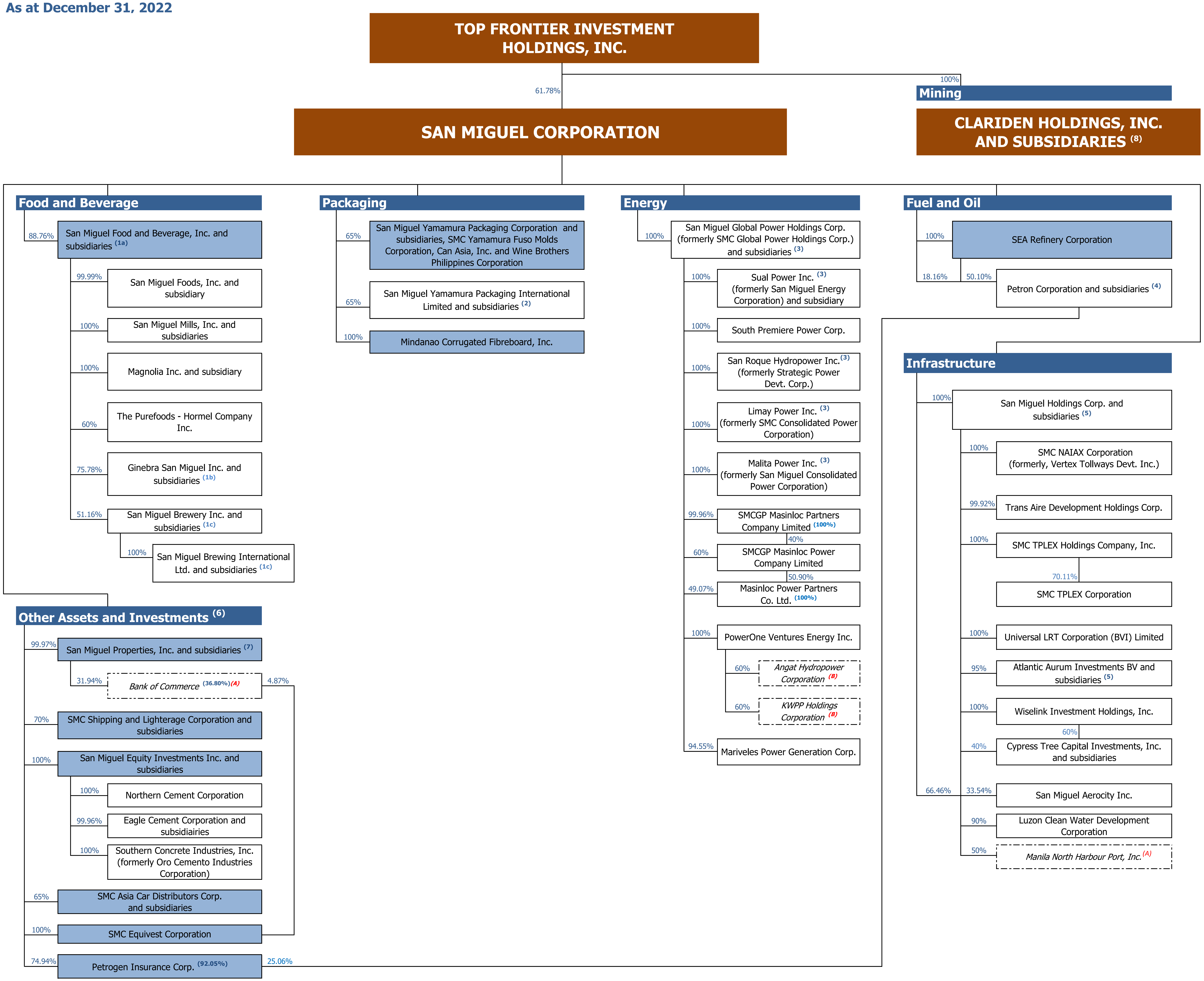
This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated 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.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
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 9563853
Issued January 3, 2023 at Makati City

April 15, 2023
Makati City, Metro Manila

TOP FRONTIER INVESTMENT HOLDINGS, INC.
GROUP STRUCTURE *
As at December 31, 2022



* The group structure of Top Frontier Investment Holdings, Inc. includes its subsidiaries, San Miguel Corporation and its major subsidiaries, associates and joint ventures and Clariden Holdings, Inc. and its subsidiaries.

Note:
(A) Associate
(B) Joint Venture

Subsidiaries

I. San Miguel Corporation

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 Beverage Holdings Limited and Siam Holdings Limited; and (c) San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc. and Brewery Properties Inc. and subsidiary and San Miguel Brewing International Ltd. and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Djakarta 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, 2022.

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. SMC 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., Universal Power Solutions, Inc., Excellent Energy Resources Inc., Central Luzon Premiere Power Corp., Oceantech Power Generation and subsidiary, SMCGP Philippines Energy Storage Co. Ltd., and Prime Electric Generation Corporation and subsidiary.

   The Securities and Exchange Commission approved the change in corporate names of the following entities on the respective dates:

San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.)	*March 22, 2023*
Sual Power Inc. (formerly San Miguel Energy Corporation)	*March 9, 2023*
San Roque Hydropower Inc. (formerly Strategic Power Devt. Corp.)	*March 31, 2023*
Limay Power Inc. (formerly SMC Consolidated Power Corporation)	*February 7, 2023*
Malita Power Inc. (formerly San Miguel Consolidated Power Corporation)	*March 9, 2023*

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 include ULCOM Company Inc., Alloy Manila Toll Expressways Inc., SMC Infraventures, Inc. and subsidiary, SMC Skyway Stage 4 Corporation (formerly Citra Intercity Tollways Inc.), SMC Mass Rail Transit 7 Inc., 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 (formerly Atlantic Aurum Investments Philippines Corporation) and subsidiaries including Stage 3 Connector Tollways Holding Corporation and subsidiary, SMC Skyway Stage 3 Corporation (formerly Citra Central Expressway Corp.), and SMC Skyway Corporation (formerly Citra Metro Manila Tollways Corporation) and subsidiary, Skyway O&M Corp., SMC SLEX Holdings Company Inc. (formerly MTD Manila Expressways Inc.) and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc. (formerly South Luzon Tollway Corporation).

6. Other Assets and Investments also include San Miguel International Limited and subsidiary, San Miguel Holdings Limited, SMC Stock Transfer Service Corporation, ArchEn Technologies Inc., SMITS, Inc. and subsidiaries, San Miguel Integrated Logistics Services, Inc., Anchor Insurance Brokerage Corporation and Davana Heights Development Corporation and subsidiaries.

7. San Miguel Properties, Inc. subsidiaries include SMPI Makati Flagship Realty Corp. and Bright Ventures Realty, Inc.

II. Clariden Holdings, Inc.

8. Clariden Holdings, Inc. subsidiaries include V.I.L. Mines, Incorporated, Asia-Alliance Mining Resources Corp., 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). Asia-Alliance Mining Resources Corp. is held for sale as of December 31, 2022.

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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
Top Frontier Investment Holdings, Inc.
5th Floor, ENZO Building
399 Sen. Gil J. Puyat Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Top Frontier Investment Holdings, Inc. (the Company) and Subsidiaries (the Group), as at and for the year ended December 31, 2022, on which we have rendered our report dated April 15, 2023.

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.

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.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
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Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 9563853
Issued January 3, 2023 at Makati City

April 15, 2023
Makati City, Metro Manila

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES DECEMBER 31, 2022

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

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2022
(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, 2022		Income (Loss) Received and Accrued
Cash and cash equivalents	-	P	320,860		Not applicable	P	6,006
Trade and other receivables - net	-		238,661		Not applicable		113
Derivative assets	-		3,624		Not applicable		(23,601)*
Financial assets at FVPL	-		1,349		Not applicable		54
Financial assets at FVOCI **	-		7,076	P	7,076		100
Financial assets at amortized cost **	-		12,134		12,134		60
Noncurrent receivables and deposits - net	-		36,664		Not applicable		329
Restricted cash	-		19,078		Not applicable		267
		P	**639,446**	**P**	**19,210**	**P**	**(16,672)**

* *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.*

See Notes 4, 10, 12, 33, 39 and 40 of the Consolidated Financial Statements

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
ATTACHMENT TO SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2022
(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, 2022 (a)
San Miguel Corporation		
Alabang Country Club	7	P 76
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	9
Capitol Hills Golf & Country Club	1	-
Casino Espanol de Manila	2	-
Cebu Country Club	1	13
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	9
Manila Bankers Life	250,000	1
Manila Electric Company	100,331	1
Manila Golf & Country Club	3	267
Manila Polo Club	2	60
Manila Southwoods Golf & Country Club	1	3
Medical Doctors Inc.	83,379	203
Merchant Investment	41,660	-
Metropolitan Club	2	1
Metropolitan Theater	198	-
Mimosa Golf & Country Club	3	2
Monserrat 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	2
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	8
Sta Lucia Realty Golf Club	2	1
Subic Bay Yacht Club	1	-
Tagaytay Highland Golf and Country Club	2	3
Tagaytay Midlands Country Club	1	1
The Country Club - Canlubang	2	8
Universal Leisure Club	1	-
Valle Verde Golf Club	53	16
Valley Golf Club Inc.	2	5
Victorias Country Club	1	-

Name of Issuing Entity	No. of Shares or Principal Amount of Bonds and Notes	Value Based on Market Quotation at December 31, 2022 (a)
SMC Equivest Corporation		
Bank of Commerce - Preferred	416,666,670	5,500
Petrogen Insurance Corporation		
Government Security	-	133
Treasury Bill	-	501
Ayala Bond		1
Corporate Bonds under IMA with BOC	700	739
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	4
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	9
Orchard Golf & Country Club	1	6
Puerto Azul Golf Club	1	-
Riviera Golf Course and Country Club	1	1
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	10
Manila Southwoods Golf & Country Club	1	2
Sta Elena Golf Club	1	6
Manila Electric Co.	14,895	-
Tagaytay Highland Golf and Country Club	1	1
Royal Tagaytay Country Club	1	-
Orchard Golf and Country Club	1	1
HSBC Holdings	20,400	7
Pacific Club Kowloon	1	8
The American Club Hong Kong	1	10
Hong Kong Football Club	1	7
Discovery Bay Golf Club	1	9
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
Total Financial Assets	**P**	**19,210**

See Notes 4, 10, 12, 33, 39 and 40 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/CTA/ RECLASS/OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Top Frontier Investment Holdings, Inc.	₱ 6,689	₱ -	₱ (3,652)	₱ 3,037	₱ -	₱ 3,037	₱ 3,037
Clariden Holdings, Inc. and Subsidiaries	566	102	(9)	659	659	-	659
San Miguel Corporation and Subsidiaries	551	2,141	(2,173)	519	519	-	519
	₱ 7,806	**₱ 2,243**	**₱ (5,834)**	**₱ 4,215**	**₱ 1,178**	**₱ 3,037**	**₱ 4,215**

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/CTA/ RECLASS/OTHERS	AMOUNTS PAID/ DEBIT MEMO	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
San Miguel Corporation and Subsidiaries	₱ 6,736	₱ 102	₱ (3,661)	₱ 3,177	₱ 140	₱ 3,037	₱ 3,177
Top Frontier Investment Holdings, Inc.	1,070	2,137	(2,173)	1,034	1,034	-	1,034
Clariden Holdings, Inc. and Subsidiaries	-	4	-	4	4	-	4
	₱ 7,806	**₱ 2,243**	**₱ (5,834)**	**₱ 4,215**	**₱ 1,178**	**₱ 3,037**	**₱ 4,215**

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2022
(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
Subsidiaries							
Peso denominated Bonds:							
SMC							
	PHP 60,000	PHP -	PHP 59,165	PHP 59,165	7.4458%, 7.8467% and 8.4890%	Bullet	March 2028, December 2029 and December 2032
	PHP 60,000	13,138	30,029	43,167	6.25%, 5.2840%, 5.55%, 6.625%, 5.7613% and 7.125%	Bullet	March 2023, March 2024, October 2024, March 2025, March 2027 and March 2028
	PHP 30,000	-	29,700	29,700	3.3832%	Bullet	July 2027
	PHP 30,000	-	29,644	29,644	5.2704% and 5.8434%	Bullet	March 2027 and March 2029
San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.)*							
	PHP 40,000	-	39,476	39,476	5.9077%, 7.1051% and 8.0288%	Bullet	July 2025 July 2028 and July 2032
	PHP 35,000	14,972	10,040	25,012	6.75%, 6.25% and 6.625%	Bullet	August 2023, December 2024 and December 2027
	PHP 30,000	-	16,070	16,070	7.1783% and 7.6000%	Bullet	April 2024 and April 2026
	PHP 15,000	4,086		4,086	4.7575%	Bullet	July 2023
		-	4,735	4,735	5.1792%	Bullet	July 2026
		4,086	4,735	8,821			
Petron Corporation							
	PHP 7,000	6,990	-	6,990	4.5219%	Bullet	October 2023
	PHP 20,000	-	13,144	13,144	7.8183%	Bullet	April 2024
		-	6,762	6,762	8.0551%	Bullet	October 2025
		6,990	19,906	26,896			
	PHP 18,000	-	8,917	8,917	3.4408%	Bullet	October 2025
		-	8,906	8,906	4.3368%	Bullet	October 2027
		-	17,823	17,823			
San Miguel Food and Beverage							
	PHP 15,000	-	7,951	7,951	5.0500%	Bullet	March 2025
		-	6,941	6,941	5.2500%	Bullet	March 2027
		-	14,892	14,892			
SM Brewery Inc.							
	PHP 15,000	-	2,534	2,534	6.00%	Bullet	April 2024
SMC SLEX Inc. (formerly South Luzon Tollway Corporation)							
	PHP 7,300	-	2,491	2,491	6.4872%	Bullet	May 2025
Peso denominated Term Notes:							
SMC							
	PHP 16,000	159	15,214	15,373	6.9375%	Amortized	June 2026
Petron Corporation							
	PHP 5,000	614	4,355	4,969	7.4206%	Amortized	June 2027
	PHP 5,000	614	4,354	4,968	7.5496%	Amortized	June 2027
	PHP 5,000		4,967	4,967	7.1663%	Amortized	May 2027
	PHP 15,000	2,138	1,606	3,744	5.5276%	Amortized	July 2024
	PHP 5,000	1,244	1,872	3,116	4.5900%	Amortized	April 2025
	PHP 2,375	-	2,359	2,359	6.4920%	Bullet	September 2025
	PHP 625	-	621	621	6.8672%	Bullet	September 2025
San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.)*							
	PHP 15,000	124	14,092	14,216	6.9265%	Amortized	April 2024
	PHP 5,000	36	4,853	4,889	5.0000%	Bullet	May 2025
Limay Power Inc. (formerly SMC Consolidated Power Corporation)* *							
	PHP 44,000	2,681	32,497	35,178	6.2836%, 6.5362% and 7.3889%	Amortized	June 2029
Malita Power Inc. (formerly San Miguel Consolidated Power Corportion)* **							
	PHP 21,300	1,262	14,632	15,894	6.5077% and 7.7521%	Amortized	August 2030
San Miguel Foods, Inc.							
	PHP 10,000	148	9,797	9,945	3.5483%	Amortized	December 2029
	PHP 8,000	118	7,838	7,956	BVAL + margin or BSP TDF + margin whichever is higher	Amortized	December 2029
The Purefoods-Hormel Company, Inc.							
	PHP 7,000	-	6,960	6,960	3.8460%	Bullet	September 2026
San Miguel Mills, Inc.							
	PHP 2,000	51	1,941	1,992	3.2837%	Amortized	December 2026
SM Brewery Inc.							
	PHP 4,000	-	3,980	3,980	3.80%	Bullet	March 2026
	PHP 2,500	23	2,433	2,456	3.875%	Amortized	March 2026
	PHP 2,000	-	1,990	1,990	3.95%	Bullet	March 2026
	PHP 1,500	-	1,493	1,493	3.95%	Bullet	March 2026
	PHP 2,000	-	1,988	1,988	4.15%	Amortized	March 2028
	12,000	23	11,884	11,907			
	PHP 4,000	-	3,977	3,977	4.6332%	Bullet	April 2025
	PHP 3,000	-	2,981	2,981	5.7513%	Bullet	April 2027
	7,000	-	6,958	6,958			
	PHP 10,000	-	9,967	9,967	4.63%	Bullet	December 2024
	PHP 10,000	-	4,963	4,963	6.8412%	Bullet	December 2027
Ginebra San Miguel Inc.							
	PHP 500	165	-	165	4.2105%	Amortized	December 2023

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2022
(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
SMC Skyway Stage 3 (formerly Citra Central Expressway Corp.)							
	PHP 31,000	PHP 3,854	PHP 22,832	PHP 26,686	8.7118%	Amortized	August 2027
SMC Tollways Corp (formerly Atlantic Aurum Investments Philippines Corporation)							
	PHP 41,200	2,389	33,748	36,137	5.556%, 5.825% and 5.997%	Amortized	December 2029
SMC TPLEX Corp							
	PHP 12,000	1,061	9,355	10,416	5.6276%	Amortized	September 2029
SMC NAIAX Corporation (formerly Vertex Tollways Devt. Inc.)							
	PHP 5,656	408	2,679	3,087	BVAL + credit spread or BSP OLF + margin whichever is higher	Amortized	June 2030
Luzon Clean Water Development Corporation							
	PHP 5,400	332	3,342	3,674	8.17110%, 8.449%, 9.028% and 9.635%	Amortized	March 2030
Star Infrastructure Development Corporation							
	PHP 3,500	373	-	373	6.5917%	Amortized	June 2023
SMC SLEX Holdings Company Inc. (formerly MTD Manila Expressways Inc.)							
	PHP 20,000	-	15,628	15,628	BVAL + margin	Amortized	January 2025
Northern Cement Corporation							
	PHP 12,500	39	8,518	8,557	4.8356%	Amortized	June 2031
Southern Concrete Industries, Inc. (formerly Oro Cemento Industries Corporation)							
	PHP 4,800	22	4,748	4,770	6.37239%	Amortized	December 2028
Eagle Cement Corporation							
	PHP 4,049	1,241	2,799	4,040	5.81%, 5.89% and 6.36%	Amortized	March 2026
SMC Shipping and Lighterage Corporation							
	PHP 2,000	-	1,989	1,989	4.200%	Bullet	July 2026
San Miguel Yamamura Packaging Corp							
	PHP 5,000	731	2,232	2,963	5.1657%	Amortized	January 2025
	PHP 4,000	879	-	879	BVAL + margin	Amortized	July 2023
	PHP 2,000	584	586	1,170	BVAL + margin	Amortized	December 2024
Philnico Processing Corp.							
	PHP 52	52	-	52	12.00%	Amortized	December 2007
Foreign currency - denominated Term Notes:							
SMC							
	US$ 2,000	-	110,492	110,492	LIBOR + margin	Bullet	September 2024
	US$ 900	-	49,172	49,172	LIBOR + margin	Bullet	October 2026
	US$ 871		47,534	47,534	SOFR + margin	Amortized	June 2035
	US$ 700		38,201	38,201	SOFR + margin	Bullet	March 2027
	US$ 400	22,282	-	22,282	LIBOR + margin	Bullet	March 2023
	US$ 300	16,697	-	16,697	LIBOR + margin	Bullet	June 2023
	US$ 300	16,682	-	16,682	LIBOR + margin	Bullet	September 2023
	US$ 200	11,116	-	11,116	LIBOR + margin	Bullet	November 2023
	US$ 100	-	5,512	5,512	SOFR + margin	Bullet	May 2027
	US$ 100	-	5,510	5,510	LIBOR + margin	Bullet	December 2026
	US$ 300	-	4,999	4,999	LIBOR + margin	Bullet	October 2024
Petron Corporation							
	US$ 800	-	6,276	6,276	LIBOR + margin	Amortized	May 2024
	US$ 495	-	26,794	26,794	SOFR + Margin	Amortized	November 2027
	YEN 15,000	1,800	2,728	4,528	TONA + margin	Amortized	March 2025
San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.)*							
	US$ 700	27,858	-	27,858	LIBOR + margin	Bullet	March 2023
	US$ 300	-	16,455	16,455	LIBOR + margin	Bullet	March 2026
	US$ 50	2,767	-	2,767	LIBOR + margin	Bullet	October 2023
	US$ 300	-	16,282	16,282	SOFR + Margin	Bullet	August 2027
	US$ 200	-	10,955	10,955	LIBOR + Margin	Bullet	September 2024
	US$ 100	-	5,485	5,485	SOFR + Margin	Bullet	May 2025
Masinloc Power Partners Co. Ltd.							
	US$ 770	7,455	17,199	24,654	4.7776% and 5.5959%	Amortized	January 2023 and December 2030
	US$ 255	2,480	5,660	8,140	LIBOR + margin	Amortized	January 2023 and December 2030
San Miguel Yamamura Australasia PTY. Ltd							
	AUD 80	366	1,785	2,151	BBSY + margin	Amortized	July 2024
	AUD 10	19	358	377	BBSY + margin	Amortized	November 2027
	AUD 5	34	76	110	BBSY + margin	Amortized	February 2026
		PHP 170,084	PHP 918,164	PHP 1,088,248			
Total Long-term Debt		**PHP 170,084**	**PHP 918,164**	**PHP 1,088,248**			

See Notes 21, 30, 33, 38, 39 and 40 of the Consolidated Financial Statements.

* The change in corporate name was approved by the Securities and Exchange Commission on March 22, 2023.
** The change in corporate name was approved by the Securities and Exchange Commission on February 7, 2023.
*** The change in corporate name was approved by the Securities and Exchange Commission on March 9, 2023.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2022

DESCRIPTION	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED	TREASURY SHARES	NUMBER OF SHARES OUTSTANDING	NUMBER OF SHARES HELD BY: SUBSIDIARY	NUMBER OF SHARES HELD BY: DIRECTORS, OFFICERS AND EMPLOYEES
ISSUED SHARES						
COMMON SHARES	740,000,000	490,196,200	157,310,033	332,886,167	2,561,031	199,695,293
PREFERRED SHARES	2,600,000	2,598,040	2,598,040	-	-	-
	742,600,000	**492,794,240**	**159,908,073**	**332,886,167**	**2,561,031**	**199,695,293**

* See Note 24 of the Consolidated Financial Statements.

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
DECEMBER 31, 2022
(In Millions)

				Past Due			
	Total	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
Trade	P 172,414	P 118,098	P 16,555	P 7,208	P 6,086	P 24,467
Non-trade	69,679	39,480	776	926	4,015	24,482
Amounts Owed by Related Parties	9,509	8,369	82	133	5	920
Total	251,602	**P 165,947**	**P 17,413**	**P 8,267**	**P 10,106**	**P 49,869**
Less allowance for impairment losses	12,941					
Net	**P 238,661**					

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**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
Top Frontier Investment Holdings, Inc.
5th Floor, ENZO Building
399 Sen. Gil Puyat Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of Top Frontier Investment Holdings, Inc. (the Company) as at and for the year ended December 31, 2022, on which we have rendered our report dated April 15, 2023.

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.

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code (SRC) 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 audits 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.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
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 9563853
Issued January 3, 2023 at Makati City

April 15, 2023
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS
FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2022
(In Millions)

TOP FRONTIER INVESTMENT HOLDINGS, INC.

5th Floor, ENZO Building, 399 Sen. Gil J. Puyat Avenue, Makati City

Retained Earnings, January 1, 2022	**P27,289**
Add: Net loss during the period closed to retained earnings	**(1,933)**
Less: Dividend declarations during the period	**(1,329)**
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2022	**P24,027**

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**REPORT OF INDEPENDENT AUDITORS
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and Stockholders
Top Frontier Investment Holdings, Inc.
5th Floor, ENZO Building
399 Sen. Gil J. Puyat Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Top Frontier Investment Holdings, Inc. (the Company) and Subsidiaries (the Group), as at and for the year ended December 31, 2022, on which we have rendered our report dated April 15, 2023.

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 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.

This supplementary information is presented for the purpose 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.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
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April 15, 2023
Makati City, Metro Manila

TOP FRONTIER INVESTMENT HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that Top Frontier Investment Holdings, Inc. and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of December 31, 2022 and 2021 for liquidity, solvency and profitability ratios and for the periods ending December 31, 2022 and 2021 for operating efficiency ratios.

	December 31	
	2022	2021
Liquidity:		
Current Ratio	**1.21**	1.30
Quick Ratio	**0.76**	0.84
Solvency:		
Debt to Equity Ratio	**2.49**	2.04
Asset to Equity Ratio	**3.49**	3.04
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	**(8.24%)**	0.10%
Interest Rate Coverage Ratio	**1.60**	2.27
Return on Assets	**1.01%**	2.10%
Operating Efficiency:		
Volume Growth	**20%**	4%
Revenue Growth	**60%**	30%
Operating Margin	**9%**	13%

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	$\frac{\text{Current Assets - Inventories - Current Portion of Biological Assets - Prepayments}}{\text{Current Liabilities}}$
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	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
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	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

Annex “D”

List of Principal Products

Annex "D"

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 Mig Free
12. San Miguel NAB
13. San Miguel Flavored NAB
14. San Miguel Cerveza Blanca
15. San Miguel Chocolate Lager (Limited Edition)
16. Valor
17. Blue Ice
18. Dragon
19. W1N Bia (Bia Hoi)
20. Anker
21. Kuda Putih
22. Bruck
23. Knight
24. Hard Seltzer

NON-ALCOHOLIC BEVERAGES

1. Magnolia Fruit Drink
2. Magnolia Healthtea
3. Cali
4. San Mig 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. Angry Orchard
4. Spitfire
5. Whistable Bay
6. Mahou
7. Magners
8. Arcobrau
9. Blackthorn
10. Little Creatures

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. Don Enrique Mixkila Distilled Spirit
9. Añejo Gold Rum (65 PROOF)
10. G&T Ultralight Spirit Drink
11. San Miguel Ethyl Alcohol

FOR EXPORT ONLY

12. Tondeña Gold Rum
13. Tondeña Manila Rum (Gold)
14. Mix Gin
15. Mix Rum
16. Mix Vodka

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)

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

Export

Magnolia Chicken Griller (Fresh and Frozen)
Chicken Yakitori (Frozen)
Bone-in Chicken Cut-ups (Frozen)
Boneless Chicken Cut-ups (Frozen)
Marinated Products (Frozen)

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 (Baby Back Ribs, American Style Ribs, Pork Tocino)

FEEDS

Animal and Aquatic Feeds

Hog Feeds

B-MEG Premium Hog Pellets
B-MEG Expert Hog Feeds
B-MEG Expert Premium
B-MEG Expert Complete
B-MEG Mega Mash
B-MEG Essential Hog Feeds
B-MEG Essential Performix
B-MEG Bonanza Hog Pellets
Jumbo Hog Feeds
Pureblend Hog Pellets

Poultry Feeds

B-MEG Premium Layer
B-MEG Essential Layer
B-MEG Expert Layer
B-MEG Layer
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
B-MEG Premium Broiler
B-MEG Essential Broiler
B-MEG Essential Broiler Breeder
B-MEG Broiler
B-MEG Broiler Starter
B-MEG Broiler Finisher
B-MEG Chick Grower
B-MEG Duck Feeds
Jumbo Pullet Developer Pellets
Pureblend Broiler
Pureblend Special Broiler
Pureblend Layer
Pureblend Duck Feeds

Aquatic Feeds

B-MEG Super Premium Floating Feeds
B-MEG Premium Fish Feeds
B-MEG Aquaration Feeds
B-MEG Prize Catch Floating Feeds
B-MEG Nutrifloat Floating Feeds
Pinoy Sinking Pellets

Others

Pureblend Quail Feeds
B-MEG Horse Feeds

Concentrates

B-MEG Hog Concentrate
B-MEG Cattle Concentrate
B-MEG Pig Protein Concentrate
B-MEG Essential Hog 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
Respiclear

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

Anti-infective - Liquid Preparations
- Norfloxacin 20%

Supplement/Vitamins - Liquid Preparations
- Vitamin ADE OS
- Vitamin E 60%
- Multi-V
- Multi-V Plus (MV+AA OS)
- B-MEG Integra Multimax D5
- PneumoCare (Essential Oils + Ethanol)

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

Others
- B-MEG Integra Feather Shine Shampoo
- Cyrokill

Pet Care
- 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

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
Mix & Fry 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

The Purefoods-Hormel Company, Inc.

REFRIGERATED MEATS

Hotdogs

Purefoods Tender Juicy Hotdog (Classic, Jumbo, Kingsize, Cocktail, Cheesedog, Chick 'n Cheese, Giant, Cheesy Pizza, Cheesy Spaghetti, Balls, Cheeseballs, Cheesy Corndog)
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, Spicy Barbecue, Maple-flavored, Bacon Crumble, Beef Bacon)
- Hormel Black Label Bacon
- Vida Bacon

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

- Monterey 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)
- Chunkee Corned Beef
- Star Corned Beef (Regular, Chunky Cheese)
- Star Carne Norte
- Bongga Carne Norte (Regular, Hot & Spicy)

Luncheon Meats

- Purefoods Luncheon Meat (Classic, BBQ, Chili Pepper, Bacon, Cheese)
- Purefoods Chinese Style Luncheon Meat
- Purefoods Chicken Luncheon Meat
- Star Beef Loaf
- Star Meat Loaf

Bongga Beef Loaf
SPAM (Regular, Less Sodium, Lite, Tocino)

Sausages
Purefoods Vienna Sausage
Purefoods Chicken Vienna Sausage

Canned Viands
Purefoods Sizzling Delights (Sisig, Bopis, Chicken Sisig)
Ulam King (Caldereta, Menudo, Mechado)

Canned Chicken
Purefoods Chicken (Broth, Afritada, Homestyle-Curry, Hot & Spicy)
Purefoods Corned Chicken (Classic, Hot & Spicy)

Specialty Grocery Products
Purefoods Liver Spread
Purefoods Spaghetti Meat Sauce
Purefoods Chorizo Filipino

Peanut Butter
SKIPPY (Creamy, Chunky, Zero Salt Zero Sugar, 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)

Refrigerated Margarine
Dari Creme (Classic, Buttermilk)
Dari Creme SpreadableButtercup
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, Cheesefood, 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)
Magnolia Gold Label (Vanilla, Chocolate, Ube, Mango, Avocado, Smores, 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)

San Miguel Gold Label (For Export)

SMGL Mellorine (Ube, Ube Keso, Creamy Halo-Halo, Mango, Avocado Macchiato)
SMGL Frozen Dessert (Ube, Macapuno Ube Swirl, Creamy Halo-Halo, Mango)
SMGL Ice Confectionery (Ube, Ube Keso, Macapuno Ube Swirl, Creamy Halo-Halo)
Magnolia Gold Label (Vanilla, Chocolate, Mango, Cookies & Cream, Double Dutch, Rocky Road, Avocado Macchiato, Ube, Ube Keso, Macapuno Ube Swirl,Creamy Halo-Halo, Smores, Tablea Yema, Taro White Cheese, Quadruple Chocolate, Avocado, Kesong Puti, Mango Dark Chocolate, Latte Choco Brownie)

CANNED TUNA

San Miguel Del Mar Tuna Chunks in Water
San Miguel Del Mar Tuna Chunks in Oil

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)
Military Ready-to-eat Meals

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)

Bakery Products
Crunchy Pan (Spicy Beef, Tuna Melt)

Cheese
Mozzarella Cheese

Purefoods Customized Pizza Toppings

Magnolia Customized Cheeses

Customized Flours

San Miguel Pure Foods (VN) Co., Ltd.

Value-Added Meats

Le Gourmet (Smoked Lean Bacon, Smoked Bacon, Dam Bong Vai (ham), Cha Lua, Cha Bo,Gio Thu, Beef Ball, Pate, Hotdog Corn Dog, Hotdog, Chinese Sausage, Cocktail Sausage, Garlic Sausage, Beer Garden Sausage, German Sausage, Deli Sausage, BBQ Sausage, Smoked Sausage, Viet My Sausage, My Sausage, Black Pepper Sausage, Beef Topping, Italian Sausage, Meatball, Pepperoni, Spaghetti with Pasta)

Purefoods (Tender Juicy Hotdog, Shrimp Tempura, Tail on Shrimp, Squid Rings)

2022 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
Ultron Race / Fully Synthetic
Ultron Rallye / Synthetic Blend
Ultron Touring / Premium Multi-grade
Ultron Extra / 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
Perton 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

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

Cutting Oils

Turnol 40
Petrokut 10 / 27

Refrigeration Oils

Zerflo 68
Zerflo P68

Transformer Oil

Voltran 60

Slideway Oil

Hydrotur SW 68
Hydrotur SW 220

Other Industrial Lubricating Oils

Airlube 100 / 150 / 320
Petrosine 68
Petron Universal Tractor Fluid

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

High Temperature Greases

Petrogrease HT

Complex Greases

Petron Grease HTP Lithium Complex
Petron Premium Lithium Complex

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

PRODUCTS AND SERVICES OF THE
SAN MIGUEL YAMAMURA PACKAGING GROUP

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

<u>FLEXIBLES</u>

Sachets
Stand Up Pouches (SUPs)
Generic Ziplock SUPs
PVC Shrink Labels
Retortable Pouches
Vacuum Metalized Laminates
Stretch Wrap
Shrink Film
Curviché

<u>POLYETHYLENE TEREPHTHALATE (PET)</u>

PET Preforms
PET Bottles

<u>OTHER PACKAGING PRODUCTS</u>

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)

<u>SERVICES</u>

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, 2022

A. RESIDENTIAL PROJECTS

NAME	LOCATION
Dover Hill (Bright Ventures Realty, Inc.)	Mabini Street corner Ortega and Pilar Streets, Barangay Addition Hills, San Juan
One Dover View (Carnell Realty, Inc.)	621 Lee Street, Barangay Addition Hills, Mandaluyong
Two Dover View (SMPI)	620 Lee Street, Barangay Addition Hills, Mandaluyong
Emerald 88 (SMPI)	598 Dr. Sixto Antonio Avenue, Barangay Maybunga, Pasig
Bel Aldea (SMPI)	Brgy. De Fuego Street, General Trias, Cavite
Maravilla (SMPI)	Brgy. San Francisco, General Trias, Cavite
Asian Leaf (SMPI)	Brgy. San Francisco, General Trias, Cavite
Wedgewoods (Excel Unified Land Resources, Inc.)	Brgy. Inchican, Silang, Cavite

B. HOSPITALITY PROJECTS

NAME	LOCATION
Makati Diamond Residences (SMPI Makati Flagship Realty Corporation)	118 Legazpi St., Legazpi Village, Makati

C. INDUSTRIAL PROJECTS

NAME	LOCATION
Mariveles Economic Zone (E-Fare Investment Holdings, Inc.)	Mariveles, Bataan

D. SMPI-OWNED BUILDINGS / LAND / WAREHOUSE

NAME	LOCATION
Building and Land Lease of San Miguel Corporation Head Office Complex (SMPI)	No. 40 San Miguel Avenue, Ortigas, Mandaluyong City
Building Lease of 808 Building (SMPI)	Meralco Avenue corner Gen. Lim Street, Barangay San Antonio, Pasig City
Building Lease of Six (6) Units in San Miguel Properties Centre (SMPI)	No. 7 Saint Francis Street, Ortigas, Mandaluyong City
Warehouse Lease of Rengo Warehouse and Land Lease of Sucat Property (SMPI)	Dr. A. Santos Avenue (Sucat Road), Parañaque
Building Lease of Delgado Building (La Verduras Realty Corp.)	No. 38 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City
Land Lease of Bunawan, Davao City	Along Davao-Agusan National Highway,

Property (SMPI)	Brgy. Bunawan, Davao City
Land Lease of Antipolo City Property (SMPI)	Crestview Circle, Crestview Heights Subd., Brgy. San Roque, Antipolo City
Land Lease of Parking Space for El Magnifico Building (Kingsborough Realty, Inc.)	No. 37 Gen. Delgado St., San Antonio Village, Brgy. San Antonio, Pasig City
Land Lease of General Trias, Cavite Property (SMPI)	Arnaldo Highway, Brgy. San Francisco, Sitio De Fuego, Gen. Trias, Cavite

E. TOURISM DEVELOPMENT PROJECTS

NAME	LOCATION
Boracay Gateway Project Tourism Zone (La Belle Plume Realty, Inc.)	Brgy. Union, Nabas, Aklan / Brgy. Malay, Caticlan, Aklan
Beachfront Resort Hotel and Spa (Moonspring Development Inc.)	Brgy. Union, Nabas, Aklan
Aqean Bay Waterpark (Newscapes Haven Development Inc.)	Brgy. Union, Nabas, Aklan
Transit Hotel (Caticlanscapes Realty Development Inc.)	Brgy. Union, Nabas, Aklan

SAN MIGUEL CORPORATION
2022 LIST OF CEMENT PRODUCTS

EAGLE CEMENT CORPORATION GROUP

A. <u>CEMENT</u>
Type 1T
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. <u>MINERALS</u>
Limestone
Shale
Pozzolan

NORTHERN CEMENT CORPORATION

A. <u>CEMENT</u>
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)
Universal Blended Cement Type 1T (in 40-kg bag)
World Blended Cement Type 1T (in 40-kg bag)
Asia Blended Cement Type 1T (in 40-kg bag)
Asean 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. <u>CEMENT</u>
Type 1T
SMC Davao Cement (in 40-kg bag/ in Sling bag/ in Tonner bag/ in Bulk)

Type 1
Southern Cement (in 40-kg bag/ in Sling bag/ in Tonner bag/ in Bulk)

Annex “E”

List of Collective Bargaining Agreements (CBA)

COLLECTIVE BARGAINING AGREEMENTS
As of Dec. 31, 2022

BANK OF COMMERCE

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	EXPIRATION	
			Economic	Representation
Bank of Commerce Employees Union	778	1	June 30, 2023	June 30, 2025

GINEBRA SAN MIGUEL INC.

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	EXPIRATION	
			Economic	Representation
GSMI - Cebu Plant (Dailies) - Ginebra San Miguel Inc. FREEWAS Daily Paid Employees Union	24	1	December 31, 2024	December 31, 2023
GSMI - Cabuyao Plant (Dailies) - United Independent Union of GSMI-Cabuyao Plant	76	1	December 31, 2023	December 31, 2027
GSMI - Sta. Barbara Plant (Dailies) - Daily Paid Workers Independent Union	75	1	December 31, 2022 (Awaiting start of CBA negotiation)	December 31, 2027
GSMI - Sta Barbara Plant (Monthlies) - La Tondeña Distillers Independent Workers Union (LATODIWU)	18	1	December 31, 2022 (Awaiting start of CBA negotiation)	March 31, 2026
Distilleria Bago Inc. (Monthlies) - Distileria Bago Employees Union Congress of Independent Organizations - (CIO - DBEU)	90	1	December 31, 2022 (Awaiting start of CBA negotiation)	December 31, 2026
	283	**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)	190	**1**	December 31, 2022 (Ongoing CBA negotiations)	December 31, 2024
Petron Corporation (Pandacan, Navotas and Batangas) - Petron Employees Labor Union (PELU)	43	**1**	December 31, 2024	December 31, 2026
Petron Corporation (Bataan) - Bataan Refiners Union of the Philippines (BRUP - PTGWO)	329	**1**	December 31, 2024	December 31, 2024
	562	**3**		

SAN MIGUEL BREWERY INC.

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	Expiration	
			Economic	Representation
Concerned Workers of SMC – Polo Brewery	256	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, 2023	Feb. 15, 2025
San Miguel Brewery Inc. Employees Union (SMBIEU-SFB)-Monthlies	86	1	Dec. 31, 2025	Dec. 31, 2024
GMA-Monthlies Employees Union – GMAEU-PTGWO	0	0	DISSOLVED	
San Miguel Brewing Group - Bacolod Brewery Employees Union (SMBG-BBEU) (Dailies)	83	1	July 31, 2025	Apr. 27, 2024
Philippine Agricultural, Commercial and Industrial Workers Union-Trade Union Congress of the Philippines (PACIWU-TUCP) (Bacolod Monthlies)	46	1	Oct. 31, 2025	Oct. 31, 2024
Kahugpongan Sa Ligdong Mamumu-O (KLM) (Dailies) (Mandaue)	169	1	Dec. 31, 2023	Dec. 31, 2025
San Miguel Davao Brewery Employees Independent Union (Dailies)	110	1	Nov. 30, 2024	Nov. 30, 2022
	1136	**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)	124	1	February 28, 2023	February 28, 2025
San Miguel Foods Inc. (GMA Monthlies)- SMFI Employees Union (SMFIEU) - PTGWO	113	1	December 31, 2022 (Awaiting start of CBA negotiation)	October 22, 2026
San Miguel Foods Inc. - South Luzon SMFI Poultry (Monthlies) - Magnolia Poultry Employees Union - PTGWO	24	1	December 31, 2022 (Awaiting start of CBA negotiation)	June 30, 2026
San Miguel Mills, Inc. - Mabini Batangas Flour Mill Employees Union (Monthlies) - Purefoods Flour Mill Employees Union - (PFMEU)	39	1	December 31, 2022 (Ongoing CBA negotiations)	July 31, 2027
	300	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)	654	1	November 30, 2022 (CBA for negotiation)	November 30, 2022 (CBA for negotiation)
Star Tollway Corporation (Monthlies) - Star Tollway Corporation Toll Teller Employees Association (STCTTEA)	131	1	July 31, 2024	July 31, 2026
Star Tollway Corporation (Monthlies) - Star Tollway Corporation Supervisory Employees Association - Workers Solidarity Network (STCSEA-WSN)	42	0	Awaiting ratification of 1st CBA	April 30, 2027
Manila Toll Expressway Systems Inc. (Monthlies) - Malayang Samahan ng Toll Tellers sa MATES - Workers Solidarity Network (MSTM-WSN)	580	0	No ratified CBA	August 31, 2024
Manila Toll Expressway Systems Inc. (Monthlies) - Obrero Pilipino - SLEX Manila Toll Expressway Systems (Traffic Department) Chapter	97	0	Awaiting start of 1st CBA negotiation	March 23, 2027
	1504	**2**		

SAN MIGUEL YAMAMURA PACKAGING CORPORATION

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	EXPIRATION	
			ECONOMIC	REPRESENTATION
SMC Yamamura Fuso Molds Corporation (Monthlies) *- SMC Yamamura Fuso Molds Monthlies Union - PTGWO* *PTGWO Local Chapter 842*	70	1	Dec. 31, 2024	Dec. 31, 2023
San Miguel Yamamura Packaging Corporation - Manila Plastics Plant (Ex-Parent) (Monthlies) *San Miguel Packaging Specialists, Inc Employees Union -* *Manila Plastics Plant - PTGWO Local 888*	48	1	June 30, 2025	June 30, 2027
San Miguel Yamamura Packaging Corporation - Manila Glass Plant (Ex-Parent) (Monthlies) *San Miguel Yamamura Packaging Corp. Employees Union - Manila Glass Plant -* *Association of Genuine Labor Organization* *(SMYPCEU-MGP-AGLO)*	133	1	June 30, 2025	June 30, 2023
San Miguel Yamamura Packaging Corporation - Metal Closure & Lithography Plant - (Ex-Parent) (Monthlies) *San Miguel Packaging Specialists, Inc Employees Union - Metal Closure & Lithography* *Plant - PTGWO Local 890*	19	1	June 30, 2025	June 30, 2027

Mindanao Corrugated Fireboard, Inc. (Monthlies) *Mincorr Independent Workers Union - Alliance of Progressive Labor - Sentro ng mga Nagkakaisa at Progresibong Manggagawa (MIWU-APL-SENTRO)*	43	1	Dec. 31, 2022 (Ongoing CBA Negotiations)	Dec. 31, 2022
San Miguel Yamamura Packaging Corporation - Canlubang PET and CAPS Plant (Monthlies) *SAMAHAN ng MALAYANG MANGGAGAWA sa BPSI-Canlubang-PTGWO*	16	1	Dec. 31, 2022 (Ongoing CBA Negotiations)	Dec.16, 2023
Can Asia, Inc. - (Monthlies) *San Miguel Yamamura Packaging Corporation - Can Asia, Inc* . (Independent Union)	88	1	Dec. 31, 2022 (Ongoing CBA Negotiations)	Dec. 31, 2024
San Miguel Yamamura Packaging Corporation - SMY Glass Plant (Monthlies) *Union Buo Organisadong Samahan ng Empleyado sa SMYAC - Independent (BOSES-SMYAC)*	416	1	Dec. 31, 2022 (Ongoing CBA Negotiations)	April 01, 2023
Rightpak International Corporation (Monthlies) - *Independent Rightpak Employees Union*	116	1	May 31, 2023	May 31, 2025
San Miguel Yamamura Packaging Corporation - Mandaue Packaging Plants (Glass, MCLP, Power) (Dailies) *Kahugpong Sa Ligdong Mamumuo - SMPSI Mandaue (KLM-SMPSI Mandaue)*	50	1	Dec. 31, 2023	Dec. 31, 2025
San Miguel Yamamura Packaging Corporation - Logistics Services (Dailies) *San Miguel Yamamura Logistics Services Worker's Union (Independent)*	275	1	Ongoing negotiations of 1st CBA	July 26, 2027
	1,274	**11**		
TOTAL	**5,837**	**34**		

Annex “F”

List of Properties and Location

	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 St., Brgy. 96, 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	Brgy. 425, Zone 43, Sampaloc District, 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	91,957.13	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	43,515.12	May 31, 2024	Renewable upon mutual agreement of both parties
Warehouse	Barangay Sta. Rita, Guiguinto, Bulacan	Warehouse Parking space - rented	Good	349,025.00	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	355,982.24	April 30, 2023	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, 2023	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	1,328,284.54	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
	Masbate Sales Office	Bgy. Pinamarbuhan, Mobo, Masbate	Land, Warehouse and Open Space-Rented	Good	195,142.50	March 31, 2026	Renewable upon mutual agreement of both parties
	Legazpi Sales Office	Legazpi S.O. - Tahao Street, Bgy. Gogon, Legaspi City, Bicol	Warehouse, Office & Open Space-Rented	Good	314,067.60	December 31, 2022	Renewable upon mutual agreement of both parties
	Dasmariñas Sales Office	Dasmarinas S.O. - Brgy. Langkaan II, Governors Drive, Dasmarinas, Cavite	Warehouse-Rented	Good	501,187.50	January 31, 2024	Renewable upon mutual agreement of both parties
	Bacoor Sales Office	Bacoor S.O. - Tirona Highway, Habay 1, Bacoor, Cavite	Warehouse-Rented	Good	511,875.00	March 31, 2023	Renewable upon mutual agreement of both parties
	Bulan Sales Office	Bulan S.O. - T. de Castro St., Zone 8, Bulan, Sorsogon	Warehouse-Rented	Good	140,910.00	October 31, 2023	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, 2023	Renewable upon mutual agreement of both parties
	Dumaguete Region Office	Dumaguete Region Office - Brgy. Pulang Tubig, Dumaguete City	Land & Land Improvement-Rented	Good	74,529.00	December 31, 2024	Renewable at the option of the lessee
	Dumaguete Sales Office	Dumaguete S.O. - Brgy. Pulang Tubig, Dumaguete City	Warehouse-Rented	Good	110,250.00	September 30, 2023	Renewable upon mutual agreement of both parties
	Iloilo Sales Office	Brgy. Pagduque, Dumanas, Iloilo	Warehouse-Rented	Good	325,968.00	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	92,000.00	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	187,000.00	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	227,517.79	May 31, 2024	Renewable upon mutual agreement of both parties
	Caraga Region Office	715 Molave St., Guingona Subd. Butuan City, Agusan del Norte	Land & Land Improvement-Rented	Good	115,473.09	August 31, 2025	Renewable upon mutual agreement of both parties
	Butuan Sales Office	Along Montilla Boulevard, Villa Kananga, Butuan City	Warehouse Facilities and Office-Rented	On-going construction of facility	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

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	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			
		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 Djakarta 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 207,333.00	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	9th Floor, Citimark Building , No.28 Yuen Shun Circuit, Siu Lek Yuen, Shatin, NT, Hong Kong	Land-Rented	Good	HKD 38,683.00	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 18,372.00	2047	No renewal options

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of 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 702, No. 98, South East Road, Yuexiu District, Guangzhou, Unit A and unit B	Office Space-Rented	Good	2021/6/16-2022/6/15 RMB11,020.00 2022/6/16-2023/6/15 RMB11,571.00	June 15, 2023	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	Kaijiada building, no. 1 industrial park road, dalang street office, longhua district, shenzhen city	Office Space-Rented	Good	RMB 4,876.00	November 11, 2023	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 .
	Zhongshan Sales Office	Qijiang Road,Shaxi District, Zhongshan City, China	Office Space-Rented	Good	RMB 1,500.00	November 29, 2023	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.
	Foshan Jinhai Yashihui	No.110 Yuhe Road, Shunde District Foshan, China	Dormitory-Rented	Good	RMB 11,800.00	June 30, 2023	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 .
	Foshan DingYi	No.26 Kerun Road, Chancheng District Foshan, China	Dormitory-Rented	Good	RMB 5,400.00	December 01, 2023	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$140,000.00	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$70,000.00	April 30, 2023	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 30, 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	Based on space used.	December 31, 2022	Extend agreement 1 year automatically if no expression of intent from both parties
	San Miguel China Investment Company Limited	Room 701, Tower 1, Xiaoyun Center, Xiaguangli, No. 15 Chaoyang District, Beijing China 100026	Office Space-Rented	Good	RMB 45,152.00	September 23, 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
	San Miguel Baoding Brewery Company Limited	1-1-2601, Zhengyulvgu, Chaoyang North Street, Baoding City , Hebei Province, China	Office Space-Rented	Good	RMB 3,826.17	March 06, 2023	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 13,684.21	December 31, 2022	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, 2022	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, 2022	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, 2022	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, 2022	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 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 7,251.82	April 01, 2023	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, 2023	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 25,000,000	March 31, 2023	Renewable upon mutual agreement of both parties
	Ho Chi Minh Warehouse	2 Xa Lo Truong Son, Hiep Binh Phuoc Ward, Thu Duc District, TP.HCM, Vietnam	Warehouse-Rented	Fair	VND 31,385,600	May 09, 2024	Renewable upon mutual agreement of both parties
	Ho Chi Minh Warehouse	80 Huyen Trang Cong Chua Ward 8, Vung Tau	Rented	Good	VND 7,000,000	June 30, 2023	Renewable upon mutual agreement of both parties
	Apartment	157 Vo Thi Sau, Ward Vo Thi Sau, District 3, Ho Chi Minh City	Rented	Good	VND 15,500,000	August 18, 2023	Renewable upon mutual agreement of both parties
	DOANH NGHIEP TU NHAN VAN LOI	305C/12 Nguyen Van Troi, Ward 01, Tan Binh District, TP.HCM, Vietnam	Rented	Good	VND 17,654,400	April 30, 2023	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	1,080,185.03	August 31, 2023	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	398,088.00	March 31, 2023	Renewable upon mutual agreement of both parties
	Pua Warehouse 2	Don Jose Canciller St., Cauayan City, Isabela	Rented	Good	322,560.00	January 31, 2023	Short Term Lease Only
	Pua Warehouse 3	Don Jose Canciller St., Cauayan City, Isabela	Rented	Good	239,877.12	February 28, 2023	Short Term Lease Only
	GSMI La Union Sales Office	Lee Building, Natl. Hiway, Brgy. Carlatan, San Fernando City, La Union	Rented	Good	17,368.42	December 31, 2022	Renewable upon mutual agreement of both parties
	GSMI La Union Sales Office - Bauang	Disso-or Bauang La Union	Rented	Good	36,000.00	August 31, 2024	Renewable upon mutual agreement of both parties
	GSMI Lunec Warehouse 1 and 2	Brgy. Lunec, Malasiqui, Pangasinan	Rented	Good	686,700.00	March 31, 2023	Renewable upon mutual agreement of both parties
	Lunec Warehouse 3	Brgy Lunec, Malasiqui Pangasinan	Rented	Good	343,350.00	March 15, 2023	Short Term Lease Only
	GSMI San Fernando Sales Office	#162 Baliti 2000 City of San Fernando Pampanga	Rented	Good	475,000.00	December 31, 2022	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
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			
C. GMA						
Warehouse/Sales Office						
GSMI Pasig (C5) Sales Office (Warehouse Space, Parking Space and Parking Space with Bathroom)	Maja Compound, Canley Road Corner E. Rodgriguez (C5), Bagong Ilog, Pasig City	Rented	Good	985,327.51	March 15, 2023	Renewable upon mutual agreement of both parties
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	Good			
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			
Calamba Sales Office	National Road, Brgy, Paciano Rizal, Calamba Laguna	Rented	Good	585,200.00	February 15, 2023	Renewable upon mutual agreement of both parties
GSMI Sales Admin Office	1080 Dona Aurora Boulevard, Gulang-gulang, Lucena City	Rented	Good	23,325.00	November 30, 2023	Renewable upon mutual agreement of both parties
GSMI Legazpi Warehouse 1	Barangay 42, Rawiz Legazpi City	Rented	Good	126,000.00	June 30, 2023	Renewable upon mutual agreement of both parties
GSMI Legazpi Warehouse 2	Barangay 42, Rawiz Legazpi City	Rented	Good	105,000.00	June 30, 2023	Renewable upon mutual agreement of both parties
GSMI Pagsanjan Sales Office	Sitio Ilaya Sabang 4008 Pagsanjan Laguna	Rented	Good	36,000.00	November 19, 2023	Renewable upon mutual agreement of both parties
GSMI Calamba Warehouse 2 & 3	Brgy. Lawa Calamba Laguna	Rented	Good	660,000.00	March 15, 2023	Short Term Lease Only
GSMI Calamba Warehouse 4 & 5	Brgy. Lawa Calamba Laguna	Rented	Good	660,000.00	February 28, 2023	Short Term Lease Only
GSMI Calamba Warehouse 6 & 7	Brgy. Lawa Calamba Laguna	Rented	Good	660,000.00	February 28, 2023	Short Term Lease Only
GSMI Calamba Warehouse 8, 9 & 10	Brgy. Lawa Calamba Laguna	Rented	Good	1,020,000.00	February 28, 2023	Short Term Lease Only
Naga Warehouse 1	Brgy. Del Rosario, Naga, Cam Sur	Rented	Good	120,000.00	March 15, 2023	Short Term Lease Only
Naga Warehouse 2	Brgy. Del Rosario, Naga, Cam Sur	Rented	Good	240,000.00	February 15, 2023	Short Term Lease Only
Tabaco Warehouse 1	Brgy. San Carlos, Tabaco City, Albay	Rented	Good	227,376.00	February 28, 2023	Short Term Lease Only
Tabaco Warehouse 2	Brgy. San Carlos, Tabaco City, Albay	Rented	Good	113,688.00	February 28, 2023	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
	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 Alcohol Depot (Tank 2)	BBTI, Bauan, Batangas	Rented	Good	156,000.00	December 31, 2022	Renewable at the option of the lessee
	GSMI Alcohol Depot (Tanks 1,3,8 & 9)	BBTI, Bauan, Batangas	Rented	Good	832,000.00	December 31, 2022	Renewable at the option of the lessee
	GSMI Alcohol Depot (Tanks 4,5,6 & 7)	BBTI, Bauan, Batangas	Rented	Good	1,560,000.00	December 31, 2022	Renewable at the option of the lessee
	E. VISAYAS						
	Plants						
	GSMI Mandaue Plant (Land and Facilities)	Subangdaku, Mandaue City, Cebu	Owned	Good			
	GSMI Bago Plant (Land and Facilities)	Brgy. Calumangan, Bago City, Negros Occidental	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 Warehouse - K	Mandaue Port, J. Cenniza St., Looc, Mandaue City	Owned	Good			
	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	Picas Sagkahan, Diversion Road, Brgy. 59, Tacloban City	Rented	Good	15,000.00	October 31, 2023	Renewable upon mutual agreement of both parties
	GSMI Iloilo Sales Office	Brgy. Quintin Salas, Jaro, Iloilo City	Rented	Good	50,000.00	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, 2023	Waiting for contract
	GSMI Goldmark Warehouse	T. Villa St. T. Padilla., Cebu City	Rented	Good	499,200.00	April 30, 2024	Waiting for contract
	Depot						
	GSMI Ouano Alcohol Depot	Brgy. Looc, City of Mandaue, Island of Cebu	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			
	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	May 31, 2023	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	109,920.00	April 30, 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
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	Melliza St., Iloilo City	Owned	Good			
	Isabela Sales Office - Poultry	Soyung, Echague, Isabela	Owned	Good			
	General Santos Office - Agro Industrial Cluster	Bo. Makar, Calumpang, Gen. Santos City	Owned	Good			
	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			
	La Pacita Antipolo Office & Plant - Magnolia	#88 Garnet, Bario Mambugan, Antipolo 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			
	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 - Meats	Brgy. Mabacan, Calauan, Laguna	Owned	Good			
	Flourmill/Feedmill						
	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 - 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 - 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			
	Grain Terminal						
	Mabini Bulk Grain Handling Terminal - San Miguel Mills, Inc. (GBGTC)	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas 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						
Mabini Land - SMFB	Brgy. Bulacan, Mabini, Batangas City	Owned	Good			
Pasig Land - San Miguel Mills, Inc. (GAC)	San Miguel Ave., Corner Tektite Road, Pasig City	Owned	Good			
Bulacan Land - SMFI Feeds	Malipampang, San Ildefonso, Bulacan	Owned	Good			
General Santos Warehouse - Feeds	Bo. Makar, Calumpang, Gen. Santos City	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			
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 - Poultry	Brgy. Sirawan, Toril Davao City	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	SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
Camarines Sur Office - SMFI - AIC; Office, Quality Assurance Office, Cold Storage and Holding Room - SMFI - Poultry; and Cold Storage - SMFI - Meats	Sta. Rita Industrial Estate, Sagurong, Pili, Camarines Sur	Owned	Good			
Processing Plant and Cold Storage						
Mandaue Poultry Processing Plant and Cold Storage - Poultry	Riverside, Canduman, Mandaue City	Owned	Good			
Warehouse						
Quezon City Warehouse - Purefoods Hormel Company, Inc.	Regalado Ave., Fairview, Quezon City	Owned	Good			
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	August 31, 2025	Renewable every 5 years
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
Cebu Office - Poultry	5th and 6th Flr., Clotilde Bldg., Casuntingan, Mandaue City, Cebu	Rented	Good	178,200.00	June 30, 2023	Renewable every 3 years
Cebu Office - Great Food Solutions, Poultry and SMIS	7th Floor Clotilde Bldg., Casuntingan, Mandaue City, Cebu	Rented	Good	29,700.00 (GFS) 59,400.00 (Poultry) 59,400 (SMIS)	June 30, 2023	Renewable upon mutual agreement of both parties
Zamboanga Office - Poultry	Don Alfonso Marquez Subd., MCLL Highway Tetuan Zamboanga City	Rented	Good	29,912.81	Continuing unless terminated and agreed by both parties	Continuing unless terminated and agreed by both parties
Bukidnon Office - Agro Industrial Cluster and Poultry	Propia St. , Malaybalay, Bukidnon	Rented	Good	133,928.57	January 31, 2023	Renewable every 2 years
Cagayan de Oro Office - Agro Industrial Cluster and Poultry	Masterson Avenue Zone 13, Carmen, Cagayan de Oro	Rented	Good	389,265.51	June 30, 2023	Renewable every year
Dumaguete Office - Poultry	Unit 1-C, JC Building, Ipil Road, Brgy. Daro, Dumaguete City	Rented	Good	32,558.21	October 30, 2024	Lease may be renewed upon mutual consent of both parties, after written notice to renew is given by the Lessee to the Lessor 60 days before expiry date.
Bacolod Office - Poultry	NFCC Cybercentre Complex, Lacson Cr. Hernaez St., Bacolod City	Rented	Good	234,469.69	June 30, 2023	Renewable every 5 years
C5 Pasig Office - SMFB, SMFI, PHC, Magnolia, Coffee, SMMI	100 E. Rodriguez Jr. Ave., C5 Road, Ugong, 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
Tacloban Office - SMFI - AIC	Unit 12, 2nd Floor Bldg. B, Metrobank Center, Juan Luna St., Brgy. Poblacion, Palo, Leyte	Rented	Good	52,722.69	October 21, 2023	Renewable every 5 years
Ormoc Office - SMFI - AIC	AW Square 3rd/F R#3F Cor. Real & San Vidal St., Ormoc City	Rented	Good	31,850.00	November 30, 2024	Renewable every 5 years
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)	March 31, 2023 (Office - AIC) 31-December 31, 2022 (Cold Storage - Poultry)	Renewable every 5 years (Office & Cold Storage)
Misamis Occidental Office and Cold Storage - Agro Industrial Cluster and Poultry	Mailen, Clarin, Misamis Occidental	Rented	Good	278,423 (Processing Plant) 133,090 (Cold Storage) 250,027 (Holding room) 16,740.00 (Office)	December 31, 2022	Renewable every year (Office) Renewable every 5 years (Cold Storage)
Camarines Sur Office - SMFI - AIC; Office, Quality Assurance Office, Cold Storage and Holding Room - SMFI - Poultry	Sta. Rita Industrial Estate, Sagurong, Pili, Camarines Sur	Rented	Good	57,750 (Office AIC) 548,500.00 (Office - Poultry) 267,857.14 (QA Office - Poultry) 1,640,821.00 (Cold Storage - Poultry) 553,797.00 (Holding Room - Poultry) 383,699.68 (Cold Storage - Meats)	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of both parties (AIC Office & Poultry Admin & QA Office) Renewable every 3 years (Poultry Cold Storage and Holding Room, and Meats Cold Storage)
Cebu Office, Labatory & Cold Storage - Poultry	Brgy. Pangdan, Naga City, Cebu	Rented	Good	30,000.00 (Office and Labatory) 1,305,759.45 (Cold Storage)	December 31, 2022	Renewable every 6 months
Cavite Cold Storage - Magnolia, Inc., Meats and Poultry	Anabu Hills Industrial Estate, Anabu 1-c, Imus Cavite	Rented	Good	Cold Storage: 632,597.07 (Magnolia) 1,718,392.70 (Meats) 457,120.00 (Poultry) Warehouse: 748,012.15 (Meats)	Continuing unless terminated and agreed by both parties	Continuing unless terminated and agreed by both parties
Mandaue Warehouse and Cold Storage - Poultry	Lot 2459-B1&B2 Batiller Street, Barangay Umapad, Mandaue City	Rented	Good	650,660.74 (Dry Warehouse) 865,614.62(Cold Storage)	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of the parties
JM1 Farm - SMFI - Meats	Brgy. Kalasungay, Malaybalay City	Rented	Good	650,000.00	31-Aug-2025	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
Cold Storage						
Navotas Cold Storage - Poultry and Purefoods Hormel Company, Inc.	Lapu-Lapu Ave. and C3 Road cor. Northbay Blvd., Navotas	Rented	Good	2,877,676.55	Continuing unless terminated and agreed by both parties	Continuing unless terminated and agreed by both parties
Misamis Oriental Cold Storage - Poultry	Mohon Tagoloan Misamis Oriental	Rented	Good	801,858.00	December 31, 2024	The Lessee maybe pre-terminate the Contract without cause by giving 60 days prior written notice to the Lessor
Davao Cold Storage - Poultry and Meats	Purok 15, Panungtungan, Tibungco, Davao	Rented	Good	559,305.51 (Poultry) 9,190.00 (Meats)	Continuing unless terminated and agreed by both parties	Continuing unless terminated and agreed by both parties
Pangasinan Cold Storage - Poultry	Brgy. Mabilao, San Fabian, Pangasinan 2433	Rented	Good	204,984.00	September 30, 2023	Renewable every 3 years
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
Isabela Cold Storage - Meats	San Luis, Cauayan, Isabela	Rented	Good	258,812.00	Continuing unless terminated and agreed by both parties	Renewable upon mutual agreement of both parties
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 - Poultry	Sra Ascion, San Jose, Negros Oriental	Rented	Good	2,365,200.00	October 28, 2024	Renewable every 3 years
Cold Storage and Blast Freezing Facility/Holding Room/Laboratory/Warehouse/Processing Plant/Mixes Storage/Office						
Bulacan Holding Room - Poultry	#95 Landicho St., Brgy. Balasing, Sta. Maria, Bulacan	Rented	Good	175,067 (Cold Storage) 178,685 (Holding room)	May 31, 2025	Renewable every 3 years
Bulacan Cold Storage and Holding Room - Poultry	111 Pulong Gubat, Balagtas Bulacan	Rented	Good	1,195,740 (Cold Storage) 723,822 (Holding Room)	December 31, 2022	Renewable every 2 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) 58,000.00 (Selling Station) 60,286.00 (Mixes Storage)	12/31/2024 (Meats) 12/31/2023 (Poultry)	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)	August 31, 2023	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) 1,037,472 (Holding Room) 57,013(Laboratory) 9,750 (Office)	28-Feb-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, 2023	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 (Cold storage)
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

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
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	11,552.02 (Processing Plant) 1,818,600.00 (Cold Storage)	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) 672,383.29 (Cold Storage)	01/31/2024 Cold storage: ongoing renewal	Renewable every 3 years
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 02, 2023	6 months before expiry date. The decision to renew or not to renew should be made by the parties within a period not exceeding 3 months from date of expiry
Foreshore						
Mabini Bulk Grain Handling Terminal Foreshore - GBGTC	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas	Rented	Good	373,949.14	December 31, 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	1,260,530.00 (Plant 1) 716,214.10 (Plant 2) 770,884.97 (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 : 3,849.98 July -Dec : 4,042.48	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			
Pampanga Processing Plant (Land Only) - Poultry	SMPFC Region Office, SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
Laguna Ice Cream Plant (Land Only) - Magnolia (GFDCC)	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			
Processing Plant						
Lipa Dressing Plant - Poultry	Brgy Kayumanggi, Lipa	Rented	Good	1,040,110.00	March 01, 2023	Renewable every 3 years
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 - Poultry	Garit Sur, Echague Isabela	Rented	Good	3,516,289.00	March 15, 2024	Renewable every 3 years
South Cotabato Processing Plant - Poultry	Polomolok, South Cotabato	Rented	Good	132,980.00	June 30, 2023	Renewable upon mutual agreement of both parties
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	February 28, 2023	Renewable every year
Batangas Processing Plant - Poultry	Brgy Aya, San Jose, Batangas	Rented	Good	2,874,728.46	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
	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
	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, Cold Storage, Processing Plang, Laboratory and Warehouse - Poultry	GTL Compound, San Vicente, San Jacinto, Pangasinan, 2431	Rented	Good	25,000.00 (Office) 1,304,469.50 (Processing Plant, Cold Storage & Holding Area) 30,745.45 (Laboratory) 40,000.00 (Warehouse)	December 31, 2022 (Office, Warehouse) December 31, 2023 (Processing Plant, Cold Storage, Laboratory)	Renewable every 3 years
	Warehouse						
	LSL Multi-Serve-Managed Warehouses - Feeds	Bay 6 Everland Agri Corp., Km. 12, Sasa, Davao City; Km. 11, Sasa, Davao	Rented	Good	544,000.00	December 31, 2022	Renewal every one year
	Pangasinan Warehouse - Feeds	Carmen East, Rosales, Pangasinan	Rented	Good	1,329,838.37	December 31, 2022	Renewable every year
	MMIJOE-Managed Warehouses - Feeds	Diversion Rd., Buhangin, Davao City; Km 10, Sasa, Davao City	Rented	Good	1,028,618.30	December 31, 2022	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	44,242,644.79	December 31, 2022 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	2,567,766.71	December 31, 2022	Renewable every three years
	Tarlac Warehouse - Feeds	Mabini, Moncada, Tarlac	Rented	Good	298,675.00	December 31, 2023	Renewable every two years
	Camarines Sur Warehouse - Feeds	Santiago, Pili, Camarines Sur	Rented	Good	273,240.00	December 31, 2022	Renewable every year
	Pangasinan Warehouse - Feeds	Urdaneta, Pangasinan	Rented	Good	1,273,852.96	December 31, 2022	Renewable upon mutual written agreement of the parties
	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, 2022	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) 22,820.42 (GFS)	December 31, 2024	Mutually be agreed upon between the parties.
	Tarlac Warehouse - Feeds	Brgy. Estrada Capas, Tarlac	Rented	Good	944,864.29	December 31, 2023	Renewable every 2 years
	Mandaue Warehouse - AIC	M.L. Quezon St., Casuntingan, Mandaue City	Rented	Good	37,315.04	June 30, 2023	Renewable every 3 years
	Laguna Warehouse - Poultry	Denson Whse, Brgy Parian, Calamba, Laguna	Rented	Good	1,142,350.00	July 31, 2024	Renewable every 5 years

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Calamba Warehouse - Poultry	Prinza, Calamba, Laguna	Rented	Good	203,400.00	Continuing unless terminated and agreed by both parties	Continuing unless terminated and agreed by both parties
	Isabela Warehouse - SMFI - Feeds	Bo. Soyung, Echague, Isabela	Rented	Good	987,871.36	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			
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 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	1,701,400.00	December 31, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	Warehouse	Paknaan, Mandaue City	Rented	Good	1,133,800.00	April 30, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	Warehouse	HIMI,Tayud, Consolacion	Rented	Good	680,240.00	June 30, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	Warehouse	LDGP, Tayud, Consolacion	Rented	Good	453,065.00	August 14, 2023	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 26, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	Warehouse	CLD Ouano Wharf, Mandaue City, Cebu	Rented	Good	378,000.00	June 14, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	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	839,690.78	June 30, 2023	Renewable for a period in accordance with the mutual written 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
	Warehouses 4	No. 35 Calle Malusak, San Pablo, Malolos City, Bulacan	Rented	Good	715,000.00	May 31, 2023	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	238,140.00	December 31, 2022	Renewable for a period in accordance with the mutual written agreement of both parties (Ongoing renewal)
	Warehouse Extension 2	Mabalas Brgy Calulut San Fernando Pampanga	Rented	Good	568,400.00	April 30, 2023	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	292,320.00	April 30, 2023	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	1,066,682.10	May 31, 2025	Renewable for a period in accordance with the mutual written agreement of both parties
	Bocaue Warehouse (Ecostorage)	#276 Boontown Industrial Park Brgy. Tambobong, Bocaue , Bulacan	Rented	Good	512,727.24	September 30, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	MCLP Warehouse	MCLP warehouse ,Canlubang Laguna	Owned	Good			
	SMYPC MPP Cebu Operations						
	Warehouse	Mandaue Cebu	Owned	Good			
	Warehouse	Sitio Bangkerohan, Tayud, Consolacion	Rented	Good	800,000.00	October 31, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	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	2,125,700.00	March 31, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	Welbourne Warehouse	Blk02 Lot31, Welborn Industrial Park, BRGY Bancal, Carmona Cavite	Owned	Good			
	Warehouse	Tagoloan, Misamis Oriental	Owned	Good			
	MCLP	SMYPC, Silangan Industrial Estate, Canlubang, Calamba City, Laguna	Owned	Good			
	Springfield Warehouses	Sitio Pantay, Brgy. Maguyam, Silang Cavite	Rented	Good	2,226,056.00	June 04, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	FCIE 1	JY & Sons Compound FCIE Warehouse Governors Drive, Dasmarinas, Cavite	Rented	Good	2,594,240.00	January 31, 2023	Renewable for a period in accordance with the mutual written agreement of both parties
	FCIE 2	JY & Sons Compound FCIE Warehouse Governors Drive, Dasmarinas, Cavite	Rented	Good	1,646,568.00	December 31, 2023	For termination in December 31, 2022
	STMI	Km 52 Bo Lawa, Calamba Laguna	Rented	Good	6,684,390.00	Apr 15, Apr 23, Apr 29, May 6, May 14, May 18, May 21, May 24, Jun 2, Jun 3, July 1, July 2, Jul 9, Jul 10 2023	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			

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
3	**MINDANAO CORRUGATED FIBREBOARD, INC.**						
	Land	Km 12 Sasa, Davao City	Owned	Good			
	Warehouses	Sitio Ilang, Brgy. Tibungco, Davao City	Rented	Good	544,901.00	December 31, 2022	Renewable for a period in accordance with the mutual written agreement of both parties
4	**CAN ASIA, INC.**						
	Land	Bgy. San Francisco de Malabon, Gen. Trias, Cavite	Owned	Good			
	B. INTERNATIONAL						
5	**SAN MIGUEL YAMAMURA PACKAGING INTERNATIONAL LTD.**	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	Tangxia 2#, Zhaoqing City	Rented	Good	532,022.40	October 31, 2023	Negotiation by both parties
	Warehouse	Building 3, Junfu Industrial Park, Taihe Road, Duanzhou District, Zhaoqing City	Rented	Good	463,814.40	June 30, 2023	Negotiation by both parties
	Warehouse	4, Building 3, Junfu Industrial Park, Taihe Road, Duanzhou District, Zhaoqing City	Rented	Good	389,272.80	July 31, 2023	Negotiation by both parties
	Warehouse	Zhaoqing City Duanzhou District Mugang Town Tangmei Village before the Church industrial zone	Rented	Good	332,172.96	March 12, 2024	Negotiation by both parties
	Warehouse	Zhaoqing City Gaoyao District Huangjin village	Rented	Good	68,248.60	December 31, 2022	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			
	Plant	Lot 75, Jalan Usaha 5, Ayer Keroh Industrial Estate, 75450 Melaka	Rented	Good	RM22,932.00	December 31, 2023	Renewable upon mutual agreement of both parties
	Warehouse	Lot 4320, Jalan Usaha 6, Ayer Keroh Industrial Estate, 75450 Melaka, Malaysia	Rented	Good	RM6,800.00	March 31, 2023	Renewable upon mutual agreement of both parties
13	**INSA ALLIANCE SDN. BHD.**						
	Office Space	Plo 64 & Plo 65, Jln Kejuteraan 4, Kaw. Perindustrian, Jln Genuang, 85000 Segamat, Johor.	Owned	Good			
	Plant	Plo 64 & Plo 65, Jln Kejuteraan 4, Kaw. Perindustrian, Jln Genuang, 85000 Segamat, Johor.	Owned	Good			
	Warehouse	Plo 136, Jln Kejuteraan 4, Kaw. Perindustrian, Jln Genuang, 85000 Segamat, Johor.	Owned	Good			
	Warehouse	Plo 97, Jln Kejuteraan 4, Kaw. Perindustrian, Jln Genuang, 85000 Segamat, Johor.	Rented	Good	RM3,000.00	August 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
14	**SAN MIGUEL YAMAMURA AUSTRALASIA**						
	Office	1 Culverston Road, Minto NSW, Australia	Rented	Good	AUD 124,759.00	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, Victora	Rented	Good	AUD 90,687.00	August 01, 2031	Renewable upon mutual agreement of both parties
	Warehouse	Warehouse 5, Acacia Link Industrial Estate, 25 Industrial Crescent, Willawong, Queensland	Rented	Good	AUD 34,873.00	October 01, 2023	Renewable upon mutual agreement of both parties
	Warehouse	30-32 Rosberg Rd, Wingfield, South Australia	Rented	Good	AUD 47,509.00	June 18, 2027	Renewable upon mutual agreement of both parties
	Warehouse	52 McDowell Street Welshpool, Western Australia	Rented	Good	AUD 37,609.27	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 20,650.00	July 31, 2027	Renewable upon mutual agreement of both parties
	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, Victora	Rented	Good	AUD 74,011.00	January 01, 2028	Renewable upon mutual agreement of both parties
	Plant	13-15 Wangara Road, Sandringham, Victoria	Rented	Good	AUD 46,396.00	November 06, 2024	Renewable upon mutual agreement of both parties
	Plant	160 May Terrace Ottoway, South Australia	Rented	Good	AUD 53,802.00	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			
	SMYBB Pty Ltd						
	Plant/Office	463-469 Cowra Avenue, Mildura, Victora	Rented	Good	AUD 23,167	July 31, 2027	Renewable upon mutual agreement of both parties
	Plant/Office	487-501 Cowra Avenue, Mildura, Victora	Owned	Good			
	Plant/Office	Lot 147, Sturt Highway, Nuriootpa, South Australia	Rented	Good	AUD 39,758.00	February 01, 2031	Renewable upon mutual agreement of both parties
	Plant/Office	503-513 Cowra Avenue, Mildura, Victora	Rented	Good	AUD 27,955.00	May 16, 2025	Renewable upon mutual agreement of both parties
	Plant	Port Adelaide Distribution Centre 25-91 Bedford Road Gillam SA	Rented	Good	AUD 25,698	July 06, 2025	Renewable upon mutual agreement of both parties
	SMYJ Pty Ltd						
	Plant/Office	50 Bond Street Mordialloc Victora	Rented	Good	AUD 26,112.00	July 10, 2023	Renewable upon mutual agreement of both parties
	Plant/Office	48 Bond Street Mordialloc Victora	Rented	Good	AUD 21,125.00	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, 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
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	2,597,313.11	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	157,500.00	November 30,2023	Renewable at the option of the lessee
	Terminal (Palawan)	Parola, Brgy. Maunlad, Puerto Princesa City, Palawan	Rented Except Building & Facilities	Good	4,392.69	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	539,867.10	April 30, 2027	Renewable upon mutual agreement of both parties
	Terminal (Poro)	Poro Pt.,San Fernado, La Union	Rented Except Building & Facilities	Good	315,853.70	February 28, 2023	Renewable upon mutual agreement of both parties
	Terminal (Poro)	Poro Pt.,San Fernado, La Union	Rented Except Building & Facilities	Good	23,180.08	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Sales Office (Calapan)	Sixteen Enterprises Compound, Brgy. Masipit, Calapan City, Oriental Mindoro	Rented	Good	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	10,000.00	December 31, 2026	Renewable upon mutual agreement of both parties (Ongoing renewal)
	Terminal (Batangas)	Bo. Mainaga, Mabini, Batangas	Rented Except Building & Facilities	Good	51,788.09	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Bataan)	Limay, Bataan	Rented Except Building & Facilities	Good	1,676.96	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Sales Office (Odiongan)	Brgy Poctoy, Odiongan, Romblon	Rented	Good	74,060.80	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
	Aiport Installations	Puerto Princesa Airport, Palawan	Rented	Good	80,762.50	September 30, 2025	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
	Visayas Operations						
	Depot (Amlan)	Tandayag, Amlan, Negros Oriental	Rented Except Building & Facilities	Good	60,473.87	November 30, 2033	Renewable at the option of the lessee
	Terminal (Bacolod)	Bo. San Patricio, Bacolod City, Negros Occidental	Rented Except Building & Facilities	Good	82,890.00	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	29,812.67	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Iloilo)	Lapuz, Iloilo City	Rented Except Building & Facilities	Good	~2,500,000 (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	740,740.67	November 30, 2023	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	26,305.29	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	14,934.54	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
	Terminal (Tacloban)	Anibong, Tacloban City	Rented Except Building & Facilities	Good	413,437.50	January 02, 2039	Renewable upon mutual agreement of both parties
	Depot (Tagbilaran)	Graham Ave., Tagbiliran, 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	60,648.32	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	April 30, 2023	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. Pampanga, 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	220,000.00	March 02, 2035	Renewable upon mutual agreement of both parties
	Terminal (Jimenez)	Jimenez, Misamis Occidental	Rented Except Building & Facilities	Good	220,500.00	December 16, 2029	Renewable upon mutual agreement of both parties
	Terminal (Nasipit)	Talisay, Nasipit, Agusan del Norte	Owned	Good			

	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	Rented	Good	66,000.00	December 31, 2022	Renewable upon mutual agreement of both parties
	Terminal (Nasipit)	Talisay, Nasipit, Agusan del Norte	Rented	Good	7,310.00	July 31, 2029	Renewable upon mutual agreement of both parties
	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.
		Tagoloan, Misamis Oriental - 13,499 sq m.	Owned	Good			
		Tagoloan, Misamis Oriental PHIVIDEC/NVRC (FLA)- 19,965 sq m.	Rented Except Building & Facilities	Good	11,733.13	February 19, 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	44,913.66	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	10,082.81	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	994,077.02	August 31, 2018	Renewable upon mutual agreement of both parties. Ongoing lease renewal.
2	**PETRON MALAYSIA REFINING & MARKETING BHD**						
	Refinery						
	Port Dickson Refinery	Lot 2645 - Lot 2648, 1222, 1593-1595, 1757, 1803, 1805, 1836, 1838, 1926-1930 & 2278, 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 6,300	June 30, 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
3	**PETRON FUEL INTERNATIONAL SDN BHD**						
	Kuantan Terminal	Lot 1863, Mukim Sungai Karang, Tanjung Gelang, Kuantan Port, 26100 Kuantan. PAHANG	Rented	Good	Terminal 1 MYR 18,983.98 Terminal 2 MYR 17,898.05	Terminal 1 Dec 2027 Terminal 2 Dec 2027	Current rate is RM12.06 per square meter per year from 1st January 2016 until 31st Dec 2018 and shall be increased by 10% on 1st January 2019 and after every three (3) years thereafter Current rate is RM12.06 per square meter per year from 1st January 2018 until 31st Dec 2018 and shall be increased by 10% on 1st January 2019 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	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
4	**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 64,833.33) (Yearly Rental - MYR 778,000)	31 Dec 2078	No option stated in the agreement
	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.
	Offshore/Foreshore land	Brgy. Ilijan, Batangas City, Batangas	Rented	Good	11,679,879.47 (one time payment)	January 17, 2023	Non-renewable short-term lease
4	**LIMAY POWER INC. (LPI; formerly SMC CONSOLIDATED POWER CORPORATION) [c][f]**						
	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	482,843.28	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][g]**						
	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. Baliwasan, San Jose Road, Zamboanga City, Zamboanga Del Sur	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 del Sur	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

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
6	**GRAND PLANTER 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 1 (where the 50 MW battery enegry storage system [BESS] project of Universal Power Solutions, Inc. [UPSI] is situated)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land - Site 2	Brgy. Alangan, Limay, Bataan	Owned	Good			
	Land	No. 169 E. Delos Santos Avenue, Mandaluyong City	Rented	Good	892,857.14	March 22, 2036	Renewable
7	**MASINLOC POWER PARTNERS CO. LTD. (MPPCL)[h]**						
	330 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	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	20 MW battery energy storage system (Phase 2)	Brgy. Bani, Masinloc, Zambales	Owned	Ongoing construction			
	Land (where Units 3, 4, 5 power plant 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	**SMCGP PHILIPPINES ENERGY STORAGE CO. LTD.**						
	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	Ongoing construction			
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 150MW coal-fired power plant 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	111,760.00	October 30, 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 UPSI 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			

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
11	**UNIVERSAL POWER SOLUTIONS, INC.**						
	20 MW Malita BESS	Brgy. Culaman, Malita, Davao Occidental	Owned	Good			
	40 MW Bataan Combined Cycle Power Plant BESS	Brgy. Lamao, Limay, Bataan	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	195,741.00	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Jasaan BESS	Jasaan, Misamis Oriental	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	2,160,000.00	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Toledo BESS	Calong-calong and Talevera, Toledo City, Cebu	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	900,000.00	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Villanueva BESS	Brgy. 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 - Ongoing Construction	295,740.00	June 04, 2045	Renewable upon mutual agreement by both parties
	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
	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
	20 MW Maco BESS	Brgys. Dumlan and Concepcion, Maco, Compostela Valley, Davao del Norte	Owned	Good			
	40 MW Gamu BESS	Brgy. Lenzon, Gamu, Isabela	Owned	Good			
	40 MW Magapit BESS	Brgy. Magapit, Lal-lo, Cagayan	Owned	Good			
	20 MW Ubay BESS	Brgy. Imelda, Ubay, Bohol	Owned	Good			
	50 MW San Manuel BESS	Brgy. Sto. Domingo, San Manuel, Pangasinan	Owned	Good			
	50 MW San Manuel BESS	Brgy. Sto. Domingo, San Manuel, Pangasinan	Owned	Good			
	50 MW Mexico BESS	Brgy. San Jose Matulid, Mexico, Pampanga	Owned	Good			
	50 MW Concepcion BESS	Brgy. Sta. Rosa, Concepcion, Tarlac	Owned	Good			
	40 MW Ormoc BESS	Brgy. Dolores, Ormoc City, Leyte	Owned	Good			
	40 MW Ormoc BESS	Brgy. Dolores, Ormoc City, Leyte	Owned	Good			
	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.**						
	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	Rented	Good	519,802.57	January 5, 2046	Renewable upon mutual agreement by both parties.
	Land (where the BCCPP and related facilities are situated)	Barangay Dela Paz, Batangas	Owned	Good			
13	**SAN MIGUEL GLOBAL POWER HOLDINGS CORP. (formerly SMC GLOBAL POWER HOLDINGS CORP.)[(e)]**						
	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			

	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	No. 40 San Miguel Ave., Mandaluyong City	Owned	Good			
	Office Space	Unit C 18th Floor of the JMT Corporate Condominium, ADB Avenue, Ortigas Center	Owned	Good			
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.**						
	Residential Building	Caticlan, Malay, Aklan	Rented	Good	300,000.00	February 07, 2023	Subject to renewal or extension as mutually agreed between the parties
	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**						
	Head Office (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			
	DPWH Lodging	Brgy. Asan Norte, Municipality of Sison, Pangasinan	Rented	Good	11,578.95	December 31, 2022	Subject to renewal or extension as mutually agreed between the parties.
	DPWH Lodging	Binalonan Pangasinan	Rented	Good	8,947.37	December 31, 2022	Subject to renewal or extension as mutually agreed between the parties.
	ROWA SMPI Office space	Pozorrubio Pangasinan	Rented	Good	46,728.97	December 31, 2022	Subject to renewal or extension as mutually agreed between the parties
8	**OPTIMAL INFRASTRUCTURE DEVELOPMENT, INC.**						
	Land	Manila Harbour Centre, Brgy. 128 Zone 10 (Isla de Balut/Vitas), Tondo, Manila 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
9	**SLEEP INTERNATIONAL (NETHERLANDS) COOPERATIEF U.A.**						
	Office Space	Prins Bernhardplein 200, 1097 JB Amsterdam	Owned by the Service Provider	Good			
10	**WISELINK INVESTMENT HOLDINGS, INC.**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
11	**ATLANTIC AURUM INVESTMENTS B.V.**						
	Office Space	Museumlaan 2, 3581 HK, Utrecht, The Netherlands	Owned by the Service Provider	Good			
12	**STAGE 3 CONNECTOR TOLLWAYS HOLDINGS CORPORATION**						
	Office Space	40 San Miguel Avenue, Mandaluyong City	Owned	Good			
13	**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			
14	**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			
15	**SKYWAY O&M CORPORATION**						
	Office Space	1st and 2nd Floors TOB Doña Soledad Avenue, Bicutan, Paranaque City	Owned	Good			
16	**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			
17	**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	43,275.70	July 12, 2023	No renewal options
	Lot Rental	Caticlan, Malay, Aklan	Rented	Good	92,842.11	July 12, 2024	Renewable for another period of 2yrs upon mutual agreement of the parties
	PNP and OTS Office	Caticlan, Malay, Aklan	Rented	Good	18,947.37	December 31, 2022	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, 2022	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	10,526.32	December 31, 2022	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
18	**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			
19	**SMC INFRAVENTURES INC.**						
	Office Space	40 San Miguel Avenue, Mandaluyong City	Owned	Good			
20	**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			
21	**SMC SKYWAY STAGE 4 CORPORATION (Formerly: CITRA INTERCITY TOLLWAYS, INC.)**						
	Office Space	4F Toll Operations Complex, Dona Soledad Ave., Better Living Subd., Paranaque City	Owned by ROP (Citra Metro Manila Tollways Corporation Concession Rights)	Good			
	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			
22	**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	48,050.86	January 31, 2023	Subject to renewal or extension as mutually agreed between the parties
23	**STAR TOLLWAY CORPORATION**						
	Office Space	Brgy. Tambo, Lipa City, Batangas	Owned by ROP (Star Infrastructure Development Corporation Concession Rights)	Good			
24	**ULCOM COMPANY, INC.**						
	Office Space	11/F San Miguel Properties Centre St. Francis Street, 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
25	**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			
	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			
	Storage Space	E. Rodriguez Avenue Cor Sta. Rosa De Lima St., Bagong Ilog, Pasig City (Secure Storage Services Corp. Unit S7 & S9)	Rented	Good	35,280.00	July 29, 2023	Subject to written agreement of both parties. However, upon failure to notify the lessor for renewal/termination, the agreement shall be deemed automatically renewed.
	Storage Space	E. Rodriguez Avenue Cor Sta. Rosa De Lima St., Bagong Ilog, Pasig City (Secure Storage Services Corp. Unit T27)	Rented	Good	8,820.00	September 14, 2023	Subject to written agreement of both parties. However, upon failure to notify the lessor for renewal/termination, the agreement shall be deemed automatically renewed.
	Office Space	4th Floor Kayumanggi Center, Commonwealth cor. Luzon Avenue, Quezon City	Rented	Good	216,150.00	November 30, 2023	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	107,500.00	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
26	**AEROFUEL STORAGE MANAGEMENT INC.**						
	Office Space	11/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
27	**ARGONBAY CONSTRUCTION COMPANY, INC.**						
	Office Space	11/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
28	**INTELLIGENT E- PROCESSES TECHNOLOGIES CORP.**						
	Office Space	11F and 20/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
	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			
29	**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			
30	**PASIG RIVER EXPRESSWAY CORPORATION**						
	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
31	**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			
32	**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			
33	**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			
34	**SMC Central Access Link Expressway Corp.**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
35	**SMC Marilao Access Link Expressway Corp.**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
36	**SMC Northern Access Link Expressway Corp.**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
37	**SMC Southern Access Link Expressway Corp.**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
38	**SOUTH LUZON TOLL ROAD-5 EXPRESSWAY INC**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
39	**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			
40	**SMC SLEX Holdings, Inc. (Formerly: MTD MANILA EXPRESSWAYS, INC.)**						
	Office Space	11F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
41	**ASSETVALUES HOLDING COMPANY INC**						
	Office Space	11F and 20/F San Miguel Properties Centre St. Francis Street, Mandaluyong City	Owned	Good			
42	**SMC AEROTROPOLIS INC**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
43	**PHILIPPINE INTERNATIONAL AIRPORT INC.**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
44	**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
45	**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			
46	**SMC CBEX INC**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
47	**SMC NBEX INC**						
	Office Space	40 San Miguel Avenue, Bgry. Wack-Wack Mandaluyong City	Owned	Good			
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 - SMFI Poultry	Owned	Good			
	Office Space	40 San Miguel Ave., Mandaluyong City - SMC Corporate Office	Owned	Good			
	Land	San Rafael, Tarlac - Petron Station	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. 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	Dr. A Santos Ave. (Sucat Road), Parañaque City	Owned	Good			
	Land	Brgy. Boot, Tanuan, 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	Brgy. Glamang (Silway), Polomolok, South Cotabato	Owned	Good			
	Land	Maragondon / Mabacao - Magallanes Road, Brgy. Mabato, Maragondon, Cavite	Owned	Good			
	Land	Acacia St., Brgy. Hagdang Bato, Mandaluyong City	Owned	Good			
	Land	Sixto Avenue, Maybunga, Pasig City	Owned	Good			
	Land	National Road, Brgy. Bunawan, Davao City	Owned	Good			
	Land	Crestview Heights Subd., San Roque, Antipolo, Rizal	Owned	Good			
	Land and Building	Crestview Circle, Crestview Heights Subdivision, San Roque, Antipolo City	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	SJCB Sta. Maria Bulacan- Lots 2&4	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			

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	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			
	Grandioso Realty Corporation						
	Land	National Road, Brgy. Tambler, 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			
	El Vertice Realty Corp.						
	Land and Building	4912 Pasay Road, Dasmariñas Village, Makati City	Owned	Good			
	Estima Realty Corp.						
	Land and Building	4914 Pasay Road, Dasmariñas Village, Makati City	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			
	Rapidshare Realty and Development Corporation						
	Land	Northwestern Street, Barangay Wack-Wack Greenhills, Mandaluyong City	Owned	Good			
	Land and Building	Ortigas Street, Barangay Wack-Wack, Greenhills, 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
	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			
	Casa Sabroso Holdings Inc.						
	Land and Building	Ilongo St. La Vista, 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			
	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			
	One Wilson Cayenne Holdings, Inc.						
	Land	708-A J.R Yulo St. Mandaluyong City	Owned	Good			
	Land	6-C East St. Addition Hills Mandaluyong City	Owned	Good			
	Auburnrite Holdings Inc.						
	Land	Bungahan, Biñan, Laguna	Owned	Good			
	Land	Mamplasan, Biñan, Laguna	Owned	Good			
	Bricktree Properties Inc.						
	Land	Bancalaan, 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 Cabcaben, Mariveles, Bataan	Owned	Good			
	Land	National Road, Brgy. San Pedro, Bauan and Brgy. San Juan, Mabini, Batangas	Owned	Good			
	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			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Land and Building	Brgy. Loboc, Lapaz, Ilollo	Owned	Good			
Land	Mariveles, Bataan	Rented	Good	2,705,619.94	September 30, 2030	Renewable upon mutual agreement of the parties
Land	Yard 2, Engineering Island, Baseco Compound, Port Area, Manila City	Rented	Good	4,812,360.00	January 02, 2037	Renewable upon mutual agreement of the parties
Land at Bataan Warehouse 1 & 2	Freeport Area, Mariveles, Bataan	Rented	Good	422,638.94	May 31, 2023	Renewable upon mutual agreement of the parties
Land	Block 22 Manila Harbor Center, Tondo, Manila City	Rented	Good	1,263,237.72	July 14, 2023	Renewable upon mutual agreement of the parties
Land	San Pedro, Bauan, Batangas	Rented	Good	450,000.00	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	Puting Buhangin hi-way, Orion (TCT #s 226614, 2015000040, 2015000041)	Rented	Good	217,800.00	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&1119Puting 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	1,929,375.00	December 31, 2023	Renewable upon mutual agreement of the parties
WarehouseS (1,5,9,10)	Brgy. Masaya, Rosario Batangas	Rented	Good	571,160.71	June 30, 2023	Renewable upon mutual agreement of the parties
Warehouse (3&5)	Bicol Oil Mill Cmpd. Balogo, Pasacao, Camarines Sur	Rented	Good	324,000.00	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 (Whses A, B, D1, D2)	Casisang, Malaybalay City, Bukidnon	Rented	Good	390,000.00	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
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	1,342.67	October 04, 2023	Renewable after one (1) year or upon mutual agreement of the parties
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	1,398.79	October 05, 2023	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, 2023	Renewable after one (1) year or upon mutual agreement of the parties
	Foreshore Area	Looc, Lapu Lapu City	Rented	Good	1,763.17	October 04, 2023	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, 2023	Renewable after one (1) year or upon mutual agreement of the parties
	Warehouse (NZU 1 & 2)	Campo Islam, Zamboanga City	Rented	Good	451,143.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse	Door L9 & R8, Far East Cereals Bldg, Davao	Rented	Good	288,250.00	June 30, 2023	Renewable upon mutual agreement of the parties
	Warehouse	218 Don Jose Canciller Avenue, Cauayan City	Rented	Good	89,000.00	July 15, 2023	Renewable upon mutual agreement of the parties
	Warehouse (28, 29, 34, 37, & 40)	12 Zone 3, Kauswagan, CDO	Rented	Good	945,000.00	December 31, 2022	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 1&2	Brgy. 11-B, Poblacion District, Davao City	Rented	Good	315,210.00	June 30, 2023	Renewable upon mutual agreement of the parties
	Warehouse (SMB 3 and Duty Free)	Trial Park Zamboanga Ecozone @ Freeport Authority, Brgy. Talisayan, Zamboanga	Rented	Good	269,010.00	June 30, 2023	Renewable upon mutual agreement of the parties
	Warehouse 1&2	Marasbaras, Tacloban	Rented	Good	225,000.00	July 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse A	Blk 11 lots 4-7, Phase 2 FCIE, Brgy Langkaan, Dasmarinas, Cavite	Rented	Good	1,318,900.00	December 31, 2022	Renewable upon mutual agreement of the parties
	Warehouse B & C	Blk 11 lots 4-7, Phase 2 FCIE, Brgy Langkaan, Dasmarinas, Cavite	Rented	Good	930,600.00	December 31, 2022	Renewable upon mutual agreement of the parties
	Warehouse D1 an D3	Lots 1&2 Blk 2, Phase 3 FCIE, Brgy Langkaan, Dasmarinas, Cavite	Rented	Good	1,496,880.00	January 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse (GMC3)	Taboc, Brgy. San Jose, Pili Cam Sur	Rented	Good	192,857.14	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse (GMC1&2)	San Jose, Pili, Camarines sur	Rented	Good	288,000.00	December 31, 2023	Renewable upon mutual agreement of the parties
	Warehouse (JY G4)	Espina St., Brgy Labangal, General Santos City	Rented	Good	337,500.00	December 31, 2022	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, 2023	Renewable upon mutual agreement of the parties
	Warehouse 1&2, office space	Pangao, Ibaan, Batangas	Rented	Good	223,214.29	June 30, 2023	Renewable upon mutual agreement of the parties
	Buildings 1-8	Lapulapu, Ibaan, Batangas	Rented	Good	1,169,171.43	June 30, 2023	Renewable upon mutual agreement of the parties
	Warehouse 1&2	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, 2022	Renewable upon mutual agreement of the parties
	Warehouse 21	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	149,982.00	June 04, 2023	Renewable upon mutual agreement of the parties
	Warehouse 23	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	152,119.80	June 04, 2023	Renewable upon mutual agreement of the parties
	Warehouse 5-7	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	508,200.00	June 04, 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
Warehouse 8	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	169,400.00	June 04, 2023	Renewable upon mutual agreement of the parties
Warehouse 12	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	240,240.00	July 08, 2023	Renewable upon mutual agreement of the parties
Warehouse 13-15	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	819,000.00	June 04, 2023	Renewable upon mutual agreement of the parties
Warehouse 22	Sitio Pantay, Baranggay Maguyam, Silang, Cavite	Rented	Good	151,078.20	June 04, 2023	Renewable upon mutual agreement of the parties
Bldg 2 Doors 5-7	PLDC Diversion Road, Naga City, Camarines Sur	Rented	Good	300,000.00	December 31, 2023	Renewable upon mutual agreement of the parties
Warehouse 1-3	Sitio Tawagan, Consolacion, Cebu	Rented	Good	360,000.00	December 31, 2023	Renewable upon mutual agreement of the parties
Warehouse 1&2	Tabok, Mandaue City, Cebu	Rented	Good	368,160.00	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, 2023	Renewable upon mutual agreement of the parties
Condo	Room 703 Fuyong Mansion, Sta. Cruz, Manila	Rented	Good	30,000.00	December 31, 2022	Renewable upon mutual agreement of the parties
Condo	33J Pearl of the Orient Ermita, Manila	Rented	Good	18,000.00	April 07, 2023	Renewable upon mutual agreement of the parties
Condo	5011 Admiral Baysuites, Malate, Manila	Rented	Good	24,000.00	July 31, 2023	Renewable upon mutual agreement of the parties
Condo	705 Burgundy Place Condominium, Loyola Heights, QC	Rented	Good	22,690.93	July 31, 2023	Renewable upon mutual agreement of the parties
Warehouse (B1-B3)	Parang, Batangas	Rented	Good	618,000.00	June 30, 2023	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	September 01, 2023	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, 2023	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, 2023	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, 2023	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, 2023	Renewable upon mutual agreement of the parties
Warehouse (FCMI 1 &2)	FCMI Compound, Legaspi Oil, Davao City	Rented	Good	1,800,000.00	December 25, 2023	Renewable upon mutual agreement of the parties
Warehouse (FCMI 3)	FCMI Compound, Legaspi Oil, Davao City	Rented	Good	923,200.00	June 30, 2023	Renewable upon mutual agreement of the parties
Staffhouse	Blk. 3 Lot 37 Pittland Terelay Subd. Cabuyao Laguna	Rented	Good	5,357.14	September 04, 2023	Renewable upon mutual agreement of the parties
Staffhouse	Poblacion Norte, Sta. Barbara, Pangasinan	Rented	Good	7,142.86	April 14, 2023	Renewable upon mutual agreement of the parties
Parking Space	Bldg 6. Parking 56 and 57, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	9,000.00	March 23, 2023	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, 2023	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, 2023	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, 2023	Renewable upon mutual agreement of the parties
Condo	Unit 51-A North Tower, One Shangri-La Place	Rented	Good	160,000.00	December 27, 2023	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	May 01, 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
Condo	Bldg 10. Unit 215, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	17,000.00	June 01, 2023	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	April 01, 2023	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	April 30, 2023	Renewable upon mutual agreement of the parties
Condo	Bldg 13. Unit 766, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	13,000.00	March 22, 2023	Renewable upon mutual agreement of the parties
Condo	Bldg 9. Unit 274, Brgy. 99 and 101 Vitas and Velasquez St. Tondo, Manila	Rented	Good	17,000.00	March 26, 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, 2023	Renewable upon mutual agreement of the parties
Warehouse (13-17)	MCT Complex, Tagoloan, Misamis Oriental	Rented	Good	1,636,600.00	May 15, 2023	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	Door 2-3, Bay 6, Everland Agricorp, Sasa, Davao	Rented	Good	228,348.21	June 30, 2023	Renewable upon mutual agreement of the parties
Warehouse 1 & 2	Pangao, Ibaan, Batangas	Rented	Good	223,214.29	June 30, 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
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

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	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 15 lot 9 (BERTHING 5)	Rented	Good	445,605.72	April 29, 2024	Renewable upon mutual agreement of the parties
	Land	Manila Harbour Center Lot 3 fronting Blk 15 lot 9 (BERTHING 4)	Rented	Good	337,456.47	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	279,927.04	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	484,144.60	December 31, 2022	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 mutal 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			
	Machinery and Equipment (Fuel Tanks)	Bataan Combined Cycle Power Plant, Barangay Luz, Kitang 2, Limay, Bataan	Rented	Good	4,517,480.55	December 31, 2022	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	170,645.22	April 30, 2023	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	211,263.20	May 14, 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
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	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, 2022	Renewable upon mutual agreement of the parties
Land	Lot 1071, Barangay Putting Buhangin, Orion, Bataan	Rented	Good	44,555.00	September 01, 2023	Renewable upon mutual agreement of the parties
Condo	125 Bernadette Street, 8th Avenue, Grace Park, Caloocan City	Rented	Good	15,789.47	August 07, 2023	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	January 31, 2023	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			

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
5	**SM BULK WATER CO., INC.**						
	Land	Bobulusan, Guinobatan, Albay	Owned	Good			
	Land	Brgy. Batang, Ligao City	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**	Dr. A Santos Avenue, Sucat, Parañaque City	Owned	Good			
8	**SAN MIGUEL INTEGRATED LOGISTICS SERVICES INC.**						
	San Miguel Integrated Logistics Services Inc. and subsidiary						
	Warehouse	45 Muelle Dela Industria Binondo Manila	Owned	Good			
	Land and Building	Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Owned	Good			
	Ulas Warehouse	Brgy. Talomo, Ulas, Davao City	Owned	Good			
	Warehouse	M. Roxas St., Barrio San Roque, Marikina 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			
	Petrofuel Logistics Inc						
	Office	SMC Head Office Complex, #40 San Miguel Avenue, Mandaluyong City	Owned	Good			
9	**SAN MIGUEL INTEGRATED MERCHANDISING SERVICES INC.**						
	Office	6th Floor, The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City, Metro Manila	Rented	Good	490,196.72	March 31, 2023	Renewable upon mutual agreement of the parties
	Office	G/F, IT Benedicto College, A.S. Fortuna Street, Bakilid, Mandaue City	Rented	Good	75,131.84	January 31, 2023	New contract upon expiration of the previous
	Office	Lot 1 C. Ramon Diaz St., Villa Corazon del Rosario, Naga City, Camarines Sur	Rented	Good	10,500.00	March 28, 2023	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	32,971.96	July 31, 2023	New contract upon expiration of the previous
	Office	2nd Floor, Serenity Dreams Bed & Breakfast, 127B, Sorongon Drive, Brgy. Danao, Iloilo City	Rented	Good	13,250.00	November 30, 2023	New contract upon expiration of the previous
	Office	Realmark Commercial Hub Mons. Hayes St. Pinikitan Camaman-An, Cagayan De Oro City	Rented	Good	10,000.00	October 15, 2023	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	December 14, 2023	New contract upon expiration of the previous
10	**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			
	Arthocem Concrete Industries Inc.						
	Land	Sariaya, Quezon	Owned	Good			
	Southstrong Cement Industries Corp.						
	Land	Leganes, Iloilo	Owned	Good			
	Land	Tayasan, Negros Oriental	Owned	Good			
	Primero Cemento Industries Corp.						
	Land	Agno, Pangasinan	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Southern Concrete Industries Inc (formerly: Oro Cemento Industries Corporation)						
	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	Cagniog and Trinidad, Surigao City	Owned	Good			
	Northern Cement Corporation						
	Head Office Space	3rd Flr 155 Eda 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. 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			
	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			

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	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	153,820.80	September 14, 2023	Renewable subject to conditions
	Warehouse Space	Paranaque City	Owned	Good			
	Warehouse Space	Ibaan, Batangas	Rented	Good	492,723.20	April 03, 2023	Renewable subject to conditions
	Warehouse Space	Imus, Cavite	Rented	Good	268,000.00	April 30, 2025	Renewable subject to conditions
11	**MINING BUSINESS**						
	Clariden Holdings, Inc., V.I.L. Mines, Incorporated, Excelon Asia Holding Corporation, New Manila Properties, Inc., Pacific Nickel Philippines, Inc., Philnico Industrial Corporation, Philnico Processing Corp.						
	Office Space	155 EDSA, Brgy. Wack-Wack, Mandaluyong City	Owned	Good			
	Prima Lumina Gold Mining Corp.						
	Office Space & Warehouse	Purok 8, Bañez Residence, Pobalcion Compostela, Comval Province	Rented	Good	16,625.00	July 31, 2023	Renewable upon mutual agreement of both parties
	V.I.L. Mines, Incorporated						
	Office Space	Brgy. Poblacion, Labo, Camarines Norte	Rented	Good	14,300.00	July 31, 2023	Continuing unless terminated and agreed by both parties
	Asia-Alliance Mining Resources Corp.						
	Office Space	23rd Floor 88 Corporate Center, Valero cor. Sedeño Sts., Salcedo Village, Makati City	Owned	Good			
	Pacific Nickel Philippines, Inc						
	Mine Site Admin/Central Office	Brgy. Talisay, Nonoc Island, Surigao City	Owned	Good			
	Philnico Processing Corp						
	Mine Site Admin/Central Office	Brgy. Talisay, Nonoc Island, Surigao City	Owned	Good			
	Processing Plant	Brgy. Talisay, Nonoc Island, Surigao City	Owned	New plant for construction			

[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 March 22, 2023.

Note: All owned properties are free of liens and encumbrances, except for the following:

[f] The Power Plant, including all related facilities therein, are mortgaged in favor of the lenders to secure the loan obligation of LPI;

[g] The Power Plant, including all related facilities therein, are mortgaged in favor of the lenders to secure the loan obligation of MPI; and

[h] The Power Plant, including all related facilities therein, and the land are mortgaged in favor of the lenders to secure the loan obligation of MPPCL.

Annex "G"

List of Top 20 Stockholders as of 31 December 2022

TOP FRONTIER INVESTMENT HOLDINGS INC.
List of Top 20 Common Stockholders
As of 31 December 2022

Rank	Name of Stockholders	No. of Common Shares	No. of Preferred Shares	Total No. of Shares	% out of Total Outstanding Shares
1	Iñigo U. Zobel	199,601,517	0	199,601,517	59.9609%
2	Master Year Limited	49,799,900	0	49,799,900	14.9600%
3	Privado Holdings, Corp.	36,814,051	0	36,814,051	11.0591%
4	PCD Nominee Corporation (Filipino)	26,686,473	0	26,686,473	8.0167%
5	PCGG In Trust For The Comprehensive Agrarian Reform Program	2,763,633	0	2,763,633	0.8302%
6	San Miguel Corporation	2,561,031	0	2,561,031	0.7693%
7	PCD Nominee Corporation (Non-Filipino)	1,291,971	0	1,291,971	0.3881%
8	Millennium Energy, Inc.	1,080,738	0	1,080,738	0.3247%
9	Sysmart Corporation	461,482	0	461,482	0.1386%
10	Marine Shore Investment Holdings, Inc.	258,767	0	258,767	0.0777%
11	Columbus Capitana Corporation	239,233	0	239,233	0.0719%
12	Everett Steamship Corporation	190,333	0	190,333	0.0572%
13	Gingoog Holdings Corporation	183,008	0	183,008	0.0550%
14	El Superior de la Corporacion Filipina de Padres Agustinos Recoletos, Inc.	170,000	0	170,000	0.0511%
15	Macrina Leyson	114,475	0	114,475	0.0344%
16	Carmel of the Divine Infant Jesus of Prague Inc. A/C No. 2	95,751	0	95,751	0.0288%
17	Pac Rim Realty & Development Corp.	91,205	0	91,205	0.0274%
18	The Roman Catholic Bishop of Tuguegarao	85,663	0	85,663	0.0257%
19	Soledad O. Conjuangco	76,414	0	76,414	0.0230%
20	Ramon S. Ang	75,887	0	75,887	0.0228%
	TOTAL	322,641,532	0	322,641,532	96.9225%

Annex "H"

Summary of SEC Form 17-C for 2022

TOP FRONTIER INVESTMENT HOLDINGS, INC.
SUMMARY LIST OF REPORTS UNDER SEC FORM 17-C
FILED DURING THE YEAR 2022

Date Reported	Subject
March 10, 2022	Report on the following matters approved during the Regular Meeting of the Board of Directors of the Corporation held on March 10, 2022: a. the approval of the audited financial statements of the Corporation for the year ended December 31, 2021, the details of which shall be reported to the Securities and Exchange Commission and the Philippine Stock Exchange, Inc. under SEC Form 17-A; b. the declaration of cash dividends to shareholders owning preferred shares as of March 10, 2022, amounting to Php265,683,330.00, or Php139.50 per preferred share, payable on March 11, 2022; c. the approval of the 2022 Internal Audit Plan and the certification and confirmation that a sound internal audit, control and compliance system is in place and working effectively; d. the election of Gen. Ricardo C. Marquez, as independent director of the Corporation, by the remaining members of the Board while still constituting a quorum, to fill-up the vacancy left in the Board in view of the demise of Justice Minita V. Chico-Nazario on February 16, 2022 (as disclosed on February 17, 2022) Gen. Marquez is an incumbent Independent Director of San Miguel Food and Beverage, Inc. (since March 2017) and Eagle Cement Corporation (since February 2017). Currently, he is also a member of the Board of Trustees of the Public and Safety Mutual Benefit Fund, Inc. (since 2015), where he also served as Chairman (July 2015 – June 2016). Previously, Gen. Marquez served the Philippine National Police in various capacities before he became the PNP Chief in July 2015. He graduated from the Philippine Military Academy and holds a Master in Management Degree. He likewise completed various courses in the Philippines and abroad, including Leaders in Development Executive Program in the Harvard Kennedy School. e. the appointment of the following persons to fill-up the vacancies left in view of the demise of Justice Nazario: Consuelo M. Ynares-Santiago - Lead Independent Director Ricardo C. Marquez - Chairperson, Audit and Risk Oversight Committee - Member, Corporate Governance Committee - Member, Related Party Transaction Committee
May 05, 2022	Report on the following matters approved during the Regular Meeting of the Board of Directors of the Corporation held on May 05, 2022: a. the approval of the financial performance and financial position of the Corporation as of 31 March 2022, the details of which shall be reported to the Securities and Exchange Commission and the Philippine Stock Exchange, Inc. under SEC Form 17-Q;

	b. the declaration of cash dividends to shareholders owning preferred shares as of 05 May 2022, amounting to Php265,683,330.00, or Php139.50 per preferred share, payable on 06 May 2022; and c. the holding/conduct of the 2022 Annual Stockholders Meeting of the Corporation via remote communication and the details thereof, as follows: Annual Stockholders' Meeting — 08 July 2022 (Friday) 2:00 p.m. via Remote Communication (live-streaming) The Chairman to preside the meeting at No. 40 San Miguel Avenue, Mandaluyong City Record Date — 03 June 2022 Closing of Books — 04 June 2022 – 10 June 2022 Deadline for Submission of Ballots and Proxies — 24 June 2022 Date of Validation of Ballots and Proxies — 01 July 2022 The procedure and details for attending, participating, and casting of votes in the 2022 Annual Stockholders' Meeting, as approved by the Board, shall be set out in the Notice and in the Definitive Information Statement. d. report on the nomination and qualification of the directors for election to the Board in the 2022 Annual Stockholders' Meeting; e. appointment of R.G. Manabat & Co. as external auditors of the Corporation for 2022, as favorably endorsed by the Corporate Governance Committee, to be submitted for approval, confirmation, and ratification of the stockholders in the 2022 Annual Stockholders' Meeting; and f. report on the validation of the results of the performance assessments of the Board Committees, Board of Directors, and Management for 2022.
July 08, 2022	Report on the following matters approved during the meetings held on July 08, 2022: a. Annual Meeting of the Stockholders i. Approval of the Minutes of the Annual Stockholders' Meeting held on July 09, 2021; ii. Presentation and approval of the Annual Report; iii. Ratification of all acts and proceedings of the Board of Directors and corporate officers of the Corporation since the Annual Stockholders' Meeting held on July 09, 2021 up to July 08, 2022, as set forth in the minutes of the meetings of the Board of Directors; iv. Appointment of R.G. Manabat & Co. as external auditors of the Corporation for 2022; and

v. Election of the following as members of the Board of Directors of the Corporation:

1. Iñigo U. Zobel
2. Ramon S. Ang
3. John Paul L. Ang
4. Aurora T. Calderon
5. Consuelo M. Ynares-Santiago – Independent Director
6. Teresita J. Leonardo-De Castro – Independent Director
7. Ricardo C. Marquez – Independent Director

b. Organizational Meeting of the Board of Directors of the Corporation

i. Election of Consuelo M. Ynares-Santiago as the Lead Independent Director of the Corporation;

ii. Election of the following as officers of the Corporation:

1. Iñigo U. Zobel - Chairman of the Board
2. Ramon S. Ang - President and Chief Executive Officer
3. Aurora T. Calderon - Treasurer
4. Bella O. Navarra - Chief Finance Officer
5. Virgilio S. Jacinto - Corporate Secretary and Compliance Officer
6. Irene M. Cipriano - Assistant Corporate Secretary
7. Maria Rosario B. Balanza - Investment Relations Officer and Data Protection Officer
8. Ramon R. Bantigue - Internal Audit Group Head

iii. Appointment of the following as members of the Board Committees:

<u>Audit and Risk Oversight Committee</u>

1. Ricardo C. Marquez - Chairperson**
2. Consuelo M. Ynares-Santiago - Member**
3. Teresita J. Leonardo-De Castro - Member**
4. John Paul L. Ang - Member
5. Aurora T. Calderon - Member

<u>Related Party Transaction Committee</u>

1. Teresita J. Leornardo-De Castro - Chairperson**
2. Consuelo M. Ynares-Santiago - Member**
3. Ricardo C. Marquez - Member**
4. John Paul L. Ang - Member
5. Aurora T. Calderon - Member

<u>Corporate Governance Committee</u>

1. Consuelo M. Ynares-Santiago - Chairperson**
2. Teresita J. Leonardo-De Castro - Member**
3. Ricardo C. Marquez - Member**
4. John Paul L. Ang - Member
5. Virgilio S. Jacinto - Member (non-voting)

***Independent Director*

	iv. Designation of depository banks and appointment of authorized signatories for banking and other corporate transactions.
August 04, 2022	Report on the following matters approved during the Regular Meeting of the Board of Directors of the Corporation held on August 04, 2022: a. the financial performance and financial position of the Corporation as of June 30, 2022, the details of which shall be reported to the Securities and Exchange Commission and the Philippine Stock Exchange, Inc. under SEC Form 17-Q due to be filed on August 15, 2022; and b. the declaration of cash dividends to shareholders owning preferred shares as of August 04, 2022, amounting to Php265,683,330.00, or Php139.50 per preferred share, payable on August 05, 2022.
November 14, 2022	Report on the following matters approved during the Regular Meeting of the Board of Directors of the Corporation held on November 14, 2022: a. the financial performance and financial position of the Corporation as of September 30, 2022, the details of which shall be reported to the Securities and Exchange Commission and the Philippine Stock Exchange, Inc. under SEC Form 17-Q due to be filed on November 14, 2022; and b. the declaration of cash dividends to shareholders owning preferred shares as of November 14, 2022, amounting to Php265,683,330.00, or Php139.50 per preferred share, payable on November 15, 2022.
December 20, 2022	Report on the following matters approved during the Special Meeting of the Board of Directors of the Corporation held on December 20, 2022: a. report on the payment by Far East Holdings, Inc. to the offshore Security Holder of the Php25.883 billion Perpetual Securities issued by the Corporation on June 30, 2016 (the “2016 Perpetual Securities”); b. amendments to certain features of the 2016 Perpetual Securities; c. issuance by the Corporation of Redeemable Non-Voting Perpetual Securities in favor of Far East Holdings, Inc. for the redemption of the outstanding preferred shares held by San Miguel Corporation and payment of certain debts, at such terms and conditions as reasonably determined by Management; and d. redemption of the aforementioned outstanding preferred shares of the Corporation.
December 20, 2022	Report on the following transactions that have been implemented on December 20, 2022: a. the execution of the agreement between the Corporation and Far East Holdings, Inc. (“FEHI”), the latter being the current security holder of the perpetual securities issued by the Corporation on June 30, 2016 (the “2016 Perpetual Securities”), containing the amendments to certain features of the 2016 Perpetual Securities; and

	b. the issuance by the Corporation of Series “A” Redeemable Non-Voting Perpetual Securities, in the aggregate face value amount of Php15,302,000,000.00, in favor of FEHI.
December 21, 2022	Report on the following transactions that have been implemented on December 21, 2022: a. the issuance by the Corporation of Series “B” Redeemable Non-Voting Perpetual Securities, in the aggregate face value amount of Php11,151,370,800.00, in favor of Far East Holdings, Inc. (“FEHI”); b. the issuance by the Corporation of Series “C” Redeemable Non-Voting Perpetual Securities, in the aggregate face value amount of Php24,631,629,200.00, in favor of FEHI; and c. the redemption by the Corporation of the entire outstanding preferred shares of the Corporation, comprising of 1,904,540 preferred shares held by San Miguel Corporation, at its issue price totaling Php35,424,444,000.00, plus accrued dividends of Php265,683,330.00. Pursuant to the Amended Articles of Incorporation, the redeemed preferred shares shall not be considered retired and may be reclassified and re-issued by the Corporation.

Annex “I”

Sustainability Report for 2022

SUSTAINABILITY REPORT FOR 2022
OF
TOP FRONTIER INVESTMENT HOLDINGS, INC.

Contextual Information

Company Details	
Name of Organization	Top Frontier Investment Holdings, Inc. (“Top Frontier” or the “Company”)
Location of Headquarters	5th Floor, ENZO Bldg., Sen. Gil Puyat Avenue, Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This Report discloses the Sustainability performance indicators limited to the following subsidiaries of: **SAN MIGUEL CORPORATION (“SMC”)** • Food and Beverage: o San Miguel Food and Beverage, Inc. (SMFB) o San Miguel Brewery, Inc. (SMBI) o Ginebra San Miguel, Inc. (GSMI) o San Miguel Foods, Inc. (SMFI) o The Purefoods-Hormel Company, Inc. (PHCI) o Magnolia Inc. (MI) o San Miguel Mills, Inc. (SMMI) o San Miguel Super Coffeemix Co., Inc. (SMSCCI) o Golden Bay Grain Terminal Corporation (GBGTC) • Packaging: o San Miguel Yamamura Packaging Corporation (SMYPC) o Mindanao Corrugated Fiberboard Inc. (MINCORR) • Fuel and Oil: o Petron Corporation (Petron) • Energy: o San Miguel Global Power Holdings Corp. (formerly, SMC Global Power Holdings Corp.) (SMGP)

	• Infrastructure:
	    o San Miguel Holdings Corp. (SMHC)*
	• Others:
	    o San Miguel Properties Inc. (SMPI)
	    o Northern Cement Corporation (NCC)
	    o SMC Shipping and Lighterage Corporation. (SMCSL)
	    o SMC Asia Car Distributors Corp. (SMCACDC)
	    o SMITS, Inc.
	        ▪ Process Synergy Inc. (ProSync)
	    o San Miguel Integrated Logistics Services, Inc. (SMILSI)
	        ▪ SMC Integrated Merchandising Services, Inc. (SMC-IMSI)
	        ▪ SMC Neuventures Corporation
	        ▪ SMC Food Processing Inc.
	        ▪ SMC Multi-Services Inc.
	        ▪ SMC Repairs and Maintenance Inc.
	        ▪ SMC Integrated Farm Specialists Inc.
	Notes:
	** SMC’s Aerocity project is not included in the 2022 scope, as the project is still in the very early stages of development. Nevertheless, the project’s ESG impacts are being governed by the International Finance Corporation and other internationally recognized standards.*
	
	*** BankCom is an affiliate of SMC. BankCom’s ESG metrics are not included SMC’s reporting.*
	
	CLARIDEN HOLDINGS, INC. (“Clariden”)
	
	(1) Excelon Asia Holdings Corporation;
	(2) Pacific Nickel Philippines, Inc. (“PNPI”);
	(3) Prima Lumina Gold Mining Corp. (“PLGMC”); and
	(4) V.I.L. Mines, Incorporated (“VMI”).

Business Model, including Primary Activities, Brands, Products, and Services	Top Frontier is organized and registered with the Securities and Exchange Commission (“SEC”) as a holding company. Top Frontier, together with its subsidiaries, is among the largest and most diversified conglomerates in the Philippines by revenues and total assets, with sales equivalent to approximately 7.6% of Philippine GDP in 2022. This figure was arrived at by taking Top Frontier’s consolidated revenues for the year and dividing it by the country's GDP,

	which, in turn, was sourced from the Philippine Statistics Authority. Top Frontier is the largest shareholder of SMC. Originally established in 1890 in the Philippines as a single-product brewery, SMC today owns market-leading businesses and has investments in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure, property development and leasing, cement, logistics, car distributorship, and banking services. SMC, through its subsidiaries and affiliates, has an extensive portfolio of products, most of which are market leaders in their respective markets. These include beer, spirits, non-alcoholic beverages, poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products, power, a full range of refined petroleum and cement products. In addition, SMC contributes to the growth of downstream industries and sustains a network of third-party suppliers. On August 30, 2013, Top Frontier acquired 100% of the outstanding common stock of Clariden, a holding company with interests in the exploration, mining, development and utilization of mineral resources through its subsidiaries. The Nonoc Nickel Project is Clariden's most advanced project and is at its Advanced Exploration Stage. The application for the renewal of the exploration periods of PNPI, and PLGMC and VMI were approved in September and October 2020, respectively. In view of the COVID-19 pandemic and Typhoon Odette that passed thru the provinces of Surigao del Norte and Dinagat Islands, the exploration periods of the three companies were restored on September 13, 2022. The restored 2-Year Exploration Periods will now end in September 2024 for PNPI and October 2024 for PLGMC and VMI. At PNPI's contract area in Nonoc island, where mining and mineral processing activities were previously undertaken, PNPI is implementing a voluntary Annual Environmental Protection and Enhancement Program (AEPEP) and Annual Social Development and Management Program (ASDMP) in recognition of its

	responsibility to manage and maintain the various environmental structures on site left behind by previous mining and processing operations, and to its host communities.
Reporting Period	January 1 to December 31, 2022
Highest Ranking Person responsible for this report	Atty. Virgilio S. Jacinto Corporate Secretary and Compliance Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
Material topics were determined through two (2) processes by Top Frontier's subsidiaries, Clariden and SMC, and consolidated at the Top Frontier level. Clariden used the Sustainability Accounting Standards Board's ("SASB") Industry Standard for the Metals and Mining Sector to determine material topics. For SMC, it used a combination of Global Reporting Initiative (GRI) and SASB selected topics which it had determined to be material in its sustainability reporting on the bases of its determination that these are important aspects of its operation. Among major factors that contribute to Top Frontier's success are economic performance, environmental, human resources, and procurement practices, and supply chain and customer management. Information on anti-corruption practices, customer privacy and data security, are also discussed as part of its legal obligations. These topics also directly affect the Company's relationships with employees, shareholders, customers, business partners, financial institutions, government, and communities. Projects and initiatives that align with the UN Sustainable Development Goals have also been included, as these reinforce Top Frontier's values which highlight social contributions and not just financial performance. The Company reviewed key disclosures from past annual reports and identified additional sustainability issues that have the most material impact on its subsidiaries. To assist in determining additional material topics, the Company also reviewed relevant standards for sustainability reporting such as the SASB standards and the GRI standards among others. Top Frontier conducted interviews and consultations with pertinent group heads and technical teams. A series of detailed mapping exercises were then held to further identify topics that are material to each of the Company's respective industries. These were then reassessed and information categorized to reflect the structure of this reporting template.

Since Top Frontier is a holding company, most of its impacts, risks, opportunities, and their management approaches are primarily experienced and applied by its two (2) subsidiaries, SMC and Clariden. Moreover, SMC, as a listed company, also has its own sustainability report which is likewise disclosed in this Report. Note that, whenever applicable, especially in the environmental and social aspects, the numbers and narratives for both subsidiaries are discussed separately. This is for the reason that SMC is a large conglomerate on its own, and if its disclosures will be combined with Clariden, the latter's disclosures could be diluted in the discussion.

However, whenever a Top Frontier groupwide-level disclosure is suitable (*i.e.* applicable to both SMC and Clariden, such as in economic performance, which is based on the consolidated financial statements of Top Frontier, and in several management approaches, impacts, risks, and opportunities, the heading, **"Top Frontier (Groupwide)"**, is placed. For this purpose, "Group" shall mean Top Frontier, together with its major subsidiaries: SMC and Clariden, and their respective subsidiaries. Also, the terms "SMC"/"SMC Group" and "Clariden"/"Clariden Group" will refer to "SMC and its subsidiaries" and "Clariden and its subsidiaries", respectively, when the context of the discussion so suggests.

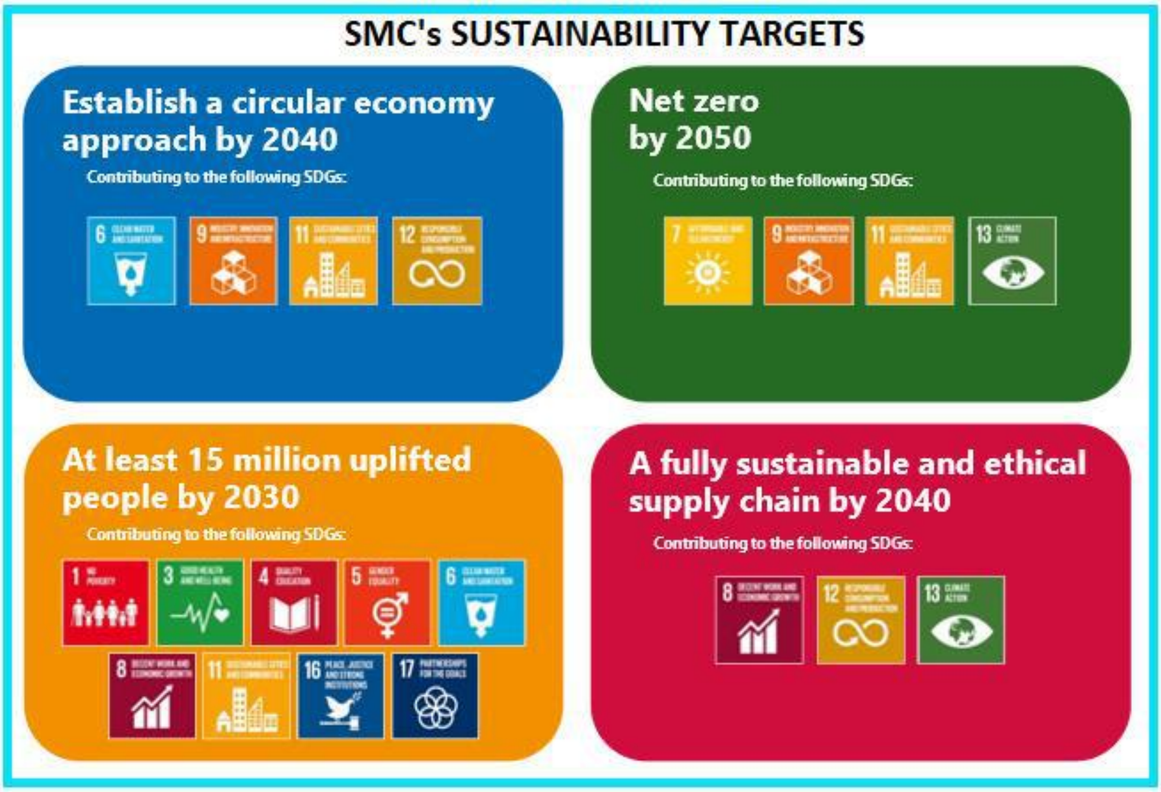
As Top Frontier continues to improve its processes, enhance its policies and develop responsive products and services, the Company's materiality process and topics will be reviewed and updated accordingly. As such, this report contains some updated data previously not covered. The SEC requires reporting on impacts, risks, opportunities, and the management approach. These are evaluated on a topical level, and disclosures can cut across several metrics.

SMC's Sustainability Targets

In 2022, Top Frontier's major subsidiary, SMC, set out clear and ambitious goals across its focus environmental, social, and governance areas. It anchored these targets on the United Nations Sustainable Development Goals (UN SDGs) and identified major levers and plays that would help fully realize those commitments.

SMC's overarching goals, as supported by its Board of Directors, are envisioned over three horizons—2030 as the more urgent and interim timeline, 2040 as the intermediate outlook, and 2050 as the long-term path to a truly sustainable future.

SMC will strive to meet these goals by leveraging ongoing sustainability initiatives and by partnering with others in exploring new, high-impact processes and technologies.



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.

Net zero by 2050

We are minimizing our greenhouse gas (GHG) emissions by investing in clean energy technologies and carbon reduction programs towards Net Zero.

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.

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.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	2022 Amount (in million pesos)	2021 Amount (in million pesos)	Units
Direct economic value generated (revenue)	1,514,430	946,544	Php
Direct economic value distributed:			
(a) Operating costs, including payments to suppliers	1,131,291	621,579	Php
(b) Employee wages and benefits	45,271	41,996	Php
(c) Dividends given to stockholders and interest payments to loan providers	103,328	86,410	Php
(d) Taxes paid/remitted to the government	175,513	138,189	Php
(e) Investments to community (e.g. donations, CSR)	648	797	Php

*Operating costs data already corresponds to payments to suppliers, contractors and third parties.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Top Frontier recognizes that it has a significant positive economic impact given the magnitude of economic value that it generates as a Group through the various business operations and activities of its subsidiaries. The benefits of value creation are shared among the Company's various stakeholders. This distribution of value ensures a continuous cycle of further	• Employees • Shareholders • Customers • Business partners • Financial institutions • Government • Communities	Top Frontier will continue to build for long-term value as its operating businesses continue to implement their avowed strategies and programs. To achieve this, the Company is guided by its Mission and Vision Statement, as follows: "Top Frontier Investment Holdings, Inc. (the "Company") aims to invest in and build a portfolio of

value creation and value delivery that allows the continuous development of the various stakeholders and the wider society in the long run. Top Frontier's subsidiary, SMC, owns market-leading businesses and has investments in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure, property development and leasing, cement, car distributorship, and banking services. Many of these sectors are interwoven into the economic fabric of the Philippines, benefiting from, and contributing to the development and economic progress of the nation. The Company owns an extensive portfolio of products that include beer, spirits, non-alcoholic beverages, poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products, a full range of refined petroleum products, and cement. This also allows SMC to contribute to the growth of downstream industries and help sustain a network of hundreds of third-party suppliers. Since 2007, SMC has expanded its business portfolio to include attractive growth sectors that contribute to faster growth and development of		sustainable investments, driven by established goals to build shareholder value, mindful of its social, economic and environmental responsibilities, as it remains to be committed to integrity, honesty and fairness in all dealings with its stakeholders." SMC also operationalizes its sustainability agenda under the following overarching framework called *A Force for Good*, which articulates its commitment to create positive returns for all stakeholders and to operate for the long-term benefit of society, the environment, and our country— ***A FORCE FOR GOOD*** *We will be a force for good for present and future generations of Filipinos by making sure that our business is good for planet, good for people, and good for progress.* ***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***

the Philippine economy. SMC's diversification strategy has strengthened SMC's revenue and operating base and improved its operating efficiencies and margins. This has also allowed the Company to access additional capital and pursue more growth opportunities that will ensure even greater returns and enable it to withstand economic volatilities and business cycles in the future. SMC's six key business groups include the following: (1) food and beverage; (2) packaging; (3) fuel and oil; (4) energy; (5) infrastructure; and (6) cement, with investments in other businesses such as property development and leasing, car distributorship and banking services. Meanwhile, Clariden's, mineral properties are either in the mining tenement application, exploration and pre-mining development stage which limits value creation at this point.		*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.*
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
The following risks may have adverse impacts on the Group's business operations and may affect the Company's financial performance:	• Employees • Shareholders • Customers • Business partners • Financial institutions • Government	Top Frontier's existing risk management policies were established to identify and analyze the risks faced by the Company and its subsidiaries, to set appropriate risk limits and

- Reliance on dividend income from SMC or the ability of its subsidiaries to pay dividends to stockholders - COVID-19 pandemic - Disruption of operations from natural disasters, equipment breakdown, power supply interruptions, and human error - Risks from digital commerce platforms such as online security risks and system performance issues - Changes in consumer preferences and purchasing power - Availability of raw materials - Diversification of businesses and acquisition of new businesses - Ability of the largest shareholders to influence corporate actions - Availability of financing - Increases and changes in applicable taxes, taxation laws, and tax incentives - Exposure to safety, health and environmental costs and liabilities - Greater competition within the industries where the SMC Group operates - Fluctuations in the value of the	Communities	controls, and to monitor risk and adherence to limits. The Company's risk management system is reviewed annually to reflect changes in market conditions and the Company's activities. The Board of Directors ("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 quality and integrity of the financial statements and financial reporting process, performance of internal auditors, independent audit of the consolidated financial statements, compliance with tax and other regulatory requirements, and evaluation of management's process to assess and manage enterprise risk issues. The Company is fully represented in its subsidiaries' Boards and takes an active role in their management. The Company monitors and supervises the performance of its subsidiaries and affiliates to help generate or improve dividend payments. The Company follows an enterprise-wide risk management framework for identifying, mapping, and addressing risk factors that

Philippine peso against the U.S. dollar ● Loss of experienced, skilled and qualified personnel and senior management if SMC is unable to retain their services ● Failure to comply with relevant national and local laws and regulations may result in financial penalties or administrative or legal proceedings against the Company, which may result in the revocation and suspension of the Company's licenses, or the operations of its facilities ● Continued compliance with safety, health, environmental, and zoning laws and regulations may adversely affect SMC's operations and financial standing. ● Significant capital expenditures, financing, and expansion of marketing and logistical support, which are subject to a number of risks and uncertainties; its financial condition and results of operations, may be		affect or may affect its businesses. The Company takes a bottom-up approach to the risk management process, with each subsidiary mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks. As the business operations of the subsidiaries of Top Frontier form an integrated value chain, every process poses unique risks. The results of these activities flow up to the respective management committees of the subsidiaries and eventually, their respective Board of Directors. Venues for these consultations are through the annual business planning process and quarterly updates on major risks and mitigation strategies. Oversight and technical assistance are likewise provided by different corporate units. In particular, SMC follows a Business Continuity Plan (BCP), and adjusts its responses to the ongoing COVID-19 pandemic. The Company constantly reviews its continuity planning, assesses its business operations, and identifies opportunities for operational improvements.

adversely affected by its debt levels. ● Exploration of mineral resources or inability to successfully pursue exploration strategy ● Accuracy of mineral reserve and resource estimates ● Obtaining or renewal of exploration permits, licenses and contracts necessary for business ● Operating risks and natural disasters		The BCP Steering Committee, composed of SMC senior executives, managers, supervisors, and employees in critical positions, also continues to review and strengthen its Division-level BCPs. To further ensure that strong oversight and execution of its sustainability agenda, SMC has also put in place a robust sustainability governance structure. SMC's Board of Directors provides overall direction and oversight on sustainability. Its President and CEO operationalizes the SMC sustainability framework through a dedicated Corporate Sustainability Office. Meanwhile, a Sustainability Working Team, composed of sustainability champions across various SMC business units, is responsible for implementing the sustainability strategies and programs across different subsidiaries. Cognizant of the need to maintain its social license to operate starting from the exploration stage, Clariden engages with its various stakeholders on an ongoing basis to maintain sound relationships and gain the trust and support of host and neighboring communities and those who may be directly and indirectly affected by its activities. Clariden ensures

		that the mandated environmental, social and safety and health programs are properly implemented. Resource and reserve estimation is done in accordance with international best practices and standards consistent with the Philippine Mineral Reporting Code ("PMRC"). Clariden also maintains and regularly updates a regulatory calendar to keep track of all regulatory compliances, permit renewals and reportorial requirements. Clariden is in constant consultation and coordination with the relevant regulatory agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained in a timely manner.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
Top Frontier (Groupwide) The Group's risk management system is reviewed annually. The BOD's criteria for assessing the effectiveness of the risk management system are whether such risk management policies reflect changes in market conditions and business activities. **SMC Group** SMC aims to further drive profitable growth and value	• Employees • Shareholders • Customers • Business partners • Financial institutions • Government • Communities	**Top Frontier (Groupwide)** Mindful of its social, economic, and environmental responsibilities, Top Frontier continuously and consistently monitors the business operations and outlook of its subsidiaries with the end in view of further improving business and financial performance and ultimately, shareholder value within the Group. While the world is still recovering from the

creation through the development and roll-out of new products and services, operational efficiency improvements, strengthening brand equity and product visibility, expansion of its supply, distribution and retail networks including the introduction of new distribution and selling channels, and by exploring and entering into attractive public-private sector partnerships. SMC saw opportunities to further expand its relief and rehabilitation efforts targeted at helping communities affected by calamities and the pandemic. Involvement in community development activities such as providing livelihood programs, and medical and housing assistance were strengthened.		pandemic, effective execution of business continuity plans, operational improvements, cost containment, and fixed cost management, remain to help boost profitability and cushion the impact of the pandemic on business performance.

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
Top Frontier (Groupwide) Given its diversified portfolio, Top Frontier recognizes that there could be climate change-related financial risks that affect its subsidiaries' operations. These could include supply chain disruptions, logistical challenges and problems in raw material sourcing caused by adverse weather conditions such as typhoons and droughts. There could also be regulatory risks that could impact on the fuel and oil business, conventional power plants, and mining activities. There is an opportunity to look into the operations of its subsidiaries and evaluate which ones are most vulnerable to climate change and which ones could take advantage of climate change scenarios. Currently, Top Frontier is studying how to fully incorporate the	Under the SMC Group's Sustainability Targets, the following are its strategies— ***Establish a circular economy approach by 2040*** The following initiatives are being undertaken: • Recycle coal ash as an aggregate material for cement plants • Recycle bottles, cullets, crates, cartons, and plastics as input materials in production • Repurpose manufacturing by-products (e.g., spent grain, yeast, feathers, and wheat bran / pollard) as feeds raw materials • Reduce reliance on scarce water by 50% by 2025 against a 2016 baseline through "Water for All" initiative • Use desalination plants to	The Audit and Risk Oversight Committees of Top Frontier and SMC have at least one member who has thorough knowledge and experience on risk and risk management. The Committee is responsible for the oversight of the enterprise risk management system of the Company to ensure its functionality and effectiveness. The Audit and Risk Oversight Committee, with the guidance of the BOD, is looking into developing its current Enterprise Risk Management structure to include the guidelines of the Task Force on Climate-Related Financial Disclosures. In addition, SMC's relevant business units also have their own Environment Groups responsible for evaluating current and potential risks to their operations, apart from providing technical assistance	In 2022, SMC set out clear and ambitious goals across its focus environmental, social, and governance areas. SMC anchored these targets on the United Nations Sustainable Development Goals (UN SDGs) and identified major levers and plays that would help us fully realize these commitments. SMC's overarching goals are envisioned over three horizons—2030 as the more urgent and interim timeline, 2040 as the intermediate outlook, and 2050 as the long-term path to a truly sustainable future. These goals shall be met by leveraging ongoing sustainability initiatives and by partnering with others in exploring new, high-impact processes and technologies as follows— ***Establish a circular economy approach by 2040***

guidelines of the Task Force on Climate-related Financial Disclosures ("TCFD") in its governance framework and reporting systems. In future reporting cycles, the Group shall look at how climate change could be integrated in Board agendas, risk frameworks and strategies, and further on, measure and manage climate change impacts by analyzing different scenarios using scientifically approved tools and methodologies. **SMC Group** SMC will establish a stand-alone Board Sustainability Committee in the Third Quarter of 2023 to oversee and provide guidance on the Group's sustainability strategies and practices. The Sustainability Committee will be responsible for reviewing and evaluating the Group's ESG risks and opportunities, as well as ensure that the SMC Group's	process sea water into consumable water in operations ***Net zero by 2050*** The following initiatives are being undertaken: • Operate 1,000 MWh BESS project to boost grid reliability and pave the way for more renewable energy in the grid • Expand natural gas capacity as a bridge to cleaner energy and invest in solar PV plants as renewable energy sources • Continue and broaden initiatives to make our coal plants the most efficient and cleanest in the industry (e.g., High Efficiency and Low Emissions or HELE technology) • Expand river rehabilitation projects in partnership with the Department of Natural Resources (DENR) to help alleviate flooding and	on the areas of pollution prevention and waste mitigation, waste treatment and disposal, site assessment and remediation, environmental management and engineering, and compliance and permitting requirements. Health, Safety, and Environment Policies affirm the Company's commitment to comply with regulatory requirements and protect and preserve the natural environment. SMC believes that mitigating climate change will deliver favorable impacts to its stakeholders and result in operational excellence. As mentioned, the SMC Group further ensures that it has strong oversight and execution of its sustainability agenda, by putting in place a robust sustainability governance structure. Its Board of Directors provides overall direction and oversight on sustainability. Its President and CEO operationalizes our sustainability	SMC is optimizing its resources by eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature. ***Net zero by 2050*** SMC is minimizing its greenhouse gas (GHG) emissions by investing in clean energy technologies and carbon reduction programs towards Net Zero.

sustainability initiatives align with our long-term business strategies. SMC's sustainability governance structure plays a critical role in making sure that it is pursuing a sustainable business model and making a positive impact on society and the environment.	solid waste pollution for cities and people • Maximize nature-based solutions such as mangrove reforestation and tree planting • Implement and enhance biodiversity conservation projects, such as coral reef rehabilitation and coastal management programs	framework through a dedicated Corporate Sustainability Office. Meanwhile, a Sustainability Working Team, composed of sustainability champions across our various business units, is responsible for implementing our sustainability strategies and programs across our different subsidiaries.	
Recommended Disclosures			
	a) *Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term* Since 2017, SMC has committed to cut utility and domestic (non-scarce and non-product) water use across the entire SMC Group by 50%. The SMC Group aims to achieve this goal by 2025 through greater water management efficiency. Global warming presents a		

	significant risk to the continuity SMC's operations and as such, initiatives are continuously developed to mitigate and adapt to its possible impacts. Foremost in SMC's water sustainability initiatives is a flagship program called *"Water for All"*. The *"Water for All"* initiative was established in 2017 and aims to reduce our Group-wide use of scarce water by 50% by 2025 against a 2016 baseline. As to SMC's Power Business, it has taken crucial steps to help the country's transition to renewable energy. Its combined 563 MW hydro power plant capacity is a first step towards this direction. Moreover, the Power Business is developing a portfolio of solar power projects with an initial aggregate capacity of 800 MW across various sites in Luzon including the provinces of		

	Bataan and Isabela. The proposed solar projects will be situated in areas with moderate to high photovoltaic potential. Meanwhile, as to its Cement Business, SMC has leveraged new technologies to develop cement products that have lower clinker factor but have the same concrete strength. To reduce the clinker component in its products, the Cement Business has utilized supplementary cementitious materials like natural pozzolan. Despite the lower clinker factor, SMC's cement products still exceed industry benchmarks and are still versatile and economical building materials used in a wide variety of commercial and industrial applications. To further lessen emissions from the cement business, circularity in operations is also being employed.		

	In the Beer division, the business recovers the CO2 from the fermentation process and purifies it for use in the manufacturing process. The Beer business also sells any excess purified recovered CO2 to other companies. Anaerobic reactors have also been constructed to treat wastewater, which significantly reduces our carbon emissions from pure aerobic treatment.		
b) Describe management's role in assessing and managing climate-related risks and opportunities	*b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning*	*b) Describe the organization's processes for managing climate-related risks*	*b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets*
The Company is unceasing in its efforts to improve its environmental performance to make this at par with, or better than other players in the power and oil industries. Management continuously conducts assessment and performance assessments through quarterly management and	The Philippines has experienced a number of climate-related catastrophes in recent years, including typhoons, tsunamis, mudslides, fires, droughts and floods. Natural calamities such as these, including earthquakes and volcanic eruptions, may disrupt the Company's ability to produce or distribute	SMC Group recognizes global warming as a significant risk to business continuity and is developing initiatives to both mitigate and adapt to possible impacts. With the establishment of the Groupwide Sustainability Team, the ESG topics were identified as being the most material to SMC and the relative significance of each	Goals and targets are set by each facility of the operating businesses. SMC plans to increase its 1,200 MW liquefied natural gas (LNG) and 1,000 MWh battery energy storage system (BESS) capacities, which together contribute to increasing the diversity of our portfolio. The planned expansion of

safety reviews. Thus, business performance (actual *vis-à-vis* targets), compliance with business hurdle rates and financial parameters/ratios, as well as health, safety, and environmental requirements are evaluated periodically. SMC's oil refining subsidiary, Petron, also has its own Corporate Technical Services Group (CTSG)-Environment, which is directly responsible for formulating policies and guidelines implemented across Petron's various operating units (Refinery, Terminal Operations, and National Sales). Petron's CTSG also manages and coordinates programs, particularly those aimed at reducing Petron's carbon footprint, and creating a work environment that promotes health and safety. As discussed, SMC has recently put in place a robust sustainability governance	its products and impair the economic conditions in affected areas, and the overall Philippine economy. These events can potentially disrupt the SMC Group's businesses and operations and could have a material adverse effect on financial performance and operational results.	of these issues were determined based on stakeholder survey feedback and the business units' responses during the validation workshop. The dedicated Corporate Sustainability Office is in-charge of the successful roll out of the sustainability framework. The Sustainability Working Team, implements the sustainability strategies and programs across subsidiaries.	our gas-fired generation capacity and BESS reflects our overall commitment to reduce our carbon emissions and support the government's climate policies and objectives, including the Philippines' Nationally Determined Contributions (NDCs) under the Paris Agreement. Crucial steps to help the country's transition to renewable energy have also been taken. The combined 563 MW hydro power plant capacity is a first step towards this direction. Moreover, a portfolio of solar power projects with an initial aggregate capacity of 800 MW across various sites in Luzon including the provinces of Bataan and Isabela is being developed. The proposed solar projects will be situated in areas with moderate to high photovoltaic potential. In February and August 2022, the Power Business obtained a Certificate of Registration from

structure. Its Board of Directors provides overall direction and oversight on sustainability and the President and CEO operationalizes the sustainability framework through a dedicated Corporate Sustainability Office. A Sustainability Working Team, composed of sustainability champions across various business units, is responsible for implementing sustainability strategies and programs across different subsidiaries.			the DOE as a renewable energy (RE) developer for a solar project located in Bataan and has entered into a Solar Energy Operating Contract (221MWp) with the DOE for the development and operation of RE projects using solar energy as a renewable source (“Bataan Solar Project”). The lease agreements for the property in Bataan and in Isabela where the solar projects will be located have already been executed. Currently, the Bataan Solar Project is in the pre-development stage. Meanwhile, carbon emissions in the Bataan oil refinery are being reduced through various initiatives, such as plant reconfigurations, replacement of thermal power plants with steam generating facilities, and recovery and maximized utilization of fuel gas in the refinery. Furthermore, the Bataan refinery and fuel product terminals are Integrated

			Management System (IMS)-certified. This means the Power Business' facilities adhere to stringent international standards on environmental management. At the same time, Petron and SMGP continue to benchmark with the practices of other players in their respective industries to further improve their environmental performance.

Procurement Practices

Proportion of spending on local suppliers

This topic is considered not material to the Clariden Group as this is not included in the list of material topics for Metals and Mining Sector by SASB. *This section will cover the SMC Group only*.

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	53	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
As one of the Philippines' largest and most diversified conglomerates, SMC has more than 100 major facilities all over the country. As such, the SMC Group needs a steady and reliable supply of raw	• Employees • Shareholders • Customers • Business partners • Financial institutions	SMC also created the SMC Procurement Governance Group to review, evaluate, and ascertain faithful adherence to supplier policies and procedures. In addition, the Corporate Procurement Group centrally manages supplier

materials and services for our businesses to run optimally. In 2022, SMC spent 53% of its total procurement budget on local businesses. This represents 200.5 billion PhP in local spending. By sourcing locally, SMC hopes to provide a big boon to the local economy, especially to host communities and to fellow Filipinos who live there. The intent is to build capacity at the grassroots level and create more partner businesses that will grow and thrive with SMC. Lastly, by tapping local suppliers, the aim is to help the environment through reduced emissions and energy usage as a result of reduced shipping and storage.	• Government • Communities	accreditation for all our business units (with the exception of Petron, which utilizes a separate platform) and ensures superior quality, cost efficiency, and timeliness of delivery of materials and services to various facilities. More recently, in 2022, SMC took the opportunity to further embed ESG principles in its supply ecosystem by updating the Supplier Code of Conduct. The updated Code of Conduct underlines a strong commitment to doing business in an ethical, legal, and environmentally and socially responsible manner. It applies to all suppliers, personnel, agents, subcontractors, and entities engaged by our businesses to provide goods and services.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management approach**
Any improper facilitation of supplier selection, negotiation, and delivery of goods and services may severely affect the SMC Group's reputation and profits. Substandard materials and non-qualified contractors will negatively impact operational efficiency and product quality. In turn, these may affect market share of our brands and profitability of the SMC Group and may also affect the safety of its employees and customers. In addition, failure to properly manage the procurement	• Employees • Shareholders • Customers • Business partners • Financial institutions • Government • Communities	With SMC's standardized procurement processes and systems across all business units, the number of procedures in the procurement of goods is decreased, and efficiency is increased. CPG centrally manages supplier accreditation for all SMC businesses except Petron, which uses a separate platform. SMC Procurement effectively manages supplier capacity, cost-efficiency, timeliness of delivery, and quality of materials, facilities, and services. SMC also enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows for stability in prices, thus offsetting the risk of volatile market fluctuations.

schedule, and delays in the delivery of raw materials and equipment, can result in unnecessary spending and inventory problems. Stock outs may lead to lost sales and reduced customer satisfaction. If not immediately addressed, customer loyalty levels and relationships with business partners can be affected. Overstocks, on the other hand, can result in additional spending on warehousing or disposal.		Through hedging, prices of commodities are fixed at levels acceptable to SMC, thus protecting raw material cost and preserving margins. Apart from addressing compliance with anti-bribery, anti-fraud, data privacy, and fair trade standards, the Code of Conduct has enhanced sections on environmental, occupational health and safety, and labor practices. On environmental practices, suppliers are asked to continually look for ways to minimize consumption of energy and resources and the generation of GHG emissions and waste in their businesses. They are also required to comply with environmental laws and regulations applicable to their operations worldwide. On occupational health and safety, suppliers are urged to provide a safe and healthy working environment for all their employees that includes appropriate trainings, a system for reporting injury and illness, medical treatment for any injuries sustained at work, and clean and safe facilities. Furthermore, suppliers are mandated to comply with all relevant local and national laws and regulations such as the DOLE's OSH requirements. On labor practices, suppliers are expected to treat their workers fairly and with respect and dignity. Suppliers must comply with laws on forced labor, child labor, human trafficking and slavery, and minimum wage, among others. Suppliers are also encouraged to exercise due diligence in selecting their own suppliers and subcontractors in order to ensure responsible sourcing

		throughout the supply chain. The Supplier Code of Conduct is an important element of the supplier accreditation process. Suppliers are asked to study and agree to the Code of Conduct as a pre-requisite to registration. Moreover, they are requested to fill out a sustainability checklist, which is a comprehensive questionnaire on social accountability and environmental management.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
Achieving a fully ethical and sustainable supply chain is a journey and demands constant engagement with suppliers. In 2022, SMC conducted an initial engagement with suppliers to survey their ESG performance. It is noteworthy that more than 50% of SMC's suppliers have external certifications such as ISO 14001: Environmental Management Systems. In the coming years, the intent is to do more. For 2023, a target of over 500 suppliers (all top suppliers of SMC and accounting for over 50% of the total procurement spend) with whom we will have regular dialogues on ESG has been set in order to help raise their sustainability performance for everyone's collective benefit.	• Employees • Shareholders • Customers • Business partners • Financial institutions • Government • Communities	We believe that good corporate governance underpins a successful business. Through SMC Procurement, we will encourage the adoption of good governance principles among suppliers and third-party service contractors; communicate and cascade ethical practices throughout the supply chain, and insist on compliance with these principles. In this regard, SMC created the SMC Procurement Governance Group to evaluate, review and update and monitor consistent adherence procurement-related policies and procedures. SMC will also continue to invest in its people, processes, and technology, through staff training, improved communication processes, and the upgrading of business tools. SMC can impose measures on third party contractors to constantly upgrade quality levels to make their operations more sustainable. Furthermore, SMC encourages third party contractors to hire locally so as to improve living standards within its

		host communities. The Supplier Code of Conduct is also an essential element of the supplier accreditation process. Suppliers are asked to adhere to the Code of Conduct as a registration pre-requisite. They likewise fill out a sustainability checklist which closely evaluates their practices on social accountability and environmental management.

Anti-Corruption

Training on anti-corruption policies and procedures

Disclosure	2022 Quantity	2021 Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been cascaded	100	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been cascaded	100	100	%
Percentage of directors and management that have received anti-corruption training	100	100	%
Percentage of employees that have received anti-corruption training	100	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Corruption and all its forms disrupt normal economic flows between the Company and society by giving undue and unfair benefits and favors to a specific individual or stakeholder group. Corruption promotes unfair business competition that can distort prices and result in inferior quality of goods and services that will ultimately not be favorable to consumers. Corruption can also erode shareholder and investor confidence and harm corporate reputation and business relations. Directors, officers and employees represent the Company and are, thus,	● Employees ● Shareholders ● Customers ● Business partners ● Financial institutions ● Government ● Communities	Training on anti-corruption is included in values and leadership training seminars and employee orientation programs and form part of corporate governance seminars required of directors and key officers of the Company. Labor relations seminars also include a module on corruption.

responsible for upholding the Company's reputation and good standing. Directors and officers and many employees interact with third parties, including the government.		
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Corruption can occur during the interaction between the Company and the third parties it deals with, including the government.	• Employees • Shareholders • Customers • Business partners • Financial institutions • Government • Communities	The Group is committed to promote a culture that fosters and maintains the core values of fairness, transparency, accountability and integrity in the conduct of its business and expects each of its directors, officers and employees to abide by this in their relations with all stakeholders. The Group's Code of Conduct and Ethics enjoins its directors, officers, and employees to conduct business in a manner which is ethical, fair and right, and in all reasonable circumstances, above reproach and with utmost discretion. All employees are enjoined to refuse to grant personal favors, or decline any gift or benefit, that may compromise the independence of the Group or create a sense of obligation on its part or potentially influence its business judgment. It is also the Company's policy to compete fairly and honestly, believe in profit with honor, and commit to good governance and the highest moral standards in the performance of duties and responsibilities. Compliance with and respect in all applicable laws, rules and regulations governing the Group's businesses in all jurisdictions where such is conducted, is part of the Company's Code of Conduct and

		Ethics. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with the highest standards of business ethics. This includes compliance with applicable laws, rules and regulations on bribery and corruption. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed. The Company's Code of Conduct and Ethics also states that employees who fail to comply with the standards and abide by the values set forth in the same shall be subject to disciplinary action, including termination, as the Company may deem appropriate to the nature of the violation, without prejudice to the Company's right to avail of criminal and civil remedies available to it under law. The Company does not tolerate any retaliation in any form against any employee who, in good faith, raises a concern or reports a possible legal or ethical violation under the said Code. In addition, the Group has developed policies and guidelines on Related Party Transactions, Material Related Party Transactions, Conflicts of Interest, and Whistleblowing to bolster anti-corruption in its operations. Key officers of the Group are required to undergo annual Corporate Governance training. The

		training covers good governance practices and policies. Employees are encouraged to immediately report and call the attention of management to any suspected wrongdoing within the organization. The Whistle-Blowing Policy protects the informer from any retribution or retaliation and empowers them to communicate directly to the Audit Committee through the Compliance Officer for such concerns. The Group acknowledges the right to protect itself from possible conflicts of interest on the part of its employees, which might affect its financial and business viability. The Conflict of Interest Policy requires directors, officers, and employees to disclose the extent of their business interests. Failure to disclose is ground for temporary disqualification. In addition, employees and personnel are prohibited from accepting gifts or personal favors, especially in matters of hiring, awarding of dealerships and contracts, and similar activities.

What are the opportunity/ies identified?	Which stakeholders are affected?	Management approach
The Group recognizes that the fight against corruption needs constant vigilance. Thus, it looks into opportunities to regularly review and evaluate guidelines, policies, and initiatives related to anti-corruption. There are also opportunities to further disseminate information and conduct trainings on anti-corruption across the Group.	● Employees ● Shareholders ● Customers ● Business partners ● Financial institutions ● Government ● Communities	The Company continues to promote anti-corruption awareness and responsibility through leadership training seminars, employee orientation programs, and labor relations seminars. The Company will also continue to include anti-corruption as a topic in corporate governance seminars, a requirement for directors and key officers of the Company.

Incidents of Corruption

Disclosure	2022 Quantity	2021 Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Directors, officers and employees represent the Company and are, thus, responsible for upholding the Company's good name. By the very nature of their positions, they interact with third parties that deal with the Company, including the government.	● Employees ● Shareholders ● Customers ● Business partners ● Financial institutions ● Government ● Communities	Guided by the Company's Corporate Governance Manual and Code of Conduct and Ethics, the Group ensures that all employees, subcontractors, and suppliers uphold a high standard of professionalism and integrity.

What are the risk/s identified?	Which stakeholders are affected?	Management approach
● Conflict of interest ● Bribery/gifts	● Employees ● Shareholders ● Customers ● Business partners ● Financial institutions ● Government ● Communities	Under the Company's Code of Conduct and Ethics, employees shall refuse to grant personal favors, or decline any gift or benefit, that may compromise the independence of the Company, create a sense of obligation on its part or potentially influence its business judgment The Group guarantees strict compliance with all laws pertaining to anti-corruption practices. Transactions with government counterparts and regulators are transparent, in order to foster trust in the communities we serve. The Code of Conduct and Ethics sets out the Company's anti-corruption policy and the pertinent rules and regulations on discipline impose disciplinary action for a breach of such anti-corruption policies. Anti-corruption training of directors, officers, and employees provide values formation that highlights the adverse effects of corruption.
What are the opportunity/ies identified?	**Which stakeholders are affected?**	**Management approach**
There are opportunities to increase awareness on the negative impact of corruption and conduct training on anti-corruption throughout the Group. There are also opportunities to regularly review and evaluate guidelines, policies, and initiatives related to anti-corruption.	● Employees ● Shareholders ● Customers ● Business partners ● Financial institutions ● Government ● Communities	The Group continues to promote anti-corruption awareness and accountability through leadership training seminars, employee orientation programs, and labor relations seminars. Anti-corruption is also a material topic in corporate governance seminars required of directors and key officers. It is also proactive in constantly studying the business and legal environment to ensure that regulations relating to all forms of

		graft and corruption remain relevant and effective. It shall report any changes to the said policies and regulations, if any, in the next reporting cycles.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	2022 Quantity	2021 Quantity	Units
Energy consumption (renewable sources)	594,842	495,522	GJ
Energy consumption (non-renewable)	187,783,368	152,436,652*	GJ
Energy consumption** (electricity)	1,016,776,914	782,618,134	kWh
Sold Energy	43,575,702	50,795,151	GJ
Net Energy Consumption	149,303,006	104,954,448	GJ

** Figures have been updated as a result of improved data gathering and collection*

Reduction of energy consumption

Disclosure	2022 Quantity	2021 Quantity	Units
Energy reduction (gasoline)	67,538	0	GJ
Energy reduction (electricity)	9,941,589	11,871,962	kWh
Energy Reduction (TOTAL)	103,328	288,793	GJ

** Figure has been updated as a result of improved data gathering and collection*

This section covers mostly the SMC Group since PNPI is at the exploration and pre-mine planning stage. Risks associated with electricity consumption, on-site combustion of vehicles and generator sets, and combustion of diesel and gasoline are minimal in this reporting period. The said risks are likewise minimal for the parts of the PNPI Mineral Production Sharing Agreement (“PNPI MPSA”) assigned to PLGMC and VMI, which, while are also in the exploration stage, have no current activities in view of the pandemic. Note that other Clariden properties are also in the exploration stage but no exploration activities were undertaken in view of the pandemic and other site-specific reasons.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group: SMC uses a mix of non-renewable energy sources primarily to generate power to sell to the grid (68%), to refine crude oil (20%), and for container glass production (7.5%). The remainder is used as fuel for boilers to produce steam for manufacturing processes, and fuel for SMC's fleet of vehicles. Energy consumption also includes use of grid electricity to run machines and equipment for manufacturing, warehouses and cold storage facilities, offices and other ancillary facilities essential in its daily operations. Electricity from the grid is also used in farms, especially those that utilize climate-controlled systems. The country's supply of power is highly dependent on non-renewable energy sources, which can deplete. Non-renewable energy sources generate air pollutants that have a negative impact on people and the environment, as well as greenhouse gasses responsible for global warming.	• Communities • Employees • Shareholders • Customers	**SMC Group:** As economies continue to reopen in 2022, energy consumption increased due to higher production and demand. SMC and much of its operations continues to use, relying still on non-renewable fuels. However, the company has benefited from continuous energy reduction and conservation programs implemented across all its subsidiaries. These include: • Creation of Enercon teams • Inclusion of power index in KPIs • Installation of capacitor banks to optimize use of power • Use of LED lights • Use of solar panels for streetlights and for office and warehouse lighting • Replacement of air conditioners with inverter type units • Machine improvements and automation at GSMI bottling plants to increase efficiency. • Optimization of combustion efficiency at the Petron Bataan Refinery's (PBR) furnace by controlling excess air • Switching PBR's operation from continuous to batch accounts for 65% of their energy reduction • Construction of roller-press

		grinding system at Masinloc power plant, resulting in more efficient boiler and furnace operation and reduction in fuel consumption ● Various conservation and efficiency initiatives at the SMC's power plants, such as its optimization project, heat input reduction using supercritical technology, and Mill Rotary Separator unburned carbon improvement. ● Installing solar panels in various Petron gas stations and integrating the use of biomass in electrical generation in SMFB operations, among others **Clariden Group:** Clariden implements energy and fuel conservation measures in adherence to its ISO 14001:2015 certification. Regular maintenance and repair of equipment and vehicles are conducted to ensure efficient usage of fuel resources and effective reduction of emissions from diesel and gasoline combustion. Electrical power supply scheduling, as well as rotational provision to different areas at the project site, are also implemented as part of Clariden's electricity conservation programs.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group: Non-renewable energy sources are associated with the following risks:	● Customers ● Communities ● Employees ● Shareholders	**SMC Group:** SMFB has plans to shift to clean fuels such as biofuels and LPG.

• Erratic price movements in the world market due to geopolitical dynamics and conflicts • Expected depletion of the Malampaya gas fields by 2024, which accounts for 30% of Luzon's energy supply. • Ban on coal as fuel in compliance with the Montreal Protocol. **Clariden Group:** Since PNPI is at the exploration and pre-mine planning stage, risks associated with electricity consumption, on-site combustion of vehicles and generator sets, and combustion of diesel and gasoline are minimal in this reporting period. The said risks are likewise minimal for the parts of the PNPI MPSA assigned to PLGMC and VMI, which, while also in the exploration stage, have no current activities in view of the pandemic. Note that other Clariden properties are also in the exploration stage but no exploration activities are being undertaken in view of the pandemic and other site-specific reasons.		At GSMI, both administrative and engineering approaches enhance systems efficiency: • Information campaigns • A highly-trained workforce to make sure production facilities are run efficiently so as to reduce equipment downtime and maximize production output Petron Corporation will continue to explore stable and alternative sources for its power supply requirements. It will also continue to implement energy conservation programs to temper the effects of rising energy costs. At SMGP's Masinloc Power Plant, the use of supercritical steam generator technology has resulted in better cycle efficiency, less fuel consumption and emissions, and the use of calorific value coals.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group SMC subsidiaries continue to monitor and assess the	• Customers • Communities	**SMC Group** SMC has announced it would no longer pursue new, future coal-

application of more energy-efficient processes and technologies for its various machines, devices, and equipment. Investment on renewable energy sources is continuously assessed, particularly the use of biogas, biomass, solar power, and even wave energy. Cleaner fuels, electric vehicles, LPG, and LNG are also among the options and in various levels of adoption. **Clariden Group** Clariden could further analyze its energy consumption trends to determine opportunities for energy conservation and reduction. It could also explore other energy-saving technologies and energy-efficiency measures for its business activities.	● Employees ● Shareholders	fired power plant projects, apart from those already committed to the government as part of the country's power security plans. In lieu of new coal projects, SMC will pursue cleaner alternatives such as liquefied natural gas (LNG) facilities and renewable energy such as hydropower and solar power. SMC has already begun its transition to cleaner and renewable technologies with the completion of 15 out of 31 new Battery Energy Storage System (BESS) facilities in 2022, with the remainder to be completed by the end of 2023. With a total capacity of 1,000 MW, this will be the first and largest battery energy storage network in the country, ensuring stable supply of electricity throughout the grid, and facilitating transition to more renewable energy sources. Apart from these major initiatives, numerous energy use reduction programs have already been implemented or are lined-up for implementation. Among them: ● B-Meg Echague successfully used rice-husk as fuel for its boiler. ● PBR has projected that it will achieve a total energy consumption reduction of 1,704,352 GJ from projects to be implemented from 2022-2025. ● Prices of solar panels are going down and solar power is slowly gaining prominence as an alternative source of power.

		• Use of biogas (from animal manure in farms) as replacement for heat exchangers and internal combustion. • Improvement in processes and investment in more energy efficient machines, devices, and equipment.

Water consumption within the organization

Disclosure	2022 Quantity	2021 Quantity	Units
Water withdrawal	3,070,685,956	2,990,972,970	m3
Ground Water	25,467,738	24,254,937	m3
Surface Water	1,331,542	1,554,833	m3
Water District	65,146,877	2,442,310	m3
Produced Water	206,296	34,511	m3
Rainwater	474,568	117,921	m3
Seawater	2,978,058,935	2,962,568,459	m3
Water Discharged	3,054,643,699	2,952,007,588	m3
Water consumption	16,036,755	38,965,382	m3
Water recycled and reused	1,457,403	1,263,865	m3

% Water Recycled and Reused	0.05	0.04	%
% Water Recycled/Reused of Fresh Water	1.57	4.45	%

**Figures have been updated as a result of improved data gathering and collection*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group Water is a vital resource for the SMC Group and has both product and non-product applications throughout its operations. Its main consumption is for products under the Beverage and Liquor businesses, while water utilized for non-product use is generally discharged back to the environment after treatment. Water withdrawal, particularly from ground sources, is known to cause groundwater depletion, salt water intrusion, and soil subsidence. Drawing from groundwater sources also means competing for water supply with water districts or local communities. In the case of Petron's refinery and SMGP's power plants, where large volumes of seawater are used for cooling operations, the water is immediately returned to the sea. This may slightly alter	● Customers ● Communities ● Employees ● Shareholders	**SMC Group** In 2017, SMC launched its "*Water for All*" project, which aims to reduce reliance on scarce water by 50% by 2025, against a 2016 baseline. The SMC Group aims to achieve this goal through better water management efficiency. ● Eliminating wastage of water across operations through adoption of stricter measures to improve the efficiency of water use; utilization of water-saving technologies, and implementation of conservation programs. All facilities and machinery are closely monitored for any signs of leakage and malfunction that would cause water wastage; ● Reusing and recycling more water. SMC optimizes its wastewater treatment facilities to further lessen its water footprint. Business units constantly try to make greater use of treated greywater for non-essential

the marine ecosystem due to elevated temperature. **Clariden Group** Since PNPI is at the exploration and pre-mine planning stage, the risks associated with competition for limited water resources, and siltation and soil erosion are deemed to be minimal in this reporting period.		purposes. For example, treated wastewater effluents from San Miguel Brewery and San Miguel Global Power plants are reused for utilities and gardening within the facilities, and, ● Reducing the use of ground and surface water and protecting vital water sources. SMC continues to reduce the use of ground and surface water, even as it works to protect these water sources, and help empower communities to do the same. ● To reduce the use of surface water, SMC makes use of alternative water resources. In 2022, 97% of our water withdrawal was seawater, which was used for cooling our equipment in our power plants and oil refinery. Approximately 99.5% of this extracted water was discharged back safely to bodies of water after undergoing processing and treatment in our wastewater treatment facilities. The remaining 0.5% was consumed by the group as part of our final products, in our business processes—cleaning, rinsing, steam generation—and for office operations. Of our total wastewater, we were able to recycle 1.5 billion liters in 2022 alone, which we plan to boost in the coming years. ● SMFB also closely monitors

		its water use, which it has identified as a key part of its water sustainability efforts. It constantly updates its water meters and installs sub-meters where needed. Fixing and addressing leaks have also resulted in elimination of water wastage across SMFB's operations. **Clariden Group** Water quality monitoring is done on a monthly basis to ensure compliance with required quality standards as stipulated in the Clean Water Act.
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group • Water shortage owing to slower development of new water sources, even as the population continues to grow • Increased and water use due to economic growth and post pandemic economic recovery • Impacts of climate change, including severe drought and extreme typhoons and flooding • Groundwater depletion due to disappearing forest cover and loss of watersheds	• Customers • Communities • Employees • Shareholders	**SMC Group** • SMC will continue to implement projects to reduce water consumption and explore water resources to be used other than groundwater. • Deployment of the rainwater harvesting program will be expanded and adopt larger target capacities. • Regular analysis of water consumption and quality trends will be continued to develop other opportunities for recycling and reuse.

What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
SMC Group The continuing risk of a water shortage has prompted SMC to assess alternative water sources such as surface water bodies. Transport or distribution of tertiary treated wastewater to other facilities with diminishing supply, has also been identified as an alternative measure. **Clariden Group** Clariden can further analyze its water consumption and water quality trends to determine opportunities for improvement.	• Customers • Communities • Employees • Shareholders	**SMC Group** SMC has a water group that conducts feasibility studies on alternative sites for sourcing water. Feasible projects are already under evaluation and approval. **Clariden Group** In order to mitigate the impact of future mining and mineral processing activities on the water resources of the nearby communities, Clariden will rehabilitate and utilize the company-built Sabang Dam as a potential source of water to supply its internal requirements and its host and neighboring communities. Currently, it sources its water for domestic use from the Duyangan reservoir.

Materials used by the organization

This topic is considered not material to the Clariden Group as this is not included in the list of material topics for Metals and Mining Sector by SASB. *This section will cover the SMC Group only*.

Disclosure	2022 Quantity	2021 Quantity	Units
Materials used by weight or volume			
• Renewable	5,383,035,136	4,843,451,992*	Kg
• Non-renewable	10,292,968,738	7,328,299,435*	Kg
Percentage of recycled input materials used to manufacture the organization's primary	2.82	14.98**	%

products and services	(excludes reused input material, only recycled)		

**Figures have been updated as a result of improved data gathering and collection*

***Includes reused second-hand bottles, plastic crates and pallets from GSMI and SMB.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Of the materials used up by the SMC Group, 65.55% is non-renewable while 34.34% is renewable. The bulk of non-renewable materials consists of fuel for its power plants, raw material for cement production, and crude oil for Petron's refinery. The remaining is a mix of raw materials mainly for packaging production (silica sand, plastic resins, aluminum) and packaging for the finished product of the food and beverage business. Crude oil and coal are depletable resources. Their future reserves are diminished when extracted from the environment. Crude oil sources may be depleted in 50 years if new deposits are not identified.	● Customers ● Communities ● Employees ● Shareholders	The Philippines has long been a global model for returnable bottle systems. While the prevalent model in more advanced countries is the one-way use of bottles and crates, the Philippines has established a system of selling contents only, swapping product deliveries for empty containers (particularly for glass bottles and crates). Bottles that are not swapped usually end up in junk shops, where they are retrieved for reuse. SMFB has relied on this circular model for many decades, resulting in high levels of recycled/reused material input. Our food and beverage businesses are also highly integrated: The waste materials of one business may be used as material input of another. Some examples include: ● Cullets or broken bottles from our bottling plants are used as raw material for our glass plant ● Waste from the poultry, brewing, food processing, and flour milling operations are used as raw materials for Feeds manufacturing.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
• Crude oil availability and prices are very volatile, due to diminishing supply and sensitivity to geopolitical dynamics worldwide. The volatility of crude oil prices has a significant effect on the profitability of our refinery. • Our food and beverage businesses are reliant on raw materials that are impacted by extreme weather conditions and global market dynamics, thus making them susceptible to commodity price increases which ultimately impact the bottom line. • Similarly, since molasses, the primary raw material for the liquor business, is derived from sugarcane, supply availability is affected by natural calamities such as drought and flood. Furthermore, geopolitical situations and new regulations can impact the importation of this raw material.	• Customers • Communities • Employees • Shareholders	• Petron continues to enhance its crude optimization program, which determines the crude mix that will yield the best product value at the lowest cost. It also continuously works to expand its crude oil supply sources, outside of its major crude oil suppliers. • Petron's long-term Logistics Master Plan (LMP) includes programs such as the addition of storage tanks to help the company receive, store, and process more types of crudes. This allows storage of crude at optimal inventory levels and increases the company's flexibility to supply finished products to the market, amid volatile crude price movements. • SMF maintains a diverse portfolio of suppliers (both foreign and local) as well as develops alternative raw materials. • Similarly, GSMI relies on demand forecasting across the supply chain to enable production planning for optimum operating efficiency and raw material sourcing.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC sees opportunities to improve utilization of materials. These include: • The strategic acquisition of entities within the supply chain to reduce raw material costs.	• Customers • Shareholders • Employees	• SMFB will closely coordinate within the group for the utilization of byproducts and continues to study more environment-friendly packaging materials. • Petron continues to consider and evaluate selective

• Continuously finding ways to maximize the value of raw materials • Utilization of renewable materials to reduce waste		opportunities to expand both within and outside the Philippines through strategic acquisitions that will create operational synergies and add value to its existing business. • Operating, logistical, and product supply synergies with local industry players will allow the company to reduce delivery of refined products to its various terminals all over the country, thereby also reducing raw material needs. This lowers the overall industry footprint, including the direct importation of finished products in certain regions. The company continuously pursues these partnerships which it believes delivers better value for its customers and stakeholders.

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

Disclosure	2022 Quantity	2021 Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6	6	#
Habitats protected or restored	112.74	19	Ha
IUCN[3] Red List species and national conservation list species with habitats in areas affected by operations	14	2	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group Petron's Bawing Terminal is located along the Sarangani Bay Protected Seascape, proclaimed a National Integrated Protected Area System (NIPAS) by virtue of Presidential Proclamation No. 756 issued in 1996. It is also classified as a Category V Protected Area by the International Union for Conservation of Nature (IUCN). Meanwhile, GSMI's Distileria Bago Inc. (DBI) facility is located along the coastline of the Guimaras Strait, identified as a Biodiversity Conservation Site in Western Visayas by the Department of Environment and Natural Resources (DENR). For its part, SMGP's Masinloc	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** Petron has prepared and implemented a 10-year rehabilitation plan for 2020 – 2030 that covers 91,737 m^2 of foreshore area along the Sarangani Bay Protected Seascape. The plan focuses on addressing environmental (water pollution and habitat destruction) and socio-economic (alternative livelihood) issues. This rehabilitation plan will be reviewed and updated every ten (10) years, or less, depending on the need, to account for developments in the area and changes in regulations. GSMI, through DBI, ensures that final treated effluent discharged to Guimaras Strait is always compliant with DENR General Effluent Standard (GES) under DAO 2016-08 and the updated DAO 2021-19. Sometime in the mid-1990s, DBI also established a Mangrove Reforestation Area along the coastlines where the distillery is located. Now estimated to measure up to 12 hectares, it has an excellent survival rate of 96%, proving the area has remained healthy. These mangroves were also planted to contribute to the conservation of the natural biodiversity of the Guimaras Strait, and reduce risk of flooding and soil erosion. Tree planting activities are conducted in the area every year. The Masinloc Power Plant has a

Power Plant is situated along Oyon Bay, a protected landscape and seascape by virtue of E-Nipas Act (RA 11038).		discharge channel made of rubber stone, armor stone and accropode that are used to condition the condenser cooling water before being released into Oyon Bay. The discharge area is covered by a permit called Special Use Agreement in Protected Area (SAPA) under the Nipas Act. **Clariden Group** Disturbed areas and structures from previous mining and processing operations are addressed through temporary revegetation and reforestation activities and other appropriate management strategies under the AEPEP. Clariden undertakes germination, collection, and production of several tree species in the company-owned nursery. Its reforestation programs are aligned with the National Greening Program and the Mining Forest Program of the government, as well as the government-mandated Temporary Rehabilitation Program for previously disturbed but still mineralized areas. In the future, an annual biodiversity mapping can be considered to accurately document existing flora and fauna species in adjacent areas and identify priority species for conservation and propagation. Under the Mining Forest Program started in 1999, PNPI has planted almost 600,000 seedlings in 1,197 hectares of open/disturbed land with a survival rate of almost 86%. In the National Greening Program, PNPI has planted 750 hectares since 2011. These replanting activities are located Nonoc Island,

		Surigao City, including watershed areas which serve as the source of domestic water and in areas within the host communities. For its Temporary Rehabilitation Program, PNPI completed its target of 290 hectares over a period of 5 years (2017 to 2022). Tree species normally planted are “magkono” (*xanthostemon verdugoniasis*), “narra” (*pterocarpus indicus*) and “agoho” (*casuarina equisetifolia*) among others. Several species of fruit bearing trees are also being planted.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Potential risks can include damage to habitats, displacement of people living in the vicinity of the operations areas as well as of flora and fauna, and water- and land-based pollution.	• Customers • Communities • Employees • Shareholder • Government	DBI constantly monitors the coastline to ensure the surrounding area is kept clean. One of the longest-running CSR activities of GSMI is its regular coastal cleanups in collaboration with the local government unit and volunteers from nearby communities. To achieve environmental sustainability, Petron has developed systems for measuring, managing, and minimizing its environmental footprint. It has also invested in cleaner production and greener product lines. Since much of its operations are located within or near critical areas such as coastlines and coastal areas, Petron invests in rehabilitating surrounding natural habitats to protect these critical ecosystems

		and offset its carbon footprint. Petron regularly engages with its host LGUs and local DENR offices to coordinate activities related to the protection of the concerned ecosystems. SMGP uses a Biodiversity Management system that promotes efforts and advocacies to safeguard the ecosystems around them. It has long-standing partnerships with local communities, environmental experts, and government agencies aimed at implementing reforestation, coral rehabilitation, and mangrove rehabilitation projects. Its major initiative, Project 747, targets the planting of over 7 million upland and mangrove trees over 4,000 hectares of land in at least seven provinces nationwide. The company engages local people's organizations and communities to help identify indigenous trees for planting, and help ensure high survival rates. Petron's "*Puno ng Buhay*" (Trees of Life) program is a complementary forest restoration and mangrove conservation and restoration partnership with the LGUs and the Department of Environment and Natural Resources (DENR). Under the program, host communities are given technical skills training on mangrove management. It also provides

		residents of coastal areas an additional source of livelihood.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group SMC can introduce science-based solutions or interventions to correct existing practices in environmental management. Opportunities remain for SMC and its businesses to partner with stakeholders on shared activities to protect ecosystems. SMC can also continue to inform and engage the general public on its various social and environmental advocacies. **Clariden Group** There are opportunities to closely monitor the survival rate of tree species that were planted in the revegetated disturbed areas. This data could serve as input for evaluating the success of the revegetation program. Annual biodiversity mapping could also be considered to accurately document existing flora and fauna species near the project site and identify priority species for conservation and propagation.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** As of 2022, the SMC Group has planted over 6 million trees mainly through SMGP's Project 747. The program enabled SMGP to partner with LGUs, local communities, indigenous people, non-profit organizations, and volunteers to plant trees across Luzon, Visayas and Mindanao. Under its "Trees Brew Life" program, SMB planted over 24,100 trees. The program, now over 10 years old, has resulted in the planting of an estimated one million trees overall. Petron also partners with communities for its *"Puno ng Buhay"* program, where the company adopts mangrove reforestation sites in areas where it is present, with the goal of protecting critical watersheds, minimizing carbon footprint, and where possible, providing alternative livelihood for its host communities. Petron has since adopted a total of 30 hectares in Tacloban City, Leyte and Roxas City in Capiz, in partnership with the LGUs and CENROs. **Clariden Group** Clariden proactively explores

		strategies and initiatives to integrate biodiversity conservation as part of its standard operating procedures and preparatory to future mining activities.

Environmental impact management

Air Emissions

GHG

Disclosure	2022 Quantity	2021 Quantity	Units
Direct (Scope 1) GHG Emissions	17,485,808	16,101,150*	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	728,258	561,055	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)*	0	0	Tonnes

**Figures have been updated as a result of improved data gathering and collection*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group SMC's power plants, fuel refinery, cement plant, are the primary sources of GHG emissions, along with the SMC Group's electricity consumption. In 2022, GHG emissions were at 17,485,808 MT CO2e and 728,258 MT CO2e for Scope 1 and Scope 2 GHG emissions, respectively. GHG emission intensity for Scope 1 & 2 was at 15.81 MT CO2e / Mn PhP.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** We place paramount importance on mitigating our GHG emissions. We recognize the profound impacts that emissions from our businesses and operations have on climate change adaptation and mitigation. As a result, we have embarked on a pivotal journey to significantly reduce our GHG emissions to zero by 2050. An indispensable step towards achieving our goal towards Net Zero is to accurately measure our

Clariden Group: Direct or Scope 1 GHG emissions are derived from fuel combustion of generator sets and company vehicles. Since PNPI is at the exploratory and pre-mine planning stage, these risks are deemed to be minimal in this reporting period. The said risks are likewise minimal for the parts of the PNPI MPSA assigned to PLGMC and VMI, which, while also in the exploration stage, have no current activities in view of the pandemic. Other Clariden properties are also in the exploration stage but no exploration activities are being undertaken in view of the pandemic and other site-specific reasons.		emissions in line with globally accepted GHG accounting and reporting standards. Thus, we use the GHG Protocol—the most comprehensive global standardized framework to measure GHG emissions, developed by the World Resources Institute and the World Business Council for Sustainable Development—to account for and manage emissions across all activities in our Group. Consequently, we track our emissions based on the following global convention: • Scope 1 GHG emissions – emissions generated within the walls of our company and that we own or control • Scope 2 GHG emissions – indirect emissions from our purchased energy and electricity Beginning 2023, we will also define the coverage of our Scope 3 GHG emissions—those emissions that occur up and down our value chain and are controlled by our suppliers and customers—and establish baseline values. Besides managing our absolute emissions, we also monitor our GHG emissions intensity or the amount of GHG emissions that we generate for every peso of our sales. **Clariden Group** Since GHG emissions are directly related to energy consumption, regular maintenance and repair of equipment and vehicles are conducted to ensure efficient usage

		of fuel resources and effective reduction of emissions from diesel and gasoline combustion.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Although the Philippines is gradually increasing its clean energy capacity, the country is still highly dependent on coal-fired power plants for energy generation. Thus, it is inevitable that facilities indirectly generate greenhouse gases due to consumption of electricity from the grid. In addition, expansion of business operations will inevitably result in an increase in GHG emissions. GHG emissions are a major contributor to climate change and have far-ranging effects on not just the environment but also people's health. Climate change brings about extreme weather, which is a critical risk as it affects in particular the agricultural sector and disrupts the flow of raw materials and transport of goods. The country's commitment to the Paris Agreement and COP26 (Glasgow) may also result in new policies and regulations to lower carbon footprint. Other risks include shifting customer preferences, risks related to a transition to lower emissions technology, as well	• Customers • Communities • Employees • Shareholders • Government	DBI reduces its GHG emissions through lesser consumption of fossil-derived liquid fuel. While combustion of biogas and liquid fuels still result in emissions, DBI's generation of biogas greatly reduces use of petroleum fuels. DBI is also able to reduce its emissions through capturing biogenic carbon dioxide (CO2) gas that is a by-product of fermentation in alcohol-making. Other efforts of SMFB include the installation of solar panels in several facilities and utilizing biogas in some operations, thereby reducing GHG emissions from electricity and use of non-renewable resources. Physical risks from climate change have already been integrated into Petron's Business Continuity Plans, which proved effective during the recent Typhoon Odette. Petron was the first to resume operations in Cebu, while communication lines at the facilities remained operational despite commercial communication lines being cut off. Petron is in the process of setting up its governance committee to formulate targets and strategies particularly on reducing its carbon footprint in the medium and long-term. It will further strengthen its climate-related disclosures in the coming years to address the requirements of its stakeholders, including financial institutions.

as reputational risks arising from increased concerns about the power generation and fuel industries.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group The challenges posed by climate change and the urgent need for emission reductions all over the globe have paved the way for advancements in green technology. These include certain processes and materials that better manage air emissions and also streamline operation. SMC continues to look at opportunities to utilize these technologies to continuously reduce its emissions.	● Customers ● Communities ● Employees ● Shareholders ● Government	**SMC Group** Guided by the Clean Air Act, SMC endeavors to always go beyond adherence to environmental standards and protocols instituted by the government. SMGP integrates global standards in its policies and adopts the use of state-of-the-art technologies that address concerns on emissions, thereby assuring ISO 14001:2015 Environmental Management Systems for its Masinloc, Malita, Limay and Angat power plants and ISO 55001:2014 Asset Management Systems compliance for its Masinloc plant. SMGP's Masinloc plant utilizes supercritical steam generator technology which enables better cycle efficiency, which results in less fuel consumption, emissions, and allows for usage of lower calorific value coals. Use of this technology contributes to decreased quantities of combustion products and waste such as carbon dioxide (CO_2) emissions (expected to be 15% lower than supercritical plants), significant decreases in carbon monoxide (CO), sulfur oxides (SO_x), nitrogen oxides (NO_x), and particulate matter (PM). Additionally, Unit 3 of the Masinloc

		plant will utilize best available technology in reducing emissions, such as Seawater Flue Gas Desulfurization (FGD), designed at 94% efficiency to significantly decrease sulfur dioxide and opacity emissions; electrostatic precipitator (ESP) with 99.77% efficiency for particulate matter reduction, and Low NOx boiler burners to decrease NOx gases and adds control to CO emissions. SMGP's Limay and Malita plants also have considerably lower carbon monoxide and nitrogen oxide emissions due to their use of Circulating Fluidized Bed (CFB) technology which vigorously recirculates its materials ensuring complete combustion. This minimizes carbon monoxide emissions and enables operating at lower temperatures, thus producing low nitrogen oxide emissions. Further engineering and management controls for sulfur oxides results in low sulfur content coal requirement. SMGP also utilizes state-of-the-art technologies such as Electrostatic Precipitators (ESP) to mitigate 99.99% of particulate matter, a smokestack for the flue gas; coal handling storage system to extenuate fugitive dust from coal and ash handling; and continuous emission monitoring system to track the plant's emissions in real time. Alongside this, a DENR-accredited service provider conducts additional monitoring activities such as stack emission tests and ambient air

		quality monitoring. Meanwhile, Petron has instituted a Carbon Management strategy that includes: Carbon Conservation, where the company will implement energy efficiency programs to reduce fuel/energy consumption and greenhouse gas emissions; Carbon Sequestration, consisting of upland trees and mangrove reforestation initiatives through its Petron Foundation and in coordination with local governments, and Carbon Substitution, which will entail increasing its use of renewable energy such as solar power. Petron will also ensure compliance with the biofuel blend requirement of the Biofuels Act of 2006. All SMC businesses will continuously explore available technologies that can help improve energy efficiency. More energy-saving initiatives can also be explored and implemented across the San Miguel Group to help further reduce GHG emissions. **Clariden Group** Since GHG emissions are directly related to energy consumption, Clariden could further analyze its energy consumption trends to determine opportunities for improvement.

Air pollutants

Disclosure	2022 Quantity**	2021 Quantity	Units
NOx	11,623,819	17,854,285*	kg
Sox	37,097,712	43,887,329*	kg
Volatile organic compounds (VOCs)	0	267,037	kg
Particulate matter (PM)	1,128,200	3,017,013*	kg

**Figures have been updated as a result of improved data gathering and collection*

*** 2022 Air Pollutants do not include those from mobile sources due to absence of verifiable emission factor*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group Among the primary sources of air pollutants from the SMC Group are its power plants, fuel refinery, cement plants, and the SMC Group's combined fuel consumption to run their backup power generators, boilers, and cookers. For 2021, SMC also began reporting emissions from vehicles. Coal-fired power plants are among the biggest industrial sources of mercury. Fuel mixes and formulas may emit high concentrations of CO and NOx. All these contribute to deteriorating air quality within the vicinity of sites of operations and contribute to	● Customers ● Communities ● Employees ● Shareholders ● Government	**SMC Group** In compliance with the Clean Air Act, all air pollution source and control equipment at manufacturing facilities and farms use cleaner fuel to meet emission standards. Sulfur Oxide (Sox) is reduced by using low sulfur fuel in boilers, while glass plants, cement plants, and power plants are equipped with electrostatic precipitators (ESP) to reduce particulate matter. SMC's power plants and refinery are equipped with Continuous Emission Monitoring System (CEMS) as required for close monitoring of air pollutants by the regulatory body. In addition, the best available

climate change. In 2022, due to higher demand for power as pandemic restrictions eased, power generation increased, resulting to an increase in total air pollutants. Manufacturing operations also increased across all operating units, resulting in increased use of electricity and fuel. **Clariden Group** Since PNPI is in its exploratory and pre-mine planning stage, these risks are deemed to be minimal in this reporting period. The said risks are likewise minimal for parts of the PNPI MPSA assigned to PLGMC and VMI, which, while also in the exploration stage, have no current activities in view of the pandemic. Other Clariden properties are also in the exploration stage but that no exploration activities are being undertaken in view of the pandemic and other site specific reasons.		technology is used for Power Plants emission abatement. This includes seawater flue gas desulfurization (FGD) system which has a designed efficiency of 94% in reducing SOx and opacity, ESP with 99.77% PM removal efficiency, and low Nitrogen Oxide (NOx) boiler burners. To address odor and particulate matter concerns, the following are implemented by Petron: • State-of-the-art Circulating Fluidized Bed (CFB) technology for power and steam generation equipped with baghouse filters and dry scrubber. • Flue Gas Desulfurization (FGD) to remove sulfur emission from Fluidized Catalytic Cracking Units • Sulfur Recover Unit (SRU) that recovers sulfur in refinery process • Use of low sulfur fuel and fuel gas since 2020 **Clariden Group** Monthly ambient air quality sampling is conducted at ten (10) stations through a third-party provider to ensure that the project operates within regulatory limits. The level of polluting emissions from Clariden's vehicles are mitigated through regular maintenance and repair. Dust suppression strategies are also implemented at the project site.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
While the Clean Air Act of 2000 initially used concentration-based emission standards, the law provides for a review every two years and conversion to mass rate of emission, with the intent of improving and not relaxing the standard. Once implemented, this may result in higher fuel costs as experienced with the phase-out of bunker C fuel due to sulfur level restriction.	• Customers • Communities • Employees • Shareholders • Government	Petron, through its membership in industry organizations, is actively involved in public consultations conducted by regulatory agencies to ensure that new regulations will not present a significant burden to industries even as the common objective of protecting the environment continues. The Company continues to explore new and available pollution control technologies and the use of cleaner and renewable fuels.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group SMC sees the implementation of more energy efficiency programs and carbon conservation strategies as key to further reducing air pollutant emissions.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** SMC will continue to explore alternative energy sources and better fuel combustion technologies that can result in cleaner emissions with lower air pollutants. **Clariden Group** Clariden has always been compliant to air pollution standards, and it shall continue to proactively monitor and explore ways to ensure strict compliance.

Solid and Hazardous Wastes

Solid Waste

Disclosure	2022 Quantity	2021 Quantity	Units
Total solid waste generated	897,201,360	770,240,317	Kg
Reused	1,517,258	1,882,122	Kg
Recycled	565,534,326	447,023,580	Kg
Other Recovery Operations	24,055,810	7,063,359	Kg
Residuals/Landfilled	305,917,166	314,271,257*	Kg

**Figures have been updated as a result of improved data gathering and collection*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group Our operations, from materials procurement, to disposal, generate solid waste. Improper solid waste management contributes to land and water pollution, while waste sent to landfills can cause land degradation, methane gas production, toxic substance leaching, among others. In addition, mismanagement of waste may pose a potential risk to applicable health codes. The bulk of total solid waste of SMC comes from SMGP	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** SMC implements a comprehensive solid waste management program in order to protect public health and the environment. SMC fully complies with the Ecological Solid Waste Management Act (RA 9003) and all statutes that cover SMC's scope of operations. Our facilities employ various efforts to reduce solid waste, including: • Collection of production scraps for recycling • Utilization of animal waste for biomass energy

(42.2%), Petron (21.0%), SMB (25.0%) and SMFI (2.9%). Much of the generated waste are either reused/recycled (65.9%) either within SMC Group or through third party recyclers. **Clariden Group** Wastes generated from daily activities are handled appropriately by PNPI's Mine Environmental Protection and Enhancement Office ("MEPEO")/Environmental Department that ensures compliance to all relevant waste regulations in the country. Improper solid waste disposal could lead to land and water pollution. Solid wastes are usually transported to landfills. However, landfills also raise several concerns such as land degradation, toxic substance leaching, and marine litter. Since PNPI is in its exploratory and pre-mine planning stage, these risks are deemed to be minimal in this reporting period. The same goes for the parts of the PNPI MPSA assigned to PLGMC and VMI, which, while also in the exploration stage, have no current activities in view of the pandemic. Other Clariden properties are also in the exploration stage but that no exploration activities are being undertaken in view of the pandemic and other site-specific reasons.		• Proper waste segregation • Banning of single-use plastics • Returning damaged or substandard materials to suppliers • Selling of scrap metals to third parties • Recycling of plastics • Recycling and reusing paper SMC's food and beverage businesses are highly integrated and are thus able to recycle waste byproducts from one business into material input for another business. These include: • Cullets or broken bottles from our bottling plants used as raw material for glass plant • Poultry processing wastes such as feathers, offal, and blood are rendered and used as raw material for feeds manufacturing • Brewery wastes like spent yeast and brewers spent grains as raw material for feeds manufacturing • Food processing rejects and returns as raw material for feeds manufacturing • Flour mill wastes like wheat bran pollard, also as raw material for feeds manufacturing.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
SMC Group SMC assigns the task of transporting solid waste to appropriate landfills to DENR-accredited waste haulers. Contracted disposal, particularly of expired food products, is prone to pilferage and reselling in the black market. End-user generated wastes, particularly plastic packaging, up to household solid wastes. LGUs should be able to provide safe disposal service but often, their reach is limited. There is also the danger of using up available landfill capacity, forcing some LGUs to stop garbage collection. Similarly, the life of in-house engineered landfill capacity is limited. Excessive solid waste generation could shorten the life of these landfills.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** SMC takes a further step in reducing the country's food waste by redirecting possible wastage to food banks before they expire. Processed meats and products that are not able to meet distribution standards but are still of quality are donated to its adopted indigent communities in the City of Manila, through its Better World Tondo food bank and feeding center. More than a feeding program initiative, this program aims to eradicate poverty through capacity-building initiatives for the said community. SMGP's Limay Power Plant was able to extend the life of its ash storage facility by 25 years, by recycling its bottom ash as bed material for the Circulating Fluidized Bed boiler of Petron, and recycling fly ash as aggregate material for cement plants. **Clariden Group** PNPI's MEPEO/Environmental Department handles the collection, segregation, and disposal of solid and industrial wastes. Residual wastes are transported to legally operated landfills that meet the standards of the DENR. There is also a Materials Recovery Facility located at Nonoc Island which is adequately staffed and regularly maintained.

<table>
<tr><th>What are the Opportunity/ies Identified?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>SMC Group

The government, recognizing the need to address the mounting volume of solid wastes, now supports the recycling of solid wastes through policy change. A waste-to-energy regulation has paved the way for the use of solid wastes as fuel for power generation, while a recent press release from the DENR encourages cement plants to use plastic wastes as fuel for their kilns.

Clariden Group

With increasing awareness on the negative impacts of landfills, there is an opportunity to consider the re-processing or recycling of residual wastes (e.g., old tires, safety berm) to effectively divert residual wastes from the landfills.</td><td>• Customers
• Communities
• Employees
• Shareholders
• Government</td><td>SMC Group

As part of its ongoing commitment to environmental stewardship, SMC continues to explore opportunities that will help make SMC's processes more efficient end-to-end, from manufacture to delivery of its products.

SMC continues to evaluate new technologies that will reduce solid waste in its facilities and send less of it to landfills.

The businesses can continue to improve synergies to better manage solid waste. For example, collected solid wastes can be recycled or used as biomass for fuel using WTE Technology; consumer waste plastic could be used as fuel by cement plants in their kiln; while collected solid wastes from infrastructure business can be recycled and used for other projects.

Clariden Group

Clariden is looking at the possibility of adopting a locally developed technology to produce briquettes from tree/wood trimmings/wastes which can be used as an alternative fuel source.</td></tr>
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Hazardous Waste

Disclosure	2022 Quantity	2021 Quantity	Units
Total weight of hazardous waste generated	9,553,774	2,388,180	Kg
Total weight of hazardous waste transported	8,855,713	8,145,865	Kg

**Figures have been updated as a result of improved data gathering and collection.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group SMC's business lines produce hazardous waste, including: ● Used oil ● Oil with water ● Oily sludge ● Busted fluorescent lamps, ● Ink cartridges, ● Obsolete and defective computers and accessories ● Batteries, ● Kitchen grease, ● Contaminated rags or pads, ● ACL paints with lead, ● Solvent base pigment, and ● Spent resins from water treatment units **Clariden Group** Since PNPI is in its exploratory and pre-mine planning stage, these risks are deemed to be minimal in this reporting period. PNPI generated a limited volume of: ● Used oil ● Oil with water ● Busted fluorescent lamps, ● Ink cartridges,	● Customers ● Communities ● Employees ● Shareholders ● Government	**SMC Group** Hazardous waste storage and disposal is highly regulated under RA 6969, which requires registration and quarterly reporting of generated/disposed hazardous wastes to the Environment Management Bureau (EMB) of the DENR. Disposal should be through DENR-accredited transporter and treater and is accompanied with manifest and Certificate of Treatment, which should also be submitted to the EMB in a quarterly report. SMC complies to all requirements of the Hazardous Waste Management Law, from storage, labeling, up to disposal and reporting. Petron has been implementing programs to manage and reduce its footprint on hazardous waste. It has implemented "Project Solhaze'' at its Bataan Refinery, to characterize hazardous waste streams and identify opportunities to reduce them. Among the programs implemented are supplier buy-back of waste catalysts, dewatering of

• Obsolete and defective computers and accessories, and • Batteries. The other hazardous waste present at the project site were generated during the mining and mineral processing and refining activities undertaken by the original owners during the period 1974 to 1986.		waste sludge, maximized use of phenolic caustic treatment unit to eliminate disposal of hazardous spent caustic waste, substitution of quenching water with oily sludge in the Delayed Coker Unit (DCU), use of spent activated carbon and spent clay as fuel in the Refinery Solid Fuel-Fired Boiler (RSFFB), and more efficient management of hazardous wastes generated throughout the refinery. All these contributed to a 69.7% reduction in hazardous waste generation at the Refinery. At Petron's terminals, waterless receiving of fuel products in some pier facilities also eliminated generation of oily water. In addition, bulk delivery of fuel additives has been implemented to eliminate the accumulation of empty steel drums, which are classified as hazardous waste under RA 6969. **Clariden Group** Hazardous wastes are collected, stored, and properly labelled in a Hazardous Waste Storage Facility which is regularly monitored and maintained by trained personnel. DENR-accredited waste haulers are engaged for the transport and treatment of the hazardous wastes. Clariden maintains the integrity of its tailings storage facilities in order to prevent spills and/or leakages.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company depends on the services of third party DENR-accredited hazardous waste transporters/treaters for the disposal of hazardous wastes. It is jointly liable for environmental incidents (e.g., spills) that might occur during transport, or if wastes are not treated properly.	• Customers • Communities • Employees • Shareholders • Government	The organization has a rigorous vetting process for selecting third party service providers for the transport and disposal of its hazardous waste. Due diligence and regular performance evaluations are done to ensure that all hazardous waste is disposed of in accordance with regulations.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group Disposal of hazardous wastes has become a huge expense for SMC. Integration of hazardous waste treatment operations may provide operational synergies as well as a business opportunity. Hazardous waste may possibly be used as fuel for cement plants. The previously considered Waste-to-Energy option for solid waste may also accommodate hazardous wastes provided a Treatment, Storage, Disposal (TSD) accreditation is secured. **Clariden Group** Clariden can look into the possibility of re-processing the tailings that are stored in its facilities using the most effective technologies and procedures.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** SMC may study programs to improve and consolidate the collection and management of solid wastes and hazardous waste. For example, used oil and other high calorie hazardous wastes could be used as fuel for cement kilns. **Clariden Group** Clariden is in discussion with several interested companies for the possible upgrading/processing and/or marketing of the iron-rich tailings to foreign buyers where it can possibly be utilized for specialized steel products.

Effluents

Disclosure	2022 Quantity	2021 Quantity	Units
Total volume of water discharges	3,054,643,699	2,952,005,630*	m3
Percent of wastewater recycled	1.57	4.45*	%

**Figures have been updated as a result of improved data gathering and collection*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group SMC recognizes that its operations have an impact on bodies of water around its locations. This may cause water pollution, especially if the water discharge of its facilities do not meet DENR effluent standards. Wastewater discharge may also contain contaminants, primarily organic pollutants that can affect the environment within the surrounding area. If left untreated, these discharges can contribute to pollution and also alter the natural biodiversity of bodies of water.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** SMC ensures that its facilities have efficient wastewater treatment systems manned by technical experts who monitor and regulate effluents. It ensures that these systems are at par with industry standards and meet and go beyond standards set by the Clean Water Act. This involves monitoring the properties and quality of effluents as well as monitoring marine life to fully understand its impact. Coastal cleanups are also conducted regularly at Petron terminals nationwide, in partnership with host communities and other government institutions. DBI has fortified its partially treated slops from the distillery to be marketed as liquid fertilizer.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
SMC Group In 2016, a new effluent standard (DAO 2016-08) was implemented by DENR, which now includes nutrient parameters ammonia nitrogen, nitrate nitrogen, and phosphate—most of which the SMC's wastewater treatment facilities were not designed to address. The new regulation also removed the exemption of those discharging 30 cum. or less from complying with the effluent standard. Retrofit and upgrade of treatment facilities were initiated but their performance has yet to be verified pending completion of commissioning. **Clariden Group** Since PNPI is in its exploration and pre-mine planning stage, the risks from the potential discharge of wastewater to the surrounding environment and result to non-compliance to environmental laws and regulations are deemed to be minimal in this reporting period. Said risks are likewise minimal for parts of the PNPI MPSA assigned to PLGMC and VMI, which, while also in the exploration stage, have no current activities in view of the pandemic. Other Clariden properties are also in the exploration stage but no exploration activities are being	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** In 2022, 97% of SMC's water withdrawal was seawater, which was used for cooling our equipment in our power plants and oil refinery. Approximately 99.5% of this extracted water was discharged back safely to bodies of water after undergoing processing and treatment in wastewater treatment facilities. The remaining 0.5% was consumed by the group as part of our final products, in our business processes—cleaning, rinsing, steam generation—and for office operations. Of SMC's total wastewater, it was able to recycle 1.5 billion liters in 2022 alone, which we plan to boost in the coming years. **Clariden Group** Settling pond effluent monitoring and oil and grease sampling are conducted regularly. Strict compliance to environmental laws and regulations is ensured. To address any risk of siltation, Clariden maintains ten (10) siltation ponds within Nonoc Island and conducts regular desilting. In addition, 85 fascines were also installed and are being maintained to minimize siltation.

undertaken in view of the pandemic and other site-specific reasons.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
SMC Group Upgrading and retrofitting treatment facilities can be costly. However, these costs can be minimized if wastewater reuse and recycling is increased. Utilizing these measures will help reduce the need to upgrade facilities, and support SMC's program to sustain water resources. **Clariden Group** Clariden can explore strategies to effectively implement wastewater recycling in its facilities and operations pursuant to its ISO 14001:2015 management system.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** SMC's "*Water for All*" project aims to, among others, increase reuse and recycling of water and reduce the volume of discharge, thus lessening the hydraulic load of wastewater treatment facilities. Any needed retrofit or upgrade will be relatively smaller and cheaper. Another strategy employed by SMC is to review the use of materials that contribute to nutrient parameters in the wastewater and to find alternatives to these.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2022 Quantity	2021 Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	384,000.00	157,500.00	PhP

ISO and Food Safety certifications

Standard	Description	Business Units Covered	No. Of Certifications
ISO 9001:2015	Quality Management Systems	SMFB, Packaging, Petron, Power, Infrastructure, Cement	54
ISO 14001:2015	Environmental Management Systems	SMFB, Petron, Power, Infrastructure, Cement	34
ISO 17025:2017	Requirements for the Competence of Testing and Calibration Laboratories	SMFB	1
ISO 22000:2018	Food Safety Management Systems	SMFB	1
FSSC 22000v5.1	Food Safety System Accreditation	SMFB	15
HACCP	Hazard Analysis Critical Control Points	SMFB	14
GMP	Standards for Good Manufacturing Practices	SMFB	15

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SMC Group SMC recognizes that its	• Customers	**SMC Group** In order to maintain a high level of

operations are subject to different environmental laws and regulations. The imposition of new or more stringent regulations by either the local or national government can result in additional capital expenditures, operating expenses, and potential delays in facility development and construction. Non-compliance with existing and new laws, on the other hand, may result in fines and/or sanctions, including monetary penalties and possible suspension of operations that may also compromise the reputation of SMC. **Clariden Group** Since PNPI is in its exploration and pre-mine planning stage, the risks from the potential discharge of wastewater to the surrounding environment and result to non-compliance to environmental laws and regulations are deemed to be minimal in this reporting period. Said risks are likewise minimal for the parts of the PNPI MPSA assigned to PLGMC	• Communities • Employees • Shareholders • Government	compliance with environmental laws and regulations, SMC ingrains a strong culture of compliance among its employees, ensuring that all requirements, permits, and approvals are secured in a timely manner. To help achieve full regulatory compliance, SMC's team of highly-qualified Pollution Control Officers (PCO) are compliant with the requisite PCO training. PCOs monitor their facilities' compliance with the following laws and regulations: • RA 8749 – Clean Water Act of 2004 • RA 9275 – Clean Air Act of 1999 • RA 9003 – Solid Waste Management Act • RA 6969 – Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 • RA 7586 – NIPAS Act • Ecological Solid Waste Act of 2000 SMC's environmental compliance is not limited to the above laws. Full compliance to all of the relevant laws of the Philippine Government is ensured and applied to SMC Group's operations. **Clariden Group** Clariden's regulatory compliance is ensured through close monitoring of the regulatory calendar in coordination between the head office and the project site staff. Clariden also studies industry trends and best practices of local and international mining companies and consider these in the preparation of a management plan in anticipation of new government regulations.

and VMI, which, while also in the exploration stage, have no current activities in view of the pandemic. Other Clariden properties are also in the exploration stage but no exploration activities are being undertaken in view of the pandemic and other site-specific reasons.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Top Frontier (Groupwide) Both the Clean Air Act of 1999 and Clean Water Act of 2004 use stiff penalties as a deterrent, and the penalties are increased by 10% every 3 years and 2 years, respectively. Currently, CWA maximum penalty has doubled to 428k per day, which is reckoned on the day of the sampling. However, Notices of Violation are issued a month or more after, thus resulting in millions in penalties that accumulate without the knowledge of operating units. Also, nutrient parameters that are quite stringent have been added to wastewater standards. These could easily be exceeded by our existing treatment facilities.	● Customers ● Communities ● Employees ● Shareholders ● Government	**Top Frontier (Groupwide)** Each of the Company's business units has developed a business continuity program in the event of a stoppage in any of its critical operations. Top management mandates regular technical audits of operating units including critical tolled operations by the Corporate Technical Audit group, through Multifunctional Audit covering Environment, Safety, Electrical, and Mechanical aspects of operations. In particular, for the SMC Group, an Environmental Council was created in 2020 as a venue to synchronize all subsidiaries' environmental plans and programs with the Corporate Environmental Policy, and to formulate and implement strategies to address pressing environmental issues affecting the SMC Group. One of the Council's immediate collaborations is compliance to the latest Effluent Standards that would require the upgrade of existing wastewater treatment facilities and

		installation of Sewage Treatment Plants for those with domestic wastewater only.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Philippines, in support of the United Nations Sustainable Development Goals, has integrated the SDGs into the Philippine Development Plan (2017-2022) and *Ambisyon Natin 2040*. Through SEC MC 2019-04, Sustainability Reporting has been required for publicly-listed companies together with the Company's Annual Report. Top leading companies go beyond regulatory compliance and adopt sustainability as a driving force and integral part of growth strategies for their business. The Company can further grow in this area and fully incorporate ESG aspects of doing business in the operations of its subsidiaries and supply chain.	• Customers • Communities • Employees • Shareholders • Government	**SMC Group** SMC is currently developing a Group-wide, long-term sustainability roadmap and masterplan, with the help of an international consultant, to address material critical issues which SMC can have a major impact on. **Clariden Group** Clariden keeps track of policy and regulatory developments for compliance. It also monitors and studies industry best practices and methodologies on mining and environmental management for possible adoption in its plans and activities.

Production Metric

Mining Production

This topic is considered not material to SMC Group. *This section will cover the Clariden Group only.*

Disclosure	2022 Quantity	2021 Quantity	Units
Production of metal ores	0	0	Tonnes
Production of finished metal products	0	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Clariden Group Since PNPI is in its exploration and pre-mine planning stage, no production was recorded for 2021. PNPI, along with the relevant government agencies, and concerned stakeholder groups, assess the results of the AEPEP annually. PNPI is currently looking into ways on how it could further improve its processes. A new Environmental Compliance Certificate that will serve as the foundation for a new life-of-mine Environmental Protection and Enhancement Program (EPEP) with integrated Final Mine Rehabilitation and/or Decommissioning Plan (FMR/DP) will be prepared/secured and implemented to consider the potential impacts of future		**Clariden Group** Clariden continue to implement the AEPEP on a voluntary basis which is focused on seven (7) activities on land resource, water resource and quality monitoring, noise and vibration, air quality monitoring, conservation, environmental research, and periodic coordination meetings and communications.

mining and mineral processing activities.		

SOCIAL

In the Company's effort to fully realize its goals as anchored on the United Nations Sustainable Development Goals, the following sustainability targets on the social side have been identified through its major subsidiary, SMC—

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.

The following initiatives are being undertaken:

- Build expansive and resilient road infrastructure and public transportation projects to catalyze trade, investment, and national development;

- Build industrial parks and ecozones that attract investments and create jobs for adjacent communities;

- Provide access to potable water at affordable rates to municipal water districts (e.g., Bulacan Bulk Water project);

- Enhance livability of our host communities by:

    - Creating livelihood opportunities;

    - Extending educational assistance and scholarship programs to schools and students; and

    - Providing food, clean water, sanitation, housing, and access to medical help

- Improve overall employee health and well-being and ensure safeguards to prevent workplace injuries and accidents

- Embed and track diversity and inclusion in all aspects of employment policies

- Continue to improve the nutrition profile of food and beverage products

- Embrace digital transformation to improve workplace productivity and expand customer access

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.

The following initiatives are being undertaken:

- Roll out the Supplier Code of Conduct and Sustainability Questionnaire incorporating ESG principles, as pre-requisites to supplier accreditation and registration

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	2022 Quantity	Units
Total number of employees	49,857	
a. Number of female employees	36,330	#
b. Number of male employees	13,527	#
Attrition rate	15.76%	Rate
Ratio of lowest paid employee against minimum wage	0	Ratio

Employee benefits

		% of male employees who availed for the year		% of female employees who availed for the year		Total employees who availed for the year	
List of Benefits	**Y/N**	**Count**	**%**	**Count**	**%**	**Count**	**%**
SSS	Y	8,058	24%	3,722	28%	11,780	25%
PhilHealth	Y	6,044	18%	2,551	19%	8,595	18%
Pag-ibig	Y	7,542	23%	2,870	22%	10,412	22%
Parental leaves	Y	2,917	9%	954	7%	3,871	8%
Vacation leaves	Y	14,465	43%	7,370	56%	21,835	47%
Sick leaves	Y	11,215	34%	5,588	42%	16,803	36%
Medical benefits (aside from PhilHealth)	Y	14,391	43%	5,462	41%	19,853	43%

Housing assistance (aside from Pag-ibig)	Y	463	1%	592	4%	1,055	2%
Retirement fund (aside from SSS)	Y	3,200	10%	1,442	11%	4,642	10%
Further education support	Y	928	3%	161	1%	1,089	2%
Company stock options	N	0	0%	0	0%	0	0%
Telecommuting	Y	251	1%	324	2%	575	1%
Flexible-working Hours*	Y	0	0%	3	0%	3	0%
(Others)	Y	18	0%	10	0%	28	0%
Life Insurance	Y	5,833	17%	2,169	16%	8,002	17%
Accident Insurance	Y	6,427	19%	2,788	21%	9,215	20%
Emergency Leaves	Y	11,835	36%	5,296	40%	17,131	37%
Rice Subsidy	Y	13,319	40%	6,173	47%	19,492	42%
Clothing Allowance (in Kind / in Cash)	Y	8,944	27%	4,228	32%	13,172	28%
Burial Assistance (Employees / Dependents)	Y	2,938	9%	1,379	10%	4,317	9%

**While the Company does not implement flexible working hours, since the pandemic in 2020, flexible work arrangements have been adopted in compliance with government regulations.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Engaging and managing a large workforce in diverse industries across different regions As the Company continues to pursue expansion and widen its presence across the Philippine regions, engaging employees and implementing policies and programs become	**Top Frontier (Groupwide)** Top Frontier and its subsidiaries implement policies through the different HR Heads and units across the various business and operating units. The Group provides an attractive and comprehensive remuneration and benefit package that is

even more challenging. **Talent retention** With businesses across a wide array of industries, talent acquisition and retention are critical to the Company's success. Ensuring that the Group attracts the right talent equipped with the necessary skills sets, as well as retaining employees who are already experienced in its processes and systems, and whose loyalty and service are a major advantage, is a continuing challenge. **Compensation and benefits** The Group provides its employees competitive remuneration—with base pay, healthcare benefits and potential bonuses comprising its overall compensation package. However, as in any organization, there is always a risk of attrition, due to many factors, including external circumstances beyond the company's control. **Higher attrition rate due to the pandemic** In 2021, there was an increase in attrition rate, due largely to the pandemic and its many impacts. Many employees cited personal reasons for choosing to leave the company, either to spend more time with family, pursue their own business, or transfer to other companies that provide more flexible work schedules, such as full work-from-home arrangements. **Disruption of operations due to loss of key personnel** The risk of losing key personnel for various reasons is a constant concern, as it can cause significant disruption of operations.	aligned with industry benchmarks. To ensure employee health and well-being, Health and Welfare Programs are implemented. Qualified personnel enjoy hospitalization and medical benefits such as free medicines and medical consultations through company clinics and accredited third-party medical providers. We strive to maintain high standards for the safety and health of our employees, and consistently work to strengthen a culture of safety in the workplace. We actively seek to go beyond standards prescribed by the government's Occupational Safety and Health Administration and the DOLE in relation to general safety and health provisions, drug-free workplace, mental health, and communicable disease prevention, among others. Safety Councils and Safety and Health committees in our business units are tasked to immediately address urgent concerns in their respective facilities. In relation to this, 31 facilities of the Company in Petron, Power, Infrastructure and Cement are accredited under ISO 45001:2018 for their Occupational Health and Safety Management Systems. During the pandemic, the Company made significant investments in deliberate steps to mitigate any possible spread of COVID-19 in the workplace, including the following: • Opening of an SMC COVID-19 testing laboratory and engagement of external partners to conduct RT-PCR and rapid antigen testing of employees and third-party providers working in SMC facilities and offices for free; • Providing sanitation points and disinfection facilities (i.e., handwashing

	stations, alcohol dispensers, tire, and foot baths), as standard fixtures in all SMC offices, plants, and other installations; • Developing an online application for health and safety declarations of employees; and • Having Safety Officers stationed at each business unit to consistently monitor and facilitate employee adherence and compliance with minimum health protocols. Additionally, our facilities undergo yearly multi-functional audits to monitor workplace conditions, safety performance, compliance with government regulations and other key metrics. Findings from these audits are used to address deficiencies, upgrade facilities, and improve existing controls and procedures. We also conduct regular disaster and emergency drills in coordination with the local fire departments, police departments, and the Philippine Red Cross to prepare employees to properly respond in case of emergency situations.. The Group manages attrition through a comprehensive employee retention program that fosters a pleasant and safe work environment that provides competitive compensation and benefits, professional growth through continuous learning and training, effective employee engagement and work-life integration programs. Grievance mechanisms are in place to address and resolve cases of employee dissatisfaction in the workplace. The various HR units analyze the specific

	reasons for attrition and create appropriate policies and programs to arrest this. **SMC Group** A centralized HR Leaders Council was established to ensure continuous alignment with key programs. CHR regularly engages the business-level HR units to ensure effective implementation of policies. Internal communication tools such as *Kaunlaran*, the employee newsmagazine, as well as video news and social media platforms, managed by the Corporate Affairs Office and Corporate Human Resources, are also utilized to help inform companies of relevant updates across SMC businesses and reinforce the company's mission, values, and culture. CHR also implements various employee programs to cultivate a "One San Miguel" company culture and reinforce its core value of "*malasakit*", or the Filipino tendency to help others without being asked, and without expecting anything in return.

What are the Risk/s Identified?	Management Approach
● Loss of employees for various reasons, including dissatisfaction with their compensation package, seeming lack of career development, workplace conflicts, etc. ● Resignation of trained and tenured key personnel ● Employee is not fit for the job. ● Employees may choose to leave their jobs if they are reassigned to areas other than their original residence. ● Failure to replace key personnel who have resigned, in a timely manner.	**Top Frontier (Groupwide)** The Group promotes professional growth and development through continuing education and training for its employees. Career advancement opportunities are provided to outstanding and high-potential employees. The Group's strong corporate culture inculcates a sense of belongingness and encourages trust and cooperation among employees. The Group also maintains a recruitment and selection process that is professional, fair and adheres to labor laws and legislations.
What are the Opportunity/ies Identified?	**Management Approach**
We fully recognize that engagement, learning, and development are vital for our employees to realize their full potential. As such, we strive to provide the requisite competencies and skills for them to succeed in their roles, to increase productivity and produce a stable pool of talent for future leadership opportunities. Upskilling and reskilling gained heightened importance in 2022 with the growing shifts in the way business is done. It became an imperative strategy for companies to enhance their learning and development programs to respond to the emerging needs of business..	In 2022, our employees logged a total of over 594,000 learning hours—up by more than 88% compared to the previous year. Online learning increased when CHR partnered with LinkedIn Learning and Udemy, which allowed training and development to continue groupwide. Learning administrators in each business unit were trained to do content curation to develop learning pathways in the LinkedIn Learning platform. 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 made available as well using online collaboration tools such as Microsoft Teams and Zoom.

	The development of high-potential and high-performing employees is a particular focus area in SMC. In addition to purposive career paths, coaching and mentoring, there are advanced learning programs where these employees can further hone their skills. These are the following: • Leadership and Management Development Program (LMDP) run by the Ateneo Graduate School of Business; • Executive Management Development Program (EMDP) run by the Asian Institute of Management; and • ExecOnline run by globally recognized institutions such as the Columbia School of Business and the University of California Berkeley. These programs provide leadership development and continuous learning opportunities and have become a laboratory of novel ideas, producing capstone projects that are high-impact and relevant, promoting themes related to sustainability, innovation, and future of work. Despite pandemic constraints, hybrid learning allowed managers based outside of Metro Manila and from offshore facilities to participate in meaningful learning experiences. Participants were able to collaborate and appreciate the synergies that came out of class discussions, workshops, and case studies. With a total of 23 batches in LMDP since 2016, 3 in EMDP since 2018 and one in ExecOnline since 2019, a total of 660 graduates have completed these courses. For 2022, the programs produced 120 projects related to San Miguel's sustainability programs such as plant-based butter, and biocoal from spent grains as a source of energy for plant facilities.

	Some of the business units have also established in-house schools to develop employees' specialized skills. The San Miguel School of Brewing is SMB's primary in-house institute for the development of future brewmasters, quality assurance professionals, technical specialists, and brewery engineers. Created in 1975, the school has produced brewmasters and other key technical people. Today, the school is an accredited provider for Continuing Professional Development (CPD) of the Professional Regulation Commission (PRC) Councils of Chemical Engineering, Chemistry, Mechanical Engineering, and Electrical Engineering. San Miguel Foods University has 16 schools, offering courses in feed milling, poultry and meats live and processing operations, flour milling and applications technology and basic quality assurance, among others. Employees not only obtain the necessary knowledge and skills to perform their jobs well and expand their career opportunities, but, like the Brewing School, those in technical professions such as chemists, chemical, electrical, and mechanical engineers, veterinarians, and food technologists obtain required CPD credits from the PRC to maintain their licenses. Apart from leadership and work-related competencies, programs are also offered for holistic well-being, health, and creative talent development. These are in the form of webinars, individual consultation, interest groups, and even internal competitions. Finally, we conduct employee volunteer programs that help cultivate an engaged workforce, such as Volunteers in Action program by Petron, visitation to Saguitlang pupils by NCC. Moving forward, we will enhance our learning and development initiatives by providing sustainability capability training

	across the Group. Based on an assessment of general and industry-specific training needs, we will prepare a combination of internal and external programs to equip our employees in ESG. We will set up a knowledge platform to serve as a group-wide repository of ESG-related developments and launch employee engagement programs to instill an ESG mindset in our workforce.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	163,730	Hours
b. Male employees	431,005	Hours
Average training hours provided to employees		
a. Female employees	13.22	hours/employee
b. Male employees	14	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Top Frontier (Groupwide) Moving forward, we will further strengthen and enhance our learning and development initiatives by providing sustainability capability trainings across the Group. We will assess the ESG training needs of our employees and provide them opportunities to upskill in ESG. Our HR will hold regular discussions with our	**Top Frontier (Groupwide)** Moreover, we will set up an ESG knowledge platform to empower and upskill our employees on sustainability. This online knowledge platform will serve as a group-wide repository of ESG-related developments. We will also launch employee engagement programs on sustainability to

subsidiaries to discuss their industry-specific ESG development and training needs. We will establish a mix of internal and external training programs to build ESG knowledge base for our employees.	enable our employees to adopt an ESG mindset
What are the Risk/s Identified?	**Management Approach**
Top Frontier (Groupwide) Without training, skills and competencies could become obsolete and may not be responsive to business requirements and erode worker productivity as a result. The absence or lack of employee training and skills enhancement programs can also stunt the professional growth of employees and be a cause for employee dissatisfaction, low morale and high employee turnover. This can also hamper succession planning which is important to business continuity and growth.	**SMC Group** SMC provides training to all personnel across all levels of the organization through various learning and development initiatives, learning sessions, online town halls, blended programs on leadership, AQ and Grit, innovation, energy management, well-being, and a variety of other work support and productivity programs, some of which are provided online to provide employees with foundational knowledge and build on skills necessary to support business priorities. Health and fitness programs are continuously provided and made available to employees to promote a holistic mindset and encourage employees to make wellness part of their overall goals.
What are the Opportunity/ies Identified?	**Management Approach**
Top Frontier (Groupwide) There is an opportunity to review existing training programs in order to better align these to management operating and business objectives and to make these more responsive to a rapidly changing business environment. Skills gaps can be identified and appropriate training programs can be provided to address such gaps. Training programs can also be benchmarked against industry peers and competition. The use of online learning platforms is expected to grow in the future especially with further advancements in information technology and as this becomes more widely available. The Group	**SMC Group** SMC Group continues to utilize and optimize its cloud-based talent management platform, Success Factors. In addition to purposive career paths, coaching and mentoring, there are advanced learning programs where these employees can further hone their skills. As previously mentioned, these include the following programs: • Leadership and Management Development Program (LMDP) run by the Ateneo Graduate School of

can maximize the benefits from virtual learning programs to promote continuing education and skills development of its workforce.	Business; • Executive Management Development Program (EMDP) run by the Asian Institute of Management; and • ExecOnline run by globally recognized institutions such as the Columbia School of Business and the University of California Berkeley.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	10%	%
Number of consultations conducted with employees concerning employee-related policies	40,063	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Top Frontier (Groupwide) Good labor-management relations are essential in providing a safe, secure and pleasant working environment for employees. This gives them a sense of security that grievances, issues, and concerns are properly addressed without negative ramifications on their part. This also encourages employee commitment to become more productive and deliver excellent work performance. **SMC Group** As of December 31, 2022, approximately 14.8% of the SMC Group's employees were parties to collective bargaining agreements and 34 labor unions were active in the SMC	**SMC Group** The SMC Group, in consonance with its values, has consistently taken conscious steps in assuring and maintaining the harmonious relationship between labor and management. Each of SMC's subsidiaries has its own Labor Relations (LR) department which is closely guided by the Corporate Human Resources - Labor Relations (CHR-LR) department. In line with our commitment to comply with labor and other related laws, we make sure to undertake the following actions: • Briefing employees and providing copies of the Company's Employee Handbook

Group. The continuous promotion of peaceful and open communication between management and labor results in an efficient and healthy workplace. Encouraging workers to freely express their concerns and inputs on work-related matters fosters an inclusive and productive work environment. Due to the continuing health crisis caused by the pandemic, the "new normal" brought about new developments in labor-management communication. While the pandemic caused overwhelming difficulties, it also opened new channels of communication other than face-to-face meetings. For the year 2022, SMC recorded 40,063 consultations with its employees which were mostly conducted through non-traditional means, like virtual meetings, phone calls and conferences using online applications.	and Code of Ethics manual, which contain the policies and guidelines governing the duties and responsibilities of every employee of SMC; • Ensuring good faith in the exercise of our prerogatives related to employee discipline by adhering to rules-based and fair administrative investigation procedures, due process requirements, and reasonableness in the imposition of necessary disciplinary actions; • Utilizing established communication channels (i.e., labor-management councils, tool-box meetings, townhall assemblies, one-on-one coaching/counseling) in resolving organizational issues, and in case of unresolved matters, activating the escalation protocol to higher management for appropriate decision; and, • Promoting active engagement and participation of legitimate labor organizations and their members in all the activities of the San Miguel family. To promote a strong culture of compliance, we provide orientation and training for new supervisors on relevant labor rules and administrative issuances of the DOLE. CHR facilitates seminars and training for new supervisors on the proper interpretation and modeling of SMC's Code of Ethics and values.
What are the risk/s identified?	**Management approach**
Top Frontier (Groupwide) Without harmonious labor-management relations, there will be risks of strikes and lockouts which will affect business operations and productivity, while also putting a dent on the companies' reputations. **SMC Group** The failure to properly address grievances may put the performance and reputation of	**Top Frontier (Groupwide)** All labor laws are sought to be complied by the Group. Each company in the Group has created formal grievance mechanisms for labor issues. Whenever CBAs are expiring, labor-management negotiations are organized to hear concerns of each side and chart the best way forward for all parties involved. Employee sentiments are also collected through employee surveys.

SMC at risk should the labor union/s and employees pursue drastic actions beyond that of constructive dialogue. The continuous expansion of businesses and operations and the consequent hiring of new supervisors from outside of the San Miguel Group poses serious labor relations risk in view of their lack of familiarity with the labor relations processes, communication systems, and relationship norms of the Group. Infrequent in-person discussions likewise pose risks of misunderstanding between employees and management, especially in addressing work-related grievances.	On an individual level, employees could communicate their concerns to their supervisors, and to the HR Department, if needed. Whenever these occasions arise, employees with grievances are protected by the Whistleblowing Policy. **SMC Group** The SMC Group maintains and continues to strengthen its good relationship with labor and always keeps all channels of communication open to its employees. In particular focus is SMC's respect to workers' rights on freedom of association and collective bargaining, among others. Notwithstanding the challenges brought about by the pandemic to workplaces worldwide, SMC made sure to come up with ways to effectively address the issues of its employees by resorting to non-conventional means of communication. SMC utilized virtual meetings and conversations in guaranteeing that no employee is left behind during the ongoing health crisis. Employees were also given the option to seek redress of their grievances through internal online platforms such as SMC email, SMC Viber/Facebook communities, etc.
What are the opportunity/ies identified?	**Management approach**
Top Frontier (Groupwide) The Group is looking for ways to enhance the work experience of its employees and to build better labor-management relations. Managers and supervisors are provided with training to enhance their skills and knowledge in handling labor relations issues. Opportunities are provided to allow employee consultations and organizational values formation.	**Top Frontier (Groupwide)** The Group could revisit previous concerns and key discussion points gathered from both collective and individual engagement channels and, based on these, could come up with policies and initiatives for better labor-management relations moving forward. The Group, in full compliance with the Constitution and other laws, has clear policies respecting human rights and condemning child labor. Likewise, we consistently advocate respect for human rights and

	denounce all acts that would encourage violation of laws protecting human rights and other related laws. Additionally, the Group will continue to champion workers' welfare by improving programs to orient new employees on their growth opportunities, improve their quality of life through industry-competitive remuneration, and provide initiatives that will improve their integration into the SMC Group.

Diversity and Equal Opportunity

This topic is considered not material to the Clariden Group as this is not included in the list of material topics for Metals and Mining Sector by SASB. *This section will cover the SMC Group only.*

Disclosure	2022 Quantity	2021 Quantity	Units
% of female workers in the workforce	27 %	31	%
% of male workers in the workforce	73 %	69	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management approach**
SMC Group employee candidates are given equal opportunity regardless of ethnicity, gender, religion, political ideologies, or sexual orientation, age, physical abilities or socio-economic status. Depending on the business unit, task, department, or area of business, the SMC Group recognizes the strategic benefits of having a broad range of types of employees.	SMC strives to uphold gender diversity throughout the company, and recruit and reward employees based on merit. SMC gives opportunities to individuals, especially those belonging to our fence-line communities, regardless of their social status. While it has no formal hiring policy for ethnic minority groups, it actively supports the programs of its subsidiaries for their respective communities. For instance, Petron's refinery in Bataan gives members of Aeta communities the opportunity to be employed at its facility through an apprenticeship program. A

	number of members of these communities have successfully finished the training program and been gainfully employed. This has inspired other members of the indigenous group to apply for similar apprenticeships. At all facilities and offices nationwide, local hiring is prioritized. In instances where identified personnel with specific skills need to be relocated as part of their career development, the employee is given the option to decide and is provided with additional compensation.
What are the risk/s identified?	**Management approach**
SMC may face reputational risks as a top employer if it is accused of employment discrimination due to gender bias and stereotyping. Perceived or actual favoritism in hiring and accompanying reputational risks may also decrease the chance of the SMC attracting and acquiring the right talent. This would also induce a biased working atmosphere and corporate culture that stifles new ideas and points of view.	Apart from being an equal opportunity employer, SMC is also an inclusive employer. It gives opportunities to individuals, especially those belonging to its fence-line communities, regardless of their social status. In SMC's Human Resources Manual, Section 9 on Recruitment and Hiring, it is stated, "[a]ll applicants are considered regardless of gender, civil status, religion or physical ability, provided that the minimum education requirement and competencies required by the position are fulfilled." SMC is indeed an equal opportunity employer that hires based on the personal skills, knowledge, and capabilities of each candidate. The following standards of conduct, as codified in the Recruitment Policy, Company Rules and Regulations, and Employee Handbook, guide the hiring process: • Respect for people: Recognize each other as individuals and commit to nurturing each other's individual capabilities. • Integrity: Conduct business in a manner, which is ethical, fair, and right, and

	in all reasonable circumstances, above reproach. • Manpower selection and placement policy: Base selection process on merits and aptitudes • Diversity and gender equality: o Adhere to Republic Act 6725, which protects against the discrimination of women with respect to the terms and conditions of their employment. o Observe the Anti-Discrimination Act of 2017, which protects employees from discrimination in all operations. o Do not consider age, gender, religious, ethnic affiliations as bases for prospective employment. We do not condone the use of child labor, nor do we practice forced or compulsory labor.
What are the opportunity/ies identified?	**Management approach**
SMC will continue to expand the reach of job postings and enhance the hiring process to enable more candidates to apply for open positions. SMC shall also keep abreast of pertinent labor laws and opportunities to assist the government and/or the local community in upholding diversity and equal opportunity in the workplace.	SMC will make sure to uphold gender diversity throughout the company, and recruit and reward employees based on merit. SMC will continue to actively support the programs of the different subsidiaries for their communities, especially sectors that are at a disadvantage. As mentioned, Petron's refinery in Bataan gives members of Aeta communities the opportunity to be employed at Petron through an apprenticeship program. A number of members of these communities have successfully finished the training program and have become gainfully employed. This has inspired other members of the indigenous group to apply for similar apprenticeships.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2022 Quantity	Units
Safe Man-Hours	100,447,305	Man-hours
No. of work-related injuries	595	#
No. of work-related fatalities	2	#
No. of work-related ill-health	1454	#
No. of safety drills	1097	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Top Frontier (Groupwide) The Group puts great importance on occupational safety and health as a way to prevent accidents or injuries in the workplace, improve efficiency and productivity, maintain employee morale, and prevent costs that arise from accidents or injuries. **SMC Group** With more than 100 facilities nationwide, a safe and healthy workforce and workplace is essential in ensuring smooth and efficient operations in all SMC's businesses.	**Top Frontier (Groupwide):** Top Frontier endeavors to provide an environment where the holistic wellness of employees is nurtured and protected. It also supports several wellness programs and maintains facilities that take care of the well-being of its employees. It also provides comprehensive health care service directed at prevention of disease and protection from health hazards and maintenance of health. The Group maintains clinics in the various offices and facilities manned by qualified medical personnel. Its subsidiaries and companies also maintain partnerships with accredited third-party medical providers. The Company also seeks to have accident-free operations in all its offices and facilities. The policy on safety is derived from principles, values, legal and regulatory requirements, and is operationalized through the implementation of standards of performance and standard operating procedures. These are further reinforced by audits and proactive education of the workforce. **SMC Group** SMC has constituted the Safety Council and Safety and Health Committees in each of the

	business units that are tasked to address urgent pandemic-related concerns affect employees. **Clariden Group** Emphasis on health and safety is operationalized in its own Safety and Health Policy. At the PNPI project site, there is a dedicated Safety and Health Department staffed by a safety engineer supported by safety inspectors, a part-time physician and a full-time nurse, and a clinic. Various types of safety meetings are done on a daily, weekly, and monthly basis in compliance with the DOLE and the MGB rules. Employees are also regularly trained on safety topics such as defensive driving, incident command system, firefighting, first aid, and the Republic Act No. 11058, otherwise known as the OSH Law. A variety of emergency drills (fire, earthquake, on-land and at sea oil spill, water search and rescue, and chemical spill etc.) are also conducted every year. Annual physical and drug testing as well as lectures on Hepatitis B, HIV and TB, among others are also conducted. The Safety and Health Department and regulators also regularly conduct inspections. All workers are also required to wear Personal Protective Equipment ("PPE") in the site.
What are the risk/s identified?	**Management approach**
SMC Group As part of normal business operations of the SMC Group, which operate over 100 facilities nationwide, SMC has identified various hazards and risks that may affect the operations of its businesses and the productivity of its people. Employees, especially those working in manufacturing facilities, are exposed to industrial risks and hazards that may cause injury or even death. Common risks in manufacturing facilities include:	**SMC Group** The operations of all the facilities of the SMC Group are aligned with the requirements of Department Order 198 Series of 2018, Implementing Rules and Regulations of RA 11058 (An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof), as well as the relevant concurrent guidelines of the Inter-Agency Task Force (IATF) on COVID-19 related matters. All areas of operations and employees are covered by the Occupational Safety and Health Program, which includes:

● Physical hazards due to moving parts, uneven and slippery surfaces, and broken tools and equipment. ● Cuts and wounds due to sharp objects, pinch points, and other equipment/materials ● Electrical hazards due to power lines, exposed electrical components, weather and environmental conditions, and corroded components. ● Respiratory health hazards due to air pollution and dangerous chemicals. ● Idiopathic environmental hypersensitivity due to exposure to electric and magnetic fields. ● Site staff and visitors are exposed to higher risk if there is a lack of appropriate safety training and protocols. ● Serious safety violations and breaches in protocols may disrupt operations and adversely affect operational and business performance. Other than the fines and legal ramifications to the company, violation of labor laws and human rights negatively impact overall employee well-being ● All these hazards would also increase the Lost Time Injury (LTI) rate, leading to lower productivity and output levels. An increased risk in health hazards have also been identified due to the ongoing COVID-19 pandemic which affected everyone, SMC included. Elimination and/or management of the risk of spreading the virus are the main concerns during the said pandemic. Other hazards such as natural disasters like volcanic activity or earthquakes also pose increased localized risks to company assets, its employees, our third-party service providers, and guests.	● Commitment to comply with OSH Requirements such as those on general safety and health programs, drug-free workplace, mental health, communicable disease prevention, etc.; ● Established protocols on the prevention and control transmission of COVID-19 in the workplace. For high-risk operations in the food and beverage, packaging, fuel and oil, energy, and infrastructure businesses, we ensure that workplace conditions are conducive to productivity, safety, efficiency, and excellence. Our facilities have attained the following relevant certifications: • Integrated Management Systems (IMS) • Occupational Health/Safety Management Systems (OHSAS 18001:2007) • Quality Management System (ISO 9001) • Environmental Management Systems (ISO14001) Additionally, SMC facilities undergo yearly multi-functional safety audits to monitor our workplace conditions, safety performance, and other key metrics. Findings from these audits are used to improve existing procedures and controls to further boost our productivity without sacrificing the safety of our employees. SMC also conducts regular disaster and emergency drills in coordination with the local fire departments, police departments, and Red Cross/Crescent in order to prepare employees to act accordingly in case of emergency situations. Plant employees are expected to undergo at least Basic Occupational Health and Safety (BOHS) training. SMC will strive to adopt more safety programs, gain more safety certifications, and encourage

	heightened awareness and active employee participation in occupational safety programs.
What are the opportunity/ies identified?	**Management approach**
Top Frontier prioritizes employee safety and well-being. The Company also regards safety and health as integral parts of planning and operations. The Group will apply all practical means to prevent injury to people, damage to property, and ensure a safe, healthy, and productive work environment. In particular, the SMC Safety Council ensures the cascade of policies, directions, and information on safety regulations across all business units. It serves as a venue for the sharing of the best safety practices, programs, and technologies among SMC businesses. The Company will continue to establish relevant and timely safety protocols and align existing ones with prevailing national regulations.	Top Frontier will continue to ensure that all of its businesses comply with health and safety regulations set by the national and local governments. It will continue to implement its safety programs and will aim to retain all its safety certifications. Also, the Company will strive to have the Group adopt more safety programs, gain certifications, and encourage heightened awareness and active employee participation in occupational safety programs. **Clariden Group** Standard operating procedures are in place and these are governed by MGB and DOLE rules. In case of accidents, the company is mandated to submit a report to the MGB within 24 hours of occurrence and to conduct incident/accident analysis as basis for corrective actions.

Labor Law and Human Rights

Disclosure	2022 Quantity	2021 Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Top Frontier's Mission, Vision and Core Values states:

> "Respect for People: The Company instills unity in purpose in its entire organization, focusing on trust and respect for its people, promoting camaraderie and open communication, upholding professional growth, and uplifting dignity of labor, as it works toward shared goals along its organizational structure."

More specific policies pertaining to labor laws and human rights by the Clariden Group and the SMC Group are listed in the tables below:

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	Y	Clariden • Ref. No. 21 of Clariden's General Labor Standards stating the Policy on Child Labor-Free Workforce (effective October 23, 2015) in line with the DOLE regulation.
Human Rights	Y	Clariden • Ref. No. 16 of Clariden's General Labor Standards stating the Policies and Procedures on Sexual Harassment; • Ref. No. HIV/AIDS Workplace Policy and Program; • Ref. No. 22 Leave for Victims of Violence against Women and Children (adopted provisions of the Republic Act No. 9262). • Alcohol-free Workplace per Clariden Company Rules & Regulations • Drug-Free Workplace Policy per Clariden Policy Manual • Anti-Sexual Harassment Policy (per Republic Act No. 1877) • No Smoking Policy per Clariden Company Rules & Regulations

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	SMC complies with all existing laws which include labor and employment laws. As a matter of company policy, all employment engagements and separations are reported to the Department of Labor and Employment (DOLE) to afford said agency the opportunity to scrutinize the validity of said employment-related transactions. Moreover, utmost transparency is observed in the disengagement of contractor services that adversely impact its workers, through close coordination with the DOLE on the severance of affected contractor workers and their receipt of appropriate separation benefits.
Child labor	Y	Section 9.5 of SMC's CHR policy manual: "The

		minimum age requirement for applicants is 18 years old xxx. With the exception of minimum age requirement, San Miguel adheres to a non-discriminatory policy on applicant qualifications.”
Human Rights	Y	Policy on Health, Safety and Welfare of Employees as summarized in SMC’s website: “As stated in the Company’s Employee Manual, in acknowledgement of the varying needs inherent in every individual, the Corporation endeavors to provide an environment where the holistic wellness of employees is nurtured and protected. The Corporation also strives to protect its employees from harassment of any form. The Corporation actively implements mechanisms for dealing with such occurrences and ensures that it will act justly, swiftly and decisively in addressing such complaints.” SMC likewise puts high value on the rights of its contractor personnel to their entitlements under the law by ensuring the faithful compliance of their contractor-employers to prevailing labor standards.

What is the impact and where does it occur? What is the organization’s involvement in the impact?	**Management approach**
Unequivocal respect for human rights and clear compliance with labor standards contribute to an inclusive and safe working environment, where employees can showcase their full potential. Abiding by Labor Laws and enforcing and protecting Human Rights helps ensure a safe working space for employees. Violations may disrupt operations and adversely affect business performance. Other than fines and legal ramifications that may be imposed against the Company, violations of labor laws and human rights can negatively impact overall employee well-being and damage the reputation of the Company.	SMC, in full compliance with the Constitution and other laws, has clear policies respecting human rights and condemning child labor. As mentioned, Section 9.5 of its CHR policy manual sets the minimum age requirement for employment at SMC and any of its businesses to 18 years old. SMC’s adherence to laws against forced and child labor is bolstered by the data above stating that there are no legal actions or employee grievances filed with the authorities that violate said laws. Likewise, SMC consistently advocates respect for human rights and denounces all acts that would encourage violation of laws protecting human rights and other laws. Accordingly,

SMC also continues to ensure strict adherence of contractors and business partners to minimum labor standards through its long-running Labor Laws Compliance Program.	SMC also mandates in all its supply contracts provisions that warrant compliance with labor laws, including giving security of tenure to the contractor's personnel, entitlement to statutory wages and benefits, and strict compliance to anti-forced and child labor policies. Also clearly stated in our supply contracts that contractors will not be compensated if there are cases where they violate Labor laws and/or fail to submit requirements related to compliance with Labor and other laws. Additionally, SMC sees to it that its third-party suppliers and contractors are compliant with all laws through periodic assessments, consultations, and by providing them with technical assistance, in accordance with the recently rolled out Supplier Code of Conduct and Sustainability Questionnaire which incorporated ESG principles, among others, as pre-requisites to supplier accreditation and registration.
What are the risk/s identified?	**Management approach**
SMC's operations and productivity may be disrupted if its business partners and suppliers do not adhere to SMC's policies on Labor Law and Human Rights. Likewise, non-compliance of business partners and third-party suppliers with Labor Laws, Human Rights, and social legislation, exposes the Company to potential legal action and corresponding litigation costs. This can also negatively impact public perception of the Company and its products. SMC operations may also be affected by low morale and increased dissatisfaction among employees.	To make sure that SMC engages only suppliers that are compliant with laws, SMC carefully drafts agreements that reiterate SMC's commitment to abide by all existing laws, including those prohibiting child and forced labor. Moreover, all suppliers are required to submit proof of their compliance to General Labor and Occupational Health and Safety Standards, together with relevant regulatory certifications, as evidence of their adherence to regulations. Also, suppliers are required to substantiate the proper payment of their taxes by submitting proof of said reimbursement to SMC. Further, as a prerequisite for the processing of their billings, third-party contractors and service providers are required to undergo periodic assessment to ensure their real-time

	compliance with labor laws and issuances. The recently updated Supplier Code of Conduct and Sustainability Questionnaire also further strengthens the company's commitment in the implementation of its ESG principles.
What are the opportunity/ies identified?	**Management approach**
SMC can further improve the quality of life of new employees by providing them with training and opportunities to enhance their knowledge and appreciation of company facilities, programs, and policies that promote personal development, enhance their self-worth, and encourage them to become active contributors to meeting the organization's goals. SMC can further develop and simplify its existing systems of verifying compliance of its suppliers and partners. Expanding the labor law compliance program to cover downline businesses in the supply chain will also further strengthen SMC's image as a responsible big brother of its business partners.	SMC will maintain its culture of compliance with all national and local rules, regulations, and laws. Likewise, SMC will aim to continue to create and enforce policies with respect to labor laws and human rights. Additionally, SMC will continue to champion workers' welfare by improving programs to orient new employees on their growth opportunities, improve their quality of life through industry-competitive remuneration, and provide initiatives that will improve their integration into the SMC Group. With the recent update of the Supplier Code of Conduct and Sustainability Questionnaire, SMC has taken conscious measures in order to improve its existing processes in validating the compliance of suppliers and partners with the requirements of law, and expanding its coverage to include other direct and indirect business partners in SMC's supply chain. With increased utilization of various communication tools throughout the pandemic, SMC can establish new ways of processing the confirmation of adherence to laws of its business partners and suppliers using non-traditional means or a combination of both conventional and non-conventional modalities.

Supply Chain Management

This topic is considered not material to the Clariden Group as this is not included in the list of material topics for Metals and Mining Sector by SASB. *This section will cover the SMC Group only.*

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

More recently, in 2022, SMC took the opportunity to further embed ESG principles in its supply ecosystem by updating its Supplier Code of Conduct. The updated Code of Conduct underlines a strong commitment to doing business in an ethical, legal, and environmentally and socially responsible manner. It applies to all SMC suppliers, personnel, agents, subcontractors, and entities engaged by the different businesses to provide goods and services.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the supplier policy
Environmental performance	Y	Suppliers who are engaged in wastewater treatment and environmental-related service are required to provide Department of Environment and Natural Resources (DENR) certifications during Supplier Registration, to ensure that they are compliant with the "Clean Air Act of 1999" and its Implementing Rules and Regulations. Suppliers' environmental compliance is likewise part of the checklist during visits of registered suppliers who are subjected to Supplier Qualification (2nd phase of Supplier Accreditation)
Forced labor	Y	Suppliers who are engaged in providing services to SMC and covered by the applicable policies under the Department of Labor and Employment's ("DOLE") Department Order 174 ("DO 174") or regulations governing contracting and subcontracting arrangements, are required to provide DOLE 174 Certificate or Philippine Contractors Accreditation Board License during Supplier Registration to ensure that they are compliant with the Labor Policies. Moreover, all registered suppliers who are subjected to Supplier Qualification (2nd phase of Supplier Accreditation) are required to provide

		DOLE No Pending Case Certificate to ensure that the company has no pending General Labor Stands, Occupational Safety and health Standards, Labor-Only Contracting, and Security of Tenure violations.
Child labor	Y	Suppliers who are engaged in providing services to SMC and covered by the applicable policies under DO 174 or regulations governing contracting and subcontracting arrangements, are required to provide DOLE 174 Certificate or PCAB License Certificate during Supplier Registration to ensure that they are compliant with the Labor Policies. Moreover, all registered suppliers who are subjected to Supplier Qualification (2nd phase of Supplier Accreditation) are required to provide DOLE No Pending Case Certificate to ensure that the company has no pending General Labor Stands, Occupational Safety and health Standards, Labor-Only Contracting, and Security of Tenure violations.
Human rights	Y	Suppliers who are engaged in providing services to SMC and covered by the applicable policies under DO 174 or regulations governing contracting and subcontracting arrangements, are required to provide DOLE 174 Certificate or PCAB License Certificate during Supplier Registration to ensure that they are compliant with the Labor Policies. Moreover, all registered suppliers who are subjected to Supplier Qualification (2nd phase of Supplier Accreditation) are required to provide DOLE No Pending Case Certificate to ensure that the company has no pending General Labor Stands, Occupational Safety and health Standards, Labor-Only Contracting, and Security of Tenure violations.
Bribery and corruption	Y	SMC's Policy on Solicitation and Acceptance of Gifts is included as an attachment in Supplier Accreditation, which has to be accepted and agreed upon by the suppliers before proceeding with Supplier Registration.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Impacts related to procurement vary with each business unit. For **San Miguel Brewery Inc**. ("SMB"), services related to the efficient disposal of hazardous wastes are of primary concern.	Suppliers; Marketing, Sales, Logistics, Manufacturing departments; communities where facilities are located.	SMB has contracted the services of accredited service providers that are compliant with DENR requirements. Furthermore, the company ensures that all requirements are covered by approved contracts and permits, prior to withdrawal of any hazardous waste.
For **San Miguel Foods, Inc**. ("SMFI"), upcycling of materials can result to significant savings from procurement, even as production continuity also benefits from inter-company sourcing.	SMFI Businesses, and other SMC subsidiaries	SMFI has forged agreements with different business units on inter-company purchase of materials. Guidelines have been put in place to regularize these transactions.
Due to the nature of its business, which is food production, procurement is critical across many aspects of SMFI's operations. It can help instill confidence among consumers and investors, improve competitiveness and product value, ensure quality, safety, and compliance to laws as well, and drive down costs.	Business units, suppliers, investors	SMFI mandates suppliers to comply with all Regulatory and Statutory requirements. It also has in place: Quality and Food Safety Culture; Good Manufacturing Practices programs and training; Sanitation programs, systems, and training modules in place; a Pest Management System, Food Safety Plan, and Traceability Guidelines for all ingredients and packaging materials, which traces all stages of processing and dispatch to consumers and vice versa. Material Inspection and Storage and

		Transportation standards are also in place, to help manage food safety risks. Non-conformity and corrective actions are also in place. SMF also espouses maximizing local supply to mitigate cost impacts.
Impacts in Procurement for **Ginebra San Miguel Inc.** ("GSMI"), include the limited supply of molasses, government's prioritization of local sugar, which are higher-priced, making sugar importation challenging; seasonality of certain botanicals, and our requirement that they should be pesticide-free. Compliance with SOx emission standards and global sulfur specifications has also necessitated a move to lower sulfur levels and reconfiguration of some machines and equipment.	Employees at various GSMI facilities, customers, suppliers	Diversify sources. For molasses and sugar, utilize both local sourcing and importation to ensure continuity of supply; develop alternative sweeteners. Expand supplier base of fruits or botanicals. Source these through traders that have partnerships with farmers in various locations; ensure certifications and other documentary requirements are processed by the trader.
Delays due to global logistical problems--including port congestion, containers and space shortage-- are a major issue for **San Miguel Yamamura Packaging Corp.**	Suppliers, customers, government, workforce	To manage current issues, SMYPC has adopted a strategy of sourcing as much from local suppliers as possible. It is also proactive in monitoring the delivery of materials, and follows a supply agreement contract covering a longer period. Compliance with government labor and environment regulations is strictly enforced.

For **San Miguel Global Power Holdings Corp.** ("SMGP"), the limited supply of suitable coal fuel, as well as the non-availability of any design and manufacturing facility for major plant equipment and parts is a key constraint.	Employees, customers, consumers, suppliers	SMGP is purposively pursuing the use of local coal. SMGP is also working with local contractors with relevant technology and capability to increase the number of spare parts that can be manufactured locally. SMGP is actively pursuing the implementation of renewable energy projects such as battery energy storage and solar plants, to help reduce reliance on imported coal.
For **SMC Infrastructure**, much of the impact in Procurement is seen in the construction and operation of its major projects.	Employees, personnel under operations and construction, customers, government agencies involved with the various projects.	SMC Infrastructure continues to develop and grow its local supplier base, in order to have alternatives. We also only procure materials from foreign suppliers that offer very significant cost savings. Items offered by local suppliers or importers are also regularly tested and evaluated for quality. SMC Infrastructure also employs materials forecasting and inventory assurance on a regular basis. The company's Procurement department is also involved in project conceptualization.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
SMFB, SMYPC, and SMGP cited increasing production costs and unstable commodity and freight costs, as another risk factor for the business. Specific to SMGP, its planned increase of renewable capacity carries some risk as many	Businesses, employees, logistics personnel, dealers, partners, customers, government stakeholders	To address supply chain concerns, SMB conducts regular synergy meetings between its Logistics, Brewing, Manufacturing, Sales, and Marketing teams and suppliers for supply availability updates. It also utilizes long-term contracting and advance booking of materials and

factors limit its use for baseload capacity. Meanwhile, local coal supply is viable as only the Semirara mine is viable, and the quality of its coal is not suitable for all power facilities. SMGP also cites local availability of equipment and spare parts is limited to physical wearing parts only. The local availability of technology required for more complex and highly technical items is very highly limited. SMC Infrastructure cites delays in project implementation and projection of costs as risk factors.		supplies, freight contracts, and continuously develops alternative materials and expands its supplier base. SMFB also utilizes cost reduction programs to maintain its profit margins. Similar to SMB, GSMI also enters into longer-term supply agreements for supply security and to gain leverage with the supplier. Close coordination between procurement personnel and suppliers is maintained to ensure raw material availability is enough to cover requirements. To address unstable prices, SMYPC emphasizes transparency with customers about high commodity prices and freight cost and negotiates closely with suppliers and service providers. As SMGP pursues renewable projects, its technical teams keep close watch of industry developments that will address the present limitations of renewables as power supply. Among major investments already made is the construction of 31 new Battery Energy Storage System facilities nationwide. SMGP also continues to look for other possible sources of fuel. Plant technical teams, meanwhile, continue to work with suppliers to identify new opportunities for sourcing

		additional parts and equipment that can be manufactured locally. Advanced planning with suppliers as well as end-users, as well as careful negotiations, are seen to help mitigate the risks.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Our businesses continue to identify opportunities for recycling and reuse of materials. For SMB, recycling of tertiary waste water from its Polo, Valenzuela brewery has been identified as a source of processed recycled water that can be used for its boilers and cooling systems. There is also an opportunity to increase bottle returns through its "*Balik-Bote*" (Return the Bottles) program, where employees are incentivized for facilitating the return of bottles. SMB has also identified the use of more environmentally-friendly materials for its marketing materials as an opportunity. SMFI on the other hand sees the maximization of use of by-products and scraps from SMFI business units and other SMC businesses as raw material for	Customers, employees, logistics personnel, communities, third-party providers, government and LGUs	SMB has contracted a third-party service provider to help it with tertiary water treatment. It has also sustained its "*Balik-Bote*" program, as well as the use of recycled bottles for production. Through the CPG, SMB also identified suppliers providing more environmentally-friendly, alternative materials for posters, to minimize the use of plastic tarpaulins. SMFI has established agreements with different SMFI and SMC business units on the inter-company purchase of materials. Guidelines are in place to regularize the transactions. SMFI conducts regular checking of its suppliers' compliance to the highest standards in operations, including different accreditations, certifications, and where applicable, ISO accreditations. Regulatory guidelines are also in place to ensure safety and compliance.

its Feeds business, as an opportunity. Furthermore, SMFI sees it can further improve adherence to Corporate and Social Governance standards, as well as Good Manufacturing Practices, in its supplier selection. Accreditation requirements can also be aligned to both regulatory and industry standards to further ensure business sustainability. GSMI sees opportunities in the use of recycled glass bottles for production, the reduction of its use of bunker fuel to also reduce pollution, and in the use of alternative, environment-friendly materials for advertising. SMYPC and SMC Infrastructure see further opportunities in strengthening ethical, long-term relationships with		GSMI has put in place various programs to augment retrieval of second-hand bottles, from junk shops to territorial bottle suppliers, up to delivery at the profiling line of the plant. Accreditation and re-accreditation of TBS includes validation of quality and compliance to environment standards as to usage of cleaning materials, proper disposal of wastes, and workforce safety standards and proper hygiene. GSMI also continues to improve its use of biogas as bunker fuel replacement. In coordination with suppliers, GSMI is developing environmentally friendly materials for advertising. SMYPC has entered into long-term business/contracts with suppliers, as it maintains a reliable pool of suppliers. It also continues to develop alternative local and imported materials.

suppliers, and developing a more resilient supply chain. For Power, in the near and medium-term, developing fuel sources in the Philippines will help shorten the supply chain and reduce inefficiencies. In the long-term, SMGP's efforts to increase RE power sources will bring about environmental, economic, and industrial benefits. SMGP can also develop its own capability to fabricate select spare parts for its power plants. Gaining these capabilities will help ensure timeliness, efficiency, and increase the technical knowledge of its people.		SMC Management has directed SMGP to invest in manpower and equipment to develop in-house capabilities to fabricate its own spare parts.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (excluding CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indige-nous people (Y/N)?	Collective or individual rights that have been identified that are of particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Petron Bataan Refinery operations	Limay, Bataan	N/A	No	No individual, collective, or indigenous rights are threatened or are of particular concern.	Expansion programs in the Refinery generate economic activities and job opportunities. Preference for qualified local residents for job vacancies. Engagement of local contractors for maintenance, expansion projects, and environmental programs. Sourcing of materials and supplies locally. IMS certification Installation of Environment Protection facilities.

					Compliance to environmental standards. Use of low-sulfur fuel gas for furnaces and boilers. Measuring, managing, and minimizing environmental footprint. Odor management Waste Segregation Performance Index (WSPI) for PBR and contractors.
Petron Terminals	Nationwide	N/A	No	N/A	Petron implemented programs in response to COVID-19, including entry and exit safety protocols; health declaration, personnel protection, daily and weekly disinfection activities, posting of health advisories and safety reminders; no-contact ship-store interface guidelines, and the implementation of Project CREST (Communication Report Exchanges of Ship and Terminal). Petron also implemented Project TRACIE (Tracking and Recognizing All

					COVID-19 Infection in the workplace Environment) – use of QR code scanning technology in coordination with HRMD, HOC Admin and MISD, and implemented in the Petron Head Office and in all terminals to: o minimize physical contact of using manual forms, pens and long queues and shortens the processing time of accomplishing the form o ensure the immediate assessment and response of our medical personnel should the need arise. Within the organization, we ensure that our employees experience a safe, healthy, and decent workplace, with opportunities for their development. In our sustained efforts to protect our internal community from the pandemic, we made sure that our entire workforce, as well as their dependents and third-party service

					personnel, received full vaccination against COVID-19, even as we retained strict health protocols in our plants and offices nationwide. Specifically in Bataan, we extended this benefit to residents of our host LGU. Petron also regularly conducts safety training for customers, haulers, and drivers. These include advanced safety courses for the development of technical skills of safety personnel, such as a Mandatory 8-hr OSH Seminar among Petron employees in compliance with R.A. 11058. Meanwhile, refinery and terminal personnel, all contractual workers, and tank truck drivers, are required to attend safety seminars, toolbox meetings, regular drills, and refresher courses to ensure they are constantly practicing correct safety procedures and behavior. Fire-Fighting Olympics are also regularly conducted. Petron

					extends its basic fire fighting and emergency preparedness training to members of its communities. Firefighting and rescue equipment are also on hand, and are used to support fence-line communities when needed. Petron has a HazMat Brigade especially trained to handle emergencies involving hazardous materials, and an Oil Spill Control Brigade, also trained and equipped with oil skimmers and spill booms, sorbents, and dispersals, speed boat and tugboat. To help diminish the risk and environmental damage of potential spills, all Terminals that handle heavy grade petroleum products are equipped with spill containment and recovery equipment. Petron is also a member of Oil Spill Response Limited (OSRL), the world's largest international oil spill response organization.

					Regardless of the facility, Petron conducts site assessment to gather baseline data on various aspects of communities where it is present. It studies all possible impacts of its presence and operations, including health and safety issues and infrastructure construction. It also documents and establishes the socio-economic profile and the general health condition of the community. This includes: o *Hazard Identification Risk* o *Assessment and Control;* o *Environmental Site Assessment;* o *Annual Work* o *Environmental Measurement to establish noise levels, air quality, and soil quality;* o *Hazard Operability Studies and fire scenario heat models per project.* Petron's Terminal EcoWatch builds on and greatly enhances

					the Industrial EcoWatch Rating System or IERS, an initiative under DENR AO 2003- 36 that promotes self-regulation among industries for improved environmental compliance and performance through a rating system. The EcoWatch assesses environmental performance in terms of maturity of environmental management. Since the inception of the program, we have steadily improved our ratings, with an average rating of 2.98 in 2014 increasing to an average of 5.64 in 2022, an 89% increase in collective score. At the end of 2022, all 30 Petron terminals and sales offices received high ratings, with the Davao Terminal earning a Platinum Plus rating for four consecutive years, and ten terminals achieving Platinum rating, while the remaining received Gold or Silver ratings.
Petron's Retail Operations	Nationwide	Motoring public	No	N/A	Petron has introduced a number of industry firsts for

					environmentally-friendly products since the 1990s. It also pioneered the practice of meeting highly-stringent European fuel quality standards with tis Blaze 100 Euro-6 fuel. All operating facilities of Petron are required to have Pollution Control Officers. Petron's Corporate Technical Services Group-Environment (CTESG) helps ensure compliance with this requirement. Since its inception, this PCO Training program has successfully trained and graduated 3,627 individuals. Moreover, Petron's CTSG-Environment has been recognized as a Training Organization for Category A Pollution Control Officers, with a valid certification until December 15, 2023. This allows us to continue providing the 40-hour PCO training and 8-hour Managing Head training to our service station dealers and qualified terminals for PCO accreditation Moreover, the Petron Research and Testing

					Center (PRTC) tests Euro-IV fuels for sulfur, biodiesel, LPG, and environmental samples. It also examines raw materials before they are processed, as well as finished products before delivery to industrial clients or service stations.
SMGP - Mariveles Coal Power Plant generating 300 MW in 2023, 1200MW in 2025.	Power plant is at Brgy Biaan, Mariveles Bataan	Ayta community in Mariveles and Bacag, Bataan. Tribe of Ayta Magbukun-Biaan, Mariveles and Brgy Saysain, Bagac	Yes. The coal plant is located adjacent to their ancestral land, with CADT No.RO3-MAR-0016-200, established and recognized by NCIP in Feb 2016.	The SMGP transmission towers were constructed inside their ancestral domain land area in Brgy Biaan, Mariveles. The production of crops was affected due to a portion of their farmland being included in the construction of the towers.	The SMGP Foundation is assisting the Ayta Magbukun tribe in the formulation of their Ancestral Domain Sustainable Protection Plan (ADSDPP). This 5-yr plan is to ensure that their socio-economic-health-education condition will not be compromised in the future and beyond.
SMGP - Mariveles Coal Power Plant generating 300 MW in 2023	Power plant is at Brgy Biaan, Mariveles Bataan	Ayta community in Mariveles. Tribe of Ayta Magbukun-Biaan, Mariveles.	Yes. The coal plant is located adjacent to their ancestral land, with CADT No.RO3-MAR-0016-200, estab-lished and recog-	The SMGP transmission towers were constructed inside their ancestral domain land area in Brgy Biaan, Mariveles. The production of crops was affected due to a portion of	The SMGP Foundation is assisting the Ayta Magbukun tribe in the formulation of their Ancestral Domain Sustainable Protection Plan (ADSDPP). This 5-yr plan is to ensure that their socio-economic-health-education condition will not be

			nized by NCIP in Feb 2016.	their farmland being included in the construction of the towers.	compromised in the future and beyond.
SMGP - Angat Hydro Power Plant	Norzaga-ray, Bulacan	Dumagat Tribe	The reservoir of the dam has displaced indige-nous people (IP) of Dumagat Tribe in Angat Norzagaray and Dona Remedios Trinidad (DRT) Bulacan.	The Dumagats were relocated away from their productive land due to the water reservoir going to their land.	SMGP Foundation assisted displaced IP community in their livelihood and educational needs.
SMGP-Limay Power Plant (Limay Power, Inc.), a 600-MW facility using CFB technology	Brgy. Lamao, Limay, Bataan	None	The plant is located inside an industrial area, right beside the Petron Bataan Refinery (PBR).	N/A	N/A
SMGP - Masinloc Coal Power Plant generating 1,035.75 MW (with the Masinloc BESS)	Power plant is at Brgy. Barangay Bani, Masinloc, Zambales	None	N/A	N/A	N/A
SMGP - Ilijan Combined	Power plant is at Brgy Ilijan,	None	The plant is located at Arenas	N/A	N/A

Cycle Power Plant (South Premiere Power Corp) with 1200 MW contracted capacity	Batangas City		Pt., Barangay Ilijan, Batangas City		
Malita Power Plant generating 300 MW power in Mindanao Grid	Sitio Inaburan, Culaman, Malita, Davao Occidental	Tagacaulo and Manobo tribes settling along the coast and forested areas within the plant peripheries	No	No direct identified compromises	Intensify and strengthen Social Development Programs for the community with special consideration to IP groups.
San Miguel Foods, Inc. - Sustainable sourcing of SMFI's agri-based raw materials: An initiative to ensure sustainable supply of strategic agricultural raw materials at low delivered cost, while providing livelihood opportunities in the countryside. Its main features are: - Guaranteed market for farmers, with	The program is present in 28 provinces, nine of which are part of the Department of Agriculture's 2019 list of 20 poorest provinces. Luzon • Apayao • Ifugao • Cagayan • Isabela • Nueva Ecija • Pampanga • Quirino • Tarlac	The program benefits local farmers, indigenous people of Mindoro	No	No individual or collective rights are threatened or are of particular concern for the community.	The company has enhanced payment processing to a cycle period of five days compared to the regular 30-day payment period used for other vendors or suppliers.

purchase agreement. - Guaranteed floor price or SMFI-approved buying price at the time of delivery, whichever is higher. - Planting material support for start-ups. - Technical support for farmers for proper crop production management.	• Batangas • Occiden-tal Mindoro • Masbate • Camari-nes Sur Visayas • Cebu • Eastern Samar • Leyte • Negros Occiden-tal • Negros Oriental Mindanao • Zamboa-nga del Norte • Zamboa-nga del Sur • Lanao del Sur • Misamis Oriental • Bukid-non • Davao del Sur • Davao Occiden-tal • North Cotaba-to • South Cotaba-to • Maguin-danao				

	• Sultan Kudarat				
San Miguel Foods, Inc. - Contract Poultry Growing: SMFI partners with local farmers and growers for its poultry business.	• Region I (Pangasinan, Ilocos) • Region II (Isabela) • Region III (Zambales, Bataan, Tarlac, Nueva Ecija, Pampanga) • Region IV (Batangas, Quezon, Cavite) • Region V (Camarines Sur, Albay) • Region VI (Iloilo, Negros Occidental) • Region VII (Cebu) • Region VIII (Leyte) • Region IX (Zamboanga) • Region X (Cagayan de Oro, Misamis Occidental,	The program benefits local farmers	No	In some areas, nearby communities complain of higher incidence of flies.	Site qualification. Site should be within the agricultural zone of the community and be one (1) kilometer away from the nearest residential area and farms; proper farm management and maintenance--SMFI inspects farms' compliance with SMFI guidelines; addition of Larvicite in poultry feeds to eliminate fly larvae from poultry farms.

	Misamis Oriental) • Region XI (Davao) • SOCCSKSARGEN (Gen San) • CARAGA (Butuan)				
San Miguel Foods, Inc. - Community Resellers Program: The number of community resellers of SMFI's Magnolia Fresh Chicken and Prepared and Packaged Food products, grew significantly in 2021. For as low as P2,000 capital, sellers are provided assorted chicken products to sell in their communities, while SMFI provides coolers on loan for storage. Resellers wanting to sell Purefoods and Magnolia products as well as food service offerings, only	Nationwide	The program is generally aimed at helping: -Those in disadvantaged communities -Displaced OFWs -Senior citizens -Solo parents -OFW returnees, seafarers -Unemployed particularly those who lost their jobs because of the pandemic.	No	No individual or collective rights are threatened or are of particular concern for the community. For the community, the program provides an alternative source of livelihood for disadvantaged families, those who lost their jobs during the pandemic, and other vulnerable sectors whose opportunities may otherwise be limited due to their circumstances.	The company provides training and assistance in marketing products, to help ensure that even first-time entrepreneurs will have a foundation for success and can benefit from a continuous source of livelihood.

need a capital of P10,000 to start their community business.					
Handog Kalikasan-Coral Rescue Program To help protect and preserve the rich marine biodiversity of Anilao in Mabini, Batangas, where the company's flour milling plants and grain terminal are located, San Miguel Foods launched a coral rescue program participated in by employees and their friends who are licensed scuba divers. Under the supervision of a marine biologist, ten volunteer divers transplanted 100 corals at a depth of nine meters. The coral rescue pilot site is in	Mabini, Batangas	Aquatic environ-ment of Mabini, Batangas and its community	No	The workers and residents living in close proximity to the plant have raised concern about the dust build-up coming from the grain and wheat milling (grinding, reducing, sifting).	The plant is religiously doing the following dust control solutions: a. They are using various blocking materials that are attached to the machines/equip-ment during the loading and unloading of the raw materials and finished products. b. Another mitigating measure is the use of a large suction machine that collects the dust and other fine particles in the facility.

the area close to Barangay San Teodoro, in the southern part of the Mabini. The site is expected to achieve a survival rate of 60% and further contribute to the growth of the fish population. As the company monitors how the site progresses, it will be able to measure the program’s effectiveness in terms of fish biomass and number of fish species in the area. As the coral community develops, the fish community and other reef-associated organisms also flourish.					
“Happy si Mommy, Malusog si Baby” is the company's health and nutrition intervention	• Looc, Mandaue • Candu-man, Mandaue • General Trias, Cavite	The 1st phase of the program benefitted 250 pregnant women while the	No	The residents living in close proximity to the feed mills/process-sing plants have raised their concern	All company plants have been implementing stringent measures to address reported foul odors and bug infestation. This includes the regular

program for the first 1000 days of a child's life*. On year one (2022), San Miguel Foods gave free check-ups and ultrasounds to 250 pregnant women coming from eight barangays across the country. The program also includes a learning session on proper pregnancy care. For the succeeding two years (2023-2024), the company will provide 3-6 months' worth of nutritious meals from DOST to supplement the toddlers' nutrition intake. *The first 1,000 days refers to a child's life from the moment they are conceived until they reach 2	• Marive-les, Bataan • Binalo-nan, Pangasinan • San Fabian, Pangasi-nan • Gua-an, Iloilo • Hagonoy, Davao del Sur	2nd and 3rd phase of Handog Kalusugan will benefit their babies.		about the foul odor emitted in the storage area and the bug infestation due to the storing of raw materials.	cleaning of the facility to avoid moisture in the storage area that has been the culprit of the foul smell and the installation of new technologies that result in more efficient and safer production and storage of raw materials and finished products. The company is also strictly implementing fly control solutions. The Animal Health Care unit of San Miguel Foods will be formulating a solution that will immediately kill flies regardless of their stage.

years of age (24 months). This is a time when their brain, body and immune system grows and develops significantly.					
GSMI, EPSBPI & DBI	Sta. Barbara, Pangasi-nan, Cabuyao, Laguna, Cauayan, Isabela, Ligao City, Albay, Mandaue City, Cebu, Bago City, Negros Occidental	Not applicable	No	Local hiring for applicable jobs	Health, Education, and Livelihood Projects Constant engagement with communities
Sales offices	Several locations across the Philippines	Not applicable	No	Local hiring for applicable jobs	Health, Education, and Livelihood Projects
Northern Cement - Quarry Operation and Cement Manufacturing	Barangay Labayug, Sison, Pangasin an	N/A	Yes	- Environmen-tal protection and reforestation of affected areas - Sustainable utilization of resources - Pollution control and mitigation	• Northern Cement complies with all environmental laws such as, but not limited to, RA 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990), RA No. 8749 (Philippine Clean

					Air Act of 1999), RA no. 9003 (Ecological Solid Waste Management Act of 2000), and RA 9275 (Philippine Clean Water Act of 2004), and the Philippine Mining Act of 1995 (RA 7942). • Has an environmental and social development management unit to marshal, monitor and evaluate implementation of AEPEP, Pollution Control and SDMP. • Development and strict implementation of the quarry development plan approved by the Mines and Geosciences Bureau. • Beyond compliance implementation of Annual Environment Protection and Enhancement Program (AEPEP). • Has Pollution Control Officers that marshal pollution control and ensure pollution

					parameters are within DENR standards. • Operates and maintains pollution control facilities e.g., dust collectors, bag filters and electrostatic precipitator, water trucks for dust suppression, septic tanks and Sewage Treatment Plant, siltation ponds, oil and water separator tanks, material recovery facility, chemical and hazardous waste containment facilities. These are permitted and are regularly checked by the Mines and Geosciences Bureau and Environmental Management Bureau. • Ambient air in strategic areas and water quality in discharge areas are regularly checked by MGB and the company. All measurements are within the DENR standards. • Established Multipartite Monitoring Team (MMT) that

					comprises Government Regulators representatives – DENR, Provincial Environment and Natural Resource Office, Municipal Local Government Unit, and representatives from impacted Barangays, NGO's and social groups. They are conducting quarterly monitoring activities to assess the company's compliance to its issued Environment Compliance Certificate, AEPEP commitments, and other environmental program compliance. • Established funds for environmental protection such as: ○ Rehabilitation Cash Fund ○ Monitoring Trust Fund ○ Environmental Trust Fund ○ Final Mine Rehabilitation and Decommissioning Fund • It has an Information Education

					Communication program that ensures regular updating and discussion of quarry operation and its environmental concerns with the mining communities. • NCC prioritizes its relationship with the community. It implements Social Development and Management Programs (SDMP) initiatives. This aims to support the community, particularly the indigenous people, farmers, women, youth and children, in their health, education, livelihood, public infrastructure and socio-cultural needs. Projects and activities underwent participatory planning with the Community Technical Working Group (CTWG). • Community Technical Working Group has been organized to ensure community and social participation in the planning and

					monitoring social development programs. This group is composed of representatives from various sector such as education, Indigenous People, farmers, senior citizen, women, youth and children, church and Barangay Local Government Unit.

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

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	**Quantity**	**Units**
FPIC process is still undergoing	0	#
CP secured	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
SMC Group SMC's operations span the entire Philippine archipelago. Its manufacturing plants, power plants, fuel terminals and fuel service stations,	**SMC Group** At San Miguel, strategy and CSR are not seen as separate. At the heart of the relationship between SMC's businesses and society isn't just the charitable and philanthropic deeds

are strategically located all over the country. As such, it is inevitable for the company to have various impacts on its host communities. **Clariden Group** In accordance with The Philippine Mining Act of 1995 (Republic Act No. 7942) and its Implementing Rules and Regulations, for a project under exploration, a company is mandated to implement a Community Development Program ("CDP") in areas actively covered by its exploration activities. A budget equivalent to 10% of the cost of implementing the exploration work program is allocated for the purpose. Separately, an Annual Social Development and Management Program is being implemented for PNPI. This is supported by 1.5% of the annual operating cost. An SDMP shall be prepared and implemented "towards the sustained improvement in the living standards of the host and neighboring communities by creating responsible, self-reliant, and resource-based communities capable of developing, implementing, and managing programs, projects, and activities in a manner consistent with the principle of "people empowerment". Community service/volunteering and counter-parting by the community such as labor and transportation of materials are encouraged. Implementation of the development programs are in consultation and partnership with the host and neighboring communities and shall be prioritized according to the needs of the communities within a given period of time according to these policies: • Identified programs and projects will be apportioned in four quarter timelines • Proponent of livelihood programs will	that we do, but business activities that are aligned with social issues. From the roads and power plants we build to the food and drink we put on people's tables, our projects support the basic needs of the Philippines as a developing economy. The company's social development arm, San Miguel Foundation, was established in 1972, and in the 50 years since, the Foundation has run a wide range of projects and activities in areas such as environmental stewardship, community and livelihood development, housing, education, nutrition, health, and disaster relief. As a company that prides itself in being a contributor to national development on the macro level, San Miguel is present at the micro level through the Foundation. Like its parent, San Miguel Foundation has taken a problem-solving approach to address important social issues. Its key aims are closely aligned with the company's social development agenda: lifting Filipinos out of poverty and strengthening community and national resilience. Having deliberately moved away from the traditional philanthropic model of the last few decades, the foundation has tried to take a context-focused approach to corporate giving that has a greater chance of producing social benefits far exceeding those provided by individual donors or traditional foundations. In solving social problems, specifically in helping communities tackle barriers to participation and progress, the Foundation collaborates closely with government agencies, international and regional organizations, and other non-governmental actors. A big part of our sustainability thinking is trying to understand society's big problems,

submit a project proposal while proponent for infrastructure projects is required to submit program of works • Project proposals and program of works will be evaluated during regular or special meetings • Funding for livelihood or infrastructure projects shall not be given directly to the stakeholder group concerned, it should be converted to materials needed or inputs • Funding for the infrastructure projects shall always require a counterpart in the form of cash, labor, or transportation of materials. A dedicated Community Relations Department staffed by Community Relations Officers spearhead the implementation of CDPs for PNPI, PLGMC and VMI and the ASDMP for PNPI	and how our businesses can play a part in solving them. The company's incubators for social change, San Miguel's Better World sustainable communities make use of idle, abandoned, and vacant properties and repurpose them for community and civic uses such as green space, learning centers, and health care facilities. Most important, through committed, long-term community engagement, we are able to encourage greater civic capacity, and give the economically disadvantaged a voice in their community's future. Better World Tondo, San Miguel's first community center, focuses on food waste, hunger, and improving learning outcomes. Member families are provided free meals and weekly groceries and after-school learning tutorials. When public schools closed during the pandemic, the afterschool program run by the Foundation's partner AHA Learning Center innovated to keep kids safe and engaged, expanding their hours and services to help children cope with the challenges of distance learning. AHA also provides its expertise in social-emotional learning and trauma-informed care to help our students (and their parents) recover emotionally. The sense of community the company has built is central to the success of Better World Tondo. SMC provides a safe space where member-beneficiaries can connect with one another, creating a more tightly-knit neighborhood where everyone can fully participate in the work of community building. The impact of Covid-19 had acute effects on women, including a rise in gender-based violence amid lockdowns, women's loss of

	economic security, and increased demands in the home that fall largely on women. Designed to be a safe space for women and mothers in nearby communities—a place where they can share their stories and silent struggles and find the support they need—Better World Cubao H.E.R. (Health, Empowerment, Recovery) Center is the Foundation's newest Better World initiative. San Miguel Foundation and AHA have developed a comprehensive approach to women's overall health and well-being, empowering women to advocate for themselves and one another. As SMC sees it, each of San Miguel Foundation's Better World initiatives helped build communities where values and citizenship, and participation matter—where people can hope for a better life and be self-propelled to seek it.
What are the Risk/s Identified?	**Management Approach**
SMC Group's operations span the entire Philippine archipelago. Its manufacturing plants, power plants, fuel terminals and fuel service stations, are strategically located all over the country. As such, it is inevitable for the company to have various impacts on its host communities. Non-compliance to environmental regulations may lead to fines or even the suspension of projects, as well as conflict and misunderstanding with our host communities. Our continued operations in various parts of the country have also exposed us to the socio-economic challenges faced by the majority of Filipinos today, such as poverty, hunger, lack of education, poor infrastructure, and the like. If SMC does not integrate addressing these issues into its operations, the company's	Through the San Miguel Foundation, SMC engages local communities and seeks to develop mutually beneficial relationships with them. Partnerships can include hiring opportunities for those who live near the project sites and providing support for local projects. SMC also works closely with the National Institute for Indigenous Peoples in the event that a project will affect the livelihood and culture of indigenous peoples. Before construction begins on any project, an extensive study is conducted in the form of an Environment Impact Assessment (EIA), to determine the viability of the project's location. This study takes years to complete, therefore exhausting all potential negative effects

business leadership, sustainability, reputation, and goodwill with stakeholders will be put at risk. Given SMC's presence across the country, complaints against its operations are almost inevitable. For example, construction of new operational sites may pose health and safety hazards and degrade natural resources originally serving the community. In rare but inevitable cases, possible displacement of informal communities in prospective areas may also be necessary.	the projects may have, and providing the Company the opportunity to formulate the needed mitigating measures to address these effects. Once a site is selected, the business unit coordinates with the local government unit for a stakeholder engagement session. This session is used to inform the local community about the project and provide an open forum for them to state their concerns. SMC exerts utmost efforts to resolve all concerns the local residents may have regarding its projects. Once the project is completed, a Grievance Redress Mechanism (GRM) is established, empowering communities to voice any future concerns. SMC's subsidiaries provide a hotline number or email address as a communication channel for the GRM. Stakeholders are also informed that they can contact the SMC in the event that the subsidiary does not address their concerns.
What are the Opportunity/ies Identified?	**Management Approach**
Recognizing our possible impacts on our communities, the Company is always open to building lasting, positive relationships with its communities. In building mutually-beneficial relationships with communities, SMC works closely with local leaders and stakeholders to engage the community in pursuing shared goals, whether it's for the preservation, protection or enhancement of the environment, or improvement of the quality of life of residents. For Clariden, there is an opportunity to regularly revisit, and if necessary, update the SDMP to make this more attuned to the needs of communities.	The Group continues to develop programs that can foster a harmonious working relationship with community organizations and LGUs, in order to arrive at mutually beneficial agreements and outcomes. For the SMC Group, one of the keys to ending hunger and poverty in both rural and urban areas is to enhance linkages. Launched in February 2021 as a response to the disruption in supply chains, Better World Diliman serves as a ready marketplace for fruits and vegetables rescued by our partner Rural Rising. As of June 2022, SMC has rescued 950,000 kg of produce and have helped some 4,500 farmers throughout the Philippines. Apart

	from food rescue, Better World Diliman provides training and access to farming inputs and other resources to promote resiliency in the face of disruption and market shocks. Another of the Foundation's flagship programs is SEED Sumilao. Through the partnership with the School for Experiential and Entrepreneurial Development (SEED) Philippines, we hope to raise the next generation of farmers and agri-entrepreneurs. Farmers and farm workers are undervalued in our society, driving away many of those who might otherwise be attracted to agriculture. SEED Sumilao adopts a holistic approach to teaching through classroom instruction, hands-on learning, and enterprise development. Students take on a raft of courses that center around character development, enterprise management, communications, and farming technology. During the pandemic, the school's focus shifted given the urgent need to strengthen local food production and create more resilient and reliable food systems. SMC wants to build a world where everyone can fully participate in society and has the power to shape their lives The SDMP currently being implemented is limited in scope and budget. However, once mining and/or mineral processing activities are re-started, Clariden will prepare and implement 5-Year SDMPs during the life of the mine . Inasmuch as the SDMP funding is anchored on 1.5% of the operating cost, Clariden can implement sustainable projects focused on: • Human Resources Development and Institutional Building,

	• Enterprise Networking and Development, • Assistance to Infrastructure Development and Support Services, • Access to Education and Educational Support Programs, • Access to Health Services, Health Facilities and Health Professionals, and • Protection and Respect of Socio-Cultural Values The new 5-Yr SDMP to be developed will map the project according to the 17 Sustainable Development Goals.

Customer Management

Customer satisfaction is a material topic to the SMC Group. Several engagement strategies, such as focus group discussions and surveys, are undertaken by different business units and brands to cater to customer preferences. However, due to data sensitivity, the Company has opted not to show specific numbers but will instead disclose management approaches in this section.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
SMC's Food and Beverage subsidiary, SMFB, recognizes that its products are part of the daily lives of consumers, providing sustenance and enjoyment to families through trusted food brands and both alcoholic and non-alcoholic beverages. Its portfolio of about 32 brands across 6 categories is patronized by various segments of the population. Quality of products and timeliness of deliveries or distribution, can greatly affect customer satisfaction. For Petron, low customer satisfaction leads to decreased sales, thereby impacting business performance and financial position. Customer satisfaction for the Power, Infrastructure, and Packaging businesses, meanwhile, is determined by the quality of agreed output, regulatory compliance, and good working relationships with customers. Terminated agreements due to poor performance or other issues may impact the Company's reputation and limit growth. Low customer satisfaction equates to poor or inefficient service.	For SMFB, compliance with the regulations of the Food and Drug Administration (FDA) is primary. This includes obtaining a License to Operate for each production facility, Certificates of Product Registration, and compliance with mandatory labelling requirements such as product name, manufacturer's name and address, nutrition information, list of ingredients, allergen declaration, serving size, net content, lot/batch number, and manufacturing and expiration dates. If applicable, storage and handling conditions, and directions for use are indicated. Additional label markings such as vitamin fortification, low-calorie, low-alcohol or no preservatives are also validated and approved by FDA. Each business monitors new guidelines released periodically by FDA and ensures that product development personnel are informed and trained in the required compliance measures. Prior to releasing products to market, the company diligently conducts assessment of all ingredients used in product formulations, conducts sensory evaluation with respondents matching their target market, and establishes shelf life of each product. Standard parameters of all raw materials, finished goods and packaging are fully documented. Once in the market, samples from each production batch are retained in the manufacturing plant for reference in case of any product complaint that may arise.

	For Food in particular, efforts are ongoing to improve the nutritional value of our products. Recent declarations have linked obesity and non-communicable diseases such as hypertension and diabetes to processed food. To address this concern, the Food Group has been working on ways to improve the nutritional quality of its products, including fortification with vitamins and minerals, reformulation to reduce sodium and preservatives, and the launch of plant-based food. The reformulation process is painstaking and iterative as it aims to achieve target nutritional values while preserving the taste that consumers are accustomed to. The marketing of consumer goods is likewise subject to certain regulations, more so for alcoholic beverages. All the advertising materials released through media and on digital platforms comply with the requirements of Ad Standards Council, a self-regulating organization that aims to safeguard truth in advertising and give paramount consideration to the consumer's interest. This includes a one-second frame at the end of each commercial reminding the viewer to "Drink Responsibly." The same caution is present in all outdoor advertising and merchandising materials. Thus, we do our part not to promote excessive drinking but capitalize on brand equity to promote our products. For our cement business, NCC follows Philippine National Standards (PNS) in labelling its products. This includes product classification, specification and application, trade name, trademark of the manufacturer, batch identification number, information on disposal of packaging which are in accordance with PNS 07:2018, PNS 63:2019 and PNS ASTM C91:2005.

	For infrastructure, a Road Safety Audit Report is produced based on two components, data collection and data evaluation. The audited project, e.g., Skyway, NAIAx, SLEX, TPLEX, STAR Tollway, must abide by several laws and regulations, including those relating to the environment, public health, safety, municipal and provincial requirements, and internal performance standards. Laws that address process safety management, right-to-know issues, or environmental management are examples of governmental controls. The organization and the Toll Regulatory Board (TRB) jointly inspect the tollways during an initial phase while driving a van equipped with a dashboard camera. TRB then reviews the video footage to assess the requirements for signages, their proper placement and categorization, the presence of hazardous items, and other safety-related issues. Through these parameters and procedures, the organization can then ensure safer and more convenient road use for motorists. The Company's commitment to deliver quality products and services, and not cause any harm to people and the environment, is demonstrated by its ISO and Food Safety certifications, of which there were 134 installations with valid certificates as of the end of December 2022.
What are the Risk/s Identified?	**Management Approach**
The SMC Group manages a highly diversified portfolio of products and services. The SMC Group develops products not only for consumers but also for other businesses, as well as for the government. While strict product safety policies are implemented, there is no direct assurance that products will be free of defects, or that they would not be tampered with, both at the manufacturing and distribution stages. There is also no guarantee that services will always	The SMC Group ensures that all products and services are of good quality and pass high standards of screening before they reach customers. Our Food and Beverage products cater to, and are attuned to, the evolving lifestyles and needs of consumers. Numerous products across our Beer and Food businesses address increasing health consciousness among customers.

be free of risks from natural hazards and human error. These risks can have an impact on the customers and the reputation of the Company and its brands.	Customer complaints about food, in particular, are handled by Quality Assurance specialists following a standardized procedure, with the goal of resolving them within 24 hours. In addition to their technical knowledge about the products, the specialists are given soft skills training to listen, empathize, and properly interact with customers. An escalation protocol is defined should it be necessary to involve levels of management to settle issues. The organization appreciates that customer complaints and feedback are opportunities to identify areas for improvement and further strengthen food safety controls in place. Our Packaging products comply with the highest standards and government requirements. Products are processed to comply with intensive quality assurance (QA) tests and earn Certificates of Inspection, which assure customers of high quality. The Power business ensures proper maintenance of power plants and assigns a task force to implement safety measures. Our Fuel and Oil business is committed to supplying goods and services at the highest standards of quality. Our Infrastructure business ensures that its projects are constructed with materials of the highest quality and designed to be resilient to natural disaster. It employs highly-qualified engineers, architects, and consultants to build major projects. The SMC Group engages its customers to better understand their needs or grievances. SMC strives to build lasting relationships with its partners. Channels for dialogue are always open should complaints or misunderstandings occur. Gathering and addressing product complaints is another essential element in ensuring

	customer welfare. The Company has a Customer Care Hotline +632 8632-2000 which is staffed by SMITS subsidiary, ProSync. We have a San Miguel Corporation Facebook page, various Facebook brand pages, company websites and email addresses through which customers and other individuals send in complaints, inquiries, and other feedback. ProSync sorts the information and sends these to the respective contact persons in charge of each business. We also employ social media monitoring tools to track any issues or posts mentioning San Miguel or our brands.
What are the opportunity/ies identified?	**Management approach**
With social media so prevalent and widely used by more consumers, there are more opportunities to further increase customer engagement through such platforms, as well as through regular interviews, and focus group discussions.	There are many other examples of initiatives within the Group that aim to digitally transform our ways of doing business for the better. • e-Commerce: We leverage online selling platforms to improve product accessibility. In 2022, we relaunched an online ordering system called San Miguel Mart as a mobile app and continued to utilize the country's top e-commerce sites to sell our products. • Digital marketing: Our Food Division connects and interacts with our consumers through digital media in the form of ads, online baking demos, live veterinary consultations and webinars. Their consistent release of relevant and engaging digital content has effectively drawn audiences to our social media platforms. To date, our Magnolia Chicken, Purefoods Tender Juicy Hotdog and Home Foodie Facebook pages have more than one million followers.

Health and Safety

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
SMC Group SMC commits to ensure the safety of its products by instituting and adhering to the strictest standards across all its operations. This commitment is deeply ingrained in our business practices. Subsidiary SMFB practices a zero-tolerance policy regarding food safety violations and the company has built a workplace culture that places responsibility for food and beverage safety on the shoulders of every employee. The SMC Group strives to protect employees, contractors, and its host communities in all geographical areas where it operates.	**SMC Group** SMC takes every opportunity to make safety a way of life throughout the organization. To ensure quality and food safety, SMC's food and beverage unit, SMFB, follows various international standards in materials safety testing and Quality Management Systems such as: FSSC 22000 v5.1 Food Safety Management System HACCP Hazard Analysis Critical Control Points GMP Standards for Good Manufacturing Practices ISO 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories ISO 22000:2018 Food Safety Management Systems The Group's plant facilities also undergo regular compliance audits. All products pass several quality and safety tests and analyses before these are distributed. Employees also undergo training on quality assurance, proficiency testing, and food safety and handling.
What are the risk/s identified?	**Management approach**
While product safety policies are strictly implemented, there is always a risk that products may be tampered with on their way	The SMC Group continues to implement programs to engage customers and address any safety issues brought up by its

from the manufacturing plant to consumers. Risks from natural hazards and human error that may ultimately affect customer health and safety, are ever-present. Such risks can have an impact on customers and the SMC Group's reputation.	consumers. Channels for dialogue are always available whenever customers have any complaints or concerns. The Company has a centralized and dedicated customer service unit that can be reached via its website, email, its *Malasakit* hotline, and social media pages. Complaints and concerns are strategically addressed through this system.
What are the opportunity/ies identified?	**Management approach**
With the continued expansion of the company's product portfolio, SMC can continue to improve the functionalities of its online selling and customer feedback platforms, and utilize social media to enhance customer service.	SMC will continue to review and update its customer service programs and adjust these where needed, in order to continuously improve and strengthen management of customer feedback, particularly on product safety.

Marketing and Labeling

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
The SMC Group uses a combination of traditional and non-traditional communication channels for sales, marketing, and distribution of their consumer goods. Because of the nature of some of our products, adherence to correct labeling protocols is inseparable from product responsibility. This responsibility begins from the time each product rolls out of our facilities until it reaches our customers.	The SMC Group uses reliable marketing platforms from reputable providers that are relevant and protective of its brands and goodwill. Most packaging needs are sourced directly from the SMC's packaging business. This allows SMC to closely monitor and ensure that products are properly labeled.

What are the risk/s identified?	Management approach
The alignment of packaging and marketing efforts are of utmost importance as mismanagement of these may confuse customers. Miscommunicating product ingredients and shelf life may lead to dissatisfaction and may have regulatory repercussions. SMC depends on trademarks and proprietary rights to help protect the integrity and reputation of its products. With SMC's highly diversified portfolio and prevalence in various industries and markets, third parties may attempt to either sell counterfeit versions of our products or confusingly similar offerings. Consumers may mistake these products as real SMC products, resulting in reputational and sales risks over time. Inaccurate accounts of the health effects of dietary trends or beverage consumption may, on the other hand, also affect purchasing patterns. If the marketing strategies of SMC are not successful, timely, or responsive to changes in consumer preferences, the business could be materially and adversely affected.	SMC's business units have skilled marketing and sales teams that handle customer relations. Task forces are trained to receive customer complaints and direct them to the right personnel to resolve issues, complaints, or grievances. All product labels and collateral undergo thorough screening with pertinent departments to ensure compliance to standards set by the Department of Trade and Industry (DTI), Food and Drug Authority (FDA), and other regulatory offices. For its alcoholic beverages, the SMC Group promotes responsible drinking among its consumers. In every commercial, advertisement, and promotional material, the statement, "*Drink Responsibly*" is always included. Age warnings likewise accompany promotional materials of our beer and spirits business.
What are the opportunity/ies identified?	**Management approach**
Empowering customer choice: By letting our customers know what quality standards we follow, we empower them to make better-informed decisions on what product to buy. SMC, likewise, continues to identify and develop new approaches and techniques to further expand customer communication.	SMC will continue to ensure that its marketing collaterals will reflect its products and services in an authentic manner that upholds consumer interests. It will also continue to work with industry, regulators, and other stakeholders to provide more information and educate its consumers, particularly for its alcoholic beverages. SMC promotes responsible drinking, especially in the marketing of its products.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
While there were no substantiated complaints from customers in 2022, customer privacy may be affected by commonly identified risks from technical, organizational, and physical factors during processing of customer's personal information.	To build a culture of data privacy in the Group, DPSO conducts regular Data Privacy Awareness training for new employees and focused groups. SMITS subsidiary, ProSync, has been accredited as a training institution for the DPO Ace Level 1 Program to train data protection practitioners of the Group as well as external participants. Compliance is monitored through the conduct of Privacy Sweeps, Onsite Visits and Privacy Impact Assessments, and regular monitoring of SMC and the businesses' compliance to data privacy.
What are the Risk/s Identified?	**Management Approach**
Customer privacy may be affected by commonly identified risks driven by technical, organizational and physical factors.	The Company's privacy management programs, which seeks to address customer privacy related risks, include but are not limited to:

	1. Continuous assessment of impacts to privacy on processes and programs; 2. Continuous training of employees on Privacy Laws; 3. Implementation of appropriate security measures on data protection
What are the Opportunity/ies Identified?	**Management Approach**
The Group respects the right to privacy of customers, which it sees as another manifestation of its core value of "*malasakit*", which is key to maintaining the loyalty and patronage of customers. As such the Company continues to evaluate its customer privacy policies to ensure it is up-to-date and responsive to the needs of both the Company and its customers.	The Group conducts continuous assessment and implementation of necessary process improvements to: ● Comply with the Privacy Laws; ● Strengthen its customer care center as a channel for customer feedback and comments; and ● Provide a channel for customers to exercise their rights to privacy through the Company's data privacy office.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Top Frontier (Groupwide) Data security is of utmost importance as it safeguards individual and corporate information against data loss and corruption. It prevents breaches that can cause disruption of business operations; endanger the competitive and market positioning of businesses; result in huge financial and legal costs; and even cause severe reputational damage that can lead to the loss of trust and confidence among stakeholders and investors. For 2022, no data breach was encountered within the Group.	**Top Frontier (Groupwide)** Top Frontier is committed to maintaining the confidentiality and security of all personal information that the Company, its subsidiaries collect, use and disclose. All processing of personal data within the Group are in compliance with the Data Privacy Act and are grounded on the principles of Transparency, Legitimate Purposes, and Proportionality. A Data Protection Officer ("DPO") for the Company and each of its subsidiaries and operating entities has been appointed and is responsible for ensuring compliance with applicable laws and regulations on data privacy and security. Organizational, physical and technical security measures are put in place to prevent data breaches. All employees and agents of the Company and its subsidiaries involved in the Processing of Personal Data are tasked to regularly monitor potential data breach or Security Incident. If there is a case of potential breach, this is reported to the DPO who shall in turn notify the National Privacy Commission ("NPC") and the affected Data Subjects. The notification to the NPC and the affected Data Subjects shall include the nature of the breach, the Personal Data at risk, and the measures taken by the company to address this.
What are the Risk/s Identified?	**Management Approach**
Commonly identified risks related to personal information may include unauthorized processing, and risks arising from human errors.	The Company has been implementing the necessary technical, organizational, and security measures to protect personal

	information from unauthorized processing including: ● Conducting regular training for employees on data protection ● Conducting privacy impact assessment on processes ● Adopting privacy by design in its processes ● Keeping the breach management team active.
What are the Opportunity/ies Identified?	**Management Approach**
The Company commits to prioritize data security and continuously review policies as well as new technology to help ensure systems in place are up-to-date and responsive to the needs of both the Company and its customers.	Continuous assessment and implementation of necessary process improvements to: ● Comply with the Privacy Laws; ● Strengthen customer care center as a channel for customer feedback and comments; and ● Provide a channel for customers to exercise their rights to privacy through the Company's data privacy office.

UNITED NATIONS SUSTAINABLE DEVELOPMENT

In 2022, the Group set out clear and ambitious goals across our focus environmental, social, and governance areas. We anchored these targets on the United Nations Sustainable Development Goals (UN SDGs) and identified major levers and plays that would help us fully realize these commitments.

We strive to meet these goals by leveraging ongoing sustainability initiatives and by partnering with others in exploring new, high-impact processes and technologies.

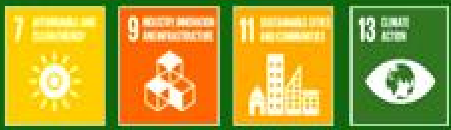
We are optimizing our resources by eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature.

We strive to achieve this target through the following sustainability initiatives in progress:

- Recycle coal ash as an aggregate material for cement plants
- Sustain returnable glass bottle systems of Beer and Ginebra
- Recycle bottles, cullets, crates, cartons, and plastics as input materials in production
- Step up compliance with the Extended Producer Responsibility Law in managing plastic waste
- Repurpose manufacturing by-products (e.g., spent grain, yeast, feathers, and wheat bran / pollard) as feeds raw materials
- Reduce reliance on scarce water by 50% by 2025 against a 2016 baseline through "Water for All" initiative
- Use desalination plants to process sea water into consumable water in operations

Net zero by 2050

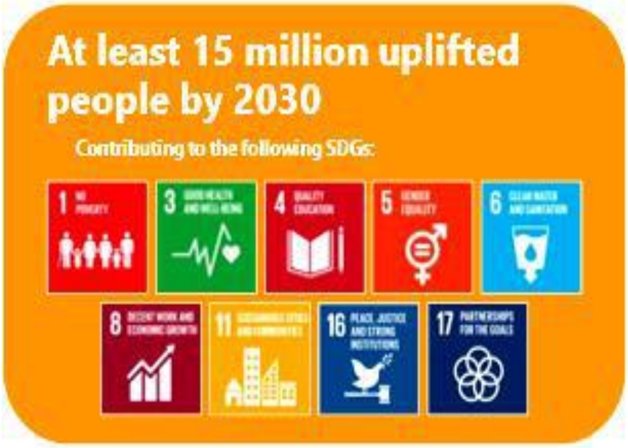
Contributing to the following SDGs:



We are minimizing our greenhouse gas (GHG) emissions by investing in clean energy technologies and carbon reduction programs towards Net Zero.

We strive to achieve this target through the following sustainability initiatives in progress:

- Operate 1,000 MWh BESS project to boost grid reliability and pave the way for more renewable energy in the grid
- Expand natural gas capacity as a bridge to cleaner energy and invest in solar PV plants as renewable energy sources
- Continue and broaden initiatives to make our coal plants the most efficient and cleanest in the industry (e.g., High Efficiency and Low Emissions or HELE technology)
- Expand river rehabilitation projects in partnership with the Department of Natural Resources (DENR) to help alleviate flooding and solid waste pollution for cities and people
- Maximize nature-based solutions such as mangrove reforestation and tree planting
- Implement and enhance biodiversity conservation projects, such as coral reef rehabilitation and coastal management programs



We are creating equitable and transformative pathways to a sustainable future for our employees, our customers, our communities, our nation, and beyond.

We strive to achieve this target through the following sustainability initiatives in progress:

- Build expansive and resilient road infrastructure and public transportation projects to catalyze trade, investment, and national development
- Build industrial parks and ecozones that attract investments and create jobs for adjacent communities
- Provide access to potable water at affordable rates to municipal water districts (e.g., Bulacan Bulk Water project)
- Enhance livability of our host communities by:
    - Creating livelihood opportunities;
    - Extending educational assistance and scholarship programs to schools and students; and
    - Providing food, clean water, sanitation, housing, and access to medical services
- Improve overall employee health and well-being and ensure safeguards to prevent workplace injuries and accidents
- Embed and track diversity and inclusion in all aspects of employment policies
- Continue to improve the nutritional value of food and beverage products
- Embrace digital transformation to improve workplace

A fully sustainable and ethical supply chain by 2040

Contributing to the following SDGs:

productivity, reduce waste, and expand customer access

We are upholding sustainable best practices across our supply chain ecosystems that will benefit current and future generations.

We strive to achieve this target through the following sustainability initiatives in progress:

- Roll out the Supplier Code of Conduct and Sustainability Questionnaire incorporating ESG principles, as pre-requisites to supplier accreditation and registration