

03.

Value chain and sustainable development in the network of suppliers

With sustainability as our priority, we take care of each stage and add value throughout the production process. At each step of our value chain, we seek to promote the development of our partners as well as to ensure food quality and safety.

Network of Suppliers

A key link in our Value Chain

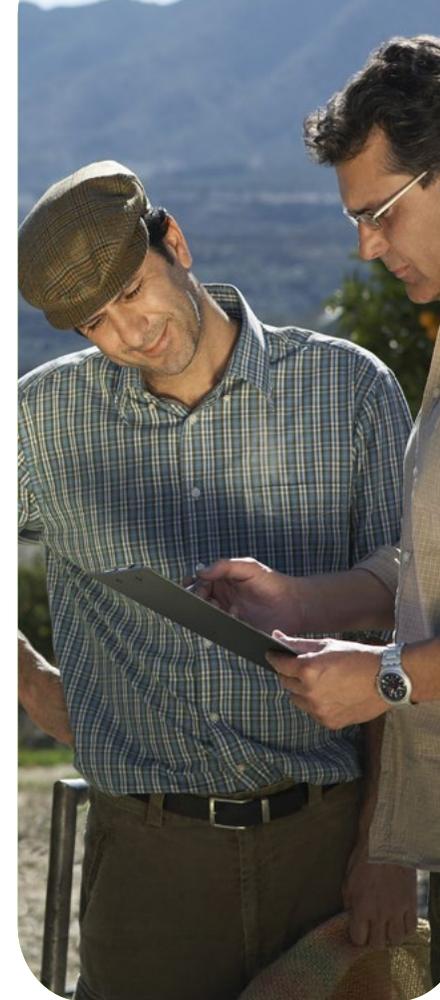
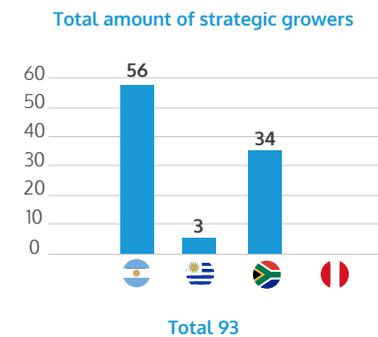
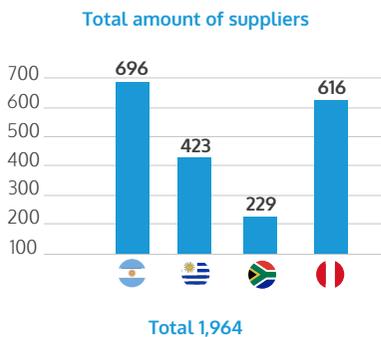
We work with a great variety of suppliers, from big multinational companies to small firms. We support the development of local growers offering them a platform that adds sustainable value and promotes business opportunities.

95%

PURCHASES FROM LOCAL SUPPLIERS

93

GROWERS IN OUR STRATEGIC NETWORK

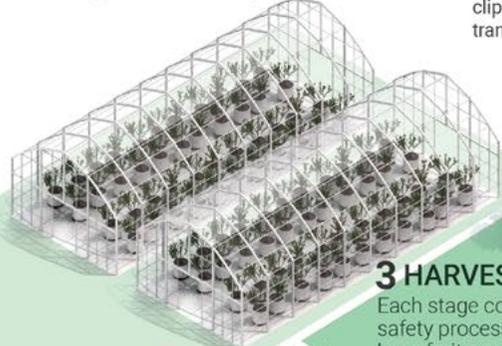


A Sustainability-Oriented Productive Process

Our integrated business model runs from **production in our own nurseries and farms, the provision of fruit from associated growers, packing plants, processing and logistics chain to the major supermarkets in the Northern Hemisphere.** This is how we reach millions of households around the world with our fresh fruit and the natural ingredients derived from citrus that are used as key supplies in the production of beverages, flavors, fragrances and food.

1 NURSERY

This is the place where plants are grown before being taken to the farms. Here, plants are given different types of care: grafting, genetic selection, irrigation.



3 HARVESTING

Each stage complies with the safety processes required to keep fruit quality. There are two different harvesting methods:

a) With clippers: When citrus fruits are to be packed as fresh fruit, they are taken from the tree using clippers and transported in bins.



2 FARMS

After carrying out an adequate soil preparation, planting is performed. At the farms, plants undergo the phytosanitary treatment, the pruning, irrigation and nutrition, controlling that their management is sustainable at all times, until the fruit is ready for harvesting.

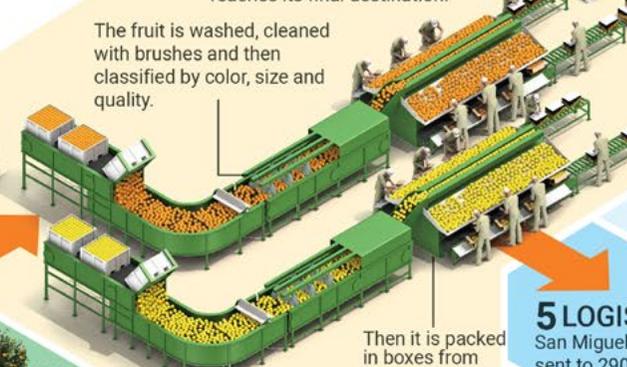


b) By hand: When fruits are to be processed, they are harvested by hand, using no tools, and transported both in bulk and in bins.

4a FRESH FRUIT PACKING

At this point, the fruit undergoes the treatments necessary to ensure it is kept in good storage conditions until it reaches its final destination.

The fruit is washed, cleaned with brushes and then classified by color, size and quality.



Then it is packed in boxes from different presentations.

Pallets are prepared according to the particular requirements of each customer.



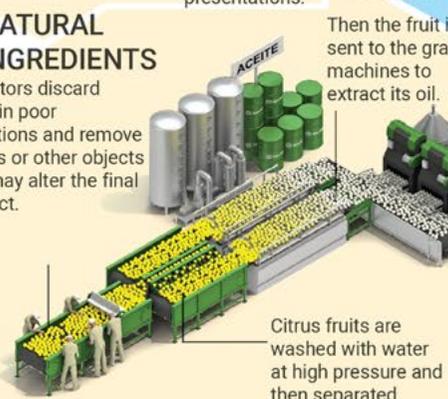
CUSTOMERS 6

Our fresh fruit and natural ingredients reach millions of households around the world.



4b NATURAL INGREDIENTS

Operators discard fruits in poor conditions and remove stones or other objects that may alter the final product.



Then the fruit is sent to the grating machines to extract its oil.

Citrus fruits are washed with water at high pressure and then separated according to their different size.

Using the extractors and conducting the necessary associated processes, citrus juice, pulp and peel are obtained, so as to meet the needs of each customer.

5 LOGISTICS

San Miguel's products are sent to 290 customers in 64 countries.





SAVIA is transforming the way we work

In 2020, we advanced on the implementation of SAVIA in Argentina, starting a journey to make **our processes more efficient, strengthen team dynamics and synergies, and deepen the empowerment of our people** based on continuous learning of new management tools. This allows us to standardize and discover improvement opportunities to get sustained excellence results.

Since it was implemented in packing plants and fields in 2019, we could optimize resources such as energy and materials, which resulted in savings of more than USD 3,600,000.

INTEGRA

In 2020, we continued consolidating Integra, the set of tools and processes we use to manage knowledge and capitalize on all the technical expertise intended to improve productivity and reduce business volatility.

- **We expanded** its scope to include the industry, harvesting and packing areas.
- **We established teams** with work responsibilities and routines.
- **We prepared instructions,** procedures and standards that inform technical teams globally.
- **We implemented projects in farms,** pre-sorting and industry, such as initiatives for HLB prevention, pilot projects in nurseries, development of specialties in natural ingredients.
- **We improved communication mechanisms** and incorporated tools and methods (SAVIA) that ensure a flawless execution.

