



**SAN MIGUEL BREWERY
HONG KONG LTD.**

香港生力啤酒廠有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 236)

**TERMS OF REFERENCE OF THE BOARD OF DIRECTORS
OF SAN MIGUEL BREWERY HONG KONG LIMITED**

I. MANDATE

The Board of Directors (“Board”) of **San Miguel Brewery Hong Kong Limited** (“Company”) is the governing body of the Company responsible for the leadership and control of the Company and for directing and supervising all matters relating to its governance, business and affairs, exercised towards the promotion of the success and in the best interest of the Company and in accordance with its Articles of Association and applicable laws, rules and regulations.

II. PURPOSE

These Terms of Reference of the Board set out the structure, duties and responsibilities, liabilities and processes of the Company’s Board and serves as a guide to the Board and directors in the conduct of their functions.

III. TERM OF APPOINTMENT AND VACATION OF OFFICE

Subject to the confirmation of his nomination and receipt of his willingness to be elected as a director of the Company, a newly-appointed director will hold office until the next annual general meeting of the Company. A director eligible for election as such at the next annual general meeting, if elected, will be subject to retirement by rotation under the Company’s Articles of Association, which shall at least be once every three years.

The Board shall likewise have the power to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. A director so appointed will also hold office until the next annual general meeting of the Company and shall be then eligible for re-election, but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.

At any time during his tenure, the performance of a director will be reviewed in accordance with the process agreed upon by the Board from time to time. A recommendation as to his re-appointment may be made by the Board during its meeting, which recommendation shall be set out in the notice of the meeting of the shareholders or other materials provided to shareholders, at which meeting such re-appointment shall be proposed for approval by the shareholders.

A director shall cease to hold office as such in accordance with the Articles of Association of the Company.

IV. BOARD COMPOSITION AND DIVERSITY

The number of directors shall not be less than three and not more than twelve. The Board of the Company must include:

- (i) independent non-executive directors who shall comprise at least one-third of the Board but in no case less than three; and
- (ii) at least one independent non-executive director who shall have appropriate professional qualifications or accounting or related financial management expertise.

The Board shall have the appropriate mix of competence, skills, experience, expertise and diversity of perspectives, and a collective working knowledge, experience and expertise relevant to, and appropriate to the requirements of, the Company's business and industry; and a balanced composition of executive and non-executive directors (including independent non-executive directors), with non-executive directors of sufficient calibre and number so as to establish a strong independent element on the Board that will enable the effective exercise of independent judgement.

In addition, the Board embraces the policy that including and making use of diversity at the Board level, which consists of differences in the skills, experience, background, race, gender and other distinctions amongst directors, is important to achieve effective corporate governance and sustained commercial success of the Company. These differences will be considered in determining the optimum composition of the Board and when possible shall be balanced appropriately. Diversity, however, shall not be considered to have been achieved for a single gender board. The Board shall review the implementation and effectiveness of its policy on board diversity annually.

V. FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The Board shall have the following functions and responsibilities:

- (a) determine and establish the Company's purpose, vision and mission, values and strategies to carry out its objectives, and ensure that these are aligned with the Company's culture, which culture, among others, should instill and reinforce values of acting lawfully, ethically and responsibly across the organization;
- (b) ensure that the Company complies with all relevant laws, rules and regulations. In this connection, the Board shall review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (c) oversee the design, implementation and monitoring of the risk management and internal control systems of the Company, and ensure that a review of the effectiveness of such risk management and internal control systems (which includes the identification of significant or key risk areas, including Environment, Social and Governance ("ESG") risks, and key performance indicators, and monitoring of such risks and indicators with due diligence; and the review of the adequacy of resources, staff qualification and experience, training programs, budget of accounting, internal audit, and financial reporting functions, and matters relating to ESG performance and reporting), is done at least annually;

- (d) establish a process of selection aligned with the strategic direction of the Company to ensure a mix of competent directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- (e) establish coherent, formal and transparent remuneration policies and practices which are observed and which enable it to (i) attract and retain executives and directors who will create value for shareholders and support the Company, and (ii) fairly and responsibly rewards executives taking into consideration the performance of the Company, the performance of such executives and the general pay environment;
- (f) develop and review the Company's policies and practices on corporate governance, including the development, review and monitoring of the Company's code of conduct applicable to employees and directors; and the review and monitoring of the Company's compliance with the Corporate Governance Code as well as its disclosures in its Corporate Governance Report, and the training and continuous professional development of directors and senior management;
- (g) identify the Company's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;
- (h) adopt a system of internal checks and balances;
- (i) determine the Company's sustainability strategy and oversee the development and review of policies, programs, goals and targets to implement the sustainability strategy of the Company;
- (j) properly discharge Board functions by meeting regularly;
- (k) establish such procedures to ensure independent views and inputs are available to the Board, such as encouraging and giving due consideration to independent views during Board meetings, which meetings shall be duly minuted, and review the implementation and effectiveness of such procedures annually; and
- (l) exercise such other authority and powers as may be conferred to it under the Articles of Association, by-laws and applicable laws, rules and regulations.

VI. DUTIES AND RESPONSIBILITIES OF A DIRECTOR

A. General Duties and Responsibilities of a Director

A director shall act with integrity, lead by example, and promote a culture, which, among others, instills and continually reinforces values of acting lawfully, ethically and responsibly across the organization.

Each director is expected to know his responsibilities as a director of the Company and shall have working knowledge of its business activities, conduct and development. He shall ensure that he gives sufficient time and attention to the Company's affairs. Directors should disclose to the Company at the time of their appointments, and thereafter, in a timely manner or as may be requested by the Company to comply with disclosure requirements under applicable laws, rules and regulations, any changes in the number and nature of offices held by them in public companies or organisations,

including the names of such public companies or organisations, and other significant commitments.

A director should likewise participate in continuous professional development to further enhance and refresh his knowledge and skills to ensure that his contribution to the Board remains informed and relevant.

A director is expected to conduct fair business transactions with the Company and to ensure that personal interest does not conflict with the interests of the Company. He shall make a full disclosure or declaration of his interests at the Board meeting at which his nomination is being considered. If the director's circumstances change in any way that may conflict with (i) his duties and responsibilities as a director of the Company (including, in the case of independent non-executive directors, circumstances which may adversely affect their independence), or (ii) the interest of the Company, after his appointment as a director, then he must disclose the character and extent of such change or conflict at the next meeting of the Board in writing. He may consult with the chairman, or the company secretary, as soon as he becomes aware of any potential conflict.

A director shall abstain from voting on the approval of a transaction affecting the Company in which he or any of his associates have a material interest, and shall not be counted for purposes of determining the quorum at the Board meeting where such transaction was considered for approval.

B. Duties and Responsibilities of Non-Executive Directors

The presence of non-executive directors of sufficient number and with sufficient calibre in the Board provides a strong independent element to the Board. In addition to the general duties and responsibilities of directors, non-executive directors shall:

- (a) make a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments;
- (b) participate in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (c) take the lead where potential conflicts of interests arise;
- (d) serve the benefit of their skills, expertise and varied backgrounds and qualifications on the audit, remuneration, nomination and other governance committees, if invited, through regular attendance and active participation, as well as attend general meetings of shareholders; and
- (e) scrutinise the Company's performance in achieving agreed corporate goals and objectives, and monitor performance reporting.

VII. INDEPENDENT NON-EXECUTIVE DIRECTORS

A. Independence of Independent Non-executive Directors

The Board shall deliberate and determine the independence of a non-executive director at the meeting at which his nomination as an independent non-executive director is considered.

If the independent non-executive director is aware, or has knowledge directly or indirectly, of any change in his circumstances that may affect his status as an independent non-executive director, he must immediately disclose such change and the extent to which such change may affect his independence to the Board.

B. Service for More Than Nine Years as an Independent Non-executive Director

If an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should state why the Board (or the nomination committee) believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board (or the nomination committee) in arriving at such determination.

In the event that all the independent non-executive directors of the Company have served more than nine years on the Board, the Company shall disclose their length of tenure on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting of shareholders; and appoint a new independent non-executive director at the forthcoming annual general meeting.

VIII. CHAIRMAN OF THE BOARD

The roles of chairman and the chief executive (which in the case of the Company is the managing director) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established to ensure a balance of power and authority.

The chairman shall have the following responsibilities:

- (a) ensure that all directors are properly briefed on issues arising at Board meetings; and preside at such meetings in accordance with the Company's Articles of Association;
- (b) ensure that directors receive, in a timely manner, adequate information on matters properly raised before them, which must be accurate, clear, complete and reliable;
- (c) provide leadership for the Board;
- (d) ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. Unless delegated by the chairman to a designated director or company secretary, the chairman shall be primarily responsible for drawing up and approving the agenda for each Board

meeting. He shall take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda;

- (e) ensure that good corporate governance practices and procedures are established;
- (f) encourage directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Company. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus;
- (g) hold meetings with the independent non-executive directors without the presence of other directors at least annually; and attend the annual general meeting;
- (h) ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole;
- (i) promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors; and
- (j) such other responsibilities as the Board may assign or as set out in applicable laws, rules and regulations.

IX. DELEGATION OF BOARD FUNCTIONS TO BOARD COMMITTEES

The Board may, from time to time, create committees to assist the Board in the discharge of its functions and responsibilities. The Board may delegate to such committees certain of its functions and powers which may be delegated upon such terms as it may deem fit.

Board committees shall have specific written terms of reference which clearly define their composition, roles, authority and duties. The terms of reference of Board committees shall provide, among others, that the Board committees are required, on a regular basis, to report to the Board their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so

The Board shall establish the following committees: (1) Audit Committee; (2) Nominations Committee; and (3) Remuneration Committee. The Board may establish such other committees from time to time.

X. DELEGATION OF FUNCTIONS TO MANAGEMENT

The Board may delegate certain aspects of its management and administration functions to the executive management of the Company. When the Board delegates aspects of its management and administration functions to management, it must, at the same time:

- (a) give clear directions as to the management's powers, in particular, where management should report back and obtain prior Board approval before making decisions or entering into any commitments on the Company's behalf; and

- (b) formalise the functions reserved to the Board and those delegated to management; and review these arrangements periodically to ensure that they remain appropriate to the Company's needs.

Pursuant to the Board's power of delegation, the Board has delegated to the executive management the day-to-day operation and management of the Company's business. This includes the implementation of the decisions of the Board in accordance with the strategies and plans approved by the Board; the preparation and monitoring of annual production plans and operating budget; and control, supervision and monitoring of capital, technical and human resources.

XI. PROCESSES AND PROCEDURES OF THE BOARD

A. Board Meetings

- (1) The Board shall meet regularly and Board meetings shall be held at least four times a year at approximately quarterly intervals. Board meetings shall involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present. Board meetings shall not include obtaining Board consent through the circulation of written resolutions.
- (2) The chairman, or in his absence, the deputy chairman, shall preside in Board meetings. If the chairman or the deputy chairman is not present, the directors present shall choose among them who shall be the chairman of such meeting.
- (3) Unless otherwise determined, three directors shall constitute a quorum; and questions arising at any Board meeting where there is a quorum shall be decided by majority vote. The chairman has second or casting vote in the event of equality of votes.
- (4) Notice of at least fourteen days should be given for regular Board meetings; while reasonable notice should be given for all other Board meetings, unless waived by the director.
- (5) Agenda and accompanying Board papers should be sent in full to directors in a timely manner and at least three days before the intended Board meeting date. Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular Board meetings.
- (6) Minutes of Board meetings shall be kept by the company secretary and shall be open for inspection at any reasonable time on reasonable notice by any director. The minutes of Board meetings shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes shall be sent to all directors for their comment and records respectively, within a reasonable time after the Board meeting is held.

B. Requirement for a Physical Board Meeting

In cases where a matter is considered by the Board to be material and a substantial shareholder or director has a conflict of interest with such matter, such matter shall be dealt with in a physical Board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no interest in such matter should be present at such Board meeting.

C. Adequate and Timely Information

Management shall provide the Board with complete, reliable and adequate information, in a timely manner, to enable the Board to make informed decisions about the matters to be taken during their Board meetings and information that would enable the Board to comply with its duties and responsibilities.

D. Access to Management, Company Secretary and Independent Advice

The Board and directors shall be given separate and independent access to senior management and company secretary. Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in appropriate circumstances involving the discharge of their duties at the expense of the Company, which expense must be reasonable.

XII. PROVISION OF DIRECTOR INFORMATION

The Company provides information and submits filings concerning its directors to various regulatory and government authorities, including The Stock Exchange of Hong Kong Limited. As such, each director shall provide the Company secretary promptly (and within the required timeframes for the filing such information to the regulatory and government agencies as notified by the Company secretary to the directors) all relevant information about the director which may be required for this purpose. Such information to be provided by the director shall include (without limitation):

- the director's name, address, date and place of birth; and
- details of dealings by the director, his spouse and minor children and entities associated with him or any of them, in securities issued by the Company.

XIII. DIRECTOR ORIENTATION AND TRAINING

Newly appointed directors of the Company shall receive a comprehensive, formal and tailored induction upon their appointment.

Directors shall attend continuing training and education programs, and receive any briefing and professional development necessary to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under applicable law, rules and regulations, including the applicable exchange and listing rules, legal and other regulatory requirements and the Company's business and governance policies.

XIV. CONFIDENTIALITY

Except as may be required by law, all information obtained by the director during his tenure as a director of the Company is confidential and should not be at any time (by whatever means) disclosed to third parties without prior written clearance from the Board.

XV. REVIEW AND AMENDMENT

These terms of reference shall be subject to the review by the Board at any time, or as may be necessary in accordance with the needs of the Company, or as may be required by applicable laws, rules and regulations, and shall be made available on request to any shareholder of the Company. These terms of reference are posted on the Company's website, <http://info.sanmiguel.com.hk>.

Approved by the Board of Directors on 24 October 2022.